DRAFT RED HERRING PROSPECTUS
Dated March 29, 2016
See Section 32 of the Companies Act, 2013
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Book Built Offer

HINDUJA LEYLAND FINANCE LIMITED

Our Company was incorporated on November 12, 2008, as a public limited company under the Companies Act, 1956, with a certificate of incorporation granted by the Registrar of Companies, at Chennai, Tamil Nadu (the "**RoC**"). Our Company received its certificate of commencement of business from the RoC on March 4, 2009. Pursuant to a certificate issued by the Reserve Bank of India ("**RBI**") on March 22, 2010, our Company was permitted to commence operations as a non-banking financial company ("**NBFC**") under section 45 IA of the Reserve Bank of India Act, 1934. Our Company was originally classified as a systemically important non-deposit accepting non-banking financial company ("**SI-NBFC-ND**") in the calendar year 2010. Our Company was subsequently granted the status of an NBFC-Asset Finance Company ("**NBFC-AFC**") by the RBI pursuant to a certificate of registration received on May 12, 2014. For further details, see "***History and Certain Corporate Matters***" on page 185.***

Corporate Identity Number: U65993TN2008PLC069837
Registered Office: 1, Sardar Patel Road, Guindy, Chennai 600 032, Tamil Nadu, India **Tel:** +91 44 3925 2525 **Fax:** +91 44 3925 2553
Corporate Office: 27-A, Developed Industrial Estate, Guindy, Chennai 600 032, Tamil Nadu, India **Tel:** +91 44 3925 2533 **Fax:** +91 44 3925 2553
Contact Person: Mr. S. Ramasamy, Company Secretary and Compliance Officer **Tel:** +91 44 3925 2527 **Fax:** +91 44 3925 2553
E-mail: compliance@hindujaleylandfinance.com **Website:** www.hindujaleylandfinance.com

PROMOTERS: ASHOK LEYLAND LIMITED AND HINDUJA POWER LIMITED

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF HINDUJA LEYLAND FINANCE LIMITED ("HLFL" OR OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5,000 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 26,608,810 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY EVERFIN HOLDINGS (THE "INVESTOR SELLING SHAREHOLDER" AND SUCH OFFERED SHARES "INVESTOR OFFERED SHARES") (THE "OFFER FOR SALE"). THE OFFER SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY AND THE INVESTOR SELLING SHAREHOLDER, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMs"), IS CONSIDERING A PRIVATE PLACEMENT OF UP TO 26,000,000 EQUITY SHARES FOR CASH CONSIDERATION AGGREGATING UP TO ₹ 2,000 MILLION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). IF THE PRE-IPO PLACEMENT IS COMPLETED, THE NUMBER OF EQUITY SHARES ISSUED PURSUANT TO THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE FRESH ISSUE, SUBJECT TO A MINIMUM OFFER SIZE OF AT LEAST SUCH PERCENTAGE OF EQUITY SHARES AS IS EQUIVALENT TO A VALUE OF ₹ [●] MILLION (CALCULATED AT THE OFFER PRICE) BEING OFFERED TO THE PUBLIC.

THE PRICE BAND, ANY RETAIL DISCOUNT AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE INVESTOR SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED IN [●] EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL NEWSPAPER)), [●] EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL NEWSPAPER) AND [●] EDITION OF [●] (A WIDELY CIRCULATED TAMIL NEWSPAPER, TAMIL BEING THE REGIONAL LANGUAGE IN THE PLACE WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.#

*# Discount of ₹ [●] per Equity Share to the Offer Price may be offered to Retail Individual Bidders ("**Retail Discount**")*

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH

In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of the Price Band subject to the Bid/Offer Period not exceeding a total of 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs, and at the terminals of the members of the Syndicate and by intimation to Self Certified Syndicate Banks ("**SCSBs**"), the Registered Brokers, Registrar and Share Transfer Agent to the Offer and Collecting Depository Participants.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957, as amended ("**SCRR**") and in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI ICDR Regulations**"), wherein 50% of the Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Portion**"), provided that our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis (the "**Anchor Investor Portion**"), of which one-third is to be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price in accordance with the SEBI ICDR Regulations. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proporstionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors ("**NIIs**") and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders ("**RIIs**") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Investors (except Anchor Investors) shall participate in this Offer only through an Application Supported by Blocked Amount ("**ASBA**") process. For details, see "***Offer Procedure***" on page 423.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the securities of our Company, there has been no formal market for the securities of our Company. The face value of our Equity Shares is ₹ 10 and the Floor Price and Cap Price are [●] times and [●] times of the face value of our Equity Shares, respectively. The Offer Price (as determined and justified by our Company and the Investor Selling Shareholder, in consultation with the BRLMs and as stated in "***Basis for Offer Price***" on page 121 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "***Risk Factors***" on page 17.

ISSUER'S AND INVESTOR SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. We have received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of this Offer, [●] is the Designated Stock Exchange. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013.

BOOK RUNNING LEAD MANAGERS				REGISTRAR AND SHARE TRANSFER AGENT TO THE OFFER
Axis Capital Limited 1st Floor, Axis House C 2 Wadia International Centre Pandurang Budhkar Marg Worli Mumbai 400 025 Maharashtra, India **Tel:** +91 22 4325 2183 **Fax:** +91 22 4325 3000 **Email:** hlfl@axiscap.in **Investor Grievance Email:** complaints@axiscap.in **Website:** www.axiscapital.co.in **Contact Person:** Ms. Simran Gadh **SEBI Registration No.:** INM000012029	**ICICI Securities Limited** ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020 Maharashtra, India **Tel:** +91 22 2288 2460 **Fax:** +91 22 2282 6580 **E-mail:** hlfl.ipo@icicisecurities.com **Website:** www.icicisecurities.com **Investor Grievance Email:** customercare@icicisecurities.com **Contact Person:** Mr. Rupesh Khant **SEBI Registration No.:** INM000011179	**SBI Capital Markets Limited** 202, Maker Tower E, Cuffe Parade Mumbai 400 005 Maharashtra, India **Tel:** +91 22 2217 8300 **Fax:** +91 22 2217 8332 **E-mail:** hlfl.ipo@sbicaps.com **Investor Grievance E-mail:** Investor.relations@sbicaps.com **Website:** www.sbicaps.com **Contact Person:** Mr. Gitesh Vargantwar **SEBI Registration No.:** INM000003531	**YES Securities (India) Limited** YES Bank Tower, IFC 2, 19th floor Senapati Bapat Marg Elphinstone (W) Mumbai 400 013, Maharashtra, India **Tel:** +91 22 3347 9688 **Fax:** +91 22 2421 4511 **E-mail:** hlfl.ipo@yessecuritiesltd.in **Investor Grievance E-mail:** igc@yessecuritiesltd.in **Website:** www.yesinvest.in **Contact Person:** Mr. Aditya Vora **SEBI Registration No.:** MB/INM000012227	**Karvy Computershare Private Limited** Karvy Selenium Tower B Plot 31 and 32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 **Tel:** +91 40 6716 2222 **Fax:** +91 40 2343 1551 **E-mail:** hlf.ipo@karvy.com **Investor Grievance E-mail:** hlf.ipo@karvy.com **Website:** www.karisma.karvy.com **Contact Person:** Mr. Murali Krishna **SEBI Registration No.:** INR000000221

BID/OFFER PERIOD*			
BID/OFFER OPENS ON	[●]	**BID/OFFER CLOSES ON (FOR QIBs)****	[●]
		BID/OFFER CLOSES ON (FOR ALL OTHER BIDDERS)	[●]

** Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*

*** Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations.*

****"The company is having a valid Certificate of Registration dated March 22, 2010, issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/discharge of liabilities by the company."*

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SECTION I - GENERAL
DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this Draft Red Herring Prospectus, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

*Unless the context otherwise indicates, all references to "**HLFL**", "**the Company**", "**our Company**" and "**the Issuer**", are to Hinduja Leyland Finance Limited, a company incorporated in India under the Companies Act 1956 with its Registered Office at 1, Sardar Patel Road, Guindy, Chennai 600 032, Tamil Nadu, India. Furthermore, unless the context otherwise indicates, all references to the terms "**we**", "**us**" and "**our**" are to Hinduja Leyland Finance Limited, its Subsidiary and its Associate Company (as defined below) on a consolidated basis.*

Company and Investor Selling Shareholder Related Terms

Term	Description
ALL	Ashok Leyland Limited
AoA/Articles of Association or Articles	The articles of association of our Company, as amended
Auditors	The statutory auditor of our Company, being M/s B S R & Co. LLP, Chartered Accountants
Board or Board of Directors	The board of directors of our Company, or a duly constituted committee thereof
Business Locations	Business Locations represent the total locations from which the Company or personnel of HLF Services Limited conduct our operations as at the end of the relevant year/ period.
CCCPPS	0.0001% compulsorily convertible cumulative participating preference shares with a face value of ₹ 37.58154 each
Corporate Office	The corporate office of our Company, at 27-A, Developed Industrial Estate, Guindy, Chennai 600 032, Tamil Nadu, India
CEO	The chief executive officer of our Company
CFO	The chief financial officer of our Company
COO	The chief operating officer of our Company
Director(s)	The director(s) on our Board
Equity Shares	The equity shares of our Company of a face value of ₹ 10 each
Equity Shareholders	The holders of the Equity Shares
Everfin Holdings or Everfin or Investor Selling Shareholder	Everfin Holdings
Everfin SHA	Shareholders' agreement dated July 17, 2013 executed between our Company, Ashok Leyland Limited, Ashley Holdings Limited, Ashley Investments Limited, IndusInd International Holdings Limited, Aasia Management & Consultancy Private Limited, Hinduja Ventures Limited, Hinduja Realty Ventures Limited, Hinduja Finance Private Limited, HLF Services Limited, Everfin Holdings, Mr. Vinod K. Dasari, Mr. R. Seshasayee and Mr. S. Nagarajan and Mr. K. Sridharan
Everfin SSA	Share Subscription Agreement dated July 17, 2013 executed between our Company, Ashok Leyland Limited, Ashley Holdings Limited, Ashley Investments Limited, IndusInd International Holdings Limited, Aasia Management & Consultancy Private Limited, Hinduja Ventures Limited, Hinduja Realty Ventures Limited, Hinduja Finance Private Limited, HLF Services Limited, Everfin Holdings, Mr. Vinod K. Dasari, Mr. R. Seshasayee and Mr. S. Nagarajan and Mr. K. Sridharan and Everfin Holdings
Group Company	The Group Company of our Company, as identified and described in "***Our Promoters, Promoter Group and Group Company***" on page 213
HHFL or Subsidiary or Hinduja Housing Finance	Hinduja Housing Finance Limited. For details of our Subsidiary, see "***History and Certain Corporate Matters***" on page 185
HLF Services Limited or HSL or Associate Company	HLF Services Limited. For details of our Associate Company, see "***History and Certain Corporate Matters***" on page 185
Hinduja ESOP 2013	The employee stock option plan, namely, Hinduja Employee Stock Option Plan, 2013, established by our Company as described in "***Capital Structure***" on page 102
HPL	Hinduja Power Limited
Investor Offered Shares	Up to 26,608,810 Equity Shares being offered by the Investor Selling Shareholder in the Offer for Sale

Term	Description
Key Management Personnel	Key management personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations and disclosed in "***Our Management***" on page 193
MoA/Memorandum of Association	The memorandum of association of our Company, as amended
Promoters	Ashok Leyland Limited and Hinduja Power Limited
Preference Shareholder	The holder of the CCCPPS
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company situated at 1, Sardar Patel Road, Guindy, Chennai 600 032, Tamil Nadu, India
RoC	The Registrar of Companies, Chennai, Tamil Nadu
Restated Consolidated Financial Information	Audited restated consolidated summary statements (together with annexures and notes thereto) of assets and liabilities as of September 30, 2015 and the audited restated consolidated summary statements of profit and loss and cash flows for the six month period ended September 30, 2015 for our Company, its Subsidiary and its Associate Company
Restated Standalone Financial Information	Audited restated standalone summary statements (together with annexures and notes thereto) of assets and liabilities as of September 30, 2015, March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 and the audited restated standalone summary statements of profit and loss and cash flows for the six month period ended September 30, 2015 and for each of the Fiscals 2015, 2014, 2013, 2012 and 2011 for our Company
Restated Financial Information	Restated Consolidated Financial Information and Restated Standalone Financial Information, collectively

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid
Allotted/Allotment/Allot	Issue and allotment of Equity Shares pursuant to the Fresh Issue and transfer of Investor Offered Shares offered by the Investor Selling Shareholder pursuant to the Offer for Sale, to the successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Anchor Escrow Account	Account opened with the Anchor Escrow Bank for the Offer, wherein the Anchor Investors will transfer the funds in respect of the Bid Amount when submitting a Bid
Anchor Investor(s)	A QIB, that applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations
Anchor Investor Allocation Price	The price at which, Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs
Anchor Investor Portion	Up to 60% of the QIB Portion, which may be allocated by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, to Anchor Investors in terms of the Red Herring Prospectus, on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by a Bidder (other than Anchor Investors) to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by a Bidder (other than Anchor Investors) and as defined in the Bid cum Application Form
Axis Cap	Axis Capital Limited
Banker to the Offer/Anchor Escrow Bank	The bank which is a clearing member and registered with SEBI as an escrow collection bank, with whom the Anchor Escrow Account in relation to the Offer for Bids by Anchor Investors

Term	Description
	will be opened and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, described in "***Offer Procedure – Basis of Allotment***" on page 457
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe for or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations. The term "Bidding" shall be construed accordingly
Bid Amount	In relation to each Bid, the highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid in the Offer, less Retail Discount
Bid cum Application Form	The form of which the Bidder shall make a Bid and which shall be considered as the application for the Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus
Bid Lot	[●]
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an Anchor Investor
Bid/Offer Closing Date	Except in relation to any Bids received from Anchor Investors, the date after which the Designated Intermediaries shall not accept any Bids for the Offer, which shall be published in [●] edition of [●] (a widely circulated English national newspaper), [●] edition of [●] (a widely circulated Hindi national newspaper) and [●] edition of [●] (a widely circulated Tamil newspaper**,** Tamil being the regional language in the place where our Registered Office is located**)**. Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, subject to the SEBI ICDR Regulations
Bid/Offer Opening Date	Except in relation to any Bids received from Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, which shall be published by our Company in the [●] edition of [●] (a widely circulated English national newspaper), [●] edition of [●] (a widely circulated Hindi national newspaper) and the [●] edition of [●] (a widely circulated Tamil newspaper, Tamil being the regional language in the place where our Registered Office is located)
Bidding Centers	Centers at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/BRLMs	The book running lead managers to the Offer, in this case being Axis Cap, I-Sec, SBICAPS and YES Securities
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders can submit the Bid cum Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Cap Price	The higher end of the Price Band above which the Offer Price and Anchor Investor Offer Price will not be finalized and above which no Bids will be accepted, including any revisions thereof
Client ID	Client identification number of the Bidder's beneficiary account
Collecting Depository Participant/CDP	A depository participant registered under the Depositories Act, 1996 and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	The Offer Price, finalized by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, which shall be any price within the Price Band. Only RIIs are entitled to Bid at the Cut-off Price (subject to the Bid Amount being upto ₹ 200,000, net of Retail Discount, if any). QIBs (including Anchor Investors) and NIIs are not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidders' address, names of the Bidders' father/husband, investor status, occupations and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Form used by Bidders (other than Anchor Investors), a list of which is available at the website of SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time

Term	Description
Designated CDP Locations	Such centers of the Collecting Depository Participants where Bidders can submit the Bid cum Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the Depository Participants are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time
Designated Date	The date on which the Anchor Escrow Banks transfer the funds from the Anchor Escrow Account to the Public Offer Account or the Refund Account, as appropriate, and the Registrar and Share Transfer Agent to the Offer issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Offer Account in terms of the Red Herring Prospectus and the Prospectus
Designated Intermediaries	Members of the Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, Brokers, CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such centers of the RTAs where Bidders can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time
Designated Stock Exchange	[●]
Draft Red Herring Prospectus/DRHP	This draft red herring prospectus dated March 29, 2016 filed with SEBI and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares will be Allotted and the size of the Offer
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid Cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Escrow Agreement	Agreement dated [●], 2016 entered into by and among our Company, the Investor Selling Shareholder, the Registrar to the Offer, the BRLMs and the Anchor Escrow Bank for collection of the Bid Amounts and where applicable remitting refunds, if any, to the Bidders, on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form
Floor Price	The lower end of the Price Band, and any revisions thereof, at or above which the Offer Price and the Anchor Investor Offer Price will be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 5,000 million by our Company as part of the Offer, in terms of this Draft Red Herring Prospectus Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, is considering a Pre-IPO Placement of up to 26,000,000 Equity Shares for cash consideration aggregating up to ₹ 2,000 million, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of at least such percentage of Equity Shares as is equivalent to a value of ₹ [●] million (calculated at the Offer Price) being offered to the public
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 notified by SEBI and included in "***Offer Procedure***" on page 432
I-Sec	ICICI Securities Limited
Maximum RII Allottees	The maximum number of RIIs that can be allotted the minimum Bid Lot, computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, on a proportionate basis
Net Proceeds	Proceeds of the Offer that will be available to our Company, which shall be the gross proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further details, see "***Objects of the Offer***" on page 118
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Portion	The portion of the Offer, being not less than 15% of the Offer or [●] Equity Shares, available for allocation on a proportionate basis to NIIs, subject to valid Bids being received at or above the Offer Price
NIIs	All Bidders, including Category III FPIs that are not QIBs (including Anchor Investors) or RIIs who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)

Term	Description
Offer	Public offer of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million, comprising a Fresh Issue of up to [●] Equity Shares, aggregating up to ₹ 5,000 million, of our Company and an Offer for Sale of up to 26,608,810 Equity Shares, aggregating up to ₹ [●] million by the Investor Selling Shareholder
Offer Agreement	The agreement dated March 29, 2016 entered into by and among our Company, the Investor Selling Shareholder and the BRLMs, pursuant to which certain arrangements are agreed in relation to the Offer
Offer for Sale	Offer for sale of up to 266,608,810 Equity Shares being offered by the Investor Selling Shareholder pursuant to the Red Herring Prospectus
Offer Price	The final price (less Retail Discount, if any) at which Equity Shares will be Allotted to the successful Bidders (except Anchor Investors), as determined in accordance with the Book Building Process and determined by our Company and the Investor Selling Shareholder, in consultation with the BRLMs in terms of the Red Herring Prospectus on the Pricing Date. A discount of ₹ [●] to the Offer Price may be offered to RIIs. The amount of the Retail Discount will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, and advertised in [●] edition of [●] (a widely circulated English national newspaper), [●] edition of [●] (a widely circulated Hindi national newspaper) and [●] edition of [●] (a widely circulated Tamil newspaper, Tamil being the regional language in the place where our Registered Office is located), at least five Working Days prior to the Bid/Offer Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pre-IPO Placement	Private placement of up to 26,000,000 Equity Shares for cash consideration aggregating up to ₹ 2,000 million, which may be undertaken by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, in favour of such investors as permissible under applicable law, to be completed prior to filing the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of at least such percentage of Equity Shares as is equivalent to a value of ₹ [●] million (calculated at the Offer Price) being offered to the public
Price Band	Price band of the Floor Price of ₹ [●] and a Cap Price of ₹ [●], including revisions thereof. The Price Band, any Retail Discount and the minimum Bid lot for the Offer will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, and advertised in the [●] edition of [●], a widely circulated English national newspaper, [●] edition of [●] (a widely circulated Hindi national newspaper) and the [●] edition of [●] (a widely circulated Tamil newspaper, Tamil being the regional language in the place where our Registered Office is located) at least five Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and which shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company and the Investor Selling Shareholder, in consultation with the BRLMs, shall finalize the Offer Price
Prospectus	The Prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations, containing the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	The account to be opened with the Banker to the Offer under Section 40(3) of the Companies Act, 2013, to receive monies from the Anchor Investor Escrow Account and the ASBA Accounts on the Designated Date
QIB Portion	The portion of the Offer, being 50% of the Offer or [●] Equity Shares available for allocation to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Investor Selling Shareholder, in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price, provided that our Company and the Investor Selling Shareholder may, in consultation with the BRLMs allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis
QIBs	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be filed with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Account(s)	Account opened with the Anchor Escrow Bank from which refunds, if any, of the whole or part of the Bid Amount shall be made to the Anchor Investors
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of Circular no. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI

Term	Description
Registrar Agreement	The agreement dated March 29, 2016, entered into by and among our Company, the Investor Selling Shareholder and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar to the Offer	Karvy Computershare Private Limited
Retail Portion	The portion of the Offer, being not less than 35% of the Offer or [●] Equity Shares, available for allocation to RIIs, which shall not be less than the minimum Bid Lot, subject to availability in the Retail Portion and the remaining Equity Shares being Allotted on a proportionate basis
Retail Discount	A discount of up to ₹ [●] (equivalent to [●]% of the Offer Price) that may be offered to RIIs (subject to the Bid Amount being upto ₹ 200,000 net of Retail Discount, if any), by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, at the time of making a Bid
RIIs	Retail individual bidders (including HUFs and Eligible NRIs) whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000
Revision Form	The form used by Bidders to modify the number of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form, as applicable
SBICAPS	SBI Capital Markets Limited
Self Certified Syndicate Banks or SCSBs	The banks registered with SEBI which offer the ASBA facility, a list of which is available on the website of SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Share Escrow Agreement	Agreement to be entered into between the Investor Selling Shareholder, our Company, the Escrow Agent and the BRLMs in connection with the transfer of the Investor Offered Shares by the Investor Selling Shareholder and credit of such Equity Shares to the demat accounts of the Allottees
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	BSE Limited and National Stock Exchange of India Limited
Syndicate Agreement	The agreement to be entered into by and among the members of the Syndicate, our Company, the Investor Selling Shareholder and the Registrar and Share Transfer Agent to the Offer in relation to the collection of Bids in the Offer (other than Bids directly submitted to the SCSBs, to Registered Brokers at the Broker Centres, to RTAs at Designated RTA Locations and to the CDPs at Designated CDP Locations)
Syndicate Members	Intermediaries registered with SEBI and permitted to carry out activities as an underwriter, in this case being [●]
Syndicate or members of the Syndicate	Collectively, the BRLMs and the Syndicate Members
Underwriters	The members of the Syndicate
Underwriting Agreement	The agreement among our Company, the Investor Selling Shareholder and the Underwriters, to be entered into on or after the Pricing Date
Working Day(s)	All days, other than Sunday or a public holiday on which commercial banks are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, "Working Days" shall mean all days, excluding Saturdays, Sundays and public holidays, as notified by SEBI. For the purpose of the time period between the Bid Closing Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days excluding second and fourth Saturdays, Sundays and bank holidays in India, in accordance with SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010 and notification F. No.4/1/7/2015-IR dated August 20, 2015 issued by the Department of Financial Services, Ministry of Finance, Government of India.
YES Securities	YES Securities (India) Limited

Conventional and General Terms and Abbreviations

Term	Description
AIF(s)	Alternative Investment Funds, as defined in, and registered with SEBI under, the SEBI AIF Regulations
AGM	Annual General Meeting
Authorised Dealers	Authorised Dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000

Term	Description
Banking Regulation Act	Banking Regulation Act, 1949
Bn or Billion	Billion
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate. CAGR is calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered
CAR	Capital Adequacy Ratio.
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The current consolidated FDI Policy, effective from May 12, 2015, issued by the DIPP, and any modifications thereto or substitutions thereof, issued from time to time
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP ID	Depository Participant's identity number
DTC	Direct Tax Code, 2013
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EGM	Extraordinary general meeting
EPF Act	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII(s)	Foreign Institutional Investors as defined under the erstwhile Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 2000, registered with SEBI under applicable law in India and deemed as FPIs under the SEBI FPI Regulations
Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined under the SEBI FVCI Regulations, and registered with SEBI
GAAR	General Anti Avoidance Rules
GDP	Gross Domestic Product
GoI	The Government of India
GST	Goods and Services Tax
HUF(s)	Hindu Undivided Family(ies)
ICAI	The Institute of Chartered Accountants of India
ICRA	ICRA Limited
ICSI	The Institute of Company Secretaries of India
ICMAI	The Institute of Cost Accountants of India
ICMA	The Institute of Cost and Management Accountants
IFSC	Indian Financial System Code
IFRS	International Financial Reporting Standards
Income Tax Act	The Income Tax Act, 1961
IND AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian Accounting Standard Rules 2015	The Companies (Indian Accounting Standards) Rules, 2015
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India

Term	Description
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
IPO	Initial public offering
IRDA	Insurance Regulatory and Development Authority
MAT	Minimum Alternative Tax
MCA	The Ministry of Corporate Affairs, GoI
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NAV	Net asset value
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes a Non-resident Indian
NRE Account	Non-Resident External Account established and operated in accordance with the FEMA
NRI	Non-Resident Indian
NRO Account	Non-Resident Ordinary Account established and operated in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Off-Book AUM	Total assigned contract balances
P/E ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after tax
Prudential Norms	The Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (up to March 31, 2014) and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (from April 1, 2014), as amended by Reserve Bank of India from time to time (together referred to as Prudential Norms).
RBI	The Reserve Bank of India
ROA	Return on Assets
ROE	Return on Equity
RoNW	Return on net worth
RTA	Road Transport Authority
RTGS	Real–time gross settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
US$ or USD or US Dollar	United States Dollar, the official currency of the United States of America
USA or U.S. or US	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act, 1933
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be

Industry Related Terms

Term	Description
ABS	Anti-Lock Braking Systems
AUM	Assets Under Management
BS II, III, IV	Bharat Stage emission norms
CARE	CARE Ratings
CARO	The Companies (Auditor's Report) Order, 2015
CE	Construction Equipment
CIBIL	The Credit Information Bureau (India) Limited
CPCC	Central Process And Control Cell
CRAR	Capital to Risk Weighted Assets Ratio
CV	Commercial Vehicle
EMI	Equated Monthly Installments
EPC	Engineering, Procurement, Construction
ERP	Enterprise Resource Planning
ERS	Electronic Clearance System
EWS	Economically Weaker Sections
FOIR	Fixed Obligation to Income Ratios
FSI	Floor Space Index
FTB	First-Time Buyer
GPRS	General Packet Radio Service
GVW	Gross Vehicle Weight
HAM	Hybrid Annuity Model
HFC	Housing Finance Company
ICRA	ICRA Limited
IMF	International Monetary Fund
IT	Information Technology
KYC	Know Your Customer
LAP	Loans Against Property
LCV	Light Commercial Vehicle
LIG	Lower Income Group
LTV	Loan To Value
MCE	Mining and Construction Equipment
ME	Mining Equipment
MHCV	Medium and Heavy Commercial Vehicle
MSME	Micro, Small and Medium Enterprises
NBFC	Non-Banking Financial Company
NHB	National Housing Board
NPA	Non-Performing Assets
OEM	Other Equipment Manufacturer
PDC	Post-Dated Cheque
PNC	Pick-and-Carry Cranes
PSB	Public Sector Bank
PTC	Pass Through Certificate
PV	Passenger Vehicle
RTO	Regional Transport Office
SCB	Scheduled Commercial Banks
SCV	Small Commercial Vehicle
SIAM	Society of Indian Automobile Manufacturers
SME	Small and Medium-Sized Enterprises
SRTO	Small Road Transport Operator
SRTU	State Road Transport Undertakings
STO	Small Truck Owner
T	Tonne
YoY	Year Over Year

The words and expressions used but not defined in this Draft Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "***Provisions of the Articles of Association***", "***Statement of Tax Benefits***", "***Industry Overview***", "***Key Regulations and Policies in India***", "***Financial Statements***", "***Outstanding Litigation and Other Material Developments***" and "***Part B***" of "***Offer Procedure***", on pages 469, 124, 127, 171, 224, 390, and 433 will have the meanings ascribed to such terms in these respective sections.

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

Certain Conventions

All references in this Draft Red Herring Prospectus to **"India"** are to the Republic of India. All references in this Draft Red Herring Prospectus to the **"U.S."**, **"USA"** or **"United States"** are to the United States of America.

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

Financial Data

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our Restated Consolidated Financial Information for the six month period ended September 30, 2015 and the Restated Standalone Financial Information for the six month period ended September 30, 2015 and for the fiscals 2015, 2014, 2013, 2012 and 2011, prepared in accordance with Section 26 of the Companies Act, 2013, and sub-clause (i), (ii) and (iii) of clause (b) of sub-section (1) of Chapter III of the Companies Act, 2013, read with rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Generally Accepted Accounting Principles in India ("**Indian GAAP**") and the Companies Act, and restated in accordance with the SEBI ICDR Regulations.

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

There are significant differences between the Indian GAAP, IFRS and the U.S. GAAP. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices, the Indian GAAP, the Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify the impact of the IFRS or the U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial information to those under the U.S. GAAP or the IFRS and we urge you to consult your own advisors regarding such differences and their impact on our financial data. For details, see "***Risk Factors – Certain companies in India, including our Company, are required to prepare financial statements under Ind AS. The transition to Ind AS in India is very recent and still unclear and our Company may be negatively affected by these changes.***" on page 44.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

Unless the context otherwise indicates, any percentage amounts, as set forth in "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Conditions and Results of Operations***" on pages 17, 155 and 360 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Financial Information of our Company prepared in accordance with Section 26 of the Companies Act, 2013, and sub-clause (i), (ii) and (iii) of clause (b) of sub-section (1) of Chapter III of the Companies Act, 2013 read with rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Indian GAAP and the Companies Act, and restated in accordance with the SEBI ICDR Regulations.

One of our Promoters, Ashok Leyland Limited ("**ALL**"), being listed on NSE and BSE, declares, and will be required to declare its quarterly unaudited consolidated results in accordance with Regulation 33 of the SEBI Listing Regulations, which may include limited unaudited financial information about us. As these results would be unaudited, under SEBI ICDR Regulations such results cannot be included and do not form part of this Draft Red Herring Prospectus.

EBIDTA presented in this Draft Red Herring Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Indian GAAP, IFRS or US GAAP. Furthermore, EBIDTA is not a measurement of our financial performance or liquidity under Indian GAAP, IFRS or US GAAP and should not be considered as an alternative to net profit/loss, revenue from operations or any other performance measures derived in accordance with Indian GAAP, IFRS or US GAAP or as an alternative to cash flow from operations or as a measure of our liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from various industry publications and sources, including '*Overview of Retail NBFC and HFC Credit'* dated March 2, 2016, '*Indian Automobile Industry Report, Special Report'* dated November 19, 2015 and '*Indian Construction Equipment Report, 2015'* dated November 19, 2015 issued by ICRA Limited ("**ICRA**"). Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us, the Investor Selling Shareholder or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factors***" on page 17. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI ICDR Regulations, "***Basis for Offer Price***" on page 121 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

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

The statements and undertakings which are specifically "confirmed" or "undertaken" by the Investor Selling Shareholder in respect of the Investor Offered Shares in this Draft Red Herring Prospectus shall be deemed to be the only statements and undertakings made by the Investor Selling Shareholder in this Draft Red Herring Prospectus. All other statements and/or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to the Investor Selling Shareholder.

Certain information in the chapters titled "***Summary of Industry***", "***Summary of Business***", "***Industry Overview***" and "***Our Business***" on pages 48, 61, 127 and 155 of this Draft Red Herring Prospectus have been obtained from ICRA which has issued the following disclaimer:

"All information contained in the enclosed content has been obtained by ICRA Limited 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 Limited in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA Limited shall not be liable for any losses incurred by users from any use of this publication or its contents."

Currency and Units of Presentation

All references to "**Rupees**" or "**₹**" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India. All references to "**US$**", "**U.S. Dollar**", "**USD**" or "**U.S. Dollars**" are to United States Dollars, the official currency of the United States of America.

All figures have been expressed in millions. One million represents '10 lakhs' or 1,000,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains conversions of U.S. Dollars into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, or at all.

The exchange rates of U.S. Dollars as of September 30, 2015, March 31, 2015, March 28, 2014, March 28, 2013, March 30, 2012 and March 31, 2011 are provided below:

(In ₹)

Currency	As of March 31, 2011	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015	As of September 30, 2015
1 USD	44.65	51.16(1)	54.39(2)	60.10(3)	62.59	65.74

Source: RBI reference rate sourced from www.rbi.org.in

(1) Exchange rate as on March 30, 2012, as RBI Reference Rate is not available for March 31, 2012 being a Saturday.

(2) Exchange rate as on March 28, 2013, as RBI Reference Rate is not available for March 31, 2013, March 30, 2013 and March 29, 2013 being a Sunday, Saturday and a public holiday, respectively.

(3) Exchange rate as on March 28, 2014, as RBI Reference Rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014 being a public holiday, a Sunday and a Saturday, respectively.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain forward-looking statements. These forward looking statements generally can be identified by words or phrases such as "***aim***", "***anticipate***", "***believe***", "***contemplate***", "***expect***", "***estimate***", "***future***", "***goal***", "***intend***", "***likely to***" "***objective***", "***plan***", "***project***", "***will continue***", "***seek to***", "***will pursue***" or other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Certain important factors that would cause actual results to differ materially include, but are not limited to:

- our inability to access ALL's dealership and distribution network.
- dependence upon the performance, operations, and prospects of the overall Indian automotive market and, in particular, demand for MHCVs.
- our inability to compete effectively in an increasingly competitive industry.
- our inability to control or reduce the level of NPAs in our portfolio or inability to provide for such higher levels of NPAs.
- our inability to maintain relationships with automotive dealers and motor vehicle OEMs.
- failure to effectively manage our growth or sustain our growth strategy.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. One of our Promoters, ALL, being listed on NSE and BSE, declares, and will be required to declare its quarterly unaudited consolidated results in accordance with Regulation 33 of the SEBI Listing Regulations, which may include limited unaudited financial information about us. As these results would be unaudited, under SEBI ICDR Regulations such results cannot be included and do not form part of this Draft Red Herring Prospectus.

For a further discussion of factors that could cause our actual results to differ, see "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 17, 155 and 360, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statement based on them could prove to be inaccurate.

Neither our Company, nor the Investor Selling Shareholder, nor the Syndicate, nor any of their respective affiliates will have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company and the BRLMs will ensure that investors are informed of material developments as required under applicable law or relevant within the context of the Offer, until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Offer.

In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges. The Investor Selling Shareholder shall authorize and reasonably assist the Company in ensuring that investors are informed of material developments in relation to statements and undertakings made by the Investor Selling Shareholder in the Red Herring Prospectus and the Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. The statements and undertakings which are specifically "confirmed" or "undertaken" by the Investor Selling Shareholder in this Draft Red Herring Prospectus with respect to the Investor Offered Shares shall be deemed to be the only statements and undertakings made by the Investor Selling Shareholder. All other statements and/or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to the Investor Selling Shareholder.Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, our Company may be required to annually update the disclosures made in this Draft Red Herring Prospectus and make such relevant disclosures publicly available in the manner specified by SEBI.

SECTION II - RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, results of operations and financial condition. In order to obtain a complete understanding about us, prospective investors should read this section in conjunction with the sections "**Our Business**", "**Selected Statistical Information**", and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 155, 78 and 360, respectively, as well as the other financial and statistical information included in this Draft Red Herring Prospectus. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Offer.*

*This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. Please see "**Forward-Looking Statements**" on page 15.*

*Until Fiscal 2015, our Company did not have any subsidiaries and no consolidated financial statements were prepared. In September 2015, we commenced our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance Limited. Unless otherwise indicated, the financial information included herein are based on our Restated Standalone Financial Information for Fiscal 2011, Fiscal 2012, Fiscal 2013, Fiscal 2014 and Fiscal 2015 and Restated Consolidated Financial Information as of and for the six months ended September 30, 2015, included in this Draft Red Herring Prospectus. For further details, see "**Financial Information**" beginning on page 224.*

Unless the context otherwise requires, in this section, references to "we", "us", "our", or "Company" refers to Hinduja Leyland Finance Limited on a standalone basis other than with respect to the six months ended September 30, 2015, when it refers to Hinduja Leyland Finance Limited on a consolidated basis.

INTERNAL RISK FACTORS

1. ***Our inability to access ALL's dealership and distribution network could have an adverse effect on our business, prospects, results of operations, and financial condition.***

   Our business depends on the continuity of our relationship with one of our Promoters, ALL. We derive a significant amount of business as a result of ALL's large distribution network. Our relationship with ALL assists us in sourcing customers, expanding our operational network and increasing market penetration. AUM of loans for vehicles manufactured by ALL as a percentage of our total AUM were 44.52%, 42.36%, and 45.99% as of March 31, 2013, 2014 and 2015, respectively, and 47.80% as of September 30, 2015. ALL's retail customers compose a significant portion of our customer base, and our revenue is also dependent on ALL's production and sales volume. In the MHCV segment, we finance MHCVs that are manufactured only by ALL.

   As a result, our business depends on the success of ALL's distribution and marketing network and brand equity, and in particular, on ALL's MHCV business. Our inability to obtain business from ALL's customers may materially affect our business prospects, results of operations and financial condition.

   In addition, our customers may delay or default on their payments due to us on account of technical failures of their vehicles or construction equipment because they associate these failures with ALL and, in turn, with us. Any inability of ALL to maintain and expand its own distribution network, increase its sales, and effectively respond to competition, or any decline in sale of ALL's vehicles may adversely affect our business, results of operations and financial condition. ALL is the second largest carrier in the MHCV segment in India and in Fiscal 2014 and 2015 it had a market share of 25.8% and 28.5%, respectively, of the MHCV segment (passenger carrier and goods carriers) *(Source: IAI Report, 2015).* There is no assurance that ALL's market share will not reduce in the future, and any such negative impact could in turn have a material adverse effect on our business, prospects, results of operations and financial condition.

2. ***Our results of operations and financial condition are dependent upon the performance, operations, and prospects of the overall Indian automotive market and, in particular, demand for MHCVs. Any adverse development in the Indian automotive sector or in government policies affecting this industry, including the new and used vehicle financing industry, could adversely affect our business and results of operations.***

As our business operations primarily relate to financing of new and used commercial and personal vehicles, our assets and NPAs have, and will likely continue in the future to have, a high concentration of vehicle financing loans. Our business is dependent on various factors that impact the automotive industry, such as the demand for vehicles and transportation services in India, the costs of raw materials for manufacture of vehicles, levy of additional duties and taxes, changes in Indian regulations, customer preferences and government policies affecting used and new commercial vehicles.

MHCV loans represented 51.20% of our AUM as of September 30, 2015. Our AUM for MHCV finance grew at a CAGR of 45.68%, from ₹ 6,900.65 million in Fiscal 2011 to ₹ 31,082.89 million in Fiscal 2015. We have a greater risk of loan defaults and losses in the event the MHCV segment in particular experiences weak demand within the commercial vehicles industry, as adverse economic conditions may have a negative effect on the ability of our borrowers to make timely payments of their loans. In the recent past, demand for MHCVs has been cyclical. For example, following the impact of global financial crisis in Fiscal 2009, the Indian CV industry experienced growth of 30% in each of Fiscal 2010 and Fiscal 2011. However, after experiencing steady growth, the buoyancy in domestic CV industry deteriorated from March 2012 onwards. In fiscal 2012, the growth slowed to 18.2% and entered into the negative territory in Fiscal 2013 (down 2.0% year-over-year) and weakened further in Fiscal 2014 (down 20.2% year-over-year) due to a weakening economy and surplus capacity in the trucking system. *(Source: IAI Report, 2015)*

Furthermore, demand for finance for used and new commercial vehicles may decline and the ability of commercial vehicle owners and/or operators to perform their obligations under existing financing agreements may be adversely affected. As a result, any factor which adversely impacts the automotive industry, demand for motor vehicle OEMs' product and, in particular, demand for MHCVs, may have a impact on our operations, profitability and/or cash flows. There can be no assurance that we will be able to react effectively to these or other market developments.

3. ***Our inability to compete effectively in an increasingly competitive industry may adversely affect our net interest margins, income and market share.***

The vehicle finance market is highly fragmented and historically has been serviced by a range of financial entities, including the captive finance affiliates of OEMs, banks and NBFCs. Many of these competitors have greater financial resources, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. Many of these competitors may also have long-standing relationships with automobile dealerships and may offer dealerships or their customers other forms of financing that may not be available to us. Moreover, loan pricing is one of the factors that play an important role in customers' decision making in selecting a financier and some captive finance affiliates of automobiles companies have in the past offered loans at competitive rates to retain market share. There can be no assurance that we will be able to compete successfully with such competitors.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost funding, and the interest rates at which we lend to our customers. Our ability to increase interest rates on the loans we extend, however, is limited by the increasing popularity of standardized and variable interest rate vehicle financing products, variable payment terms and lower processing fees introduced by our competitors. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business or increase in our NPAs.

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 vehicle finance industry. Increasing competition may adversely affect our net interest margins, income and market share.

4. ***Growth of our business and AUM could be adversely affected if we are unable to control or reduce the level of NPAs in our portfolio or if we are unable to provide for such higher levels of NPAs.***

Our customer base includes FTBs, SRTOs, and small enterprises who are generally less financially resilient than larger logistics companies or fleet owners. Many of our customers are generally perceived to be relatively high credit risks and consequently, the loans made to them bear a higher rate of interest than loan to other customers. However, these loans involve a higher probability of default, higher delinquency rates and greater servicing costs, in particular during declining economic conditions. Our profitability depends on our ability to evaluate properly the credit risks and to price our loans accordingly.

As of March 31, 2013, 2014, 2015, our gross NPAs as a percentage of our AUM were 2.32%, 3.00%, and 3.55%, respectively, while net NPAs as a percentage of our AUM were 2.02%, 2.49% and 2.82%, respectively. As of September 30, 2015, our gross NPAs as a percentage of our AUM was 4.71% while net NPAs as a percentage of our AUM was 3.87%. However, there can be no assurance that the rates of future NPAs and losses will be consistent with prior experience or at levels that will maintain our profitability, that the credit performance of our customers will be maintained, that our credit and our underwriting analysis, servicing and collection systems and controls will continue to be adequate. We may also not be successful in our efforts to improve collections and/or foreclose on existing NPAs. In addition, as our loan portfolio matures, we may experience greater defaults in principal and/or interest repayments. Thus, if we are unable to control or reduce our level of NPAs, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected. Moreover, there also can be no assurance that there will be no deterioration in our provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any further deterioration in our NPA portfolio, or if our provisioning coverage is insufficient to cover our existing or future levels of NPAs, our ability to raise additional capital and debt funds as well as our results of operations and financial condition could be adversely affected.

In addition, any adverse regulatory developments relating to the assessment and recognition of NPAs and provisioning therefor may have an adverse effect on our financial performance. For example, the regulatory framework applicable to NBFCs in India has been recently amended to require NBFCs such as us to follow more stringent NPA evaluation criteria. Prior to Fiscal 2016, the RBI required NBFCs to classify an asset as an NPA when it had remained overdue for a period of six months or more. The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', announced that the asset classification norms for NBFCs (such as our Company) are to be brought in line with those for banks, in a phased manner, as follows: assets will become NPAs if they become overdue: (a) for five months for Fiscal 2016; (b) for four months for Fiscal 2017; and (c) for three months for Fiscal 2018. In addition, the months overdue for higher provisioning requirements to become applicable are also being reduced in a phased basis. For further information, see "***Key Regulations and Policies in India***" on page 171. In such circumstances, our gross NPAs and net NPAs in such periods may increase significantly, disproportionate to the growth of our business and AUM.

5. ***Our Managing Director, certain employees and our Promoter, ALL have been named as respondents in certain criminal proceedings.***

Our Managing Director, certain employees and our Promoter, ALL have been named as respondents in certain criminal proceedings that are pending at different levels of adjudication before various courts. For further details, see "***Outstanding Litigation and Material Development***" and on page 390. Any conviction, penalties or other action against our Managing Director, employees or ALL for the offences alleged by the complainants may potentially cause negative publicity thereby affecting our reputation, business, prospects, and financial condition.

6. ***Our inability to maintain relationships with automotive dealers and motor vehicle OEMs could have an adverse effect on our business, prospects, results of operations and financial condition.***

Our business depends on the continuity of our relationship with our customers, particularly through automotive dealers who originate loans for us and through our relationships with motor vehicle OEMs. While we believe that our relationship with ALL has been successful in developing and maintaining relationships with ALL's dealers, there can be no assurance that we will be successful in maintaining such relationships or increasing the number of such relationships. If we are not able to maintain existing relationships with key automotive dealers and motor vehicle OEMs or if we are not able to develop new relationships, including if we are not able to provide services on a timely basis or offer products that meet the needs of the dealers' customers, the number of dealers through which we have retail funding relationships could decline in the future and as a result, our business, prospects, results of operations and financial condition could be adversely affected in the future.

7. ***An inability to effectively manage our growth, sustain our rate of growth, or maintain operational efficiencies, may adversely affect our business and we may not be able to increase our revenues or maintain our profitability.***

We have experienced significant growth in our limited operating history. Although our Company was incorporated in November 2008, we did not commence operations until 2010. In our limited operating history, our AUM has grown at a CAGR of 54.37%, from ₹ 11,778.48 million as of March 31, 2011 to ₹ 66,882.64 million as of March 31, 2015 and our operational network has grown at a CAGR of 55.55%, with the number of Business Locations increasing from 257 as of March 31, 2011 to 1,446 as of March 31, 2015. Our business prospects must be considered in light of the risks and uncertainties encountered by companies undergoing rapid growth in competitive markets. Although we have grown significantly, we do not believe that our prior growth rates are sustainable or a good predictor of future operating results. This substantial growth has placed, and will continue to place, demands on our management and other resources and there is no assurance that these demands will be met successfully. We may not be able to increase revenue or maintain profitability on a quarterly or an annual basis. If this occurs, our results of operations and financial condition will be adversely affected.

Our growth exposes us to a wide range of increased risks, including business risks, such as the possibility that the number of our impaired loans may grow faster than anticipated, as well as operational, fraud, 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 identify, monitor and 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 clients, developing managerial experience to address emerging challenges and ensuring a high standard of client service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to follow internal controls and risk management procedures. Failure to train our employees may affect quality of customer service, divert management resources, and increase our exposure to high-risk credit.

Further, our ability to sustain business and revenue growth is dependent upon a number of factors, including demand for vehicle and housing finance in India, competition, expanding and strengthening relationships with ALL's dealers and dealers of other OEMs in order to increase total loan disbursements, providing diverse financing products to our customers, and employing detailed credit analysis and underwriting processes to ensure that we originate loans within acceptable levels of credit risk and loss. There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to further expand our operations or our financing product portfolio. If we 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.

There can be no assurance that we will be able to successfully pursue our growth strategies, or that pursuing these strategies will provide us the anticipated benefits in terms of growth and profitability. Further, we may be unable to develop adequate systems, infrastructure and technologies, devote sufficient financial resources or develop and attract talent to manage our growth. Our inability to pursue these strategies successfully or at all, or an inability to manage our growth, may adversely affect our prospects.

8. ***We may not be able to successfully diversify our product portfolio or enter new lines of business, which may materially and adversely affect our business prospects and impact our future financial performance.***

We intend to expand our product portfolio and commence certain new lines of businesses as part of our growth strategy. In recent years, we have forayed into providing loans for asset classes other than commercial vehicles, such as personal vehicles, construction equipment and LAP and increased our portfolio of two wheeler loans. Hinduja Housing Finance Limited ("Hinduja Housing Finance"), our wholly-owned subsidiary, has registered with NHB on September 30, 2015 to commence the housing finance business, and we have recently acquired certain housing finance portfolios. For further information on the risks associated with our housing finance business, see "***Hinduja Housing Finance, our wholly-owned subsidiary, has registered with NHB on September 30, 2015 to commence the housing finance business. If Hinduja Housing Finance is not successful in that business, we may lose some or all of the investments that we have made in it and our reputation, financial condition and results of operations could be adversely affected"*** on page 24. We have limited experience in these new lines of business and asset segments which are targeted at a different customer segment, and may encounter additional risks by entering into such new lines of business including management and market-related risks.

We cannot assure that such diversification or expansion of operations will in future yield and/or continue to yield favourable 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 in connection with such proposed business in a timely manner, 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.

New businesses will require significant capital investment and commitment of time from our senior management. There also can be no assurance that our management will be able to develop the skills necessary to successfully manage these new business areas. 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.

9. ***As part of our business strategy, we have securitized / assigned a significant portion of the receivables from our loan portfolio to banks and other institutions. Any deterioration in the performance of any pool of receivables assigned to banks and other institutions or any change in RBI or government policies may adversely affect our results of operations and financial condition.***

We have securitized and assigned through bilateral transactions a significant portion of the receivables from our loan portfolio to banks and other institutions. These securitization and assignment transactions are conducted on the basis of our internal estimates of our funding requirements, and may vary from time to time. As of March 31, 2013, 2014 and 2015, we had Off-Book AUM (which represent total assigned contract balances) of ₹7,199.36 million, ₹ 5,719.84 million and ₹ 6,495.63 million, respectively, representing 20.90%, 13.82% and 9.71%, respectively, of our total AUM. As of September 30, 2015 we had Off-Book AUM of ₹4,903.81 million, and securitized and assigned assets represented 6.16% of our total AUM as of such date. The gain arising on transfer of receivables and assets by way of securitization or bilateral assignments is amortized over the tenure of the related financial assets and if received by way of excess interest spread, is recognized based on the contractual accrual of the same. Any change in RBI or other government regulations in relation to bilateral direct assignments and securitizations by NBFCs could have an adverse impact on our assignment and securitization plans in the future.

The counterparties to securitization transactions required us to provide credit enhancement through fixed deposits. We had credit enhancement outstanding of ₹1,093.32 million as of September 30, 2015. In the event a counterparty does not realize the receivables due under such loan assets, it could claim recourse through such credit enhancement for an amount up to the first loss risk, which could adversely affect our results of operations and financial condition. Furthermore, any recourse to such credit enhancement may also result in our being unable to securitize further pools of assets or our securitizing such asset on unfavorable terms.

10. ***Our significant indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to obtain additional financing, raise capital, conduct our business and operations in the manner we desire.***

As of December 31, 2015, our long term borrowing (including current maturities) were ₹ 60,456.27 million and short term borrowing were ₹ 7,268.08 million, and we will continue to incur additional indebtedness in the future. 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 servicing of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures and other general corporate requirements;

- our ability to obtain additional financing in the future at reasonable terms may be restricted;

- fluctuations in market interest rates may affect the cost of our borrowings, as our indebtedness are at variable interest rates;

- there could be a material adverse effect on our business, prospects, results of operations and financial condition 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 the financing arrangements entered into by us include conditions that require our Company 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. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Some of these covenants include, altering our capital structure; changing our current ownership / control, formulating a scheme of amalgamation, compromise or reconstruction, material change in management, implementing a scheme of expansion, undertaking guarantee obligations, declaration of dividend, and amending constitutional documents. Further, under certain financing agreements, we are required to maintain specific credit ratings and if we fail to do so, it would result in an event of default. We are also required to maintain certain financial ratios and ensure compliance with regulatory requirements such as maintenance of capital adequacy ratios, qualifying asset norms and ensure positive net worth. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

We have applied to certain relevant lenders, for consent to undertake the Offer. As on date of this Draft Red Herring Prospectus, we have not yet received consents from four out of 20 such lenders, to which we have applied for consent to undertake the Offer. While we intend to obtain consents from all relevant lenders prior to filing the Red Herring Prospectus with the RoC, in the event that such consents or waivers are not granted to us in a timely manner or at all, and if we do not repay any such loans from lenders from which we have been unable to obtain required consents by such time, we would be in breach of relevant financing covenants in the event we undertake the Offer.

Our lenders may recall all or part of such unsecured amounts borrowed by us on short or no notice. Such recalls on borrowed amounts may be contingent on happening of an event beyond our control and there can be no assurance that we will be able to persuade our lenders to give us extensions or to refrain from exercising such recalls which may adversely affect our operations and cash flows.

A failure to observe the covenants under our financing arrangements or to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities and the enforcement of any security provided. Pursuant to clauses in certain financing agreements, any defaults under such facilities may also trigger cross default or cross acceleration provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated or any security created under such agreements enforced, 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. Additionally, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing.

In addition, we cannot assure you that our business will generate sufficient cash to enable us to service our debt or to fund our other liquidity needs. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all. For more information, see "***Financial Indebtedness***" on page 388.

11. ***A significant portion of our collections are in cash and consequently we face the risk of misappropriation or fraud by our full-time employees or other personnel engaged by us, which may adversely affect our business and profitability.***

A significant portion of our collections from our customers is in cash. Significant cash collections expose us to the risk of fraud, misappropriation or unauthorized transactions by our employees responsible for dealing with such cash collections. The CARO report notes minor instances of fraud relating to vehicle finance loans aggregating to ₹ 3.80 million in Fiscal 2015 and loans pertaining to commercial finance aggregating to ₹ 6.58 million in Fiscal 2014 which were identified by the management and reported to Reserve Bank of India. While we have obtained 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/or cash flows. Further, 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. Moreover, we may also be affected by frauds, forgery or misrepresentations by our customers made to our business representatives about their financial condition, information of guarantor, security or other personal information may make collection and recovery difficult. For further information, see "***Outstanding Litigation and Material Developments***" on page 390.

12. ***Our financial performance is vulnerable to interest rate risk, and an inability to manage our interest rate risk may have a material adverse effect on our net interest income, thereby adversely affecting our net interest margin, business prospects and financial performance.***

Our results of operations, including our net interest income and net interest margin, are dependent on our ability to manage our interest rate risk. Our various financing products provide a range of loans at fixed as well as floating rates of interest and our funding arrangements include both fixed and floating rate borrowings. In Fiscal 2013, 2014 and 2015 and in the six months ended September 30, 2015, finance cost was ₹2,287.50 million, ₹2,880.63 million, ₹4,029.91 million and ₹2,827.91 million, respectively, and represented 46.02%, 44.90%, 49.04% and 54.23%, respectively, of our total revenues in such periods. As of September 30, 2015, 24.26% of our total borrowings were at fixed rates and 75.74%% at floating rates. Since our financing products involve fixed rates and our funding arrangements include both fixed and floating rate borrowings, an inability to match our borrowing profile with our loan product portfolio may lead to various risks. 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 (where floating rates are used) on various financing products in our product portfolio, which could result in the extension of loan maturities and higher monthly installments due from borrowers which, in turn, could result in higher rates of default;
- reductions in the volume of loans as a result of customer's inability to service high interest rate payments;
- greater difficulty in maintaining a low effective cost of funds as compared to our competitors, who may have access to lower cost deposits; and
- inability to collect anticipated interest amount in case of prepayment of loans by our customers.

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. For example, during the economic crisis in the global credit markets in Fiscal 2009, capital and lending markets remained highly volatile and access to liquidity was adversely affected. These conditions resulted in increased borrowing costs and difficulty in accessing wholesale funds in a cost-effective manner for financial institutions. While credit availability has eased, interest rates in India have been volatile in the past. There can be no assurance that we will be able to adequately manage our interest rate risk. If we are unable to effectively manage our interest rate risks, it could have an adverse effect on our net interest margin, thereby adversely affecting our net interest margin, business and future financial performance.

13. ***We are subject to regulations in relation to minimum capital adequacy requirements and a decline in our CRAR will require us to raise fresh capital which may not be available on favourable terms, or at all, which may affect our business, prospects, results of operations and financial condition. A decline in our capital adequacy ratio could also restrict our future business growth.***

We are subject to regulations relating to the capital adequacy of NBFCs, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or CRAR. Under the RBI's Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time, our Company is required to have a regulatory minimum CRAR of 15.0%, with a minimum Tier 1 capital of 7.5%. As at September 30, 2015, our Company's CRAR was 17.05% on a standalone basis, of which Tier 1 capital was 12.92%. The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Frame work for NBFC', has announced that the minimum Tier 1 capital requirements for all NBFCs that have an asset size of ₹5,000 million and above will be increased in a phased manner as follows: 8.5% by March 31, 2016 and 10% by March 31, 2017. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable 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, and this may adversely affect the growth of our business. This could result in non –compliance with applicable capital adequacy ratios, which could have a material adverse effect on our business, prospects, results of operations and cash flows.

14. ***We derive certain benefits as part of the Hinduja group. If we cease to be a part of the Hinduja group of companies, we may not be able to derive such benefits, and this may result in loss of goodwill and increased costs.***

We derive certain benefits as part of the Hinduja group, such as the use of the Leyland name, and attracting management talent. For further information, see "***Our Business – Competitive Strengths - Synergy with ALL and parentage of the Hinduja group***". If the Hinduja group fails to maintain majority shareholding in our Company as a result of dilution or otherwise, we may not be able to benefit from its parentage, which would adversely affect our business and results of operations. In addition, any action on the part of any of the Hinduja group of companies that adversely affect the Hinduja group or the Hinduja brand, may have a material adverse effect on our business, prospects, results of operations and financial condition. In addition, certain of our financing agreements include a condition that the Hinduja group continues to hold a majority stake in our Company during such financing arrangement. In the event that the Hinduja group fails to maintain majority shareholding in our Company, we may be in default of the relevant conditions in such financing agreements, and this may lead to the termination of such financing arrangement, acceleration of amounts due under such facilities, the enforcement of any security provided, and may also trigger cross default or cross acceleration provisions under our other financing agreements.

15. ***Hinduja Housing Finance, our wholly-owned subsidiary, has registered with NHB on September 30, 2015 to commence the housing finance business. If Hinduja Housing Finance is not successful in such business, we may lose some or all of the investments that we have made in it and our reputation, results of operations and financial condition may be adversely affected.***

Hinduja Housing Finance, our wholly-owned subsidiary, has recently received a license to commence the housing finance business from the NHB. We will be required to invest equity into Hinduja Housing Finance in order to grow its housing finance business. We however have no operating history in the housing finance business and accordingly, we will be subject to all the business risks and uncertainties associated with setting up any new business venture, which may adversely affect our business, prospects, results of operations and financial condition. These risks include the following:

- as our housing finance team has limited experience in the housing finance business, we may face challenges in attracting and retaining talented professionals although that is a key element of our business strategy;

- given we have no operating history in the housing finance business, we may face significant challenges in developing and institutionalizing our procedures and policies for that business. The housing finance business would require extensive monitoring, strict compliance with KYC requirements and prudent risk management. Our growth plans will place significant demands on our operational, credit, financial and other internal risk controls, making our management of asset quality increasingly important;

- our ability to capture a substantial share of housing finance segment and attract customers given the fierce competition in the housing finance market; and

- our ability to balance asset and liability profiles for the housing finance business and meet the funding requirement of long tenure affordable housing loans.

If our housing finance business is unsuccessful, we may lose some or all of the investments that we make in Hinduja Housing Finance and our reputation, financial condition and results of operations could be adversely affected.

16. ***Our parent company, ALL, will report its financial statements under Ind AS for the financial year beginning on and after April 1, 2016, and we will be required to prepare Ind AS financial statements for the purposes of consolidation by ALL. Significant differences exist between Ind AS and Indian GAAP, which may be material to investors' assessment of our financial condition***

We are not, as an NBFC, required under applicable regulations to prepare our financial statements in according with Ind AS until the financial year commencing April 1, 2017. However, our parent company ALL is a listed entity and is required to prepare and present its financial statements in accordance with Ind AS for the financial year/ period beginning on April 1, 2016, and we will therefore be required to prepare financial statements in accordance with Ind AS for the purposes of consolidation of our financial statements in the consolidated financial statements prepared by ALL. If we were to prepare our financial statements in accordance with Ind AS, our results of operations and financial condition may be materially different from those prepared in accordance with Indian GAAP. There are significant differences between Indian GAAP and Ind AS that is expected to impact the preparation and presentation of our financial statements, which may be material to investors' assessment of our financial performance. Certain matters related to our financial information that could result in differences between our financial statements prepared in accordance with Indian GAAP and those prepared in accordance with Ind AS include accounting policies related to the classification of financial assets and financial liabilities, de-recognition of financial assets, loan loss provisioning, recognition and measurement of upfront fee of borrowings, measurement of costs in a share based payment arrangement and disclosure required in connection with financial instruments. We however have not undertaken a detailed assessment of the possible impact to our financial statements on the transition to Ind AS and we do not provide reconciliation of our Indian GAAP financial statements included in this Draft Red Herring Prospectus to Ind AS. In addition, any financial information based on Ind AS will not be comparable to the Restated Standalone Financial Information and Restated Consolidated Financial Information included herein. Although we may, with effect from the financial year/ period commencing April 1, 2016, prepare financial statements in accordance with Ind AS for purposes of consolidation of such financial statements in ALL's consolidated financial statements prepared and presented in accordance with Ind AS, since under applicable regulations we are not directly required to prepare and present any Ind AS financial statements, we do not intend to make such Ind AS based financial information publicly available. However, to the extent that such information is otherwise publicly available on account of the consolidated financial statements of ALL being made public, you are cautioned against placing reliance on such Ind AS based financial information relating to us, and accordingly for any investment decision you should rely solely on our restated audited financial statements prepared under Indian GAAP included in the Red Herring Prospectus and the Prospectus.

The significant accounting policies applied in the preparation of our Indian GAAP financial statements are set forth in the notes to our Restated Consolidated Financial Information and Restated Standalone Financial Information included in the section "***Financial Statements***" on page 224. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisors for an understanding of the differences between these accounting principles and those under Ind AS.

17. ***Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.***

Our liquidity and profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from a combination of term loans from banks and financial institutions, issuance of redeemable non-convertible debentures and commercial paper, as well as through securitization/assignment of our receivables as well as equity contributions. Our business therefore depends and will continue to depend on our ability to access diversified low cost funding sources. Expanding our geographical network and extending new product and service offerings to our customers will have an impact on our long-term capital requirements. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors, including the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition.

With the growth of our business, we may be increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors. While our borrowing costs have been competitive in the past, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business, prospects, cash flow, results of operations and financial condition.

The capital and lending markets are highly volatile markets and our access to liquidity may be adversely affected by the prevailing economic conditions. These conditions may result in increased borrowing costs and difficulty in accessing funds in a cost-effective manner. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. As a financial services company, we face certain restrictions on our ability to raise bank finance. For details, see "***Key Regulations and Policies in India – Regulations applicable to NBFCs and HFCs***" on page 184. Additionally, we also face certain restrictions on our ability to raise money from international markets which may further constrain our ability to raise funds at attractive rates. If we are unable to obtain adequate financing or financing on terms satisfactory to us, as and when we require it, our ability to grow or support our business and to respond to business challenges could be limited and our business prospects, financial condition and results of operations would be materially and adversely affected.

18. ***The grant of options under the Hinduja ESOP 2013 will result in a charge to our profit and loss account and may adversely impact our results of operation.***

Our senior executives are rewarded with stock options. The quantum of stock options awarded is determined by the Nomination and Remuneration Committee, taking into account the potential of the executive and the executive's importance and contribution to our growth and performance. Employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India.

Our Company follows the intrinsic value method for the accounting of employee compensation cost on options granted, pursuant to which, if the exercise price of any options granted is lower than the market price at the time of grant, it will result in a charge to our profit and loss account equal to the product of the number of Equity Shares granted and the difference between the exercise price and the market price at the time of grant.

We established the Hinduja ESOP 2013 on July 1, 2013, wherein we are authorised to issue options convertible into up to 19,906,191 Equity Shares. As of September 30, 2015, we had granted 2,995,000 options under Hinduja ESOP 2013. For further details, see "***Capital Structure - Employee Stock Option Schemes***" on page 112. As a result of such future grants of options under the Hinduja ESOP 2013, we will have to charge the difference between the exercise price and the fair value at the time of grant to the statement of profit and loss, which may have an adverse impact on our net income. For the six months ended September 30, 2015 and the Fiscal 2015, stock compensation on account of ESOPs was ₹4.93 million and ₹17.10 million, respectively.

We may continue to introduce such employee stock option schemes in the future, where we issue options to our employees at discount to the market price of the Equity Shares, which may result in a charge to our profit and loss account and may have an adverse impact on our results of operations and financial condition. The holders of the Equity Shares may experience dilution of their shareholding to the extent that we issue any Equity Shares pursuant to any options issued under the Hinduja ESOP 2013.

19. ***Our Company has applied for condonation of delay from the MCA in respect of delay in making a form filing with the RoC in relation to the setting up of Hinduja ESOP 2013. In the event that the MCA does not condone the delay, we may be subject to penalties.***

Our Company established the Hinduja ESOP 2013 on July 1, 2013 for issuance of Equity Shares to our employees. However, our Company was delayed in making the requisite form filing with the RoC within the prescribed period of 300 days of adoption of the scheme. Our Company has filed an application dated March 24, 2016 with the MCA for condonation of this delay, to enable our Company to make the necessary form filings with the RoC. In the event that the MCA does not condone the delay, we may be subject to penalties.

20. ***Negative cash flows in the future could adversely affect our cash flow requirements, our ability to operate our business and implement our growth plans, thereby affecting our financial performance.***

We have in the past, and may in the future, experience negative operating and investing cash flows. The following table sets forth certain information relating to our cash flows on a standalone basis for the periods indicated:

(₹in millions)

Particulars	**Fiscal**					**Six months ended September 30, 2015**
	2011	**2012**	**2013**	**2014**	**2015**	
Net cash generated from/(used in) operating activities	(8,247.92)	(8,371.82)	(7,783.39)	(5,779.03)	(16,823.57)	(13,505.56)
Net cash generated from/(used in) investing activities	(398.79)	(1,563.18)	(93.09)	(1,744.64)	(1,847.09)	110.24
Net cash generated from/ (used in) financing activities	10,926.36	7,979.85	8,238.20	7,261.55	18,933.54	13,565.71
Net increase/(decrease) in cash and cash equivalents	2,279.65	(1,955.15)	361.72	(262.12)	262.88	170.39

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, prospects, results of operations and financial condition may be materially and adversely affected. For further details, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on page 360.

21. ***We rely on our associate company, HLF Services Limited for certain of our operations. An inability of HLF Services Limited to deliver such services in an effective manner may adversely affect our business operations and financial performance.***

We have an equity interest of 45.90% in HLF Services Limited, which is a subsidiary of ALL. HLF Services Limited provides us with personnel deputed for our business operations pursuant to a service provider agreement at many of our Business Locations. These personnel perform various activities such as customer evaluation, sourcing of customers, distribution and marketing of our financing products, collections including collection of overdue amounts and repossession of assets, and other back office and administrative support. As of December 31, 2015, we used the services of 1,788 personnel provided by HLF Services Limited. In the event that HLF Services Limited fails to deliver trained personnel for our business operations or effectively perform its services pursuant to our service provider agreement, and we are unable to find an alternative services provider at similar terms or at all, it may adversely affect our business operations and financial performance.

22. ***We have entered into certain transactions with related parties in the past and any such transactions or any future related party transactions may potentially involve conflicts of interest, which may adversely affect our business, prospects, financial conditions, and results of operation.***

We have entered into certain transactions with related parties, including our associate company, HLF Services Limited, one of our Promoters, ALL, key management personnel and certain enterprises having significant influence, and may continue to do so in future. While we believe that all such transactions are in compliance with applicable laws and are on arms-length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties, or that we will be able to maintain existing terms in cases where the terms are more favorable than if the transaction had been conducted on arm's length basis. For further information, see "***Financial Statements***" on page 224.

It is likely that we will enter into other related party transactions in the future. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise.

23. ***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 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. Our current ratings indicate high degree of safety as regards timely servicing of financial obligations and carrying low credit risk. For further information about credit ratings, see "***Business – Credit Ratings***" on page 170.

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, 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. The ratings provided by the 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.

24. ***The volatility in interest rates and other market conditions could materially and adversely impact our business, prospects, financial condition and results of operations.***

Our results of operations depend to a great extent on our net interest income. For Fiscal 2013, 2014 and 2015, our Net Interest Margin was 12.87%, 12.66%, and 11.41%, respectively and for the six months period ended September 30, 2015, our net interest margin was 4.18%. Net interest income represents the excess of interest earned from interest-bearing assets (performing loans and investments) over the interest paid on borrowings. Interest rates are highly sensitive to many external factors beyond our control, including growth rates in the economy, inflation, money supply, the RBI's monetary policies, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Our current sources of funding are term loans, cash credit, and commercial paper, secured redeemable non-convertible debentures and unsecured subordinated redeemable non-convertible debentures. Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of reduction in spreads. The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. Changes in interest rates could affect the interest rates we charge on our interest-earning assets in a manner different from the interest rates we pay on our interest-bearing liabilities because of the different maturity periods applying to our assets and liabilities. The difference could result in an increase in interest expense relative to interest income leading to a reduction in our net interest income, which could materially and adversely affect our results of operations. Any volatility or increase in interest rates or other market conditions may also adversely affect the rate of growth of the automotive industry, which may adversely impact our business, results of operations and financial condition.

25. ***Our risk management measures may not be fully effective in mitigating our risks in all market environments or against all types of risks, which may adversely affect our business and financial performance.***

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 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 and which may adversely affect our business and results of operation.

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 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, housing finance and mortgage loan 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.

26. ***Our management will have broad discretion over the use of the Net Proceeds and they might not apply the Net Proceeds in ways that increase the value of your investment.***

We intend to use the Net Proceeds for the purposes described in the "***Objects of the Offer***" on page 118. We currently intend to use the Net Proceeds of the Fresh Issue to (i) augment our capital base to meet our future capital requirements, which are expected to arise out of growth in our Company's assets, primarily our loans/advances portfolio; and (ii) increase our net worth and optimize our debt to equity ratio. Our management will have broad discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of these Net Proceeds. Pending utilization of the Net Proceeds, we intend to invest such Net Proceeds with scheduled commercial banks listed under schedule II of the Reserve Bank of India Act, 1934. Our management might not apply the Net Proceeds in ways that increase the value of your investment.

The utilisation of the Net Proceeds by our Company is not subject to monitoring by any independent agency. Accordingly, we cannot assure you that the use of the Net Proceeds for the purpose identified by our management will result in actual growth of our business, prospects, increased profitability, or an increase in the value of your investment.

27. ***If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected.***

We manage our internal compliance by monitoring and evaluating internal controls, and ensuring all relevant statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. For instance, in the past we have made inadvertent mistakes in filing of an e-form 2 with the RoC and making certain disclosures in the information memorandums for our listed non convertible debentures. If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected.

28. ***The success of our business operations are dependent on our senior management team and key management personnel as well as our ability to attract, train and retain such employees.***

The continued success of our business operations is attributable to our senior management team and key management personnel. We believe that the experience of our senior management team has enabled us to experience consistent growth and profitability as well as a robust liquidity and capital position. Our ability to sustain our growth depends upon our ability to attract and retain key personnel, developing managerial experience to address emerging business and operating challenges and ensuring a high standard of customer service.

Hiring and retaining personnel qualified and experienced in credit-appraisal and asset valuation, in the vehicle finance sector and affordable housing segment, is particularly difficult. We may also face attrition of our existing workforce as a result of increased competition or other factors relating to our businesses. 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. While we have an incentive structure including Hinduja ESOP 2013 designed to encourage employee retention, any inability to attract and retain talented employees, or the resignation or loss of key management personnel, may have an adverse impact on our business, future financial performance and the price of our Equity Shares.

29. ***We have in the past acquired, and may continue to acquire in the future, portfolios relating to various credit and financing facilities from banks and other institutions. If the performance of such portfolios deteriorates, our business, prospects, financial condition, results of operations and/or 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. We usually acquire these portfolios through either: (i) direct assignment of receivables of a debt instrument; (ii) securitization; or (iii) by investing in pass through certificate ("**PTC**") offered by SPVs. These wholesale funding investments represented 5.29%, 6.42% and 4.92%of our AUM as of March 31, 2014 and 2015 and as of September 30, 2015, respectively. If the performance of such financial assets deteriorates, our business, financial condition, results of operations and/or cash flows may be adversely affected.

We may in the future acquire, portfolios relating to various credit and financing facilities from various originators including banks and other institutions, in the ordinary course of our business, either on a recourse or non-recourse basis. There can be no assurance that we will not experience any deterioration in the performance of any loan portfolio 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 such loan portfolio originators, or otherwise recover the investments made in connection with the acquisition of such loan portfolios, would adversely impact our earnings realised from such loan portfolios and may adversely affect our business, prospects, results of operations and financial condition, as well as the market price of the Equity Shares.

30. ***We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations, profitability and/or cash flows.***

While we believe that our cash flow from operations, available cash and borrowings will be adequate to meet our future liquidity needs, we cannot assure you that our businesses will generate sufficient cash flow from operations such that our anticipated revenue growth will be realized or that future borrowings will be available to us under credit facilities in amounts sufficient to enable us to repay our existing indebtedness, fund our expansion efforts or fund our other liquidity needs. If we are unable to service our existing debt, our ability to raise debt in the future will be adversely affected, which will have a significant adverse effect on our results of operations and financial condition.

Further, asset liability mismatches create liquidity surplus or liquidity crunch situations and depending upon the interest rate movement, such situations may adversely affect our net interest income. For further information, see *"**Selected Statistical Information**"* on page 78. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as working capital demand loans, cash credit and commercial papers. We also face interest rate risks as vehicle finance loans are typically given at a fixed rate of interest whereas the term loans and working capital loans from banks taken by us are typically based on a floating rate of interest.

Consequently, our inability to obtain and/or maintain 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 and financial performance. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers. Such factors may have an adverse effect on our results of operations and financial condition.

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

In deciding whether to extend credit or enter into other transactions with customers, we rely on information furnished to us by or on behalf of customers. We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition.

Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. A nationwide credit bureau, viz., the Credit Information Bureau (India) Limited ("**CIBIL**") has become operational in India and RBI has approved the creation of other credit information bureaus. However, CIBIL does not presently report information from retailers, utility companies and trade creditors, and no other nationwide bureaus of this nature presently exist. While the law provides us with better access to credit information, there may be relatively less financial and credit information available on small and medium enterprises and in relation to the possibility of double-financing obtained by any such clients, than may have been available in a more developed economy, and the availability of such financial and credit information in India may be considered to suffer from an absence of competitive pressure at present.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business, prospects, results of operations and financial condition.

32. ***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 inability to recover the outstanding amounts under the loans may adversely affect our business.***

As security for the financing facilities provided by us to our customers, the vehicles or construction equipment purchased by our customers are hypothecated in our favour and property is mortgaged for LAP. For each financing arrangement, we sanction an amount of credit that is less than the value of the vehicle or property which we take as collateral. We regulate this amount through our restrictions on the loan to value ("**LTV**") ratio of each financing. Loans are generally provided up to certain specified percentages of the value of new commercial vehicles and used vehicles, as ascertained by our appraiser. For further information, see "***Our Business – Credit Policies***" on page 163.

The value of the vehicle or construction equipment, however, is subject to depreciation, deterioration, and/or reduction in value on account of other extraneous reasons, over the course of time. Similarly, for LAP, the value of the collateral may not be adequate to cover amounts under default. 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. Furthermore, in the case of a default, we typically repossess the collateral. The hypothecated vehicles and construction equipment, being movable property, may be difficult to locate or seize in the event of any default by our customers.

There can also be no assurance that we will be able to sell such vehicles, construction equipment or properties provided as collateral at prices sufficient to cover the amounts under default. In addition, there may be delays associated with such processes. Further, if any of our borrowers take recourse of arbitration or litigation against our repayment claims, it may cause a further delay in our recovery process leading to depreciation of the secured asset. A failure or delay in recovering the expected value from sale of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition, results of operations and/or cash flows. Furthermore, enforcing our legal rights by litigating against defaulting customers 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. Further, if we are unable to sell any repossessed vehicles provided as security for such loans, at commercially favourable prices, in a timely manner or at all, we may not recover the costs of maintaining such repossessed vehicles and our operations, cash flows and profitability could be adversely affected.

33. ***We are subject to annual scrutiny by regulatory authorities. Any failure to comply with regulatory observations following such inspections may adversely affect our business and prospects.***

The RBI conducts an annual inspection of the books of accounts and other records maintained by banks, financial institutions and NBFCs. In the past, the RBI has made certain observations during its annual inspections in connection with our operations. For instance, the RBI in its annual inspection reports issued to us for the preceding three fiscals, i.e., Fiscals 2013, 2014 and 2015, observed as follows:

- we had not complied with our Board-approved Fair Practices Code, as required by the RBI, in certain respects, for instance, as our loan agreements were not made available to borrowers in vernacular languages, our loan agreements did not contain a repossession clause, we had not given prior notice to our borrowers for repossession of assets, we were selling repossessed assets through brokers instead of dealing directly with our borrowers, we were not making use of relevant transfer forms during the time of sale of repossessed assets, and we did not keep a record of no-objection certificates issued to buyers of repossessed assets;

- minutes of certain board and audit committee meetings were not finalized or authenticated by us, minutes of the risk management committee were not made available by us to the RBI during its inspection in fiscal 2014, we did not have a Board-approved policy for loans payable on demand, as required by the RBI, certain issues previously placed before our audit committee were pending resolution, including the segmental presentation of our gross and net NPAs, to check whether NPAs in any segment are disproportionate to the portfolio size of that segment;

- there were delays or omissions by us in our compliance with certain RBI reporting requirements, for instance, with respect to our mandatory annual review of frauds and our mandatory quarterly submission to the designated regional office of the RBI, of details of frauds involving a value ₹ 0.1 million and above, during fiscal 2014, as well as with respect to our compliance with previous RBI inspection reports; similarly, we had been submitted the same operational and financial data in our regulatory filings with the RBI, without updating for consecutive periods;

- there was divergence in the assessed Tier II capital and net owned fund as on March 31, 2015 as against the net owned funds reported by the company in its regulatory filings of the corresponding date. Further there was off balance sheet exposures disclosed in the annual report for the year ended March 31, 2015 which was not assigned any risk weight and not reported in returns filed by our Company with the RBI for the corresponding period as required under the RBI prudential norms. The RBI has also observed that our Company has transferred a sum of Rs. 222.40 million to statutory reserve fund which constituted 19.93% of the net profit of our Company (Rs. 1,115.60 million) for the year ended March 31, 2015, as against the requirement of 20%, which did not comply with the provisions of the RBI Act.

- there were certain documentation deficiencies in our operations, for instance, certain insurance policies were not obtained by us from our borrowers, or were not duly renewed by our borrowers, we relied on representations from our borrowers in certain respects (including income statements) instead of obtaining proof, and certain undated, unsigned or non-notarized documents were maintained by us in our records, and we did not properly document deviations from our standard credit policy.

While we have responded to such inspection reports in the past and undertaken corrective measures where possible, as clarified in our responses to the RBI, we cannot assure you that the RBI or any other regulatory authority will not make similar or other observations in the future and that we will be able to respond satisfactorily, and strengthen our internal controls and procedures to avoid similar findings in future inspections. In the event or to the extent that any grave deficiencies are found in the future, which we are unable to rectify, any levy of fines or penalties against us, or the suspension or cancellation of our registration with the RBI, may adversely affect our reputation, business, prospects, results of operations, financial condition, prospects and the trading price of our Equity Shares.

In addition, the operations of our subsidiary, Hinduja Housing Finance Limited, are subject to various regulations framed by the the NHB and these regulations apart from regulating the manner in which it carries out its business and internal operations, prescribe, various periodical and regular compliances including but not limited to filing of forms and declarations with NHB. Hinduja Housing Finance Limited will also be subject to periodic reporting and inspection by the NHB. While the NHB has not been subject to an inspection of NHB as yet, we cannot assure that there will not be any adverse observation in any future investigation by the NHB.

34. ***We require certain statutory and regulatory approvals and licenses for conducting our business and an inability to obtain or maintain such approvals and licenses in a timely manner, or at all, may adversely affect our operations.***

We require various approvals, licenses, registrations and permissions for operating our business, including a registration for our Company with the RBI as a NBFC and Hinduja Housing Finance with NHB as an HFC. We are also required to comply with the prescribed requirements including exposure limits, classification of NPAs, KYC requirements and other internal control mechanisms. In the future, we will be required to maintain such permits and approvals and obtain new permits and approvals for any proposed expansion strategy or diversification into additional business lines or new financial products. There can be no assurance that the relevant authorities will issue any of such permits or approvals in a timely manner, or at all, and/or on favorable terms and conditions. Our failure to comply with the terms and conditions to which such permits or approvals are subject, and/or to maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have a material adverse effect on our business operations, future financial performance and price of our Equity Shares.

In the event that we are unable to comply with the requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI or the Hinduja Housing Finance may be subject to regulatory actions by NHB including the levy of fines or penalties and/or the cancellation of our license to operate as an NBFC- AFC or Hinduja Housing Finance's license to operate as an HFC, as the case may be. However we cannot assure you that we may not breach the exposure norms in the future. Any levy of fines or penalties or the cancellation of our license to operate as an NBFC-AFC or Hinduja Housing Finance's our license to operate as an HFC by the RBI or the Government of India, due to the breach of exposure or other applicable norms, may adversely affect our business, prospects, results of operations, financial condition and the trading price of our Equity Shares.

In addition, we require various registrations to operate our branches in the ordinary course of our business. These registrations typically include those required to be obtained or maintained under legislations governing shops and establishments, professional tax and trade licenses of the particular state in which they operate. Currently, some of our branches are operating without one or more valid registrations and are in the process of obtaining fresh registrations or in case of existing branches we have either made an application for their renewal, or are in the process of making an application for renewal. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificates of registration may be suspended or cancelled and we shall not be able to carry on such activities. For further information, see "***Government Approvals***" on page 398 and "***Key Regulations and Policies in India***" on page 171.

35. ***We do not own the trademarks and logos associated with "Hinduja" and "Leyland" brand names. Consequently, our ability to use the trademark, name and logo may be impaired.***

We do not own the trademarks and logos associated with "Hinduja" and "Leyland" brand names which we use in the course of our business operations. We have obtained a no-objection certificate from ALL for use of the "Leyland" trademark and logo . We have not entered into any formal license agreement with the owners of the "Hinduja" and "Leyland" trademarks and logos for their use in our business operations. Thus, we enjoy limited legal protection and ability to use these trademarks and any claims by third parties relating to such trademarks may affect our ability to use such trademarks. In addition, we have not obtained trademark registration of our name and corporate logo. We may not be able to prevent infringement of our trademark and may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities, which may not provide sufficient protection. Our inability to use of these trademarks and any unauthorized usage could in adverse effects to our business and results of operations.

Further, we may become subject to claims by third parties if we use slogans, names, designs, software or other such subjects in breach of any intellectual property rights registered by such third party. Any legal proceedings pursuant to such claims, or settlements thereunder, may divert management attention and require us to pay financial compensation to such third parties, as well as compel us to change our marketing strategies or brand names of our products and services, which could adversely affect our business, prospects, results of operation and financial condition.

36. ***Trade advances offered by us to our dealers are unsecured loans and are susceptible to certain operational and credit risks which may result in increased levels of NPAs which may our business, prospects, results of operations and financial condition.***

We provide short-term trade advances to dealers, which are repaid by these dealers either out of their own cash flow or by authorizing us to utilize the loans sanctioned to their customers against delivery of the vehicles or equipment sold. As of September 30, 2015, we had outstanding trade advances of ₹ 2,986.38 million. Although these trade advances speed up financing and allow us to enter into direct contracts with customers, they are unsecured loans and present a higher risk of loss in case of a credit default as compared to loans to customers in other asset-backed financing products. In addition, it is difficult to accurately predict credit losses from dealers, and there can be no assurance that our monitoring and risk management procedures will succeed in effectively predicting such losses or that our loan loss reserves will be sufficient to cover any actual losses. Because of the unsecured nature of these trade advances, the aggregate outstanding under trade advances is limited to ₹2.50 billion. Should there be default by dealers on such unsecured trade advances, we may experience increased levels of NPAs and we may be required to make related provisions and write-offs that may have an adverse effect on our, business, prospects results of operations and financial performance.

37. ***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.We use a collection software installed in a handheld device using which the payment details are updated on the server through a GPRS device. Our operations rely on the secure processing, storage and transmission of these 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 code 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 localities in which we are located.

38. ***Our measures to prevent money laundering may not be completely effective and we may be subject to scrutiny and penalties by the RBI for failure to implement effective measures. Moreover, various state government laws regulating money lending transactions could adversely affect our business, prospects, results of operations and financial condition.***

Our implementation of anti-money laundering measures required by the RBI, including KYC policies and the adoption of anti-money laundering and compliance procedures in all our branches, may not be effective. There can be no assurance that attempts to launder money using us as a vehicle will not be made. If we were associated with money laundering, our reputation may be adversely affected.

Additionally, certain states in India have enacted laws to regulate money lending transactions, which may for instance establish a maximum rate of interest that can be charged. In the event we are required to comply with the provisions of these state money lending laws, there may be severe civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty against us for prior non-compliance, our business and results of operations could be adversely affected.

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

Our business is dependent on the key branch and Business Location personnel who directly manage customer relationships. We encourage dedicated personnel to service specific customers since we believe that this leads to long-term client relationships, a trust-based business environment and, over time, better cross-selling opportunities. While no branch manager or operating group of personnel contributes a meaningful percentage of our business, our business may suffer materially if a substantial number of branch managers or personnel either perform at less than optimal efficiency or leave the Company. Closure of branches or Business Locations or loss of our key personnel may lead to damage to customer relationships and a decline in our revenue and profits.

40. ***We are involved in certain legal proceedings, any adverse developments related to which could materially and adversely affect our business, reputation and cash flows.***

There are outstanding legal proceedings against our Company, our Subsidiary, our Group Company, our Promoters and Directors, that are incidental to our business and operations. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. We cannot assure you that these proceedings will be decided in our favour. Brief details of outstanding litigation that have been initiated by and against our Company, our Subsidiary, our Group Companies, our Promoters and our Directors (as applicable) are set forth below:

Litigation involving our Promoters

Nature of the Case / Claims	No. of Cases Outstanding	Approximate Amount Involved (In ₹ million)
Criminal proceedings against ALL	1	-
Criminal proceedings by ALL	4	25.81
Civil proceedings against ALL	2	1,396.20
Civil proceedings by ALL	1	4,450.28*
Direct tax proceedings against ALL	21	2,343.01
Indirect tax proceedings against ALL	129	986.9
Total	**158**	**4,751.92**

* *Counter claim for an amount of ₹1,367.54 million.*

Litigation involving our Directors

Nature of the Case / Claims	No. of Cases Outstanding	Amount Involved (In ₹Million)
Criminal complaint against Mr. S. Nagarajan	2	0.51

Nature of the Case / Claims	No. of Cases Outstanding	Amount Involved (In ₹Million)
Total	**2**	**0.51**

Litigation involving our Company

Nature of the Case / Claims	No. of Cases Outstanding	Approximate Amount Involved (In ₹ million)
Criminal proceedings against our Company	13	0.51
Criminal proceedings by our Company	964	199
Direct tax proceedings against our Company	1	7.62
Indirect tax proceedings against our Company	6	12.81
Total	**984**	**219.94**

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. For further details of legal proceedings involving our Company, our Subsidiary, our Promoters, Our Directors and our Group Companies, see "***Outstanding Litigation and Material Developments***" on page 390.

41. ***We have certain contingent liabilities, which may adversely affect our financial condition.***

The following table sets forth certain information relating to our contingent liabilities not provided for as of September 30, 2015 (on a consolidated basis):

Particulars	Amount (₹in millions)
Contingent Liabilities	
Value added tax	12.00
Total	12.00

For further information on such contingent liabilities, see Note 16 to our Restated Standalone Financial Information on page 285. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

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

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. We have in this Draft Red Herring Prospectus included financial information on our Yield, Spread and Net Interest Margin calculated on basis of our Weighted Average On-book Assets, which may be different from that followed by other financial services companies. For further information, see "***Selected Statistical Information***" on page 78. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

43. ***Our business may be affected by seasonal trends in the Indian economy. Any significant event such as unforeseen floods, earthquakes, epidemics or economic slowdowns during this peak season would materially and adversely affect our results of operations and growth.***

Our business operations and the non-banking financial services industry may be affected by seasonal trends in the Indian economy. Generally, the period from October to March is the peak period in India for retail economic activity. This increased, or seasonal, activity is the result of several holiday periods, improved weather conditions and crop harvests. We generally experience higher volumes of business during this period. Any significant event such as unforeseen floods, earthquakes, epidemics or economic slowdowns during this peak season would materially and adversely affect our results of operations and growth. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

44. ***Insurance coverage obtained by us may not adequately protect us against losses and could adversely affect our business, prospects, results of operations and financial condition.***

We maintain insurance coverage that we believe is in accordance with industry standard. 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 directors and officers liability insurance, standard fire and special perils insurance, fidelity guarantee insurance and money insurance. For further details, see "***Our Business - Insurance***" on page 170. There can however be no assurance 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, prospects, financial condition and results of operations.

45. ***Our branches and Business Locations are located on leased premises and non-renewal of lease or license agreements or their renewal on terms unfavorable to us could adversely affect our operations.***

Our branches and Business Locations are located on leasehold or licensed premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations. All or any of the leases or licenses may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

Further, certain lease and license agreements are not duly registered or adequately stamped. Failure to adequately stamp and register a document does not affect the validity of the underlying transaction but renders the document inadmissible in evidence (unless stamped prior to enforcement with payment of requisite penalties, which may be up to 10 times the stamp duty payable, and other such fees that may be levied by the authorities). Further, documents which are insufficiently stamped are capable of being impounded by a public officer. Consequently, should any dispute arise in relation to our use of the relevant properties, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such properties.

46. ***Some of the information disclosed in this Draft Red Herring Prospectus is based on information from industry sources and publications which may be based on projections, forecasts and assumptions that may prove to be incorrect. Investors should not place undue reliance on, or base their investment decision on this information.***

The information disclosed in the "Industry" section of this Draft Red Herring Prospectus are based on reports of ICRA Limited titled "Indian Automobile Industry Report, November 2015", "Indian Construction Equipment Industry Report, November 2015" "Overview of Retail NBFC and HFC Credit February 2016", which have not been verified by us independently and we do not make any representation as to the accuracy of the information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

47. ***Our Promoters and Promoter Group will continue to retain majority shareholding in our Company after the Offer, which will allow it to exercise significant influence over us and could create conflicts of interest.***

Prior to the Offer, our Promoters and Promoter Group beneficially owned approximately 84.62 % of our Equity Shares. Upon completion of the Offer, our Promoters and Promoter Group will control approximately [●]% of our outstanding Equity Shares. Accordingly, our Promoters and Promoter Group will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholder approval, including the composition of our Board, the adoption of amendments to our articles of association, the approval of mergers, strategic acquisitions and joint ventures and the sale of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoters and Promoter Group. The interests of our Promoters and Promoter Group as our controlling shareholder could conflict with our interests or the interests of our other shareholders. We cannot be sure that our Promoters and Promoter Group will act to resolve any conflicts of interest in our favour or in the favour of other shareholders.

48. ***Certain Directors and certain key management personnel hold Equity Shares in our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.***

Certain of our Directors and key management personnel are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. There can be no assurance that our Directors and our key management personnel will exercise their rights as shareholders to the benefit and best interest of our Company. For further details, see "***Our Management***" on page 193.

49. ***The interests of our Directors may cause conflicts of interest in the ordinary course of our business.***

Some of our non-executive Independent Directors are also on the board of certain companies engaged in businesses similar to the business of our Company and our Subsidiary. For instance, our Independent Directors, Mr. Debabrata Sarkar is also a director of Bandhan Financial Holdings Limited and LIC Housing Finance Limited and Mr. Samir Bhatia is also a director of Vastu Housing Finance Corporation Limited. Situations may therefore arise where such persons are presented with, or identify, opportunities that may be or are perceived to be in competition with us. They may also be subject to conflicts of interest with respect to decisions concerning our operations, financial structure or commercial transactions. These or other conflicts of interest may not be resolved in an impartial manner and could have a material adverse effect on our operations.

50. ***Our Company has issued Equity Shares during the preceding one year at a price that may be below the Offer Price.***

We have in the last 12 months prior to filing this Draft Red Herring Prospectus, issued Equity Shares at a price that may be lower than the Offer Price. For details, see the section "***Capital Structure***" on page 102. The price at which the Equity Shares have been issued by our Company in the preceding one year is not indicative of the price at which they will be issued or traded. Additionally, our Company is proposing the Pre-IPO Placement at a price to be determined by our Company. Details of allotment of the Equity Shares and the price at which Equity Shares are allotted in the proposed Pre- IPO Placement will be disclosed in the Red Herring Prospectus to be filed with the RoC.

51. ***We, our Promoters and our Associate Company have unsecured loans, which may be recalled at any time. Any recall of such loans may have an adverse effect on our business, prospects, financial condition and results of operations.***

We, our Promoters and our Associate Company have unsecured loans, some of which may be recalled at any time at the option of the lender. If such unsecured loans are recalled at any time, the financial condition of our Company may be adversely affected.

EXTERNAL RISK FACTORS

Risks Relating to the Equity Shares

52. ***The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.***

The Offer Price of the Equity Shares will be determined by the Company and the Investor Selling Shareholder in consultation with the BRLMs through the Book Building Process. This price will be based on numerous factors, as described under "***Basis for Offer Price***" on page 121 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

53. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

Our Company has not paid any dividend on its Equity Shares during the last five Fiscal Years. The amount of future dividend payments, if any, will depend upon a number of factors, including but not limited to our future earnings, financial condition, cash flows, working capital requirements, contractual obligations, applicable Indian legal restrictions and capital expenditures. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing agreements our Company may enter into to finance our fund requirements for our business activities. There can be no assurance that we will be able to pay dividends in the future. For additional details relating to our dividend policy, see "***Dividend Policy***" on page 223.

54. ***Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

Headline inflation in India, measured by consumer price index increased from 5.01% in May 2015 to 5.40% in June 2015. (*Source: Government of India, Ministry of Statistics and Programme Implementation*) Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our payers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

55. ***The Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and the investors may be unable to resell the Equity Shares at or above the Offer Price, or at all.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India and volatility in the Stock Exchanges and securities markets elsewhere in the world.

56. ***The Equity Shares may experience price and volume fluctuations.***

The market price of the Equity Shares can be volatile as a result of several factors beyond our control, including volatility in the Indian and global securities markets, our results of operations, the performance of our competitors, developments in the Indian finance and lending sector, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. In addition, the Stock Exchanges may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Equity Shares.

General or industry specific market conditions or stock performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance also affect the price of the Equity Shares. In particular, the stock market as a whole recently experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to the companies' operating performances. For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition.

57. ***Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries including India suffered depreciation against the US Dollar owing to amongst other, the announcement by the US government that it may consider reducing its quantitative easing measures. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, prospects, future financial performance and the prices of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis, have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets.

However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, prospects, future financial performance and the trading price of the Equity Shares.

58. ***Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares***.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI or the FIPB. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a *bona fide* interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

59. ***Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.***

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of the Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in India than as a shareholder of a corporation in another jurisdiction.

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

Capital gains arising from the sale of equity shares of an Indian company are taxable in India, unless specifically exempted. Any gain realised on the sale of the Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold. Any gain realised on the sale of the Equity Shares held for more than 12 months by an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of the Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of Equity Shares. Further, the GoI has proposed the introduction of the DTC, to revamp the implementation of direct taxes. If the DTC is passed in its present form by both houses of the Indian Parliament and approved by the President of India and then notified in the Gazette of India, the tax impact discussed above will be altered by the DTC. For further details, see section titled "***Statement of Tax Benefits***" on page 129.

61. ***Currency exchange rate fluctuations may affect the value of the Equity Shares.***

The Equity Shares are, and will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into other currencies for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders.

62. ***Any future issuance of Equity Shares may dilute the investor's shareholding and sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares by the Company could dilute your shareholding. Any such future issuance of the Equity Shares or future sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares and impact our ability to raise capital through an offering of our securities. Any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Additionally, the disposal, pledge or encumbrance of the Equity Shares by any of our significant shareholders, or the perception that such transactions may occur, may affect the trading price of the Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

63. ***Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the company. However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in the Company would be reduced.

Risks Relating to India and Other External Risk Factors

64. ***Our businesses and activities may be regulated by the Competition Act, 2002 (the "Competition Act"), and any adverse application or interpretation of the Competition Act could materially and adversely affect our business and financial performance.***

The Competition Act, regulates practices that could have an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any arrangement, understanding or action in concert, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial monetary penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors which directly or indirectly determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise either directly or indirectly, including by way of unfair or discriminatory pricing or conditions in the sale of goods or services, limiting production of goods, provision of services, or technical or scientific developments relating to goods or services to the prejudice of consumers, using a dominant position in one relevant market to enter into, or protect, another relevant market, denial of market access, and making the conclusion of contracts subject to the acceptance of unrelated supplementary obligations, and such practices are subject to substantial monetary penalties and may also be subject to compensation for losses and orders to divide the enterprise.

If we or any member of our group are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the Competition Commission of India or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our business, prospects, financial performance and reputation may be materially and adversely affected.

Acquisitions, mergers and amalgamations which exceed certain revenue and asset thresholds require prior approval by the Competition Commission of India. Any such acquisitions, mergers or amalgamations which have an appreciable adverse effect on competition in India are prohibited and void. There can be no assurance that we will be able to obtain approval for such future transactions on satisfactory terms, or at all.

65. ***General economic conditions in India and globally could adversely affect our business and results of operation.***

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

We mainly derive revenue from our operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations. As per the advance estimates released by the Central Statistics Office (CSO), the Indian economy is estimated to have registered a growth rate of 7.4% in Fiscal 2015 (in terms of GDP at factor cost at constant prices). The RBI, in its recent monetary policy reviews, has indicated that inflation continues to be a concern and further tightening measures may be required. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations.

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

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

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

66. ***A decline in India's foreign exchange reserves and higher interest rates in the Indian economy could adversely affect us.***

A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our financial condition. A future material decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy which in turn, could adversely affect our business and future financial performance.

67. ***Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.***

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the Equity Shares.

68. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects, results of operations and, financial condition.***

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

- The GoI proposed to revamp the implementation of direct taxes by way of the introduction of the Direct Taxes Code ("**DTC**").

- The GoI has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure which is proposed to be effective from April 1, 2016. While the GoI and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. 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.

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

We have not determined the impact of these proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

69. ***Certain companies in India, including our Company, are required to prepare financial statements under Ind AS. The transition to Ind AS in India is very recent and still unclear and our Company may be negatively affected by these changes.***

Our financial statements, including the restated financial information included in this Draft Red Herring Prospectus are prepared in accordance with Indian GAAP and restated in accordance with the requirement of SEBI ICDR Regulations. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of IFRS or U.S. GAAP. IFRS and U.S. GAAP differ in significant respects from Indian GAAP.

On February 16, 2015, the MCA issued the Companies (Indian Accounting Standards) Rules, 2015 which became effective from April 1, 2015. All companies except banks, insurance companies and NBFCs can apply these Rules and voluntary adopt Ind AS in the financial year beginning on or after April 1, 2015. A separate transition roadmap was issued on January 18, 2016 for banks, insurance companies and NBFCs. Pursuant to this roadmap, our Company will have to transition to Ind AS for the financial year beginning on April 1, 2018. Consequently, as per the Ind AS requirements, the transition date would be as on April 1, 2017.

As Ind AS differs in certain respects from Indian GAAP on several significant areas, there can be no assurance that our Company's financial condition, results of operation, cash flow or changes in shareholders' equity will not be presented differently under Ind AS and under Indian GAAP or IFRS. When our Company adopts Ind AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Our management may also have to divert its time and other resources for successful and timely implementation of Ind AS. There can be no assurance that the adoption of Ind AS by our Company will not adversely affect its results of operations or financial condition. Any failure to successfully adopt Ind AS in accordance with the prescribed timelines may have an adverse effect on the financial position and results of operations of our Company.

70. ***Our Company is subject to various Indian taxes and any adverse development in the taxation regime may have a material adverse effect on our results of operations.***

Any increase in taxes and/or levies, or the imposition of new taxes and/or levies in the future, could increase the cost of production/operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

71. ***Our business is substantially affected by prevailing economic, political and others prevailing conditions in India.***

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly 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;
- prevailing income conditions among Indian consumers and Indian corporations;
- 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;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India’s various neighbouring countries;
- occurrence of natural or man-made disasters;
- 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 the sector in which we operate.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, prospects, results of operations and financial condition and the price of the Equity Shares.

72. ***Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

Prominent Notes

- Our Company was incorporated on November 12, 2008, as a public limited company under the Companies Act, 1956, with a certificate of incorporation granted by the RoC. Our Company received its certificate of commencement of business from the RoC on March 4, 2009. Pursuant to a certificate issued by the RBI on March 22, 2010, our Company was permitted to commence operations as a non-banking financial company ("**NBFC**") under section 45 IA of the Reserve Bank of India Act, 1934. Our Company was classified as a Systemically Important Non-deposit accepting NBFC in the calendar year 2010. However, pursuant to our Company's application dated September 6, 2013, the RBI has classified our Company as an NBFC-Asset Finance Company by a certificate of registration dated May 12, 2014. For details of changes in the name and Registered Office of our Company, see "***History and Certain Corporate Matters***" on page 185.

- Public issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million consisting of a Fresh Issue of [●] Equity Shares aggregating up to ₹ 5,000 million and an Offer for Sale of up to 26,608,810 Equity Shares aggregating to up to ₹ [●] million, comprising of such number of Equity Shares by the Investor Selling Shareholder as set out in "***The Offer***" on page 91. The Offer will constitute [●]% of the post - Offer paid up Equity Share capital of our Company.

- Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, is considering a Pre-IPO Placement of up to 26,000,000 Equity Shares for an amount not exceeding ₹ 2,000 million. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of at least such percentage of Equity Shares as is equivalent to a value of ₹ [●] million (calculated at the Offer Price) being offered to the public.

- As of March 31, 2015, the net worth of our Company was ₹ 9,066.83 million as per our Restated Standalone Financial Information. As of September 30, 2015, the net worth of our Company was ₹ 9,712.44 million and ₹ 9,722.09 million as per our Restated Standalone Financial Information and Restated Consolidated Financial Information, respectively. For further details, see "***Financial Statements***" on page 224.

- As of March 31, 2015, the net asset value per Equity Share was ₹ 23.97 as per our Restated Standalone Financial Information. As of September 30, 2015, the net asset value per Equity Share was ₹ 25.67 and ₹ 25.70 as per our Restated Standalone Financial Information and Restated Consolidated Financial Information, respectively. For further details, see "***Financial Statements***" on page 224.

- The average cost of acquisition per Equity Share by our Promoters, calculated by taking the average of the amounts paid by our Promoters to acquire Equity Shares, is as given below:

Name of Promoter	Average cost of acquisition per Equity Share (In ₹)
Ashok Leyland Limited	35.79
Hinduja Power Limited	55.06*

Note: The average cost of acquisition has been adjusted for consideration for sale of such Equity Shares by the respective entity.

**Calculated as per exchange rate as on November 2, 2015, ₹ 65.4793/USD.*

For further details in relation to the shareholding of our Promoters, see "***Capital Structure***" on page 102.

- There are no financing arrangements pursuant to which our Promoter Group, directors of our Promoters, our Directors and/ or their immediate relatives have financed the purchase of Equity Shares by any other person other than in the ordinary course of business during the six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

- Our Company did not have any subsidiary in Fiscal 2015.

- Except as stated in the sections "***Our Promoters, Promoter Group and Group Company***" and "***Related Party Transactions***" on pages 213 and 222, respectively, our Group Company does not have any business or other interest in our Company.

Bidders may contact any of the BRLMs who have submitted the due diligence certificate to SEBI, for any complaint pertaining to the Offer. All grievances other than Anchor Investors may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Bidder shall enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

All grievances from Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the Book Running Lead Manager where the Bid cum Application Form was submitted by the Anchor Investor.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

Unless noted otherwise, the information in this section is derived from "Reports of ICRA Limited" titled Indian Automobile Industry Report, November 2015 ***("IAI Report, 2015")*** *and Indian Construction Equipment Industry Report, November 2015* ***("ICEI Report, 2015")*** *as well as Overview of Retail NBFC and HFC Credit February 2016, ("****ICRA - Retail NBFC and HFC Credit Report, 2016****") as well as other government publications and industry sources. Neither we nor any other person connected with the Offer have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. The information in this section should be read in conjunction with the sections "****Industry Overview****", "****Risk Factors****" and "****Our Business****" on pages 127, 17 and 155, respectively.*

Indian Economy

The International Monetary Fund places India's growth at 7.3% for 2015 and estimates a growth of 7.5% for 2016 and 2017. *(Source: World Economic Outlook Update, January 2016. Available at http://www.imf.org/external/pubs/ft/weo/2016/update/01/index.htm).* As per IMF's estimates in October 2015, there is a gradual increase in the global weight of fast growing countries such as India and China which in turn further increases their importance as drivers of global growth. As per IMF projections, growth in India is expected to rise above the rates in other major emerging market economies. This growth will benefit from recent policy reforms, a consequent pickup in investment, and lower commodity prices. *(Source: World Economic Outlook Update for October 2015. Available at http://www.imf.org/external/pubs/ft/weo/2015/02/).* As per the World Bank, India is on course to overtaking China to become the world's fastest growing major economy in fiscal 2016 and 2017 driven by the Government of India's ("**GoI**") reform drive.

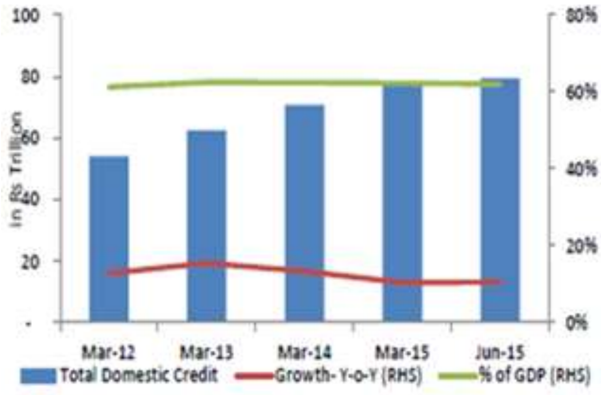
Indian Domestic and Retail Credit Market

Overview of total domestic credit

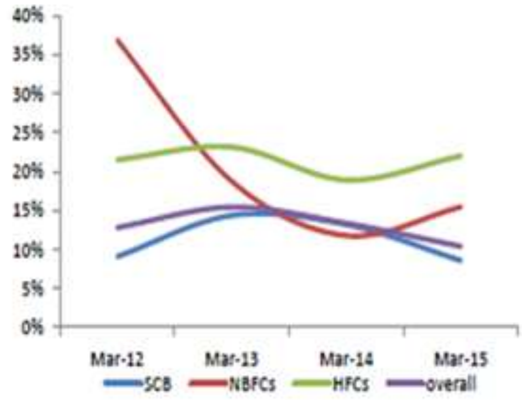
India's domestic credit stood at ₹ 78.4 trillion as on March 31, 2015 (₹ 79.3 trillion as on June 30, 2015) and has expanded at a CAGR of approximately 13% over the period March 2012 to March 2015. Overall domestic credit growth has moderated over the past 2-3 years from approximately 16% in fiscal 2013 to approximately 10.5% in fiscal 2015 on account of subdued credit off-take given the slowdown in economic activity in the country during this period. The credit growth for Scheduled Commercial Banks ("**SCBs**") in particular, which account for about 78% of the overall credit, has moderated sharply to approximately 9% in fiscal 2015 against 14% in fiscal 2013 as the corporate credit segment faced sharp growth and asset quality challenges. NBFCs and HFCs, which have a higher share of retail assets, were able to maintain growth rates in excess of those reported by banks, although lower compared to earlier levels. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

As per ICRA estimates, over the next 12-18 months, India's annual credit growth is expected to increase to 12-12.5% as against approximately 10.5% in fiscal 2015 and as against a 13% 3-year CAGR based on the expectation of a pickup in GDP growth and reduction in interest rates. The index of industrial production volume growth improved in fiscal 2015 to 2.8% against a marginal contraction of 0.1% in fiscal 2014. In the current financial the pace of industrial expansion has improved further to 4.0% in first quarter of fiscal 2016 against 2.9% in first quarter of fiscal 2015. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Size of Domestic Credit Market



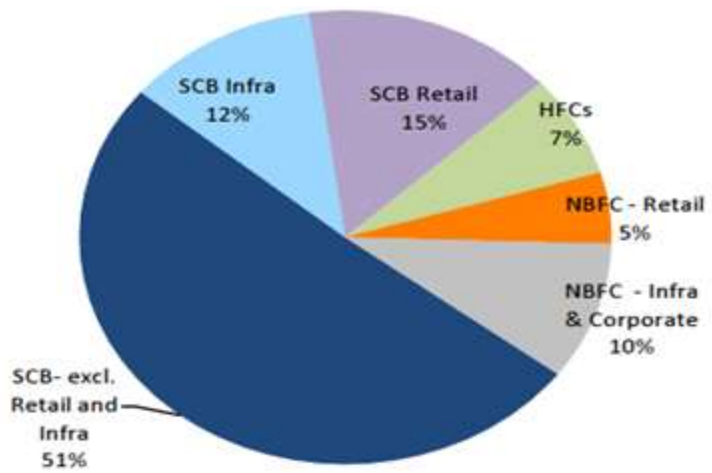
Lender type wise credit growth trends



(Source: ICRA Research, RBI, Investor Presentations)

While banks are the largest source of credit in India and accounted for 78% of total outstanding credit as on June 30, 2015, their share of credit has dipped from 81% as on March 31, 2012 given the growth pressures witnessed over the past 2-3 years. Over this period, NBFCs and HFCs have increased their respective market share to 15% and 7% in March 2015 against 13% and 6% in March 2012 respectively through enhanced and focused product offerings in the infrastructure and retail space and also through increased market/customer penetration. ICRA expects NBFCs and HFC to grow at a higher pace than banks going forward due to their superior service levels, customized lending approach, which help them to widen their customer base, along with the growing risk aversion by banks. The rising asset quality issues, weak internal generation notwithstanding the GoI support for the PSBs could constrain their credit growth, leaving better growth avenues for private sector players (NBFCs, HFCs and private sector banks). *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

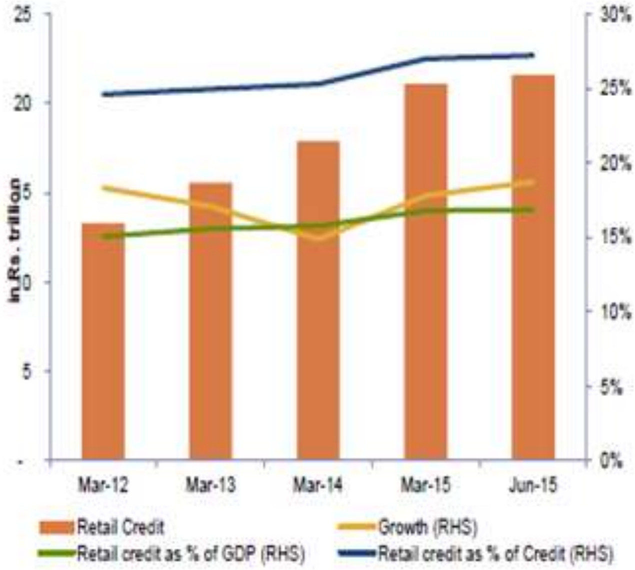
Total Industry Credit as on June 30, 2015



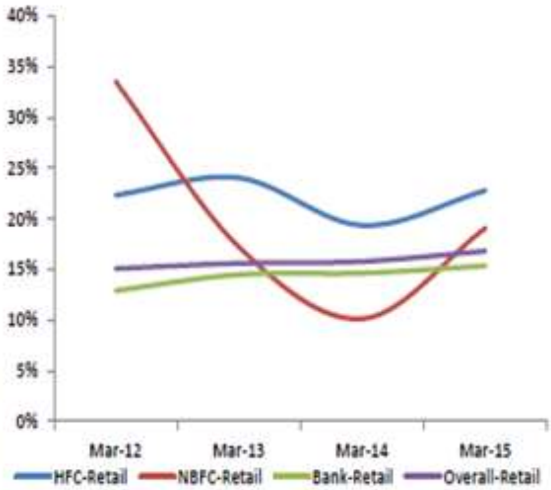
(Source: RBI, Annual Accounts of NBFCs and mortgage lenders and ICRA Research)

Overview of retail credit market

Size of the retail credit market



Retail Credit Growth



(Source: RBI, Annual Accounts and Investor presentations of NBFCs and retail lenders and ICRA Research)

The Indian retail credit market stood at ₹ 21.0 trillion as on March 31, 2015 (₹ 22.0 trillion as on June 30, 2015) and grew at a CAGR of approximately17% during the period March 2012 to March 2015. In line with the challenges faced in economic growth since fiscal 2012, retail credit growth moderated from its peak of 18% in fiscal 2011 to 15% in fiscal 2014 as demand for assets such as Commercial Vehicles ("**CV**s") and Construction Equipments ("**CE**"s) moderated. In fiscal 2015, however retail credit growth witnessed some revival registering an annual growth of 18%. This uptick follows a higher off-take by NBFCs, while banks have also reported higher growth of 15% in fiscal 2015 against 14% in fiscal 2014. The higher level of growth reported by banks reflects their increased focus towards retail segments given prevailing growth and asset quality pressures in the corporate/services segment, which grew by a mere 6% in fiscal 2015. In fiscal 2016, ICRA expects India's annual retail credit growth to increase to 17%-18% as against approximately 16.0% in the previous year based on the expectation of a pickup in GDP growth and reduction in interest rates. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Growth enablers for NBFCs and HFC's compared to banks:

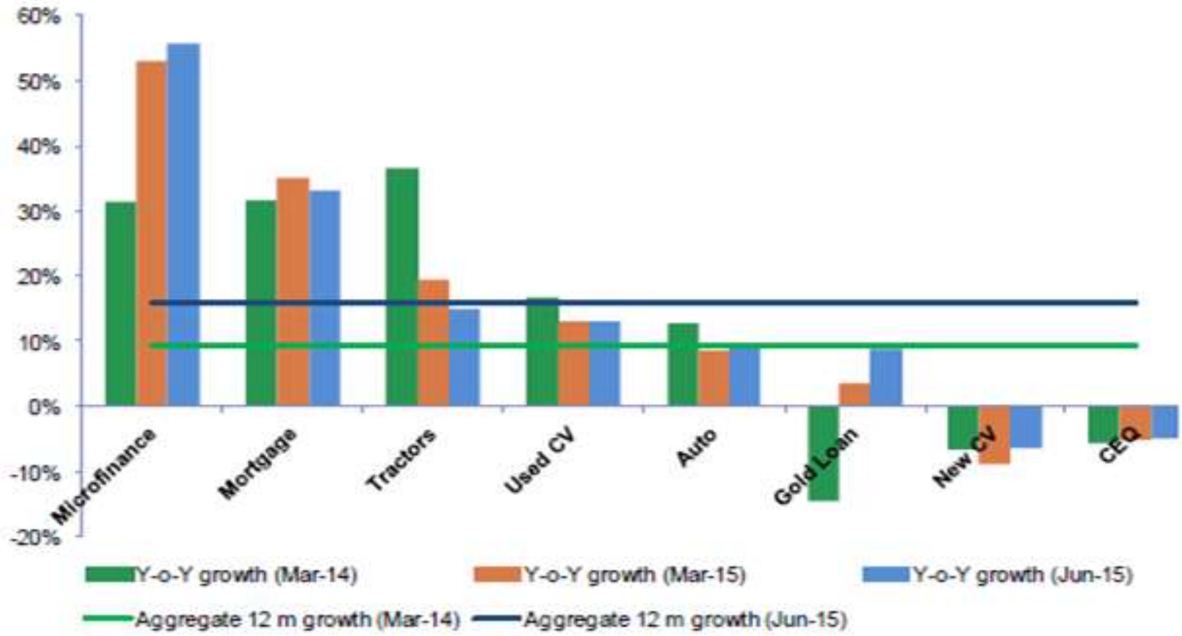
- Niche players in the retail borrower segments have facilitated greater customer understanding, faster turnaround time and improved customer convenience.

- Evolved and expanded into new retail centric products such as gold loan, loan against property (LAP), used CV etc. NBFCs have developed stronger understanding of markets and established monitoring systems and therefore prepared to take greater risks (such as financing used assets, unsecured lending, LAS etc.) and address under the credit requirements of the penetrated customer segments. These attributes are likely to continue to support NBFCs future prospects.

- Limited branch network expansion restrictions enable NBFCs to quickly penetrate markets. Rising income levels and corresponding demand in under penetrated semi urban and rural regions likely to provide opportunities for NBFCs.

On the other hand, regulatory changes such as removal of priority sector benefits, higher capital requirements and, tightened NPA recognition and provisioning could temper the growth of NBFCs.*(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Segment wise growth trends



(Source: RBI, Annual Accounts and Investor presentations of NBFCs)

As on March 31, 2015, the total managed (including off balance sheet book) retail credit of NBFCs stood at approximately ₹ 4.2 trillion (₹ 4.4 trillion in June 2015) and grew at a CAGR of 13% during the period fiscal 2012 to fiscal 2015. Annual retail credit growth of NBFCs witnessed a moderation from the peak level of 33% in fiscal 2012 to about 10% in fiscal 2014 owing to the slow-down in economic activity which impacted the demand for economic productive assets such as CV's and CEs. Growth, however witnessed an uptick in fiscal 2015, largely on account of the robust growth witnessed in the microfinance and mortgage segments and also following a revival in the gold loan segment. A pickup in outlook for the commercial vehicle segment along with a general expected improvement in operating environment is expected to increase NBFC retail credit growth around 16-18% in fiscal 2016 and further to 18-19% in fiscal 2017 against 15% in fiscal 2015. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Indian Automobile Industry

Indian Commercial Vehicle Industry

Domestic Industry Size and Structure of Indian Commercial Vehicle Industry

With market size of approximately 614,000 unit sales in fiscal 2015, the Indian CV industry ranks among the top-six markets for commercial vehicles, globally. With nearly 233,000 Medium and Heavy Commercial Vehicles ("**MHCVs**") sold annually, it is also one of the top-four heavy-duty truck markets worldwide. Although at a distant position to the World's largest CV market – China, the total number of MHCVs sold in India stand higher than those in some of the developed markets such as Europe (246,000 units), Japan (40,000 units) and even United States (249,000 units). In value terms (₹ 75,000 crore), the Indian CV industry is the second-largest contributor to India's ₹ 350,000 crore automobile industry following passenger vehicles, which contribute nearly 50% to industry size. Over the past 10 years (fiscal 2006-2015), the CV industry has grown at a CAGR of 4.6% aided by buoyant economy, investments in road and highway infrastructure, benign financing environment and introduction of advanced vehicle platforms by OEMs especially in the heavy-duty segment. Besides these factors, a strong consumption driven demand and proliferation of "hub-n-spoke" model have also paved the way for strong demand for light duty trucks that are suited for providing last mile connectivity. Over the years, the gradual implementation of stricter emission norms (from BS II to BS IV) and regulatory ban on overloading of vehicles, especially on long-haulage routes has also led to strong growth in heavy-duty vehicles. *(Source: IAI Report, 2015)*

Based on vehicle's load carrying capacity, the CV industry can be broadly categorized in two segments - MHCVs and Light Commercial Vehicles ("**LCVs**"). In India, vehicles with Gross Vehicle Weight ("**GVW**") less than 7.5T are classified as LCVs, while higher tonnage vehicles are categorized under MHCVs (7.5-49 T). These segments can be classified further into various sub-segments based on their applications. For instance, the heavy-duty truck segment (16.2T+) includes Multi-Axle Vehicles, tractor trailers and tippers, while LCVs in India are dominated by Small Commercial Vehicles ("**SCVs**"), less than 2T and pick-up trucks. In fiscal 2015, the LCV segment accounted for 62% of total industry volumes, while MHCV contributed to the rest. Over the past decade, the proportion of LCVs has expanded from 38% in fiscal 2004 to 68% in fiscal 2014 (i.e. 62% in fiscal 2015). *(Source: IAI Report, 2015)*

This trend has been supported largely by increasing demand for last-mile connectivity, stricter norms for entry of Heavy Commercial Vehicles ("**HCVs**") within city limits and more importantly with the wide-spread acceptance for SCVs following the introduction of 'Tata Ace', a 1T truck by Tata Motors in fiscal 2006. Within the MHCV truck segment, the share of HCVs (16T+) has also risen from 36% in fiscal 2004 to 64% in fiscal 2015 on back of superior economics offered to fleet operators, improved highway infrastructure and new model introduction by OEMs, targeted at specific applications. The CV industry can also be divided in terms of goods and passenger segment vehicles. In India, nearly 90% of CVs sold are trucks, while buses (both light and medium segment) contribute approximately 13% to industry size. *(Source: IAI Report, 2015)*

Industry Characteristics and Growth Trends of Indian Commercial Vehicle Industry

The prospects of CV industry are closely linked to country's GDP growth, investment environment and infrastructure development. The CV industry in India, as is this case globally, is also highly cyclical with periods of up-cycles followed by sharp downturn and instance of overcapacity. As economy starts growing at faster pace, bargaining power of fleet operators improves, which leads to higher freight rates and incentives for fleet operators to add capacity. Generally, capacity addition tends to be higher than underlying demand, which creates overcapacity in the system and subsequently impacts fleet operator's earnings during periods of slowdown. *(Source: IAI Report, 2015)*

Following the impact of global financial crisis in fiscal 2009, the Indian CV industry recovered sharply over the next two years, experiencing growth of over 30% in each of the following two years (i.e. fiscal 2010 and fiscal 2011). Besides, economy recovery, easing of interest rates and government backed stimulus packages triggered recovery in the industry. To boost demand for new vehicles, the excise duty on CVs was also rationalized by the Government on two occasions. In addition, the benefits of accelerated depreciation for fleet operators and Jawaharlal Nehru National Urban Renewal Mission supported investments in new buses particularly added to the overall demand. The change in emission norms from BS III to BS IV (in top 13 cities) from April 2010 and later across the country from October 2010 (from BS II to BS III) also triggered replacement demand for a brief period. However, after experiencing steady growth for couple of years, the buoyancy in domestic CV industry started deteriorating from March 2012 onwards. While in fiscal 2012, the growth slowed down to 18.2%, it entered into the negative territory in fiscal 2013 (down 2.0% YoY) and weakened further in fiscal 2014 (down 20.2% YoY) on back of weakening economy and surplus capacity in the trucking system. From fleet operator's perspective, the down cycle was characterized by rising operating costs owing to gradually increasing diesel prices, which coupled with low cargo availability, have put pressure on their cash flows. After two years of down cycle, the domestic CV industry started witnessing signs of recovery from fiscal 2015 onwards. Although industry volumes contracted marginally by 2.8% during the fiscal but the pace of decline came down considerably on back of replacement-led demand, favorable pricing owing to excise duty cut and continuation of discounts by OEMs. *(Source: IAI Report, 2015)*

Key challenges faced by the Indian commercial vehicle industry

- *Weakness in macro-economic environment*: The demand for commercial vehicles is directly influenced by macro-economic environment in the country. During periods of strong GDP growth supported by investments in the infrastructure, manufacturing and mining sectors, CV industry indirectly benefits. However, during periods of economic slowdown, the industry goes through period of cyclical downturn.

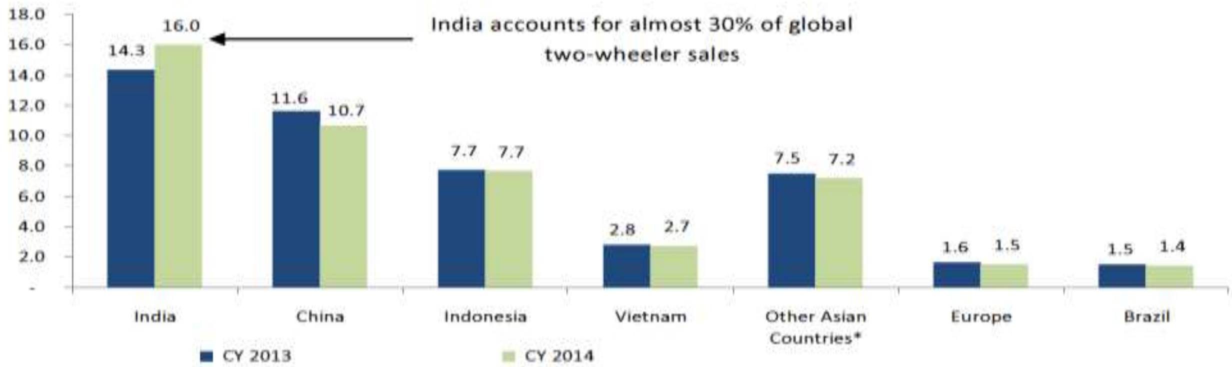
  Competition from railways: The road logistics sectors, to which commercial vehicles cater to face direct competition from railways, which is considered to be more cost competitive. However, due to dearth of railway infrastructure, the road segment continues to dominate the logistics industry in India. This trend could reverse in favor of railways if significant investments are made in railways sector, leading to stiff competition. (*Source: IAI Report, 2015*)

Indian Two Wheeler Industry

Domestic Industry Size and Structure of Indian Two Wheeler Industry

With sales volumes of 16.0 million units in fiscal 2015, the Indian Two-Wheeler industry is ranked the largest in the world by volumes, trailed by China and Indonesia. In value terms, the industry size is estimated at approximately ₹ 700,000 million, being the third largest segment within the automobile industry behind Passenger Vehicles (PVs) and Commercial Vehicles (CVs). Over the last ten years (2005-15), the Indian two wheeler industry has grown at a volume CAGR of 10% aided by favorable demographic profile, moderate two wheeler penetration levels (in relation to several other emerging markets), under developed public transport system, growing urbanization and strong replacement demand. These structural positives continue to remain relevant and are likely to aid industry growth over the medium term. *(Source: IAI Report, 2015)*

Global Two Wheeler Sales (in million Units) – Key Markets



(Source: Industry Data, ICRA Research)

Trends in Two Wheeler Sales – Domestic Market (in million Units)

*(Source: **SIAM**, ICRA estimates)*

Key challenges for Indian Two Wheeler Industry

While the structural positives associated with the domestic two-wheeler industry - including favorable demographic profile, moderate two-wheeler penetration levels (in relation to several other emerging markets), under developed public transport system, growing urbanization, strong replacement demand and moderate share of financed purchases support the overall growth prospects of the industry, it faces challenges in the face of:

- Cyclicality in rural demand: Given that a significant share of two-wheeler sales volumes are generated from the rural markets, the industry remains susceptible to cyclicality associated with rural demand which in turn is influenced by host of factors such as monsoons, agricultural output and crop prices among others.

- Weak macroeconomic sentiments: Overall macroeconomic situation in the country impacts the consumer sentiments which in turn influence the demand scenario. While the domestic two-wheeler industry has displayed relative resilience (in comparison to other auto segments) to the overall macroeconomic performance of the country, the industry has witnessed sluggish demand during downturns.

- Inflationary conditions hurting consumer purchasing power: Though the proportion of financed purchases in the two-wheeler segment remains moderate, a general rise in interest rates, higher fuel prices and inflationary conditions restrict the purchasing power of consumers thereby hurting demand and in turn industry growth.

- Commodity price cycles: Rising commodity prices resulting in increased end prices for customers impedes volume growth to some extent especially in rural markets wherein it may result in deferment of purchase. This is also aggravated by any increase in duties and taxes which are generally passed on to end customers thereby impacting volume growth to some extent.

- Regular investment requirements: High competitive intensity and evolving emission norms necessitate regular investment by two-wheeler players towards new product development and upgrades.

Outlook for Indian Two Wheeler Industry

The domestic two wheeler industry is expected to post modest 2-4% volume growth during fiscal 2016 owing to moderate growth under scooters even as the volumes in the larger segment of motorcycles continues to falter in view of limited flow of first-time buyers whose disposable incomes are unlikely to expand till India's economic growth turns more reassuring. Over the medium term, the two wheeler industry is expected to report a volume CAGR of 8-9% to reach a size of 22-23 million units (domestic + exports) by fiscal 2018, as we believe the various structural positives associated with the domestic two wheeler industry including favorable demographic profile, moderate two wheeler penetration levels (in relation to several other emerging markets), under developed public transport system, growing urbanization, strong replacement demand and moderate share of financed purchases remain intact; as also the large opportunity available to grow presence in overseas markets, mainly Africa and Latin America. *(Source: IAI Report, 2015)*

Projected Two Wheeler Sales in the Domestic Market (Fiscal 2016 – 2020) (In Unit Sales)

(Source: ICRA estimates)

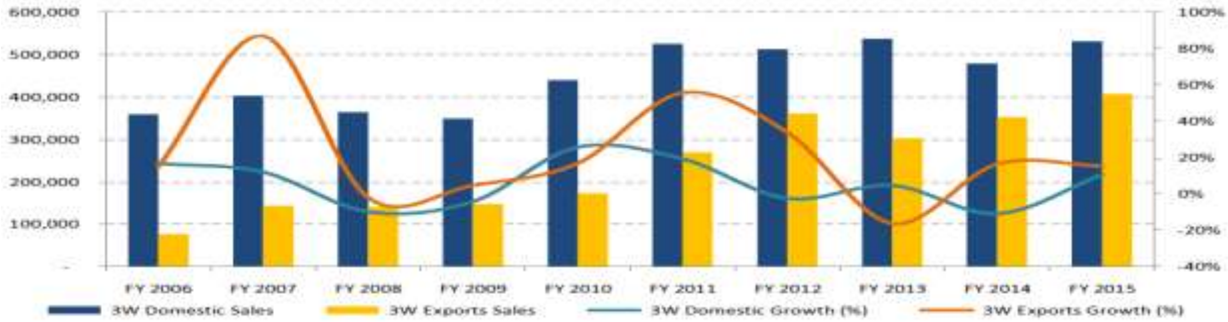
Indian Three Wheeler Industry

Industry Size and Structure of Indian Three Wheeler Industry

With industry volumes of approximately 940,000 units in fiscal 2015, India is positioned as the largest manufacturer as well as market for three wheelers, globally. Over the past decade (i.e. between fiscal 2006-15), the Indian three wheeler industry has witnessed a CAGR of 8.9% in unit sales driven by steadily rising exports as well as domestic demand. Within the overall industry, the domestic three wheeler stood at 532,000 units in fiscal 2015 and has registered a CAGR of 4.4% over the past ten years. In contrast to domestic demand, exports of three wheeler from India have grown at much higher pace (i.e. 20.4%) over the same period. As a result of this trend, the share of exports in three wheeler industry volumes has risen from 18% (in fiscal 2006) to almost 50% (in in the first quarter of fiscal 2016). *(Source: IAI Report, 2015)*

This trend has been supported primarily by two factors viz. a) strong demand from international markets on back of rising demand for last-mile connectivity (owing to lack of well-developed public transport system) in emerging markets in Africa and South-East Asia and b) declining trend in demand for three wheeler goods carriers in the domestic market. One of the key reasons for subdued demand for three wheeler cargo carriers is a result of cannibalization by four-wheeled SCVs, which have gained greater acceptance (over the past decade) on back of superior vehicle characteristics, higher load carrying capability and cash flows for operators. Accordingly, the growth in the domestic three wheeler market has been relatively subdued (compared to exports) even though demand for three wheeler passenger carriers have grown steadily on back of fresh permits being issued by various states at different intervals. *(Source: IAI Report, 2015)*

Trend in Three Wheeler Industry Sales – Domestic and Exports (in Unit Sales)



(Source: SIAM; ICRA estimates)

Key challenges of Indian Three Wheeler Industry

- Lack of permits issued by state transports authorities: The demand for passenger carriers segment of three wheeler industry is directly influenced by issuance of fresh permits by state transport authorities. Accordingly, the demand for three wheeler may get impacted during periods when fresh permits are delayed.

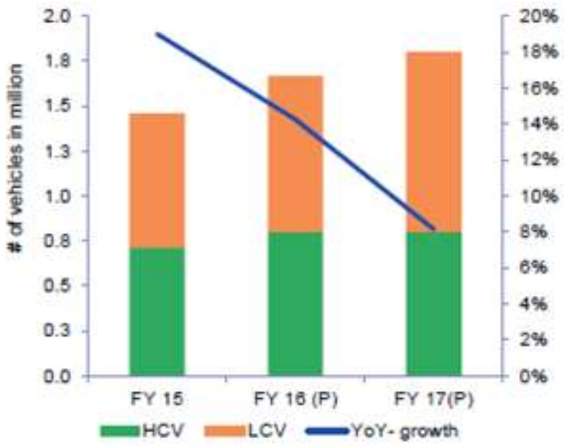
- Competition from other modes of transportation: The three wheeler segment plays an important role as one of the affordable alternative for providing last mile connectivity. However, with improving public transport system, especially metros and low floor buses, the demand for three wheeler segment may get impacted. In addition, the emergence of cost-competitive radio cabs is also likely to pose a challenge for three wheeler segment to some extent.

- Competition from Small Commercial Vehicles (SCVs): The goods carrier segment of the three wheeler industry faces stiff competition from SCVs, which have emerged as the key engaged in providing last-mile transportation requirements. Over the years, OEMs have also introduced small tonnage category of vehicles, which compete directly with three wheelers in terms of pricing as well as application. The success of these models could impact sales of goods carriers.

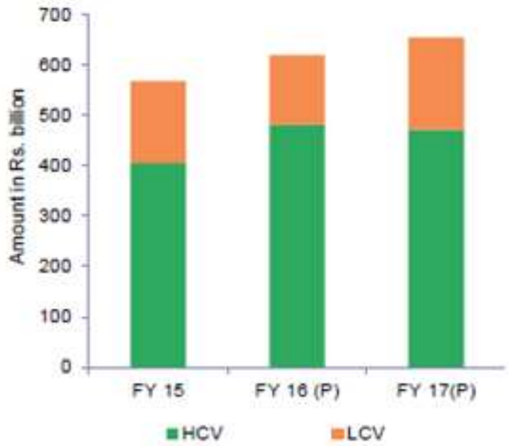
Used Commercial Vehicle Market

Based on past new CVs sales, the financing eligibility of used CVs with a maximum age of 12 years and an average financing cycle of 4-5 years, ICRA estimates that the number of used CVs entering the market in fiscal 2016 could increase by around 14% in fiscal 2016 to approximately 1.6-1.7 million units. In fiscal 2017 however the growth is expected to come down to approximately 8% as the flow of HCV used vehicles is expected to remain at a stable level owing to moderation in new HCV sales in the earlier years. On the other hand, used LCV volume growth is expected to remain healthy until fiscal 2017 owing to the strong new LCV sales volumes registered during the period Fiscal 2010 to 2013, which could come up for re-financing between fiscal 2016 to 2017. ICRA estimates the value of the used CV market to increase from approximately ₹ 550-590 Billion in fiscal 2015 to approximately ₹ 620-670 Billion in fiscal 2017, an approximate 7.5% 2-year compounded growth against an approximate 11% 2-year compounded volume growth, owing to the increase in share of used LCV vehicles over the corresponding period, which have lower values compared to the HCVs.

Trend in projected used CV volumes



Trend projected value of used CVs



(Source: ICRA estimates and SIAM)

Key Challenges for Used Commercial Vehicles

- Any reduction in the age cap of used CVs from 15 years currently could result in a drop in re-sale values and adversely impact demand
- Requirement of lower vintage vehicles by large industries to ensure faster turn-around-time and lower risk of delays because of breakdowns
- Strict enforcement of loading restrictions and gradual implementation of BS-IV emission norms could moderate demand for used CVs.

Indian Construction Equipment Industry

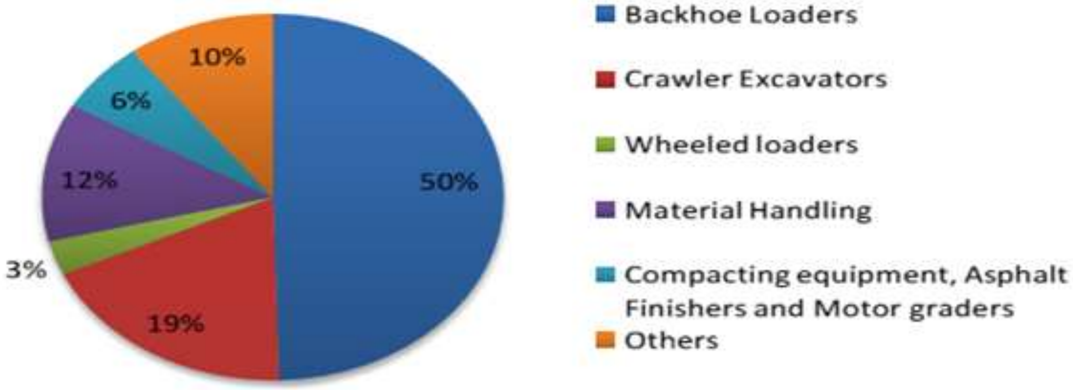
Domestic Industry Size and Structure of Indian Construction Equipment Industry

The Indian Mining and Construction Equipments ("**MCE**") industry operates in two broad categories: Mining Equipment ("**ME**") and Construction Equipment Material Handling. In India, CEs are used more for general purpose construction of residential/non-residential buildings, public infrastructure (roads, ports, airports) and movement of goods (inside shop floors and factories) while ME are largely used in coal and iron ore open cast mines. Globally, usage of these equipments is more specialized with a particular type of product used exclusively for the set application. Equipment capacity and power (tonnage and horse power) is also significantly higher in most countries compared to India. *(Source: ICEI Report, 2015)*

Wide range of products customized for each application

The industry comprises a wide array of products, namely, backhoe, wheeled loaders, hydraulic excavators, mobile cranes, Pick-and-Carry Cranes ("**PNC**"), slew cranes, crawler cranes, lorry cranes, vibratory compactors, asphalt finishers, motor graders, skid steer loaders and forklifts in the construction/material handling industry and dumpers, dozers, dragging walk lines and rope shovels among others in the mining segment. Large tonnage and big bucket excavators and loaders are also used extensively in mining industry. *(Source: ICEI Report, 2015)*

Product breakup in the Indian Market



(Source: Off-highway research, ICRA's estimates)

On the product front, backhoe loader is the largest segment in unit terms, accounting for approximately 50% of industry volumes followed by hydraulic excavators (approximately 20%) and mobile cranes (approximately 15%). The revenue share of the industry is, however, skewed by the relative cost and tonnage of equipment sold within each category. *(Source: ICEI Report, 2015)*

Loan Against Property

Mortgage loans or Loan against Property (LAP) has been a key growth segment for both NBFCs and HFCs. Based on ICRA's estimate, the mortgage credit (excluding housing credit) of NBFCs and HFCs stood at around ₹ 1.1 trillion as on March 31, 2015 and has expanded at a robust 3-year CAGR of 29%. Past healthy growth has been buoyed by sustained mortgage loan demand from the self-employed segment. NBFCs/HFCs have been able to establish their presence in this segment especially amongst customers with low or limited reported income by putting in place systems and processes to judge their repayment capacity through an expanded appraisal process covering informal assessment of the borrower's actual income. ICRA expects the growth in this segment to be about 24-25% per annum over the next 3-4 years. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

LAP/Mortgage loans are typically extended to self-employed/ MSME customers and secured by an existing property (residential or commercial). Borrowers typically mobilized such resources to fund their business working capital or expansion requirements. Ticket sizes vary widely, from an amount as low as ₹0.1 million and going up to an amount as high as ₹ 1 Billion in some cases, while original tenures range between 10 – 15 years (although subsequently tenures can go up or down with change in interest rate on the underlying loan). The LTVs offered typically vary between 46-65% and are usually a function of the ticket size of the loan offered and the nature of the underlying collateral (for example, a lender may restrict the LTV at 50% for a ₹ 30 million loan backed by a commercial property, but may be willing to offer an LTV as high as 65% on a ₹ 3 million loan against self-occupied residential property). NBFCs over the past few years have expanded their credit in the LAP/Mortgage segment at a robust pace (3 year CAGR of 33%). Key factors for the high growth witnessed in LAP portfolio in the recent past and drivers going forward are discussed hereinafter. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Housing Finance

According to ICRA's estimates, the total housing credit outstanding in India as on June 30, 2015 was approximately ₹ 10.9 trillion as on June 30, 2015 Over the last 3 years (fiscal 2012-15), the housing credit growth has remained steady (3 Year CAGR of approximatley18%) despite a tough operating environment, subdued real estate demand and low affordability levels. This could be attributed to construction linked housing loans (and thus disbursements being linked to construction stages), secondary sales and low mortgage penetration in India , growth in the small ticket affordable housing segment and demand from Tier II/III cities. Further, long term growth outlook for the sector remains favourable owing to the Government of India's focus on "Housing for All" by 2022, and favourable regulations, which could push overall housing credit growth to 20-22% from fiscal 2017 onwards. These factors along with the focus of GoI on "Housing for All" by 2022, ICRA expects some increase in new project launches (more in the affordable housing space) and some improvement in the pace of under-construction projects leading to higher growth in disbursements over the medium term. Further, builders may offload the high inventory build up in some geographies through better value propositions, leading to increased demand for home loans. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Overview of Indian Housing Finance Market

(amounts in ₹ Billion)

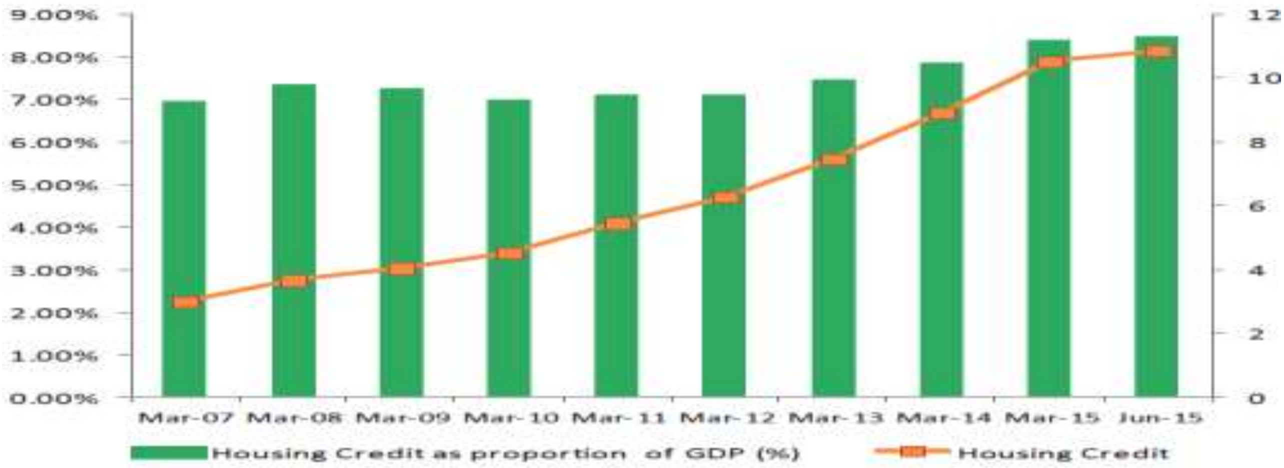
(Source: ICRA estimates, RBI)

Mortgage penetration levels in India have been increasing steadily from around 7% as on March 31, 2007 to around 8.5% as on June 2015, supported by steady growth in the housing finance industry. Factors which have supported steady growth in the housing finance industry are as follows:

- Favourable demographics, with India having a large proportion of its population below the age of 30 years;
- Changing social scenario (increasing rate of urbanisation and number of nuclear families);
- Increase in supply of affordable homes especially in satellite towns of metros;
- Viewing of property as a savings or investment vehicle; and
- Tax incentives on home loans for both principal and interest repayment.

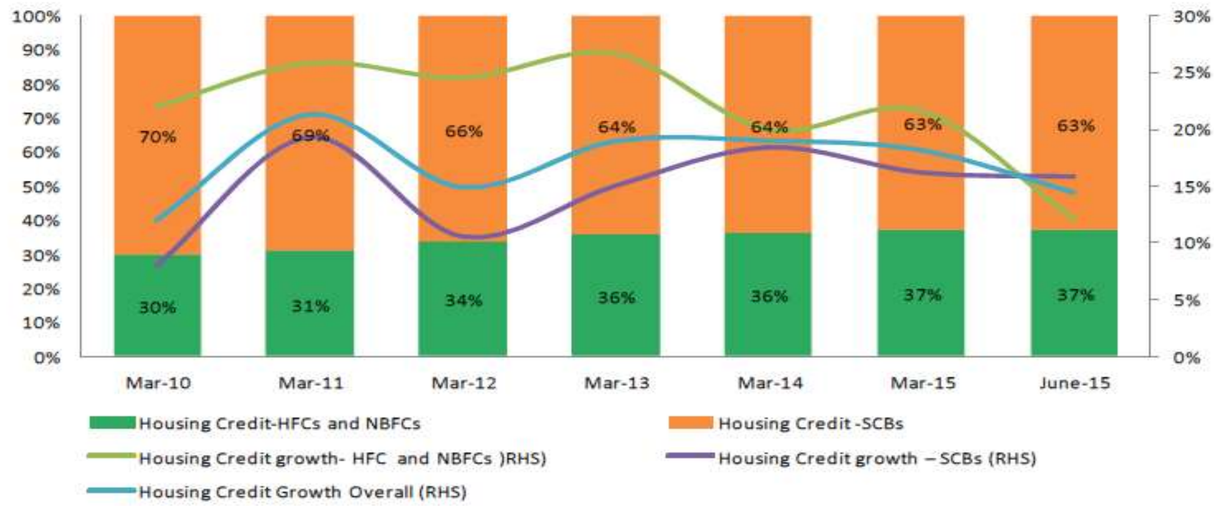
(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)

Housing Credit as a % of GDP



(*Source: ICRA Research*)

Rising market share of HFCs/NBFCs - Housing Credit as a% of GDP



(Source: ICRA research)

Affordable Housing Segment

Market Overview

Over the last 4-5 years there has been an emergence of new players in the housing finance company ("**HFC**") space that are focusing primarily on the affordable housing segment where the cost of property is usually below ₹ 1 million and the typical borrower has relatively low income with no formal income proofs. This segment is not covered by most of the larger players. While banks are also present in the smaller ticket size home loan market, their lending to the economically weaker sections ("**EWS**") and lower income group ("**LIG**") segment and borrowers without any formal income proofs is limited and these specialized HFCs are trying to tap into this underserved market segment. The present portfolio size of these HFCs is small; however, it is growing rapidly and is expected to increase significantly over the next 5-7 years given the underserved nature of the market and the central government's focus on this segment which is evident from the recently announced "Housing for All" mission. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

As per ICRA's estimates, the total loan book of the all players in the affordable housing segment stood at ₹ 745 Billion as on March 31, 2015. Although it is estimated to constitute only 14% of total HFCs' home loan book, it has been growing at the rate of 30% y-o-y. New players constituted only 1% of the overall pie as on March 31, 2015. In terms of market dynamics, this segment is largely catered to by HFCs who have developed their own internal models to assess the repayment capability of the borrower given the lack of formal income proofs. The new players in the affordable housing space have been focusing primarily on the home loan and home improvement loan segment in their initial years of growth, though yields may differ based on the target borrower profile. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Though the yields charged by these new HFCs are higher (mostly approximately15%-18%), they have been able to grow their loan books as these HFCs are catering to a segment, which is not serviced by traditional financial institutions. Part of this demand was earlier met through local money lenders/other informal sources who typically charge much higher rates than these players. Further, the credit profile of this segment is yet to be tested through economic cycles and there is a limited cushion for absorbing income shocks, thus making it necessary for these HFCs to charge a risk premium in the form of higher yields. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Key challenges of affordable housing

- Ability to raise funds (both debt and equity) given the aggressive growth plans.

- High Operating Expenses, making breakeven time longer and profitability weak.
- Ability of the credit officer to ascertain the cash-flows of the borrower given the lack of formal income proofs is critical for the credit evaluation.
- Asset quality indicators could be volatile given that the borrowers in this segment are more susceptible to income shocks.
- Most of the HFCs in this segment are yet to receive a SARFAESI license, therefore recovering the loan when the borrower defaults may be difficult.

(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)

SUMMARY OF BUSINESS

*The following information should be read together with the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in "**Our Business**", "**Industry Overview**", "**Risk Factors**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Financial Statements**" on pages 155, 127, 17, 360 and 224, respectively.*

Overview

We are one of the leading vehicle finance NBFCs in India (*Source: ICRA - Retail NBFC and HFC Credit Report, 2016)* with a focus on urban and semi-urban markets. We provide retail finance through a wide range of vehicle financing products. Our assets under management ("**AUM**") have at a CAGR of 54.37% from ₹11,778.48 million as of March 31, 2011 to ₹66,882.64 million as of March 31, 2015.

We finance a wide range of commercial and personal vehicles, which include medium and heavy commercial vehicles ("**MHCVs**"), light commercial vehicles ("**LCVs**"), small commercial vehicles ("**SCVs**"), cars, multi-utility vehicles, three wheelers, and two wheelers, as well as various kinds of used vehicles. Loans for commercial and personal vehicles represented 80.61% of our AUM as of September 30, 2015. Our vehicle finance business has a diversified customer base comprising of First Time Buyers, Captive Users, Retail Operators, Strategic and Large Fleet Owners, Small Truck Owners ("**STOs**"), and self-employed individuals, who are largely based in urban and semi-urban locations.

We also finance tractors and construction equipment, and provide loans against property ("**LAP**"), which together represented 4.10% of our AUM as of September 30, 2015. In September 2015, we received a certificate to commence our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance Limited, which focuses on providing finance for affordable housing loans.

We are promoted by Ashok Leyland Limited ("**ALL**") and Hinduja Power Limited. We are a part of the Hinduja group which is a diversified global business group with a track record of growing business in several industries. We leverage our relationship with ALL¸ which is the second largest carrier in the MHCV segment in India *(Source: IAI Report, 2015),* to source customers and expand our operational network. As of September 30, 2015, loans for vehicles and construction equipment manufactured by ALL represented 47.24% of our total AUM.

We have established an expansive operational network within five years of commencing operations. As of December 31, 2015, our operations included 317 branch offices and 1,550 Business Locations spread across 22 States and two Union Territories across India. Out of our total 1,550 Business Locations we have categorized 867 Business Locations as urban, 637 Business Locations as semi-urban and 46 Business Locations as rural based on the Census 2001 conducted by the Census Organization of India.

We have entered into preferred financier arrangements with various motor vehicle OEMs to provide financing for their vehicles, and work closely with their respective dealer network to provide our vehicle finance products to their customer base.

The following table sets forth certain information relating to our operations and financial performance in the periods specified:

Particulars	Fiscal					Six month period ended September 30, 2015
	2011#	2012#	2013#	2014#	2015#	
Business Locations (as of period end)	257	427	584	1,073	1,446	1,550**
Employees* (as of period end)	259	1,200	2,351	2,652	2,770	2,616**
Loan Accounts (as of period end)	34,118	93,423	188,097	288,979	441,855	505,094
Average AUM (as of period end)	5,889.24	21,122.90	32,454.44	37,909.57	54,130.11	73,241.87
AUM Growth (%)	N.A	158.67%	13.04%	20.14%	61.64%	19.02%
Disbursements (₹in million)	11,957.20	20,681.55	20,878.01	25,097.63	51,108.71	27,768.37
Disbursement Growth (%)	N.A	72.96%	0.95%	20.21%	103.64%	N.A

Particulars	Fiscal					Six month period ended September 30, 2015
	2011#	2012#	2013#	2014#	2015#	
Total Income (₹in million)	958.93	3,273.84	4,970.61	6,415.30	8,217.92	5,217.85
Net Profit (₹in million)	247.74	838.31	867.18	780.57	1,109.29	638.87
Net Interest Margin (%) #	28.51%	15.40%	12.87%	12.66%	11.41%	4.18%

***Employees include outsourced employees of HLF Services Limited who are engaged by the Company exclusively for its operations.**
 # Net Interest Margin represents the ratio of the Net Interest Income to the (Weighted Average On-book Assets) in the relevant year/ period.
 # The financial information included in this table for Fiscal 2011, 2012, 2013, 2014 and 2015 is derived from the Restated Standalone Financial Information and for the six months ended September 30, 2015 is derived from the Restated Consolidated Financial Information for the relevant period.
*** As of December 31, 2015, we had 1,550 Business Locations, 2,692 employees including 832 full-time employees and 1,860 outsourced employees of HLF Services Limited and 516,653 loan accounts.*

Our capital adequacy ratio, or CAR, was 19.67% as of March 31, 2015 and 17.05% as of September 30, 2015, compared to the RBI stipulated minimum requirement of 15.00%.

As of September 30, 2015, our long-term bank facilities, commercial paper issuances, non-convertible debentures and sub-ordinated debt are rated as A+, A1+, A+ and A+, respectively, by CARE. For further information, see "***Our Business– Our Credit Ratings***."

Competitive Strengths

We believe that the following are our key strengths:

Track record of business growth and consistent financial performance

We have achieved consistent growth in our business and financial performance. Our total revenue increased at a CAGR of 71.10%, from ₹958.93 million in Fiscal 2011 to ₹8,217.92 million in Fiscal 2015, while net profit increased at a CAGR of 45.47%, from ₹247.74 million in Fiscal 2011 to ₹1,109.29 million in Fiscal 2015. In the six months ended September 30, 2015, our total revenue was ₹5,214.38 million and net profit was ₹634.58 million. We have been profitable since we commenced operations. As of September 30, 2015, our AUM of ₹79,601.10 million comprised of On-Book AUM of ₹74,697.29 million and Off-Book AUM of ₹4,903. 81 million. Our disbursements have grown at a CAGR of 43.79%, from ₹11,587.20 million in Fiscal 2011 to ₹51,108.71 million in Fiscal 2015.

We believe that our knowledge and experience in the vehicle finance industry in India provide us with a competitive advantage. The commercial vehicle financing industry is fragmented, and we believe our ability to further grow our business through our expansive operating network, relationships with OEMs and dealers, and streamlined, stringent credit analysis and underwriting processes have contributed to our growth and historical financial performance.

Synergy with ALL and parentage of the Hinduja group

We derive certain business synergies from ALL. Our relationship with ALL assists us in sourcing customers, expanding our operational network and increasing market penetration. By aligning and rationalizing our operational network with that of ALL, we are able to reduce our administrative costs and expand our operations at a lower operational and capital cost.

ALL is the second largest carrier in the MHCV segment in India and in 2014 and 2015 it had a market share of 25.8% and 28.5%, respectively, of the MHCV segment (passenger carrier and goods carriers) *(Source: IAI Report, 2015).* As of March 31, 2013, 2014 and 2015, and September 30, 2015, loans for vehicles manufactured by ALL represented 53.46%, 50.44%, 44.21%, 43.71%, 46.49% and 47.77%, respectively, of our total AUM. In addition, we collaborate with our Associate, HLF Services Limited, a subsidiary of ALL, which provides us and ALL certain shared services, primarily including, but not limited to, customer evaluation, distribution and marketing or products including through Business Locations operated by it, collection of overdue amounts and repossession of assets, and back office and administrative support resulting in administrative cost efficiencies.

We are part of the Hinduja group, a diversified, global business group with an established track in various industries, including chemicals, manufacturing, banking and finance, information technology, power, media, real estate, healthcare and trading.

Experienced and proven leadership supported by a senior management team

We believe that the expertise and industry knowledge of our senior management team has enabled us to accelerate the growth in our business. Although we have a relatively brief operating history, our senior management team has experience in vehicle finance and consumer finance businesses with a track record of successfully growing businesses. Our board of directors has experience across a broad range of disciplines. Our Managing Director and Chief Executive Officer, Mr. S. Nagarajan, and our Chief Operating Officer, Mr. Sachin Pillai, have worked together in Ashok Leyland Finance Limited, a large non-banking financial company in India which was part of the Hinduja group. In addition, our product and operational leaders also have experience in the finance industry and many of our state and product heads have been associated with the Hinduja group prior to joining us. We believe that the experience of our senior management team has enabled us to experience consistent growth and profitability as well as a robust liquidity and capital position. For further details, refer to "***Our Management***" on page 193.

Risk mitigation through a wide range of assets financed and a geographically diversified AUM with a focus on urban and semi-urban markets

Our AUM comprises loans for a wide range of assets. We mitigate our exposure to the commercial vehicle industry, the performance of which is closely linked with the level of industrial economic activity in the country, by diversifying our AUM across a range of consumption-led asset classes such as two wheelers, three wheelers, and buses and other asset classes. We have also diversified our asset portfolio across a range of customer segments. We strive to maintain a balance between FTBs and SRTOs in our new, used and construction equipment vehicle segments.

We also focus on financing commercial assets, such as commercial vehicles and construction equipment, as we believe that these assets enable income-generation, which results in a quality loan portfolio, in terms of loan repayment (as the asset or activity financed is expected to generate cash flows to service the loan) as well as in terms of recovery (as the asset financed typically forms the security for the loan we disburse). For further information about the assets we finance and a breakdown of our AUM based on our asset portfolio, see "***Selected Statistical Information***" beginning on page 78.

As of September 30, 2015, loans to customers from any single State in India did not account for more than 15.00% of our total AUM. Additionally, our customers in urban and semi-urban locations represented 98.34% of our total AUM as of September 30, 2015. For purposes of determining the location of AUM, we have categorized our Business Locations as urban, semi-urban and rural based on the Census 2001 conducted by the Census Organization of India and have accordingly categorized our AUM based on the location where the relevant contract is entered into with the customer. Based on such calculation, as of September 30, 2015, 75.24%, 23.10%, and 1.65% of our Total AUM was from urban, semi-urban and rural areas respectively. We believe that the geographic diversification of our AUM across our operational network, with a focus on urban and semi-urban locations, provides us a competitive advantage, as it decreases our dependence on any particular region or State in India and enables us to focus our efforts on densely populated areas of India and apply our experience from, and best practices developed in, one region to another. Our geographic diversification also mitigates some of the regional, climatic, regulatory, political and economic cycle risks applicable to any particular region or State in India. For further information on the geographic diversification of our AUM across States and regions in India, see "***Selected Statistical Information***" beginning on page 78.

Expansive and cost effective operational network

We believe that the scale and breadth of our operational network provides us with a competitive advantage. As of December 31, 2015, our operations included 317 branch offices and 1,550 Business Locations spread across 22 States and two Union Territories. Out of our total 1,550 Business Locations, we have categorized 867 Business Locations as urban, 637 Business Locations as semi-urban and 46 Business Locations as rural based on the Census 2001 conducted by the Census Organization of India. We believe that our large operational network and relationship with ALL and a large number of OEMs and dealers creates operational and cost efficiencies, both in terms of sourcing business as well as servicing our customers. We also outsource some of our back-end and administrative operations to our Associate, HLF Services Limited. Our operating expenses represented 2.28%, 2.63%, 2.21%, and 1.95% of our Average AUM in Fiscal 2013, Fiscal 2014, Fiscal 2015 and in the six months ended September 30, 2015.

We have invested in our technology infrastructure and streamlined our operating processes to develop a large, scalable operational network and enhance our relationships with OEMs, dealers and customers. We have developed an ERP system and a web-enabled platform to track our loan portfolio from origination to closure and monitor our operating performance on a real-time basis. Our IT platform enables all offices in our network to transfer business information to our centralized server in Chennai for analysis, thereby enabling us to provide an integrated approval and documentation process, and continue to improve cost efficiencies and employee productivity as well as reduce operational risks.

We believe that the challenges inherent in developing an effective operational network and establishing relationships with OEMs and dealers across India act as market entry barriers that provide us a competitive advantage.

Independent risk management processes for credit analysis and underwriting

Our underwriting and credit management processes are specific to each asset class we finance. This enables us to develop a diversified asset portfolio across a range of asset classes and geographic regions. We believe that the industry experience and product knowledge of our senior management team has enabled us to develop processes for appropriate identification and mitigation of risks associated with our business operations. While our senior management is responsible for our credit policy and streamlining our credit management and operational framework, the application of such standardized processes are decentralized, which reduces overall time for credit approval and loan processing.

We have developed a customized credit scorecard based on an analysis of our loan portfolio that applies various metrics to be followed by our credit officers. We continue to expand our loan portfolio in accordance with our loan policy that is reviewed annually by our Board and credit committee. We believe that our customized credit approval process enables us to efficiently process loan transactions, provide improved customer service, and control NPA levels. Gross NPAs as a percentage of AUM was 3.55% and 4.71% as of March 31, 2015 and September 30, 2015, respectively, while Net NPAs as a percentage of AUM was 2.82% and 3.87% as of March 31, 2015 and September 30, 2015, respectively.

Business Strategies

Following are our key business strategies:

Leverage our sourcing channels through ALL, other motor vehicle OEMs and automotive dealers

We will continue to leverage our relationship with ALL to access its dealer network and customer base for the MHCV segment. ALL is the second largest carrier in the MHCV segment in India *(Source: IAI Report, 2015),* and we believe our access to the ALL dealer network and customer base will provide us with a consistent customer base as well as opportunities to cross sell our products. According to ICRA, the MHCV(truck) segment is likely to register a growth of 19% to 21% in 2016 driven by continuing trend towards replacement of ageing fleet and improvements in operating economics of fleet operators *(Source: IAI Report, 2015),* which we believe will provide us growth opportunities in the near term in the MHCV segment.

We also continue to leverage the experience gained through our association with ALL to further strengthen our relationships with other motor vehicle OEMs and their respective dealers in order to further increase business origination in non-MHCV segments. We have also introduced specific financing products designed to encourage dealers to direct business to us, such as LAP and infrastructure finance for dealers on competitive terms. In addition, we provide trade advances to dealers who repay the loans directly or authorize us to utilize loans sanctioned to such dealers' customers against delivery of vehicles or equipment sold. These arrangements enable the dealers to carry adequate inventory, and result in expediting the financing process and enter into direct contracts with the customers.

Diversify our asset portfolio and cross sell products

We intend to further diversify our asset portfolio, which currently includes a significant proportion of our loan assets in the MHCV segment. As of September 30, 2015, loans for MHCVs represented 47.77% of our total AUM. We intend to increase our focus on financing products for other asset segments including for LCVs, SCVs, three wheelers, two wheelers and construction equipment as well as LAP and affordable home loans. We have increased our portfolio of two wheeler loans by leveraging cross sales to customers in the MHCV segment, thereby enabling us to increase operating efficiencies and develop a diversified asset base and revenue stream. We further intend to grow our market share in the two wheeler segment which we believe provides significant growth opportunities. Over the years, we have increased our focus on the used vehicle market and the construction equipment finance market. For further information about changes to our asset portfolio, see "***Selected Statistical Information***" beginning on page 78. We believe that our strategy to diversify our asset portfolio will mitigate risks associated with deriving a substantial percentage of our revenues from customers of ALL.

We have also entered into a memorandum of understanding with HLF Services Limited to share our customer database to market suitable insurance products for a referral income. We believe these financing products will have demand from our existing customers. In addition, we believe that providing a range of diversified financing products will further strengthen our relationship with our dealers and customers aimed at higher customer retention. We have also recently commenced our housing finance business in order to further diversify our product portfolio in non-vehicle related asset classes, and have recently acquired certain housing finance loan portfolios from an existing housing finance NBFC.

We also continue to focus on service quality for automotive dealers and retail customers, a diversified product portfolio, consistent funding and competitive pricing, reflecting our commitment to the vehicle industry. We also continue to focus on expansion of our dealer relationships, prudent earning asset growth, and higher risk-adjusted returns. Our growth strategy continues to focus on diversifying our business by expanding into different products as well as strengthening our network of dealer relationships.

Leverage our existing network and customer base to develop an affordable housing finance business

We believe that the increased focus of the GoI on housing initiatives, including under the Pradhan Mantri Awas Yojana, provides significant growth opportunities. The GoI continues to incentivize public-private partnerships in developing housing for the "economically weaker communities" and the "lower income group" segments through provision of higher floor space index ("**FSIs**") as well grants and subsidies for slum redevelopment programs. The GoI has also proposed a credit linked subsidy capital, which may be up to ₹0.22 million for a loan of up to ₹0.6 million, or 37.00% of the loan amount. With such credit-linked subsidy, there may be an increase in demand as the customers' ability to afford such financing will improve due to lower EMIs. (*Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Applicable GoI schemes may result in making loans of less than ₹1 million an attractive segment for lenders, given the potential volume in such segment over the long term. Further, addition of this segment could increase the annualised growth of the housing finance sector from 18.00% to 21.00% to 25.00% over the next seven years, and such segment may account for 22.00% - 37.00% of the overall housing credit depending on the success of implementation of the GoI schemes. (*Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

We have recently commenced our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance Limited which focuses on providing financing for affordable housing loans, with a focus on Tier II and Tier III cities and towns. Hinduja Housing Finance Limited has received a license from NHB to operate as a housing finance company in September 2015. We have also recently acquired certain housing finance portfolios from an existing housing finance NBFC. We intend to leverage our expansive operational network and large customer base across India to cross sell our housing finance business to existing customers. We intend to initially focus on our existing customers and self-employed individuals who have a credit history with us.

The provision of housing loans through a registered housing finance entity provides certain competitive advantages, including increased leverage due to lower capital adequacy norms applicable to such entity, as well as lower risk-weightage applicable to housing finance loans. We believe that the housing finance business is counter cyclical in nature to our existing business focused primarily on vehicle finance and has relatively lower industry NPA ratios compared to the vehicle finance business. Furthermore, we believe that housing finance products provide higher yields, with longer maturities and increased equity participation of borrowers, all of these factors will benefit our business from an asset portfolio diversification perspective.

Continue to streamline our operational network and improve operating efficiencies

We continue to rationalize our operational network by establishing new Business Locations or branches, or repositioning existing ones, to maximize employee productivity and the customer base we serve from each such location. We will implement measures that we believe will enable us to sustain and further decrease our operating expenses, including investing in our technology platform and IT-enabled operating processes to enhance operational efficiencies, introduce stringent credit quality measures, and ensure effective administrative and management supervision. Our focus on increased use of technology will also enable us to ensure a standardized credit approval process, document management procedures, and decreased risk of process related errors. We also intend to introduce mobile and/or tablet based software applications to increase convenience of the loan application process for customers and further reduce overall time for our credit approval, administrative and loan portfolio monitoring processes.

Explore various financing options to rationalize funding cost

We continue to explore a range of financing options focused on rationalizing funding costs and increase in our net interest margin. Our cost of borrowing was 10.39% and 10.27% (annualized) in Fiscal 2015 and in the six months ended September 30, 2015. While term loans from banks were our largest financing source between Fiscal 2011 and Fiscal 2015, in Fiscal 2016 we have increasingly focused on funds from debt capital markets to reduce our funding costs.

As a non-deposit taking NBFC, we rely on short to mid-term funding from banks, financial institutions and NBFCs. While we currently have sufficient funds to meet our short-term funding needs, we will continue to identify alternative sources of funding to maintain low cost of borrowing. As of December 31, 2015, our borrowings consisted of bank term loans, working capital loans, secured redeemable non-convertible debentures and unsecured subordinated redeemable non-convertible debentures. We intend to develop a mix of borrowings in order to achieve optimal cost of borrowing while balancing liquidity and concentration risks, reduce our reliance on borrowings from banks and financial institution and increase our focus on capital market instruments with lower funding costs.

In the past, we have selectively engaged in assignment / securitization transactions to improve our liquidity position through redeployment of capital and to reduce risks associated with interest rate fluctuations and match the duration of the financing to the assets financed. As of September 30, 2015, our Off-Book AUM was ₹4,903.81 million. We believe that securitization / assignment of our loan assets will remain an integral part of our continuing financing strategy.

SUMMARY FINANCIAL INFORMATION

*The following tables set forth the summary financial information derived from our Restated Consolidated Financial Information for the six month period ended September 30, 2015 and Restated Standalone Financial Information for the six month period ended September 30, 2015 and for fiscal 2015, 2014, 2013, 2012 and 2011. This financial information has been prepared in accordance with Section 26 of the Companies Act, 2013, and sub-clause (i), (ii) and (iii) of clause (b) of sub-section (1) of Chapter III of the Companies Act, 2013 read with rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations and is presented in "**Financial Statements**" on page 224. The summary financial information presented below should be read in conjunction with such Restated Standalone Financial Information and the Restated Consolidated Financial Information, the notes and annexures thereto and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on page 360.*

Restated Standalone Summary Statement of Assets and Liabilities

(INR in Million except share data and as stated)

	Particulars	As at					
		30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
	Equity and liabilities						
(1)	**Shareholders' funds**						
	Share capital	3,786.92	3,782.18	5,103.22	3,250.00	3,250.00	2,250.00
	Reserves and surplus	5,925.52	5,284.65	2,837.22	1,939.81	1,072.63	234.32
		9,712.44	**9,066.83**	**7,940.44**	**5,189.81**	**4,322.63**	**2,484.32**
(2)	**Non-current liabilities**						
	Long-term borrowings	41,297.02	29,802.64	14,628.86	11,810.01	7,709.83	7,824.47
	Other long- term liabilities	285.04	364.54	173.24	105.44	79.82	38.98
	Long-term provisions	210.70	136.34	82.78	64.90	46.45	23.02
		41,792.76	**30,303.52**	**14,884.88**	**11,980.35**	**7,836.10**	**7,886.47**
(3)	**Current liabilities**						
	Short-term borrowings	6,576.95	6,502.24	5,686.25	4,459.43	3,563.18	276.89
	Trade payables	4.64	27.54	14.42	29.58	6.67	5.59
	Other current liabilities	15,575.38	13,469.21	9,709.26	8,293.18	5,119.05	769.52
	Short-term provisions	716.40	494.30	217.23	110.46	32.62	9.93
		22,873.37	**20,493.29**	**15,627.16**	**12,892.65**	**8,721.52**	**1,061.93**
	Total	**74,378.57**	**59,863.64**	**38,452.48**	**30,062.81**	**20,880.25**	**11,432.72**

HINDUJA LEYLAND FINANCE LIMITED

Restated Standalone Summary Statement of Assets and Liabilities (Continued)

(INR in Million except share data and as stated)

	Particulars	As at					
		30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
	Assets						
(4)	**Non-current assets**						
	Fixed assets						
	Tangible assets	409.36	343.47	333.82	114.18	36.16	22.50
	Intangible assets	3.89	4.03	3.32	2.79	1.64	1.11
	Capital work-in-progress	13.13	-	1.10	-	-	-
		426.38	**347.50**	**338.24**	**116.97**	**37.80**	**23.61**
	Non-current investments	1,317.09	1,445.91	408.08	0.23	0.23	0.23
	Deferred tax assets (net)	359.76	263.88	144.88	79.74	33.84	22.52
	Long-term loans and advances	38,447.52	31,861.09	16,518.72	15,585.96	10,851.17	5,906.09
	Other non-current assets	1,093.32	1,093.32	2,280.56	1,941.37	1,942.87	402.56
		41,644.07	**35,011.70**	**19,690.48**	**17,724.27**	**12,865.91**	**6,355.01**
(5)	**Current assets**						
	Current investments	2,752.91	2,845.51	900.07	-	-	-
	Cash and bank balances	890.42	720.03	457.15	719.27	357.55	2,312.70
	Short-term loans and advances	27,462.62	20,117.36	16,101.19	10,754.42	7,255.26	2,752.55
	Other current assets	1,628.55	1,169.04	1,303.59	864.85	401.53	12.46
		32,734.50	**24,851.94**	**18,762.00**	**12,338.54**	**8,014.34**	**5,077.71**
	Total	**74,378.57**	**59,863.64**	**38,452.48**	**30,062.81**	**20,880.25**	**11,432.72**

HINDUJA LEYLAND FINANCE LIMITED

Restated Standalone Summary Statement of Profit and Loss

(INR in Million except share data and as stated)

	Particulars	For the period from 1 April 15 to 30 September 2015	For the year ended				
			31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
A	**Revenue**						
	Revenue from operations and other operating income	5,214.38	8,217.92	6,415.30	4,970.61	3,273.84	958.93
	Total revenue	**5,214.38**	**8,217.92**	**6,415.30**	**4,970.61**	**3,273.84**	**958.93**
B	**Expenses**						
	Employee benefits expense	223.12	397.69	295.22	204.95	140.06	88.63
	Finance costs	2,827.91	4,029.91	2,880.63	2,287.50	1,432.21	340.00
	Depreciation and amortisation expenses	16.44	44.22	34.06	15.42	7.70	3.03
	Provisions and write-off	713.52	1,347.84	1,365.92	647.93	213.17	45.86
	Other expenses	473.38	755.11	669.63	519.45	238.78	109.93
	Total expenses	**4,254.37**	**6,574.77**	**5,245.46**	**3,675.25**	**2,031.92**	**587.45**
	Profit before tax	**960.01**	**1,643.15**	**1,169.84**	**1,295.36**	**1,241.92**	**371.48**
	Less: Tax Expenses						
	-Current tax	421.31	652.86	454.42	474.07	414.93	139.72
	-Deferred tax (credit) / charge	(95.88)	(119.00)	(65.15)	(45.89)	(11.32)	(15.98)
	Total	**325.45**	**533.86**	**389.27**	**428.18**	**403.61**	**123.74**
	Profit after tax, as restated	**634.58**	**1,109.29**	**780.57**	**867.18**	**838.31**	**247.74**

HINDUJA LEYLAND FINANCE LIMITED

Restated Standalone Summary Statement of Cash Flows

(INR in Million except share data and as stated)

Particulars	For the period from 1 April 15 to30September 2015	For the year ended				
		31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
A. Cash flows from operating activities						
Profit before tax	960.01	1,643.15	1,169.84	1,295.36	1,241.92	371.48
Adjustments for:						
Depreciation and amortisation	16.44	44.22	34.06	15.42	7.70	3.03
Loss on sale of repossessed assets	340.86	944.96	1,126.08	514.91	170.77	16.41
Contingent provision against standard assets	74.31	52.86	17.01	17.27	22.86	22.00
Provision for non-performing assets	221.32	275.51	107.84	78.89	19.54	7.45
Bad debts written off	77.03	74.51	115.00	36.86	-	-
Stock compensation expenses	4.93	17.10	0.28	-	-	-
Provision for compensated absence	0.27	(1.04)	5.82	7.35	4.23	2.75
Provision for gratuity	0.56	3.30	1.34	-	2.24	0.75
Provision for employee incentive	6.32	21.88	17.50	6.00	19.25	3.50
Operating cash flow before working capital changes	**1,702.05**	**3,076.45**	**2,594.76**	**1,972.06**	**1,488.51**	**427.37**
Adjustments for:						
(Increase) / decrease in loan to customers (excluding repossessed assets)	(12,687.88)	(17,858.37)	(5,524.91)	(9,590.94)	(7,486.25)	(8,499.22)
(Increase) / decrease in repossessed assets	(767.58)	(816.98)	(1,541.79)	(1,028.48)	(494.64)	-
(Increase) / decrease in loans and advances and current and non-current assets	(1,309.69)	(1,558.89)	(1,048.61)	1,401.53	(1,995.91)	(71.49)
Increase / (decrease) in current, non-current liabilities and provisions	6.88	998.74	197.78	(32.34)	561.24	44.49
Cash flows (used in) operating activities	**(1,3056.22)**	**(1,6159.05)**	**(5,322.75)**	**(7,278.17)**	**(7,927.05)**	**(8,098.85)**
Taxes paid (net)	(449.34)	(664.52)	(456.28)	(505.22)	(444.77)	(149.07)
Net cash (used in) operating activities (A)	**(1,3505.56)**	**(16,823.57)**	**(5,779.03)**	**(7,783.39)**	**(8,371.82)**	**(8,247.93)**

HINDUJA LEYLAND FINANCE LIMITED

Restated Standalone Summary Statement of Cash Flows (Continued)

(INR in Million except share data and as stated)

Particulars	**For the period from 1 April 15 to 30 September 2015**	**For the year ended**				
		31 March 2015	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
B. Cash flows from investing activities						
Investment in pass through securities (net)	638.71	(331.86)	(1,207.92)	-	-	-
Investment in redeemable non-convertible debentures	(267.29)	(2,651.41)	(100)	-	-	-
Investment in subsidiaries	(150.00)	-	-	-	-	-
Bank deposits (having maturity of more than three months)	-	1,187.24	(339.19)	1.50	(1,540.31)	(374.31)
Investment in associate companies	-	-	-	-	-	(0.23)
Purchase of fixed assets (tangible and intangible fixed assets) including capital work in progress and capital advances	(111.18)	(51.06)	(97.53)	(94.59)	(22.87)	(24.25)
Net cash from/ (used in) investing activities (B)	**110.24**	**(1,847.09)**	**(1,744.64)**	**(93.09)**	**(1,563.18)**	**(398.79)**
C. Cash flows from financing activities						
Proceeds from issue of equity shares including securities premium (net)	6.07	-	169.78	-	1,000.00	2,100.00
Proceeds from issue of compulsorily convertible cumulative participative preference shares	-	-	1,800.00	-	-	-
Proceeds from borrowings	18,749.97	27,699.97	11,298.22	13,082.98	3,693.56	8,549.46
Repayments of borrowings	(5,265.04)	(9,582.42)	(7,233.27)	(5,741.02)	-	-
Proceeds from working capital loan/ cash credit (net)	74.71	815.99	1,226.82	896.24	3,286.29	276.90
Net cash from financing activities (C)	**13,565.71**	**18,933.54**	**7,261.55**	**8,238.20**	**7,979.85**	**10,926.36**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**170.39**	**262.88**	**(262.12)**	**361.72**	**(1,955.15)**	**2,279.65**
Cash and cash equivalents at the beginning of the period/ year	720.03	457.15	719.27	357.55	2,312.70	33.05
Cash and cash equivalents at the end of the period/ year	890.42	720.03	457.15	719.27	357.55	2,312.70

HINDUJA LEYLAND FINANCE LIMITED

Restated Standalone Summary Statement of Cash Flows (Continued)
Notes

(INR in Million except share data and as stated)

Particulars	**For the period from 1 April 15 to30 September 2015**	**For the year ended**				
		31 March 2015	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Cash and cheques on hand	434.81	250.62	409.77	583.62	339.27	42.87
Balance with banks						
-in current accounts	455.61	469.41	47.38	44.61	18.28	19.83
-in deposits account	-	-	-	91.04	-	2,250.00
Total	**890.42**	**720.03**	**457.15**	**719.27**	**357.55**	**2,312.70**

HINDUJA LEYLAND FINANCE LIMITED

Summary Statement of adjustments to Audited Standalone Financial Statements

The summary of results of restatements made in the audited financials statements for the respective years and its impact on the profit/(loss) of the Company is as follows:

(INR. in Million)

Particulars	**For the period from 1 April 15 to 30 September 2015**	**For the year ended**				
		31 March 2015	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Net profit after tax as per audited financial statements	**638.32**	**1,115.64**	**811.87**	**913.84**	**836.97**	**272.80**
A. Adjustments due to changes in accounting policies etc.:						
(Decrease)/Increase due to change from up front recognition to deferral and consequent amortization in respect of loan origination costs and income.	(3.76)	(4.54)	(55.58)	(15.99)	(34.88)	(50.63)
(Decrease)/Increase due to change from up front recognition to deferral and consequent amortization in respect of processing fees incurred on term loans.	(1.91)	(5.08)	(8.44)	1.99	(1.13)	15.86
(Decrease)/Increase due to change in accounting for accrual of excess interest spread income on assignment transactions.	-	-	-	(40.34)	40.34	-
B. Other adjustments:	-	-	-	-	-	-
Impact on depreciation on account of revision in estimated useful life	-	-	(3.52)	-	-	-
Provision for compensated absences	-	-	7.35	(3.11)	(1.49)	(2.75)
Total adjustments	**(5.67)**	**(9.62)**	**(60.19)**	**(57.45)**	**2.84**	**(37.52)**
Tax impact on restated adjustments						
Deferred tax						
-On restatements	1.93	3.27	20.46	18.64	(0.92)	12.46
-Prior year adjustments	-	-	8.43	11.63	(16.30)	(3.76)
Current tax						
-Prior year adjustments	-	-	-	(19.48)	15.72	3.76
Net profit after tax, as restated	**634.58**	**1,109.29**	**780.57**	**867.18**	**838.31**	**247.74**

HINDUJA LEYLAND FINANCE LIMITED

Restated Consolidated Summary Statement of Assets and Liabilities

(INR in Million except share data and as stated)

	Particulars	As at 30 September 2015
	Equity and liabilities	
(1)	**Shareholders' funds**	
	Share capital	3,786.92
	Reserves and surplus	5,935.17
		9,722.09
(2)	**Non-current liabilities**	
	Long-term borrowings	41,297.02
	Other long- term liabilities	285.04
	Long-term provisions	210.70
		41,792.76
(3)	**Current liabilities**	
	Short-term borrowings	6,576.95
	Trade payables	4.64
	Other current liabilities	15,575.38
	Short-term provisions	716.40
		22,873.37
	Total	**74,388.22**
	Assets	
(4)	**Non-current assets**	
	Fixed assets	
	Tangible assets	409.36
	Intangible assets	3.89
	Capital work-in-progress	13.13
		426.38
	Non-current investments	1,175.24
	Deferred tax assets (net)	359.76
	Long-term loans and advances	38,447.18
	Other non-current assets	1,093.32
		41,501.88
(5)	**Current assets**	
	Current investments	2,752.91
	Cash and bank balances	1,042.68
	Short-term loans and advances	27,461.35
	Other current assets	1,629.40
		32,886.34
	Total	**74,388.22**

HINDUJA LEYLAND FINANCE LIMITED

Restated Consolidated Summary Statement of Profit and Loss

(INR in Million except share data and as stated)

	Particulars	For the period from 1 April 2015 to 30 September 2015
A	**Revenue**	
	Revenue from operations and other operating income	5,217.83
	Total revenue	**5,217.83**
B	**Expenses**	
	Employee benefits expense	223.12
	Finance costs	2,827.91
	Depreciation and amortisation expenses	16.44
	Provisions and write-off	713.52
	Other expenses	474.69
	Total expenses	**4,255.68**
C	**Share of profit of equity accounted investee (net of tax)**	**2.80**
	Profit before tax (A - B + C)	**964.97**
	Less: Tax Expenses	
	- Current tax	421.97
	- Deferred tax (credit)/ charge	(95.87)
	Total	**326.10**
	Profit after tax, as restated	**638.87**

HINDUJA LEYLAND FINANCE LIMITED

Restated Consolidated Summary Statement of Cash Flows

(INR in Million except share data and as stated)

Particulars		For the period from 1 April 2015 to 30 September 2015
A. Cash flows from operating activities		
Profit before tax		964.97
Adjustments for:		
Share of profit of equity accounted investee (net of tax)		(2.80)
Depreciation and amortisation		16.44
Loss on sale of repossessed assets		340.86
Contingent provision against standard assets		74.29
Provision for non-performing assets		221.32
Bad debts written off		77.03
Stock compensation expenses		4.93
Provision for compensated absence		0.27
Provision for gratuity		0.56
Provision for employee incentive		6.32
Operating cash flow before working capital changes		**1,704.19**
Adjustments for:		
(Increase) / decrease in loan to customers (excluding repossessed assets)		(12,687.88)
(Increase) / decrease in repossessed assets		(767.58)
(Increase) / decrease in loans and advances and current and non-current assets		(1,310.53)
Increase / (decrease) in current, non- current liabilities and provisions		7.87
Cash flows (used in) operating activities		**(13,053.93)**
Taxes paid (net)		(449.38)
Net cash (used in) operating activities	**(A)**	**(13,503.30)**
B. Cash flows from investing activities		
Investment in pass through securities (net)		638.71
Investment in redeemable non convertible debentures		(267.29)
Purchase of fixed assets (tangible and intangible fixed assets) including capital work in progress and capital advances		(111.18)
Net cash from investing activities	**(B)**	**260.24**
C. Cash flows from financing activities		
Proceeds from issue of equity shares including securities premium (net)		6.07
Proceeds from borrowings		18,749.97
Repayments of borrowings		(5,265.04)
Proceeds from working capital loan/ cash credit (net)		74.71
Net cash from financing activities	**(C)**	**13,565.71**
Net increase in cash and cash equivalents	**(A + B + C)**	**322.65**
Cash and cash equivalents at the beginning of the period		720.03
Cash and cash equivalents at the end of the period		**1,042.68**

Notes

(INR in Million except share data and as stated)

Components of cash and cash equivalents	For the period ended 30 September 2015
Cash and cheques on hand	434.81

Components of cash and cash equivalents	**For the period ended 30 September 2015**
Balance with banks	
-in current accounts	458.08
-in deposits account	149.79
Total	**1,042.68**

SELECTED STATISTICAL INFORMATION

*The following financial, statistical and operational information is included for analytical purposes and should be read in conjunction with the Restated Standalone Financial Information beginning on page 227 as well as the section "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on page 360.*

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

Presentation of Selected Statistical Information

Until Fiscal 2015, our Company did not have any subsidiaries and no consolidated financial statements were prepared. In September 2015, we received a certificate to commence our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance Limited. However, the housing finance business is a new business and as of September 30, 2015, did not have a significant impact on our consolidated financial information. Accordingly, for purposes of the selected statistical information provided below, unless otherwise indicated, the financial information included herein are based on or derived from our Restated Standalone Financial Information for Fiscal 2011, Fiscal 2012, Fiscal 2013, Fiscal 2014 and Fiscal 2015 and as of and for the six months ended September 30, 2015, included in this Draft Red Herring Prospectus.

Return on Equity and Assets

The following table sets forth, for the periods indicated, selected financial information relating to the return on equity and assets for the Company on a standalone basis:

	Fiscal					Six Months ended September 30, 2015
	2011	2012	2013	2014	2015	
	(₹ in million, except percentages)					
Net Profit (1)	247.74	838.31	867.18	780.57	1,109.29	634.59
Average Total Assets (2)	5,786.61	16,156.49	25,471.53	34,257.65	49,158.06	67,121.11
Weighted Average On-Book Assets (3)	2,170.94	11,960.75	20,844.93	27,926.03	36,702.17	57,141.26
Average Net Worth (4)	1,310.45	3,403.48	4,756.22	6,565.13	8,503.64	9,389.64
Total Debt (5)	8,826.36	15,806.21	24,046.44	29,336.19	48,269.71	61,829.37
Average Debt (6)	4,413.18	12,316.29	19,926.33	26,691.32	38,802.95	55,049.54
Return on Weighted Average On-Book Assets(7)#	11.41%	7.01%	4.16%	2.80%	3.02%	1.11%
Return on Average Total Assets (%)(8)#	4.28%	5.19%	3.40%	2.28%	2.26%	1.89%
Return on Average Net Worth (%) (9)#	18.90%	24.63%	18.23%	11.89%	13.04%	6.76%
Average Debt / Average Net Worth	3.37	3.62	4.19	4.07	4.56	5.86
Average Net Worth as a percentage of Average Total Assets	22.66%	21.07%	18.67%	19.16%	17.30%	13.99%
Earnings Per Share (10)#	2.55	3.05	2.67	2.17	2.97	1.68
Book Value Per Share(11)	25.53	15.70	15.97	24.17	24.30	25.67

Return on Average Total Assets, Return on Weighted Average On-Book Assets, Return on Average Net Worth and Earnings Per Share for the six months ended September 30, 2015 have not been presented on an annualized basis.*

1. Net Profit represents profit after tax for the relevant period.
2. Average Total Assets represents the average of the Company's total assets on a standalone basis as of the last day of the relevant year/ period and the Company's total assets on a standalone basis as of the last day of the immediately preceding year/ period.
3. Weighted Average On-book Assets for a fiscal year represents the quarterly average of On-book Assets during the relevant year/ financial period calculated on the basis of the following formula: (i) On-book Assets as of March 31 of any relevant previous fiscal year have been attributed a weightage of four; (ii) On-book Assets as of June 30 of any relevant fiscal year have been attributed a weightage of three; (iii) On-book Assets as of September 30 of any relevant fiscal year have been attributed a weightage of two and (iv) On-book Assets as of December 31 any relevant fiscal year have been attributed a weightage of one. Weighted Average On-book Assets for the six month period ended September 30, 2015, represents the average of On-book Assets during the relevant period calculated on the basis of the following formula: (i) On-book Assets as of March 31, 2015 have been attributed a weightage of two; (ii) On-book Assets as of June 30, 2015 have been attributed a weightage of one. For the purposes of calculating Weighted Average On-book Assets, On-Book Assets represents loans and advances to customers, investments in debentures, pass-through securities, loans against property, inventory funding and dealer trade advances as of the end of the relevant year/ period. The manner in which we have calculated and presented Weighted Average On-book Assets attributing a certain weightage to the On-book Assets as of March 31, June 30, September 30 and December 31 of the relevant financial year / period may not be comparable to, and may vary from, the manner in which such information is calculated and presented by other financial services companies. For further details, see "***Risk Factors - We have in this Draft Red Herring Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.***" on page 36.
4. Average Net Worth represents the average of the Company's net worth on a standalone basis as of the last day of the relevant period and the Company's net worth on a standalone basis as of the last day of the immediately preceding year/ period. Net Worth, as restated, represents the sum of the paid-up share capital and reserves and surplus, as restated (including securities premium account, employee stock option outstanding account, and statutory reserve and surplus in statement of profit and loss).
5. Total Debt represents the aggregate of all the Company's borrowings (including, non-convertible debentures, and term loans from banks) on a standalone basis as of the last day of the relevant year/ period.
6. Average Debt represents the average of the Company's total debt on a standalone basis as of the last day of the relevant period and the Company's total debt on a standalone basis as of the last day of the immediately preceding year/ period.
7. Return on Weighted Average On Book Assets is calculated as the net profit on a standalone basis for the relevant year/ period as a percentage of Weighted Average On-book Assets on a standalone basis in such year/ period.
8. Return on Average Total Assets is calculated as the Net Profit on a standalone basis for the relevant year/ period as a percentage of Average Total Assets on a standalone basis in such year/ period.
9. Return on Average Net Worth is calculated as the Net Profit on a standalone basis for the relevant period as a percentage of Average Net Worth on a standalone basis in such period.
10. Earnings per Share has been provided on a diluted basis considering the effect of dilutive potential equity shares including employee stock options.
11. Book Value Per Share represents the net asset value per share for the relevant year/ period.

Financial Ratios

The following table sets forth, for the years/periods indicated, certain financial ratios:

	As at / for the Fiscal Year ended March 31,					As of / Six month period ended September 30, 2015
	2011	2012	2013	2014	2015	
	(₹ in million, except percentages)					
AUM(1)	11,778.48	30,467.32	344,41.55	41,377.58	66,882.64	79,601.10
On-Book AUM(2)	8,959.78	19,038.98	27,242.19	35,657.74	60,387.01	74,697.29
Off-Book AUM(3)	2,818.70	11,428.34	7,199.36	5,719.84	6,495.63	4,903.81
AUM Growth (%)#*	N.A	158.67%	13.04%	20.14%	61.64%	19.02%
Average AUM(4)	5,889.24	21,122.90	32,454.44	37,909.57	54,130.11	73,241.87
Weighted Average On-Book Assets	2,170.94	11,960.75	20,844.93	27,926.03	36,702.17	57,141.26
Disbursements(5)	11,957.20	20,681.55	20,878.01	25,097.63	51,108.71	27,768.37
Disbursement Growth (%)#*	N.A	72.96%	0.95%	20.21%	103.64%	N.A

	As at / for the Fiscal Year ended March 31,					As of / Six month period ended September 30, 2015
	2011	2012	2013	2014	2015	
Total Loan Accounts(6)	34,118	93,423	188,097	288,979	441,855	505,094
Business Locations(7)	257	427	584	1073	1,446	1,550
Interest and Finance Income(8)	917.61	3,022.05	4,453.14	5,737.70	6,917.17	4,443.30
Other Operating Income(9)	41.32	251.79	517.47	677.60	1,300.75	771.08
Total Income(10)	958.93	3,273.84	4,970.61	6,415.30	8,217.92	5,214.38
Finance Costs(11)	340.00	1,432.21	2,287.50	2,880.63	4,029.91	2,827.91
Net Interest Income(12)	618.93	1,841.63	2,683.12	3,534.67	4,188.01	2,386.47
Operating Expense(13)	201.59	386.54	739.82	998.91	1,197.02	712.94
Cost of Borrowings(14)#	7.70%	11.63%	11.48%	10.79%	10.39%	5.14%
Credit Cost(15)	45.86	213.17	647.93	1,365.92	1,347.84	713.50
Yield(16)#	44.17%	27.37%	23.85%	22.97%	22.39%	9.13%
Spread(17)#	36.47%	15.74%	12.37%	12.18%	12.01%	3.99%
Net Interest Margin(18)#	28.51%	15.40%	12.87%	12.66%	11.41%	4.18%
Operating Expense / Average AUM (%)#	3.42%	1.83%	2.28%	2.63%	2.21%	0.97%
Gross NPA	74.50	204.10	800.40	1,242.22	2,372.91	3,804.31
Gross NPA / AUM (%)	0.63%	0.67%	2.32%	3.00%	3.55%	4.71%
Net NPAs	67.05	183.58	694.52	1,028.50	1,883.68	3,093.76
Net NPAs / AUM (%)	0.57%	0.58%	2.02%	2.49%	2.82%	3.87%
Net Gearing Ratio(19)	2.62	3.57	4.49	3.64	5.24	6.27

 # Cost of Borrowings, Yield, Spread, Net Interest Margin and Operating Expense / Average AUM, AUM Growth and Disbursement Growth in the six months ended September 30, 2015 have not been presented on an annualized basis.

1. AUM represents loans and advances to customers, repossessed assets, assigned contract balances, investments in debentures, pass-through securities, loans against property, inventory funding and dealer trade advances / balance as of the end of the relevant year/period.
2. On-Book AUM represents loans and advances to customers, repossessed assets, investments in debentures, pass-through securities, loans against property, inventory funding and dealer trade advances / balance as of the end of the relevant year/ period.
3. Off-book AUM represents assigned contract balances as of the end of the relevant year/ period.
4. Average AUM represents the average of AUM as of the last day of the relevant period and AUM as of the last day of the immediately preceding year/ period.
5. Disbursements represent the aggregate of sanctioned amounts for disbursement to customers in the relevant period, and include any amounts sanctioned and reflected as an advance in our balance sheet as of the relevant date for which actual disbursement may have occurred subsequent to the relevant date.
6. Total Loan Accounts represent the aggregate number of loan accounts outstanding as of the end of the relevant year/ period.
7. Business Locations represent the total locations from which the Company or HLF Services operates as at the end of the relevant year/ period.
8. Interest and Finance Income represents interest income from loans and advances to customers and dealer trade advances and the excess interest spread on assigned contract balances in the relevant year/ period.
9. Other Operating Income represents upfront / processing fee pertaining to loan origination and other charges, interest on fixed deposits, and investments in pass-through securities and debentures in the relevant year/ period.
10. Total Income represents the sum of Interest and Finance Income and Other Operating Income in the relevant year/ period.
11. Finance Costs represents the interest cost on borrowings, loan processing fees and other borrowing-related costs in the relevant year/ period.
12. Net Interest Income represents Total Income reduced by Finance Costs in the relevant year/ period.
13. Operating Expense represents employee benefit expense, other expenses and depreciation and amortization expenses in the relevant year/ period.
14. Cost of Borrowings represents the ratio of Finance Costs to the Average Debt in the relevant year/ period.
15. Credit Cost represents non-performing asset provisions, contingency provisions against standard assets, and write-offs in the relevant year/ period.
16. Yield represents the ratio of Total Income to the Weighted Average On-book Assets in the relevant year/ period. Note that the manner in which we have calculated and presented Yield taking into account Weighted Average On-book Assets

may not be comparable to that presented by other financial services companies.

17. Spread represents the difference between the Yield and the Cost of Borrowings in the relevant year/ period. Note that the manner in which we have calculated and presented Spread taking into Weighted Average On-book Assets may not be comparable to that presented by other financial services companies.
18. Net Interest Margin represents the ratio of the Net Interest Income to the Weighted Average On-book Assets in the relevant year/ period. Note that the manner in which we have calculated and presented Net Interest Margin taking into account the Weighted Average On-book Assets may not be comparable to that presented by other financial services companies.
19. Net Gearing Ratio represents Total Debt, less cash and cash equivalents at the end of the relevant year/ period divided by the Net Worth at the end of the relevant year/ period.

Productivity Ratios

The following table sets forth certain information relating to our productivity ratios:

	As at / for the Fiscal Year ended March 31,					As at/ for the Six Months ended September 30, 2015
	2011	2012	2013	2014	2015	
Business Locations	257	427	584	1,073	1,446	1,550
Employees*	589	1,200	2,351	2,652	2,770	2,616
Total Loan Accounts	34,118	93,423	188,097	288,979	441,855	505,094
Closing AUM per Business Location (₹ in Millions)	45.83	71.35	58.98	38.56	46.25	51.36
Closing AUM per Employee (₹ in Millions) *	20.00	25.39	14.65	15.60	24.15	30.43
Closing AUM per Loan Account (₹ in Millions)	0.35	0.33	0.18	0.14	0.15	0.16
Disbursements per Business Location (₹ in Millions)	46.53	48.43	35.75	23.39	35.34	17.92
Disbursements per Employee (₹ in Millions) *	20.30	17.23	8.88	9.46	18.45	10.61

Employees include (i) our full time employees plus (ii) personnel sourced from HLF Services Limited for our operations.

Geographic Spread of AUM

The following table sets forth the geographic spread of AUM based on the State in which the contract was executed with the customer:

State	Assets Under Management											
	As of March 31,										As of September 30,	
	2011		2012		2013		2014		2015		2015	
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Andhra Pradesh & Telangana	2,111.82	17.93%	5,197.83	17.06%	6,187.44	17.97%	6,732.42	16.27%	8,777.90	13.12%	11,034.93	13.86%
Assam	329.44	2.80%	979.95	3.22%	838.58	2.43%	764.77	1.85%	619.20	0.93%	733.96	0.92%
Bihar	25.91	0.22%	79.85	0.26%	180.53	0.52%	282.98	0.68%	854.29	1.28%	1,272.03	1.60%
Chhattisgarh	-	0.00%	-	0.00%	123.03	0.36%	399.85	0.97%	751.78	1.12%	1,455.02	1.83%
Gujarat	103.29	0.88%	471.98	1.55%	907.29	2.63%	1,865.30	4.51%	3,880.29	5.80%	4,751.99	5.97%
Himachal Pradesh	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	3.57	0.00%
Jammu and Kashmir	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.22	0.00%
Jharkhand	88.76	0.75%	203.57	0.67%	126.56	0.37%	230.00	0.56%	939.97	1.41%	1,154.39	1.45%
Karnataka	528.97	4.49%	1,740.93	5.71%	2,104.55	6.11%	1,944.05	4.70%	3,431.77	5.13%	4,693.54	5.90%
Kerala		2.93%	1,094.44	3.59%		3.58%		2.47%		1.85%		2.00%

State	Assets Under Management											
	As of March 31,										As of September 30,	
	2011		2012		2013		2014		2015		2015	
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
	344.91				1,233.27		1,023.22		1,235.25		1,590.09	
Madhya Pradesh	140.18	1.19%	412.22	1.35%	574.98	1.67%	722.33	1.75%	3,441.63	5.15%	4,257.19	5.35%
Maharashtra including Goa	1,192.31	10.12%	2,595.90	8.52%	3,069.25	8.91%	6,800.70	16.44%	9,992.67	14.94%	9,995.72	12.56%
Delhi & Haryana	959.47	8.15%	2,786.16	9.14%	1,889.85	5.49%	1,498.79	3.62%	2,674.00	4.00%	3,836.23	4.82%
Odisha	766.14	6.50%	1,672.52	5.49%	1,161.23	3.37%	1,404.80	3.40%	2,679.75	4.01%	3,689.25	4.63%
Punjab	419.46	3.56%	1,319.99	4.33%	1,379.64	4.01%	2,088.63	5.05%	2,678.47	4.00%	3,295.81	4.14%
Rajasthan	1,621.95	13.77%	3,810.85	12.51%	5,508.28	15.99%	6,540.30	15.81%	9,437.78	14.11%	11,185.65	14.05%
Tamil Nadu including Pondicherry	1,566.89	13.30%	3,822.54	12.55%	5,571.85	16.18%	5,531.06	13.37%	8,616.08	12.88%	8,943.78	11.24%
Uttar Pradesh	661.63	5.62%	2,386.15	7.83%	2,027.84	5.89%	1,846.60	4.46%	2,031.58	3.04%	2,114.84	2.66%
Uttarakhand	338.84	2.88%	719.37	2.36%	614.64	1.78%	487.07	1.18%	675.82	1.01%	795.84	1.00%

State	Assets Under Management											
	As of March 31,										As of September 30,	
	2011		2012		2013		2014		2015		2015	
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
West Bengal	578.51	4.91%	1,173.07	3.85%	942.74	2.74%	1,214.71	2.94%	4,164.41	6.23%	4,797.05	6.03%
Total	**11,778.48**	**100.00%**	**30,467.32**	**100.00%**	**34,441.55**	100.00%	**41,377.58**	**100.00%**	**66,882.64**	**100.00%**	**79,601.10**	**100.00%**

**For the purposes of determining the geographic origination of AUM, we have assumed that the State in which the contract is executed with the counterparty is the State in which the AUM is originated.*

The following table sets forth the geographic spread of AUM based on the region in India in which the contract was executed with the customer:

Region	Assets Under Management											
	As of March 31,										As of September 30,	
	2011		2012		2013		2014		2015		2015	
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
North(1)	3,662.51	31.09%	10,303.15	33.82%	10,805.61	31.37%	11,974.32	28.94%	16,821.83	25.15%	20,436.32	25.67%
South(2)	4,552.59	38.65%	11,855.74	38.91%	15,097.11	43.83%	15,230.75	36.81%	22,061.00	32.98%	26,262.34	32.99%
West(3)	2,400.58	20.38%	5,459.77	17.92%	5,752.41	16.70%	10,557.87	25.52%	17,228.53	25.76%	19,232.80	24.16%
East(4)	1,022.62	8.68%	2,436.44	8.00%	2,088.41	6.06%	2,492.46	6.02%	6,577.87	9.83%	7,957.43	10.00%
Central(5)	140.18	1.19%	412.22	1.35%	698.01	2.03%	1,122.18	2.71%	4,193.41	6.27%	5,712.21	7.18%
Total	**11,778.48**	**100.00%**	**30,467.32**	**100.00%**	**34,441.55**	**100.00%**	**41,377.58**	**100.00%**	**66,882.64**	**100.00%**	**79,601.10**	**100.00%**

1. North includes the States of Himachal Pradesh, Jammu and Kashmir, Delhi & Haryana, Punjab, Rajasthan, and Uttar Pradesh.
2. South includes the States of Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu and Pondicherry.
3. West includes the States of Gujarat, Maharashtra, Odisha, Goa and Uttarakhand.
4. East includes the States of Assam, Bihar, Jharkhand and West Bengal.
5. Central includes the States of Chhattisgarh and Madhya Pradesh.

AUM according to Product Category

The following table sets forth a breakdown of AUM based on product / business segment categories:

Product Category	Assets Under Management											
	As of March 31, 2011		As of March 31, 2012		As of March 31, 2013		As of March 31, 2014		As of March 31, 2015		As of September 30, 2015	
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Vehicle Finance	11,550.24	98.06%	29,712.21	97.52%	32,748.80	95.09%	36,939.01	89.27%	55,249.63	82.61%	65,268.14	81.99%
Construction Equipment	228.24	1.94%	755.11	2.48%	1,692.75	4.91%	2,250.68	5.44%	5,786.83	8.65%	7,151.06	8.98%
Sub-total	**11,778.48**	**100.00%**	**30,467.32**	100.00%	**34,441.55**	**100.00%**	**39,189.69**	94.71%	**61,036.46**	**91.26%**	**72,419.20**	**90.98%**
Wholesale funding*	0.00	0.00%	0.00	0.00%	0.00	0.00%	2,187.90	5.29%	4,291.13	6.42%	3,919.71	4.92%
Loan against property	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	1,555.05	2.33%	3,262.19	4.10%
Total	**11,778.48**	**100.00%**	**30,467.32**	**100.00%**	**34,441.55**	**100.00%**	**41,377.59**	**100.00%**	**66,882.64**	**100.00%**	**79,601.10**	**100.00%**

** Wholesale funding represents the sum of investments in debentures (including debenture application money) and pass-through securities as of the end of the relevant year/ period.*

The following table sets forth a breakdown of the Company's AUM based on certain product categories:

Asset	As of March 31,										As of September 30, 2015	
	2011		2012		2013		2014		2015			
	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM	AUM	% of Total AUM
	(₹	(%)	(₹	(%)	(₹	(%)	(₹	(%)	(₹	(%)	(₹	(%)

	million)		million)		million)		million)		million)		million)	
Vehicles of Ashok Leyland Limited ("ALL")	6,515.15	55.31%	15,320.39	50.28%	15,331.74	44.52%	17,526.20	42.36%	30,756.30	45.99%	38,049.95	47.80%
Non-ALL vehicles	5,263.33	44.69%	15,146.93	49.72%	19,109.81	55.48%	21,663.48	52.36%	30,280.16	45.27%	34,369.20	43.18%
Sub-total	**11,778.48**	**100.00%**	**30,467.32**	**100.00%**	**34,441.55**	**100.00%**	**39,189.68**	**94.71%**	**61,036.46**	**91.26%**	**72,419.15**	**90.98%**
Whole sale funding*	0.00	0.00%	0.00	0.00%	0.00	0.00%	2,187.90	5.29%	4,291.13	6.42%	3,919.76	4.92%
Loan against Property	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	1,555.05	2.33%	3,262.19	4.10%
Total	**11,778.48**	**100.00%**	**30,467.32**	**100.00%**	**34,441.55**	**100.00%**	**41,377.58**	**100.00%**	**66,882.64**	**100.00%**	**79,601.10**	**100.00%**

** Wholesale funding represents the sum of investments in debentures, collateralized bond obligations and pass-through securities as of the end of the relevant period.*

Asset Portfolio according to Nature of Asset

The following table sets forth the breakdown of our asset portfolio (new and pre-owned commercial vehicles and construction equipment financing) based on the kind of asset financed:

Asset	**As of March 31,**										**As of September 30, 2015**	
	2011		**2012**		**2013**		**2014**		**2015**			
	AUM	**% of Total AUM**	**AUM (in ₹ million)**	**% of Total AUM**	**AUM (in ₹ million)**	**% of Total AUM**	**AUM (in ₹ million)**	**% of Total AUM**	**AUM (in ₹ million)**	**% of Total AUM**	**AUM (in ₹ million)**	**% of Total AUM**
	(₹ million)	**(%)**	**(₹ million)**	**(%)**	**(₹ million)**	**(%)**	**(₹ million)**	**(%)**	**(₹ million)**	**(%)**	**(₹ million)**	**(%)**
MHCVs	6,900.66	58.59%	16,140.95	52.98%	15,797.94	45.87%	17,852.80	45.55%	31,082.90	50.93%	40,757.07	56.28%
LCVs and cars	1,394.34	11.84%	5,496.01	18.04%	6,073.42	17.63%	4,827.25	12.32%	5,589.44	9.16%	4,358.07	6.02%
Construction equipment	228.24	1.94%	759.80	2.49%	1,692.75	4.91%	2,250.68	5.74%	5,792.10	9.49%	7,151.06	9.87%
SCVs	1,133.26	9.62%	3,052.62	10.02%	4,230.47	12.28%	3,879.29	9.90%	4,453.09	7.30%	4,818.79	6.65%
Three wheelers	2,079.97	17.66%	4,710.31	15.46%	4,334.05	12.58%	3,989.40	10.18%	4,663.25	7.64%	4,963.35	6.85%
Tractors	31.01	0.26%	282.33	0.93%	867.23	2.52%	1,727.38	4.41%	2,729.63	4.47%	3,152.10	4.35%
Two wheelers	11.00	0.09%	25.30	0.08%	1,445.69	4.20%	4,662.88	11.90%	6,726.06	11.02%	7,218.71	9.97%
Total	**11,778.48**	**100.00%**	**30,467.32**	**100.00%**	**34,441.55**	**100.00%**	**39,189.68**	**100.00%**	**61,036.47**	**100.00%**	**72,419.15**	**100.00%**

Asset Portfolio according to Nature of Customer

The following table sets forth the breakdown of our asset portfolio (new and pre-owned commercial vehicles and construction equipment financing) based on the kind of customer that has availed our loans:

Customer	As of March 31,										As of September 30, 2015	
	2011		2012		2013		2014		2015			
	AUM	% of Total AUM	AUM (in ₹ million)	% of Total AUM	AUM (in ₹ million)	% of Total AUM	AUM (in ₹ million)	% of Total AUM	AUM (in ₹ million)	% of Total AUM	AUM (in ₹ million)	% of Total AUM
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
First Time Buyers (FTBs)(1)	2,261.97	31.73%	9,028.48	53.42%	10,246.88	58.58%	10,984.44	52.30%	16,606.97	22,020.54	45.96%	2,261.97
Small Fleet Operator (SFOs)	3,378.90	47.40%	2,313.71	13.69%	2,057.60	11.76%	1,858.04	8.85%	2,246.38	2,522.28	5.26%	3,378.90
Medium Fleet Operators (MFOs)	439.78	6.17%	884.22	5.23%	837.01	4.79%	841.98	4.01%	1,322.56	1,554.47	3.24%	439.78
Captive(2) / Retail Operators(3)	448.84	6.30%	3,509.45	20.77%	3,018.81	17.26%	4,691.99	22.34%	9,659.08	12,667.24	26.44%	448.84
Strategic or Large Fleet Operators(4)	599.39	8.41%	1,164.87	6.89%	1,330.35	7.61%	2,627.09	12.51%	7,039.83	9,143.60	19.09%	599.39
	7,128.88	**100.00 %**	**16,900.74**	**100.00 %**	**17,490.66**	**100.00 %**	**21,003.55**	**100.00 %**	**36,874.83**	**47,908.12**	**100%**	**7,128.88**

(1) *FTB represents first time purchasers or customers having ownership of one commercial vehicle / equipment with credit history, customers having a fleet but no credit history and operators and drivers proposing to own such assets.*
(2) *Captive segment represent traders, manufacturers, service providers or mine owners requiring the commercial vehicle or equipment for their business usage or whose core business activity is other than transportation.*
(3) *Retail Operators represents customer segment with two to nine commercial vehicles / equipment with credit history, deploying commercial vehicles or equipment on contracts or deploy vehicles or equipment in open market.*

(4) Strategic or Large Fleet Owners include customers with more than 10 commercial vehicles or equipment.

Funding Sources

The following table sets forth certain information relating to our funding sources:

	As of March 31,										As of September 30, 2015	
	2011		2012		2013		2014		2015			
	Amount	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Long Term Borrowings												
Unsecured - Subordinated Redeemable non-convertible debentures	-		-		-		350.00	1.19%	3,000.00	6.22%	3,000.00	4.85%
Secured Redeemable Non convertible Debentures	-		-		-		-		9,000.00	18.65%	22,000.00	35.58%
Term loans from Banks (Secured)	7,824.47	88.65%	7,709.83	48.78%	11,800.39	49.07%	14,264.31	48.62%	17,792.24	36.86%	16,288.84	26.34%
Vehicle Loans (Secured)	-		-		9.62	0.04%	14.55	0.05%	10.40	0.02%	8.18	0.01%
Total (a)	**7,824.47**	**88.65%**	**7,709.83**	**48.78%**	**11,810.01**	**49.11%**	**14,628.86**	**49.87%**	**29,802.64**	**61.74%**	**41,297.02**	**66.79%**
Short Term Borrowings												
Cash Credit and Working capital Demand loans from Banks	276.89	3.14%	3,563.18	22.54%	4,459.43	18.55%	5,686.25	19.38%	3,563.25	7.38%	4,370.32	7.07%
Commercial Paper	-		-		-		-		2,938.99	6.09%	2,206.63	3.57%
Total (b)	**276.89**	**3.14%**	**3,563.18**	**22.54%**	**4,459.43**	**18.55%**	**5,686.25**	**19.38%**	**6,502.24**	**13.47%**	**6,576.95**	**10.64%**
Other current liabilities												
Current maturities of Long Term debt	**725.00**	8.21%	**4,533.20**	28.68%	**7,777.00**	32.34%	**9,021.08**	30.75%	**11,964.83**	24.79%	**13,955.40**	22.57%
Total	**8,826.36**	**100.00%**	**15,806.21**	**100.00%**	**24,046.44**	**100.00%**	**29,336.19**	**100.00%**	**48,269.71**	**100.00%**	**61,829.37**	**100.00%**

Interest Coverage Ratios

The following table sets forth interest coverage ratios for the Company for the periods indicated:

Interest Coverage Ratios	Fiscal					Six month period ended September 30, 2015
	2011	2012	2013	2014	2015	
	(₹ in million, except ratios)					
(i) Profit before tax	371.48	1,241.92	1,295.36	1,169.84	1,643.15	960.01
(ii) Non-Cash Expenses[(1)]	48.89	220.87	663.35	1,399.98	1,392.06	729.96
(iii) Finance Costs[(2)]	340.00	1,432.21	2,287.50	2,880.63	4,029.91	2, 827.91
(iv) Total [(i)+(ii)+(iii)]	**760.37**	**2,895.00**	**4,246.21**	**5,450.45**	**7,065.12**	**4,517.88**
(v) Interest Coverage Ratio ((iv)/(iii))	**2.24**	**2.02**	**1.86**	**1.89**	**1.75**	**1.60**

(1) Non-cash expenses includes depreciation and amortisation, provision for loan assets/ bad debts written off (net of recoveries) and contingent provisions against standard assets (net) of the end of the relevant year/ period.

(2) Finance Costs represents the interest cost on borrowings, loan processing fees and other borrowing-related costs in the relevant year/ period.

Capital Adequacy

The Company is subject to the capital adequacy ratio requirements prescribed by the RBI. The Company is currently required to maintain a minimum CAR of 15.00%, based on our total capital to risk-weighted assets. As a part of its governance policy, the Company ordinarily maintain capital adequacy higher than the statutorily prescribed CAR. As of March 31, 2015 and September 30, 2015, the Company's capital adequacy ratio was 19.67% and 17.05% respectively. The following table sets out our capital adequacy ratios as of the dates indicated based on the audited financial statements for the respective years / periods:

Particulars	As at March 31,					As at September 30, 2015
	2011	2012	2013	2014	2015	
Tier I Capital	2,494.03	4,302.25	4,560.17	7,494.45	8,610.13	9,363.24
Tier II Capital	22.00	44.86	-	-	2,802.14	2,984.89
Total Capital	**2,516.03**	**4,347.11**	**4,560.17**	**7,494.45**	**11,412.27**	**12,348.13**
Total Risk Weighted Assets	**9,055.91**	**20,548.89**	**28,587.85**	**36,703.50**	**58,016.97**	**72,493.44**
Capital Adequacy Ratio						
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	27.54%	20.94%	15.95%	20.42%	14.84%	12.92%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	0.24%	0.22%	Nil	Nil	4.83%	4.13%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	**27.78%**	**21.16%**	**15.95%**	**20.42%**	**19.67%**	**17.05%**

Classification of Assets

Loans are classified as required by Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, as amended. The following table sets forth certain information relating to the asset classification followed by the Company as at September 30, 2015:

Asset Classification	Period of Overdue
Standard Assets	Not Overdue and Overdue for less than 5 months
Non-Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 5 months and more but less than or equal to 21 months
Doubtful Assets	Overdue for more than 21 months

Asset Classification	Period of Overdue
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

'Overdue' refers to interest and / or principal and / or instalment / insurance premium remaining unpaid from the day it became receivable.

Provisioning and Write-offs

Statutory provisions are required to be made in respect of standard, sub-standard, doubtful and loss assets as per the directions, circulars and notifications issued by the RBI. The Company makes provision on loans as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, as amended.

The Company has complied with the RBI provisioning norms as at September 30, 2015.

The following table sets forth certain information relating to the classification of the assets:

Asset Classification	**As at March 31,**					**As at September 30, 2015**
	2011	**2012**	**2013**	**2014**	**2015**	
	(₹ million)					
Loan Outstanding (gross)						
Standard Assets	8,605.48	18,057.54	25,934.33	33,535.77	57,281.70	70,933.75
Sub-Standard Assets	9.85	197.63	716.71	915.25	2,137.63	2,649.08
Doubtful Assets	0.00	6.47	80.31	326.98	235.28	1,155.24
Total Loans Outstanding (gross)	**8,615.33**	**18,261.65**	**26,731.35**	**34,778.00**	**59,654.60**	**74,738.06**
Provisions						
Standard Assets	22.00	44.857	62.125	79.125	131.994	206.301
Sub-Standard Assets	0.98	20.53	79.55	106.98	185.09	284.36
Doubtful Assets	0.00	6.47	23.13	106.75	304.15	426.19
Total Provisions	**22.98**	**71.86**	**164.80**	**292.85**	**621.23**	**916.85**
Loan Outstanding (net)						
Standard Assets	8,583.48	18,012.69	25,872.20	33,456.64	57,149.70	70,727.45
Sub-Standard Assets	8.86	177.10	637.16	808.27	1,952.54	2,364.72
Doubtful Assets	0.00	0.00	57.19	220.24	(68.87)	729.05
Total Loans Outstanding (net)	**8,592.34**	**18,189.78**	**26,566.55**	**34,485.15**	**59,033.37**	**73,821.21**

The following table sets forth certain information relating to the NPA portfolio:

	As at March 31,					As at September 30, 2015
	2011	2012	2013	2014	2015	
	(₹ million, except percentages)					
Gross NPAs at the close of the period	**74.50**	**204.10**	**800.40**	**1,242.22**	**2,372.91**	**3,804.31**
Total provisions at the opening of the year/ period	**0.00**	**7.45**	**26.99**	**105.88**	**213.72**	**489.23**
Additional provisions during the year/ period	7.45	19.54	93.31	107.84	341.69	221.32
Utilization / Reversal during the year/ period	0.00	0.00	14.42	0.00	66.18	0.00
Total provisions at the close of the period	**7.45**	**26.99**	**105.88**	**213.72**	**489.23**	**710.55**
Net NPAs	**67.05**	**177.11**	**694.52**	**1,028.50**	**1,883.68**	**3,093.76**
AUM	11,778.48	30,467.32	34,441.55	41,377.58	66,882.64	79,601.10
Gross NPAs / AUM (%)	0.63%	0.67%	2.32%	3.00%	3.55%	4.71%
Net NPAs / AUM (%)	0.57%	0.58%	2.02%	2.49%	2.82%	3.87%
Total provisions / Gross NPAs (%)	10.00%	13.23%	13.23%	17.20%	20.62%	18.68%

Asset Liability Management

The following table sets forth the maturity pattern of certain items of assets and liabilities as at the end of the relevant fiscal period or year.

(₹ in million)

		1 day to 30/31 (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
Liabilities										
Borrowings from banks	As at September 30, 2015	657.01	2,027.88	2,769.89	3,889.82	11,063.15	14,468.51	1,940.56	0.00	36,817.82
	As March 31, 2015	330.26	2,850.63	2,183.11	2,849.31	10,179.43	15,504.76	2,297.78	0.00	36,195.28
	As March 31, 2014	368.76	656.63	292.01	2,809.39	10,588.54	14,273.09	5.76	0.00	28,986.20
	As March 31, 2013	524.70	602.70	501.00	2,591.30	8,016.70	10,198.50	1,611.50	0.00	24,046.40
	As March 31, 2012	100.00	450.00	500.00	1,391.60	5,654.81	6,459.80	1,250.00	0.00	15,806.21
Market borrowings	As at September 30, 2015	-	-	-	-	-	8,000.0	16,650.00	350.00	25,000.00
	As March 31, 2015	-	-	-	-	-	7,250.00	2,100.00	2,650.00	12,000.00
	As March 31, 2014	-	-	-	-	-	-	-	350.00	350.00
	As March 31, 2013	-	-	-	-	-	-	-	-	-
	As March 31, 2012	-	-	-	-	-	-	-	-	-
Assets										
Advances (net of provisions for non-performing assets))	As at September 30, 2015	2,125.31	2,204.05	2,243.89	6,456.09	12,027.76	32,258.41	6,155.02	1,130.14	64,600.69
	As March 31, 2015	1,370.43	1,462.83	1,529.24	4,266.77	7,931.61	25,193.90	5,119.20	981.12	47,855.40
	As March 31, 2014	1,260.99	1,324.05	1,368.11	3,929.32	7,077.34	13,957.01	1,868.05	0.42	30,785.30
	As March 31, 2013	781.00	825.00	846.00	2,506.00	4,982.00	13,767.70	1,500.00	0.00	25,207.70
	As March 31, 2012	340.30	465.20	474.90	1,449.20	2,937.70	9,226.40	1,411.80	0.20	16,305.70
Investments (net of provision for dimunition for value of investments)	As at September 30, 2015	254.43	259.07	233.95	873.62	1,372.69	884.60	41.39	-	3,919.75
	As March 31, 2015	316.53	289.05	255.64	746.08	1,238.20	1,367.31	68.42	10.12	4,291.36
	As March 31, 2014	158.87	107.34	102.72	239.54	285.25	407.84	0.00	0.00	1,301.57
	As March 31, 2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.23	0.23
	As March 31, 2012	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.23	0.23

THE OFFER

The following table summarizes the Offer details:

Offer ^	**Up to [●] Equity Shares aggregating up to ₹ [●] million**
Of which:	
A. *Fresh Issue* (1)	Up to [●] Equity Shares aggregating up to ₹ 5,000 million
B. *Offer for Sale:* (2)	Up to 26,608,810 Equity Shares aggregating up to ₹ [●] million
The Offer consists of:	
A. QIB Portion(4)	[●] Equity Shares
Of which:	
(i) Anchor Investor Portion*	Up to [●] Equity Shares
Of which:	
Mutual Fund Portion	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
(ii) Balance available for allocation to QIBs other than Anchor Investors, including Mutual Funds (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
B. Non-Institutional Portion(3)	Not less than [●] Equity Shares
C. Retail Portion(3)	Not less than [●] Equity Shares
Pre and post-Offer Equity Shares(4)	
Equity Shares outstanding prior to the Offer	378,718,619 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of proceeds of this Offer	For details, see "***Objects of the Offer***" on page 118. Our Company will not receive any proceeds from the Offer for Sale.

^ *Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, is considering a Pre-IPO Placement of up to 26,000,000 Equity Shares for cash consideration aggregating up to ₹ 2,000 million, prior to filing of the Red Herring Prospectus. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of at least such percentage of Equity Shares as is equivalent to a value of ₹ [●] million (calculated at the Offer Price) being offered to the public.*

* *Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the Net QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For further details, see "**Offer Procedure**" on page 423.*

(1) *The Fresh Issue has been authorised by our Board pursuant to its resolution dated February 12, 2016, and by our Equity Shareholders pursuant to their resolution passed at the Extraordinary General Meeting ("**EGM**") dated March 23, 2016.*

(2) *Approved by a resolution of the board of directors of Everfin Holdings dated December 7, 2015. Everfin Holdings has provided its consent to offer up to 26,608,810 Equity Shares by its consent letter dated March 29, 2016.*

*The Equity Shares offered by Everfin Holdings in the Offer for Sale have been held by it for a continuous period of at least one year prior to the date of this Draft Red Herring Prospectus and are accordingly eligible for being offered in accordance with Regulation 26(6) of the SEBI ICDR Regulations. For further details, see "**Capital Structure**" on page 102.*

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

(4) *Assuming full subscription to the Offer.*

Note: The Offer comprises the Fresh Issue which shall constitute [●]% of our post-offer equity share capital and the Offer for Sale which shall constitute [●]% of our post-offer equity share capital. The Rupee amount of the Retail Discount, if any, will be determined by our Company and the Investor Selling Shareholder, in consultation with the BRLMs and advertised in an English national daily newspaper, a Hindi national daily newspaper and a Tamil newspaper, each with wide circulation, in the place where our Registered Office is situated, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. For details see "***Offer Procedure***" on page 423.

GENERAL INFORMATION

Our Company was incorporated on November 12, 2008, as a public limited company under the Companies Act, 1956, with a certificate of incorporation granted by the RoC. Our Company received its certificate of commencement of business on March 4, 2009. Pursuant to a certificate issued by the RBI on March 22, 2010, our Company was permitted to commence operations as a NBFC under section 45 IA of the Reserve Bank of India Act, 1934. Our Company was originally classified as a SI-NBFC-ND in the calendar year 2010. Our Company was subsequently granted the status of an NBFC-AFC by the RBI pursuant to a certificate of registration received on May 12, 2014. For further details, see "***History and Certain Corporate Matters***" on page 185. For details of the business of our Company, see "***Our Business***" on page 155.

Registration Number with RBI: N-07.00782

Corporate Identity Number: U65993TN2008PLC069837

Registered Office

1, Sardar Patel Road, Guindy
Chennai 600 032, Tamil Nadu, India
Tel: +91 44 3925 2525
Fax: +91 44 3925 2553
E-mail: compliance@hindujaleylandfinance.com
Website: www.hindujaleylandfinance.com

Corporate Office

27-A, Developed Industrial Estate
Industrial Estate, Guindy
Chennai 600 032, Tamil Nadu, India
Tel: +91 44 3925 2533
Fax: +91 44 3925 2553

Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, Chennai, located at the following address:

Registrar of Companies
Block No.6, B Wing 2nd Floor
Shastri Bhawan 26, Haddows Road
Chennai 600 034, Tamil Nadu, India

Board of Directors

The following table sets out the details regarding our Board as of the date of filing of this Draft Red Herring Prospectus:

Name, Designation and Occupation	Age (years)	DIN	Address
Mr. S. Nagarajan **Designation**: Managing Director and Chief Executive Officer ("**CEO**") **Occupation**: Service	67	00009236	Flat No.3, Ashoka Terrace, 5B, Warren Road, Mylapore, Chennai 600 004, Tamil Nadu, India
Mr. Dheeraj G Hinduja **Designation**: Non-executive Director **Occupation**: Industrialist	44	00133410	24, Carlton House Terrace, London SW1Y4TE, United Kingdom

Name, Designation and Occupation	Age (years)	DIN	Address
Mr. Gopal Mahadevan **Designation**: Non-executive Director **Occupation**: Service	49	01746102	Abbotsbury, Flat 7C, Block I, 42 C P Ramaswamy Road, Alwarpet, Chennai 600 018, Tamil Nadu, India
Mr. Sudhanshu Tripathi **Designation**: Non-executive Director **Occupation**: Service	56	06431686	Great Eastern Gardens, F/503, 5th Floor, LBS Marg, Kanjurmarg (West), Mumbai 400 078, Maharashtra, India
Mr. Atul Kapur **Designation**: Nominee Director **Occupation**: Professional	52	01778935	21 Holland Park, Lien Towers, Singapore 249476
Mr. R. Sundararaman **Designation**: Independent Director **Occupation**: Service	73	00008172	Flat No.G229, Ushas Apartments, 16th Main Road, Jayanagar, 4th Block, Bangalore 560 011, Karnataka, India
Mr. R. S. Sharma **Designation**: Independent Director **Occupation**: Consultant	65	00013208	B3-1102, The World Spa (W), Sector 30, Gurgaon 122 001, Haryana, India
Mr. Debabrata Sarkar **Designation**: Independent Director **Occupation**: Consultant	62	02502618	Flat No. 701, Mayfair Boulevard (old Narayan Apartments), Main Avenue Road, Off Linking Road, Santacruz (West), Mumbai 400 054, Maharashtra, India
Ms. Bhumika Batra **Designation**: Independent Director **Occupation**: Professional	34	03502004	32, Mody Street, Fort, Mumbai 400 001, Maharashtra, India
Mr. Samir Bhatia **Designation**: Independent Director **Occupation**: Entrepreneur	52	01769655	301/303, 3rd Floor, Beaumonde Tower A, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, Maharashtra, India

For brief profiles and further details of our Directors, see “***Our Management***” on page 193.

Chief Financial Officer

Mr. G. Vijayakumar is the Chief Financial Officer (“**CFO**”) of our Company. His contact details are as follows:

Mr. G. Vijayakumar
27-A, Developed
Industrial Estate, Guindy
Chennai 600 032, India
Tel: +91 44 3925 2523
Fax: +91 44 3925 2553
E-mail: vijayakumarg@hindujaleylandfinance.com

Company Secretary and Compliance Officer

Mr. S. Ramasamy is the company secretary and compliance officer of our Company. His contact details are as follows:

Mr. S. Ramasamy
27-A, Developed
Industrial Estate, Guindy
Chennai 600 032, Tamil Nadu, India
Tel: +91 44 3925 2527
Fax: +91 44 3925 2553
E-mail: compliance@hindujaleylandfinance.com

Bidders can contact the Compliance Officer, the BRLMs, their respective SCSBs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or unblocking of funds.

Bidders may contact the BRLMs for any complaints pertaining to the Offer. All grievances in relation to the Offer, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted, as applicable, quoting the full name of the sole or first Bidder, Bid cum Application Form number, address of the Bidder, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the Book Running Lead Manager where the Bid cum Application Form was submitted by the Anchor Investor. Further, the Bidder shall enclose the Acknowledgment Slip/application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

Investor Selling Shareholder

Details of the Investor Selling Shareholder are as follows:

Name	Details
Everfin Holdings	Everfin Holdings, a company incorporated under the laws of Mauritius and having its registered office at 3rd Floor, Standard Chartered Tower, Bank Tower, Bank Street, 19, Cybercity, Ebene 72201, Mauritius

Book Running Lead Managers

Axis Capital Limited
Axis House, 1st Floor
C 2 Wadia International Center
Pandurang Budhkar Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: +91 22 4325 2183
Fax: +91 22 4325 3000
E-mail: hlfl@axiscap.in
Investor Grievance E-mail:
complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Ms. Simran Gadh
SEBI Registration No.: INM000012029

ICICI Securities Limited
ICICI Centre,
H.T. Parekh Marg, Churchgate
Mumbai 400 020
Maharashtra, India
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
E-mail: hlfl.ipo@icicisecurities.com
Investor Grievance E-mail:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Rupesh Khant
SEBI Registration No.: INM000011179

SBI Capital Markets Limited
202, Maker Tower E, Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: +91 22 2217 8300
Fax: +91 22 2217 8332
E-mail: hlfl.ipo@sbicaps.com
Investor Grievance E-mail:
Investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr. Gitesh Vargantwar
SEBI Registration No.: INM000003531

YES Securities (India) Limited
YES Bank Tower, IFC 2, 19th floor,
Senapati Bapat Marg, Elphinstone (W)
Mumbai 400 013, Maharashtra, India
Tel: +91 22 3347 9688
Fax: +91 22 2421 4511
E-mail: hlfl.ipo@yessecuritiesltd.in
Investor Grievance E-mail:
igc@yessecuritiesltd.in
Website: www.yesinvest.in
Contact Person: Mr. Aditya Vora
SEBI Registration No.: MB/INM000012227

Statement of inter-se allocation of responsibilities among the Book Running Lead Managers

The responsibilities and coordination by the BRLMs for various activities in this Offer are as follows:

S. No.	Activity	Responsibility	Co-ordination
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, size of issue, allocation between primary and secondary, etc.	Axis, I-Sec, SBICAPS, Yes Securities	Axis
2.	Pre Offer – Due diligence of the Company's operations, management, business plans, legal etc. Drafting and design of this DRHP, RHP and Prospectus. Compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of RHP and Prospectus and RoC filing, follow up and coordination until final approval from all regulatory authorities. Finalizing Bid cum Application Forms. Co-ordination for submission of 1% security deposit to the Designated Stock Exchange.	Axis, I-Sec, SBICAPS, Yes Securities	Axis
3.	Coordinating approval of all statutory advertisements in relation to the Offer.	Axis, I-Sec, SBICAPS, Yes Securities	Axis
4.	Coordinating approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	Axis, I-Sec, SBICAPS, Yes Securities	SBICAPS
5.	Appointment of other intermediaries including Bankers to the Offer, Printers, Advertising Agency, Registrar to the Offer, Grading and Monitoring Agency, as applicable.	Axis, I-Sec, SBICAPS, Yes Securities	Yes Securities
6.	International Institutional Marketing of the Offering, which will cover, inter alia, • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules. • Preparation of Roadshow Presentation.	Axis, I-Sec, SBICAPS, Yes Securities	Axis
7.	Domestic institutional marketing including, • finalization of the list and division of investors for one to one meetings; • institutional allocation; • finalizing the list and division of investors for one to one meetings, and finalizing investor meeting schedules.	Axis, I-Sec, SBICAPS, Yes Securities	I-Sec
8.	Non-Institutional and Retail Marketing of the Offering, which will cover, inter alia, • Formulating marketing strategies; • Preparation of publicity budget; • Finalizing Media and PR strategy; • Finalizing centres for holding conferences for brokers etc. • Distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material; and finalizing collection centres.	Axis, I-Sec, SBICAPS, Yes Securities	I-Sec
9.	Finalization of pricing in consultation with the Company, and the Investor Selling Shareholder and Managing the book.	Axis, I-Sec, SBICAPS, Yes Securities	Axis
10.	Co-ordination with the Stock Exchanges for book building software, bidding terminals and mock trading.	Axis, I-Sec, SBICAPS, Yes Securities	SBICAPS

S. No.	Activity	Responsibility	Co-ordination
11.	Post-Bidding activities – including allocation to Anchor Investor (if applicable), management of escrow accounts, co-ordination of non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to Bidders,. The Post Offer activities for the Offer will involve essential follow up steps, which include the finalisation of basis of allotment, dispatch of refunds, demat and delivery of shares, finalisation of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Offer and Escrow Collection and Refund Banks. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company; STT payment for offer for sale; Post Offer stationery and CAN for Anchor Investors; Co-ordination with SEBI and Stock Exchanges for Refund of 1% Security Deposit and Submission of all post Offer reports including the Initial and final Post Offer report to SEBI. Submission of Media Compliance report to SEBI.	Axis, I-Sec, SBICAPS, Yes Securities	SBICAPS

Syndicate Members

[●]

Legal Counsel to our Company as to Indian Law

Shardul Amarchand Mangaldas & Co
Express Towers
Nariman Point
Mumbai 400 021, India
Tel: +91 22 4933 5555
Fax: +91 22 4933 5550

Legal Counsel to the Book Running Lead Managers as to Indian Law

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

International Legal Counsel to the Book Running Lead Managers

Squire Patton Boggs Singapore LLP
10 Collyer Quay
#03-01/02 Ocean Financial Centre
Singapore 049315
Tel: +65 6922 8668
Fax: +65 6922 8650

Legal Counsel to the Investor Selling Shareholder as to Indian Law

AZB & Partners
Plot No. A-8, Sector 4
Noida 201301
National Capital Region Delhi
Tel: + 91 120 417 9999
Fax: + 91 120 417 9900

Special Counsel to our Promoters

M/s. Crawford Bayley & Co.
State Bank Building, 4th Floor
N.G.N. Vaidya Marg, Fort
Mumbai 400 023
Maharashtra, India
Tel: +91 22 2266 8000
Fax: +91 22 2266 3978

Registrar to the Offer

Karvy Computershare Private Limited
Karvy Selenium Tower B
Plot 31 and 32, Gachibowli
Financial District, Nanakramguda
Hyderabad 500 032
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
E-mail: hlf.ipo@karvy.com
Investor Grievance E-mail: hlf.ipo@karvy.com
Website: www.karisma.karvy.com
Contact Person: Mr. Murali Krishna
SEBI Registration No.: INR000000221

Auditors to our Company

B S R & Co. LLP
No. 10, Mahatma Gandhi Road
Nungambakkam
Chennai 600 034
Tel: + 91 44 3914 5000
Fax: +91 44 3914 5999
E-mail: sethuramans@bsraffiliates.com
ICAI Firm Registration Number: 101248W / W – 100022
Peer Review Number: 006478

Banker to the Offer/Anchor Escrow and Refund Bank

[●]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries on SEBI's website, or at such other website as may be prescribed by SEBI from time to time. For details of the Designated Branches which shall collect Bid cum Application Forms, please refer to the above-mentioned link.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP

Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of SEBI (www.sebi.gov.in) and updated from time to time.

Bankers to our Company

Axis Bank Limited
Ground Floor, Karumuthu Nilayam
192 Anna Salai, Chennai 600002
Tel: +91 44 2857 7770
Fax: +91 44 2854 4193
E-mail: vishal.mirpuri@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Vishal A Mirpuri

DCB Bank Limited
601 and 602, Peninsula Business Park
6th Floor, Tower A, Senapati Bapat Marg
Lower Parel (West), Mumbai 400013
Tel: +91 22 6618 7097
Fax: +91 22 6658 9975
E-mail: snigdha.moghe@dcbbank.com
Website: www.dcbbank.com
Contact Person: Ms. Snigdha Moghe

Union Bank of India, Industrial Finance Branch, Chennai
Union Bank of India, IFB Chennai
Union Bank Bhavan, 1st Floor
No. 139, Broadway, Chennai - 108
Tel: +91 44 2346 0749/750
Fax: +91 44 2346 0751
E-mail: ifbchennai@unionbankofindia.com
Website: www.unionbankofindia.com
Contact Person: Mr. S. Sankar

United Bank of India
Old No. 45/New No. 23
Parijatam Sreepuram
1st Street, Royapettah
Chennai – 14
Tel: +91 44 2811 2278/79
Fax: +91 44 2811 2278
E-mail: bmzcc@unitedbank.co.in
Website: www.unitedbankofindia.co.in
Contact Person: Mr. Mohit Dhawan

Vijaya Bank, Mount Road branch
No. 168, Mount Road
Chennai – 600 002
Tel: +91 44 2852 1746/5231
Fax: +91 44 2836 1749
E-mail: vb3008@vijayabank.co.in
Website: www.vijayabank.com
Contact Person: Mr. Rathnappa

Deutsche Bank AG
4-4A, Ground Floor, Western Tower
Sunny Side, Shafi Mohammed road'
Thousand Lights, Chennai 6
Tel: +91 44 7130 9501
Fax: +91 44 7130 9506
E-mail: ramprasad.madiyal@db.com
Website: www.db.com
Contact Person: Mr. Ramprasad Madiyal

State Bank of Hyderabad
Industrial Finance Branch
Chennai - 600001
Tel: +91 44 2533 0156
Fax: +91 44 2535 8322
E-mail: ifb_chn@sbhyd.com
Website: www.sbhyd.com
Contact Person: Mr. S. Ramesh

Allahabad Bank
216A, Annie Besant Road
Manish Commercial Estate, Worli
Mumbai – 400030
Tel: +91 22 2493 0744
Fax: +91 22 2492 7798
E-mail: br.mumworli@allahabadbank.in
Website: www.allahabadbank.in
Contact Person: Mr. Anil Sharma

Oriental Bank of Commerce
63, Dr. Radhakrishnan Salai
Mylapore, Chennai 600 004
Tel: +91 44 2466 1075
Fax: +91 44 2499 1269
Email: bm1043@obc.co.in
Website: www.obcindia.co.in
Contact Person: Mr. T. S. Gopalakrishnan

Canara Bank
Prime Corporate Branch, Ground Floor
Spencer Tower – I, 770 Anna Salai
Chennai 600 002
Tel: +91 44 2849 7011
Fax: +91 44 2849 7016
Email: cb2596@canarabank.com
Website: www.canarabank.com
Contact Person: Mr. Santosh Kumar Patra

Bank of Baroda
No. 1 Club House Road
Chennai 600 002
Tel: +91 44 2345 4278
Fax: +91 44 2345 4339
Email: mountr@bankofbaroda.com
Contact Person: Mr. R. Muthukumaran

Corporation Bank
Corporate Banking Branch
38 and 39, Whites Road
Royapettah, Chennai 600 014
Tel: +91 44 2852 1705
Fax: +91 44 2852 2919
Email: cb0122@corpbank.co.in
Website: www.corpbank.com
Contact Person: Mr. C. Sridharan

HDFC Bank Limited
No. 115, Dr. Radhakrishnan Salai
Mylapore, Chennai 600 004
Tel: +91 44 2847 7254
Fax: +91 44 2847 7250
Email: anand.kasilingam@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Anand Kasilingam

Grading of the Offer

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Monitoring Agency

In accordance with Regulation 16 of the SEBI ICDR Regulations, we are not required to appoint a monitoring agency since the Fresh Issue size is not in excess of ₹ 5,000 million. Our Company will appoint a monitoring agency in relation to the Offer if the Fresh Issue size exceeds ₹ 5,000 million.

Expert

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

Our Company has received consent from the Auditors namely, M/s B S R & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 and as "experts" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as an auditor and in respect of their examination report dated March 23, 2016 on our Restated Financial Information and their report dated March 23, 2016 on the '***Statement of Tax Benefits'*** included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However the term "expert" shall not be construed to mean an "expert" as defined under U.S. Securities Act.

Appraising Agency

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

Credit Rating

As this is an offer of Equity Shares, credit rating is not required.

Trustees

As this is an offer of equity shares, the appointment of trustees is not required.

Book Building Process

"Book building" in context to the Offer refers to the process of collection of Bids from Bidders on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the ASBA within the Price Band. The Price Band and minimum Bid lot will be decided by our Company and the Investor Selling Shareholder in consultation with the BRLMs, and advertised in the [●] edition of [●] (a widely circulated English national newspaper), [●] edition of [●] (a widely circulated Hindi national newspaper) and the [●] edition of [●] (a widely circulated Tamil newspaper, Tamil being the regional language in the place where our Registered Office is located), at least five Working Days prior to the Bid/Offer Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites.

The Offer Price shall be determined by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, after the Bid/Offer Closing Date.

All Bidders, other than Anchor Investors, can participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and NIIs are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the price) at any stage. RIIs can

revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until the Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Except Allocation to RIIs and the Anchor Investors, Allocation in the Offer will be on a proportionate basis.

For further details, see "***Offer Structure***" and "***Offer Procedure***" on pages 419 and 423, respectively.

Illustration of Book Building Process and the Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "***Offer Procedure – Part B – Basis of Allocation – Illustration of Book Building Process and Price Discovery Process***" on page 455.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to filing of the Prospectus with the RoC, our Company and the Investor Selling Shareholder intend to enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the Book Running Lead Managers shall be responsible for bringing in the amount devolved in the event that the respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI ICDR Regulations. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.

(₹ in million)

Details of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

(This table below has been intentionally left blank and will be finalized after the pricing and actual allocation and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations and will be filled in before filing of the Prospectus with the RoC.)

In the opinion of our Board (based on representations from the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or are registered as brokers with the Stock Exchanges. The Capital Raising Committee at its meeting held on [●] has accepted and approved execution of the Underwriting Agreement mentioned above, on behalf of our Company.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement.

In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement mentioned above shall not apply to the applications by the ASBA Bidders in the Offer, except for ASBA Bids procured by any member of the Syndicate or the Bids submitted to the Registered Brokers.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus, is set forth below:

(In ₹, except share data)

		Aggregate nominal value	Aggregate value at Offer Price
A)	**AUTHORISED SHARE CAPITAL**		
	622,907,700 Equity Shares	6,229,077,000	
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER***		
	378,718,619 Equity Shares	3,787,186,190	
C)	**OFFER**		
	Offer of up to [●] Equity Shares aggregating up to ₹ [●] million	[●]	[●]
	Of which:		
	Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 5,000 million[(a)]		
	Offer for Sale		
	By Everfin Holdings of up to 26,608,810 Equity Shares [(c)]	266,088,100	[●]
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares	[●]	[●]
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		1,446,620,257
	After the Offer		[●]

* *Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, is considering a Pre-IPO Placement of up to 26,000,000 Equity Shares for cash consideration aggregating up to ₹2,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of at least such percentage of Equity Shares as is equivalent to a value of ₹[●] million (calculated at the Offer Price) being offered to the public.*

(a) The Fresh Issue has been authorised by our Board pursuant to a resolution passed at its meeting held on February 12, 2016 and by our Shareholders pursuant to a resolution passed at the EGM held on March 23, 2016.

(b) Everfin Holdings confirms that it has consented to participate in the Offer for Sale by offering up to 26,608,810 of Equity Shares held by Everfin pursuant to a resolution of its board of directors dated December 7, 2015.

The Equity Shares being offered in the Offer for Sale, as stated above, have been held by the Investor Selling Shareholder for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Offer.

Changes in our Authorised Share Capital

For details of changes in the authorised share capital of our Company, see "***History and Certain Corporate Matters***" on page 185.

Notes to Capital Structure

1. Share Capital History

(a) History of Equity Share capital of our Company

The following table sets forth the history of the Equity Share capital of our Company:

Date of allotment*/ buy-back	Number of Equity Shares	Face value (₹)	Offer price (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
December 12, 2008	50,000	10	10	Cash	Subscription to the MoA[(1)]	50,000	500,000

Date of allotment*/ buy-back	Number of Equity Shares	Face value (₹)	Offer price (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
March 5, 2009	1,950,000	10	10	Cash	Rights issue in the ratio of 39 Equity Shares for every one Equity Share(2)	2,000,000	20,000,000
May 15, 2009	500,000	10	10	Cash	Rights issue in the ratio of four Equity Shares for every one Equity Share (3)	2,500,000	25,000,000
January 18, 2010	1,000,000	10	10	Cash	Rights issue in the ratio of two Equity Shares for every five Equity Shares(4)	3,500,000	35,000,000
February 24, 2010	1,500,000	10	10	Cash	Rights issue in the ratio of three Equity Shares for every seven Equity Shares (5)	5,000,000	50,000,000
March 30, 2010	10,000,000	10	10	Cash	Rights issue in the ratio of two Equity Shares for every one Equity Share (6)	15,000,000	150,000,000
July 31, 2010	60,000,000	10	10	Cash	Rights issue in the ratio of four Equity Shares for every one Equity Share (7)	75,000,000	750,000,000
July 31, 2010	50,000,000	10	10	Cash	Preferential allotment(8)	125,000,000	1,250,000,000
February 28, 2011	100,000,000	10	10	Cash	Rights issue in the ratio of four Equity Shares for every five Equity Shares (9)	225,000,000	2,250,000,000
September 30, 2011	100,000,000	10	10	Cash	Rights issue in the ratio of four Equity Shares for	325,000,000	3,250,000,000

Date of allotment*/ buy-back	Number of Equity Shares	Face value (₹)	Offer price (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
					every nine Equity Shares (10)		
August 1, 2013	5,321,762	10	10	Cash	Preferential allotment(11)	330,321,762	3,303,217,620
May 9, 2014	47,895,857	10	37.58154	Conversion of CCCPPS	Conversion of CCCPPS(12)	378,217,619	3,782,176,190
August 13, 2015	400,000	10	10	Cash	Equity Shares allotted pursuant to exercise of employee stock options under Hinduja ESOP 2013(13)	378,617,619	3,786,176,190
August 13, 2015	74,000	10	27.95	Cash	Equity Shares allotted pursuant to exercise of employee stock options under Hinduja ESOP 2013 (14)	378,691,619	3,786,916,190
November 2, 2015	27,000	10	27.95	Cash	Equity Shares allotted pursuant to exercise of employee stock options under Hinduja ESOP 2013 (15)	378,718,619	3,787,186,190

(1) *Initial subscription to the MoA by Ashley Holdings Limited (24,900 Equity Shares), Ashley Investments Limited (24,900 Equity Shares), Mr. R. Seshasayee (40 Equity Shares), Mr. S. Nagarajan (40 Equity Shares), Mr. Ram Javhermal Shahaney (40 Equity Shares), Mr. Sridharan Kesavan (40 Equity Shares) and Mr. Chandrashekharan Aduthuraiperumalkoil Ramachandran (40 Equity Shares).*

(2) *ALL was allotted 900,000 Equity Shares, Ashley Holding Limited was allotted 525,000 Equity Shares and Ashley Investments Limited was allotted 525,000 Equity Shares.*

(3) *ALL was allotted 225,000 Equity Shares, Ashley Holding Limited was allotted 137,500 Equity Shares and Ashley Investments Limited was allotted 137,500 Equity Shares.*

(4) *ALL was allotted 580,000 Equity Shares and Ashley Investments Limited was allotted 420,000 Equity Shares.*

(5) *ALL was allotted 695,000 Equity Shares, Ashley Holding Limited was allotted 612,400 Equity Shares and Ashley Investments Limited was allotted 192,600 Equity Shares.*

(6) *ALL was allotted 4,800,000 Equity Shares, Ashley Holding Limited was allotted 2,600,000 Equity Shares and Ashley Investments Limited was allotted 2,600,000 Equity Shares.*

(7) *ALL was allotted 50,000,000 Equity Shares, Ashley Holding Limited was allotted 5,000,000 Equity Shares, Ashley Investments Limited was allotted 5,000,000 Equity Shares.*

(8) *IndusInd International Holdings Limited was allotted 50,000,000 Equity Shares.*

[9] *ALL was allotted 52,000,000 Equity Shares, Ashley Investments Limited was allotted 4,000,000 Equity Shares, Ashley Holdings Limited was allotted 4,000,000 Equity Shares, Hinduja Ventures Limited was allotted 20,000,000 Equity Shares, Aasia Management & Consultancy Private Limited was allotted 3,000,000 Equity Shares, Aasia Management & Consultancy Private Limited jointly with Hinduja Realty Ventures Limited was allotted 10,000,000 Equity Shares and Hinduja Realty Ventures Limited jointly with Aasia Management & Consultancy Private Limited was allotted 7,000,000 Equity Shares.*

[10] *ALL was allotted 20,000,000 Equity Shares, Ashley Investments Limited was allotted 20,000,000 Equity Shares, Ashley Holdings Limited was allotted 20,000,000 Equity Shares, IndusInd International Holdings Limited was allotted 12,500,000 Equity Shares, Hinduja Ventures Limited was allotted 8,888,890 Equity Shares, Aasia Management & Consultancy Private Limited was allotted 1,333,333 Equity Shares, Hinduja Finance Private Limited was allotted 9,722,222 Equity Shares, Aasia Management & Consultancy Private Limited jointly with Hinduja Realty Ventures Limited was allotted 4,444,444 Equity Shares and Hinduja Realty Ventures Limited jointly with Aasia Management & Consultancy Private Limited was allotted 3,111,111 Equity Shares.*

[11] *Everfin Holdings was allotted 5,321,762 Equity Shares.*

[12] *Everfin Holdings was allotted* 47,895,857 *Equity Shares.*

[13] *Mr. S. Nagarajan was allotted 400,000 Equity Shares.*

[14] *Mr.Sachin Pillai was allotted 40,000 Equity Shares, Mr. G. Vijayakumar was allotted 20,000 Equity Shares, Mr. D.C. Jain was allotted 2,000 Equity Shares, Mr. Rohit Sharma was allotted 10,000 Equity Shares and Mr. M.H. Mehdi was allotted 2,000 Equity Shares.*

[15] *Mr. Shrikanth Mannepalli was allotted 15,000 Equity Shares, Mr. Dikshit Mukherjee was allotted 10,000 Equity Shares, and Mr. V. Ragu was allotted 2,000 Equity Shares.*

Ashley Investments Limited, Ashley Holdings Limited and Ashok Leyland Project Services Limited were amalgamated with Ashley Services Limited, by order dated July 15, 2013 passed by the High Court of Madras. Ashley Services Limited was in turn amalgamated with Ashok Leyland Limited by order dated March 21, 2014 passed by the High Court of Madras.

(b) The details of the Compulsory Convertible Cumulative Participating Preference Shares ("**CCCPPS**") issued by our Company are as follows:

Date of allotment of the CCCPPS	**No. of CCCPPS**	**Face value (₹)**	**Issue Price (₹)**	**Consideration (cash, other than cash, etc.)**	**Reason for allotment**	**Details of conversion**
August 1, 2013	47,895,857	10	37.58154	Cash	Preferential allotment[1]	Converted into Equity Shares on May 9, 2014

[1] *Everfin Holdings was allotted 47,895,857 CCCPPS pursuant to the Everfin SSA. For further details, see "**History and Certain Corporate Matters**" on page 185.*

(c) Equity shares issued for consideration other than cash

Our Company has not issued any Equity Shares for consideration other than cash. Further, our Company has not issued any bonus shares out of capitalization of its revaluation reserves or unrealized profits.

2. History of Build up, Contribution and Lock-in of Promoters' Shareholding

a) Build up of Promoters' shareholding in our Company

Set forth below is the build-up of the equity shareholding of our Promoters since incorporation of our Company:

Date of allotment/ transfer	**Number of Equity Shares**	**Face Value per Equity Share (₹)**	**Issue/ Transfer price per Equity Share (₹)**	**Nature of Consideration**	**Nature of Acquisition /Allotment/ Transfer**	**Percentage of Pre-Offer Equity Share Capital (%)**	**Percentage of Post-Offer Equity Share Capital (%)***
Ashok Leyland Limited							
March 5, 2009	900,000	10	10	Cash	Rights issue	0.24	[●]

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Acquisition /Allotment/ Transfer	Percentage of Pre-Offer Equity Share Capital (%)	Percentage of Post-Offer Equity Share Capital (%)*
May 15, 2009	225,000	10	10	Cash	Rights issue	0.06	[●]
January 18, 2010	580,000	10	10	Cash	Rights issue	0.15	[●]
February 24, 2010	695,000	10	10	Cash	Rights issue	0.18	[●]
March 30, 2010	4,800,000	10	10	Cash	Rights issue	1.27	[●]
July 31, 2010	50,000,000	10	10	Cash	Preferential allotment	13.20	[●]
February 28, 2011	52,000,000	10	10	Cash	Rights issue	13.73	[●]
September 30, 2011	20,000,000	10	10	Cash	Rights issue	5.28	[●]
March 31, 2012	(36,100,000)	10	30	Cash	Transfer to Ashley Holdings Limited	(9.53)	[●]
March 31, 2012	(36,100,000)	10	30	Cash	Transfer to Ashley Investments Limited	(9.53)	[●]
December 28, 2012	(13,200,000)	10	40	Cash	Transfer to Ashley Investments Limited	(3.49)	[●]
December 28, 2012	(13,300,000)	10	40	Cash	Transfer to Ashley Holdings Limited	(3.51)	[●]
March 21, 2014**	186,999,800	10	-	For consideration other than cash	Transfer of equity shares held by Ashley Services Limited in favour of ALL pursuant to the merger of Ashley Services Limited with ALL	49.38	[●]
TOTAL (A)	**217,499,800**	**-**	**-**	**-**	**-**	**57.43**	**[●]**
Hinduja Power Limited							
November 2, 2015	70,000,000	10	55.06	Cash	Purchase from IndusInd International Holdings Limited	18.48	[●]
TOTAL (B)	**70,000,000**	**-**	**-**	**-**	**-**	**18.48**	**[●]**
TOTAL (A+B)	**287,499,800**	**-**	**-**	**-**	**-**	**75.91**	**[●]**

* *Assuming full subscription to the Offer.*

*** Ashley Investments Limited, Ashley Holdings Limited and Ashok Leyland Project Services Limited were amalgamated with Ashley Services Limited, by an order dated July 15, 2013 passed by the High Court of Madras. Ashley Services Limited was in turn amalgamated with Ashok Leyland Limited by order dated March 21, 2014 passed by the High Court of Madras. The appointed date of amalgamation was July 1, 2013.*

The entire shareholding of HAL is held by Machen Holding S.A., Luxembourg ("**Machen Holding**"). The entire shareholding of Machen Holding is held by Machen Development Corporation, Panama ("**Machen Corporation**"). The entire shareholding of Machen Corporation is held by Amas Holdings SPF. The share capital of Amas Holding SPF comprises 10,000 shares. Mr. Prakash P. Hinduja having address at "Roc Fleuri", 1 Rue Tenao 98000, Monaco, is the settlor of the Trust which owns Amas Holding SPF, and the beneficiaries of the Trust are members of the Hinduja Family outside India, none of whom are entitled to be more than 15% beneficiaries of the Trust. None of the Non-Resident Indian members of the Hinduja family on an individual basis holds more than 5% of the total shares of Amas Holding SPF.

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.

b) *Shareholding of our Promoters, directors of our Promoters and Promoter Group*

Provided below are details of Equity Shares held by our Promoters, directors of our Promoters and members of the Promoter Group as of the date of this Draft Red Herring Prospectus:

S No.	Name of shareholder	Pre-Offer		Post-Offer*	
		No. of Equity Shares	Percentage of pre-Offer capital (%)	No. of Equity Shares	Percentage of post-Offer capital (%)
Promoters					
1.	Ashok Leyland Limited	217,499,800	57.43	[●]	[●]
2.	Hinduja Power Limited	70,000,000	18.48	[●]	[●]
Sub total (A)		**287,499,800**	**75.91**	**[●]**	**[●]**
Promoter Group					
1.	Aasia Corporation LLP**	13,111,110	3.46	[●]	[●]
2.	Hinduja Ventures Limited	19,888,890	5.25	[●]	[●]
Sub total (B)		**33,000,000**	**8.71**	**[●]**	**[●]**
Directors of our Promoters					
1.	Mr. R. Seshasayee	80	0.00	[●]	[●]
2.	Mr. Vinod Kumar Dasari	40	0.00	[●]	[●]
Sub total (C)		**120**	**0.00**	**[●]**	**[●]**
Total Promoter and Promoter Group (A+B)		**320,499,920**	**84.63**	**[●]**	**[●]**

**Assuming full subscription to the Offer.*
***Formerly known as Aasia Corporation, converted into a limited liability partnership on February 3, 2016.*

c) *Details of Promoters' contribution and lock-in for three years*

Pursuant to Regulation 32 and Regulation 36(a) of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer capital of our Company held by our Promoters shall be considered as minimum promoters' contribution and locked-in for a period of three years from the date of Allotment ("**Promoters' Contribution**").

The lock-in of the Promoters' Contribution would be created as per applicable law and procedures and details of the same shall also be provided to the Stock Exchanges before the listing of the Equity Shares.

As of the date of this Draft Red Herring Prospectus, our Promoters collectively hold 287,499,800 Equity Shares constituting 75.91% of the issued, subscribed and paid-up Equity Share capital of our Company which are eligible for Promoters' Contribution.

ALL has given its consent to include such number of Equity Shares held by them as may constitute an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoters' Contribution and has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' Contribution from the date of filing this Draft Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations. Details of Promoters' Contribution are as provided below:

Name of the Promoter	No. of Equity Shares locked-in	Date of allotment	Face value (₹)	Offer price (₹)	Nature of transaction	% of the fully diluted post-Offer Capital*	Lock-in valid until
Ashok Leyland Limited	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]

**Assuming full subscription to the Offer.*

Our Promoters have confirmed to our Company and the BRLMs that except for the Equity Shares purchased by HPL from IndusInd International Holdings Limited, the acquisition of Equity Shares held by our Promoters have been financed from their internal accruals, as the case may be, and no loans or financial assistance from any banks or financial institutions has been availed of by them for this purpose.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations.

Our Company undertakes that the Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations. In this computation, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not, and shall not, consist of:

(i) Equity Shares acquired during the three years preceding the date of this Draft Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares issued out of revaluations reserves or unrealised profits or bonus shares which are otherwise ineligible for computation of Promoters' Contribution;

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

(iii) Equity Shares issued to the Promoters upon conversion of a partnership firm; and

(iv) Equity Shares held by the Promoters that are subject to any pledge or any other form of encumbrance.

The Equity Shares held by our Promoters are in dematerialized form and may be transferred to and among the Promoters, members of the Promoter Group, or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

3. Details of sales or purchases of securities of our Company by our Promoters, the members of our Promoter Group or our Directors or their relatives during the six months preceding the date of this Draft Red Herring Prospectus are as below:

Name	Promoter/ Promoter Group /Director	Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Issue/ Acquisition price per Equity Share (₹)
Hinduja Power Limited	Promoter	November 2, 2015	Acquisition of Equity Shares	70,000,000	55.06[(1)]

Note: *None of the directors of our Promoters hold any Equity Shares in our Company and no sales or purchases of securities have been made in the six months preceding the date of this Draft Red Herring Prospectus.*

[(1)] Calculated as per exchange rate as on November 2, 2015, ₹ 65.4793/USD

4. Details of share capital locked-in for one year

Except for (a) the Promoters' Contribution which shall be locked in as above; (b) any Equity Shares held by the employees of our Company (who continue to be the employees of our Company as of the date of Allotment) which may be allotted to them under the Hinduja ESOP 2013 prior to the Offer; and (c) Equity Shares which are sold or transferred as part of the Offer for Sale by the Investor Selling Shareholder, the entire pre-Offer Equity Share capital of our Company (including those Equity Shares held by our Promoters in excess of Promoters' Contribution), shall be locked in for a period of one year from the date of Allotment. Any unsubscribed portion of the Offer for Sale would also be locked-in for one year from the date of Allotment.

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

In terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by the Promoters may be transferred to and among the Promoters and or members of the Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of the transferee for the remaining period and compliance with provisions of the Takeover Code. The Equity Shares held by persons other than the Promoters prior to the Offer, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in the hands of the transferee and compliance with the provisions of the Takeover Regulations.

Lock-in of Equity Shares Allotted to Anchor Investors

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

5. Our shareholding pattern

The table below represents the equity shareholding pattern of our Company before the Offer and as adjusted for this Offer, including the Offer for Sale:

Category (I)	*Category of shareholder (II)*	*Nos. of shareholders (III)*	*No. of fully paid up Equity Shares held (IV)*	*No. of Partly paid-up Equity Shares held (V)*	*No. of shares underlying Depository Receipts (VI)*	*Total nos. shares held (VII) = (IV)+(V)+ (VI)*	*Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)*	*Number of Voting Rights held in each class of securities (IX)*				*No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)*	*Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)*	*Number of Locked in shares (XII)*		*Number of Shares pledged or otherwise encumbered (XIII)*		*Number of Equity Shares held in dematerialized form (XIV)*
								No of Voting Rights			*Total as a % of (A+B+C)*			*No. (a)*	*As a % of total Shares held (b)*	*No. (a)*	*As a % of total Shares held (b)*	
								Class e.g.: X	*Class e.g.:y*	*Total*								
(A)	Promoter and Promoter Group	4	320,499,800	Nil	Nil	320,499,800	84.63	320,499,800	Nil	320,499,800	84.63	Nil	320,499,800		Nil		Nil	320,499,800
(B)	Public	14	58,218,819	Nil	Nil	58,218,819	15.37	58,218,819	Nil	58,218,819	15.37	Nil	58,218,819		Nil		Nil	57,717,619
(C)	Non Promoter-Non Public	0	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil		Nil		Nil	Nil
(C1)	Shares underlying DRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil		Nil		Nil	Nil
(C2)	Shares held by Employee Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil		Nil		Nil	Nil
	Total	**18**	**378,718,619**	**Nil**	**Nil**	**378,718,619**	**100.00**	**378,718,619**	**Nil**	**378,718,619**	**100.00**	**Nil**	**378,718,619**		**Nil**		**Nil**	**378,217,419**

6. **Details of the equity share capital held by the Investor Selling Shareholder in our Company**

As on the date of this Draft Red Herring Prospectus, the Investor Selling Shareholder holds 53,217,619 Equity Shares, constituting 14.05% of the issued, subscribed and paid-up Equity Share capital of our Company.

7. **Shareholding of our Directors and Key Managerial Personnel in our Company**

Details of our Directors and Key Managerial Personnel who hold Equity Shares as of the date of this Draft Red Herring Prospectus are as follows:

Name	No. of Equity Shares	% of pre-Offer Equity Share capital
Mr. S. Nagarajan	400,040	0.11
Mr. Sachin Pillai	40,000	0.01
Mr. G. Vijayakumar	20,000	0.01

8. As of the date of this Draft Red Herring Prospectus, our Company has 18 Equity Shareholders.

9. **Top ten shareholders**

(a) Our top ten Equity Shareholders and the number of Equity Shares held by them as of the date ten days prior to the filing of this Draft Red Herring Prospectus and as of the date of this Draft Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares Held	Percentage of equity holding	Number of employee stock options outstanding under Hinduja ESOP 2013
1.	Ashok Leyland Limited	217,499,800	57.43	Nil
2.	Hinduja Power Limited	70,000,000	18.48	Nil
3.	Everfin Holdings	53,217,619	14.05	Nil
4.	Hinduja Ventures Limited	19,888,890	5.25	Nil
5.	Aasia Corporation LLP*	13,111,110	3.46	Nil
6.	IndusInd International Holdings Limited	4,500,000	1.19	Nil
7.	Mr. S. Nagarajan	400,040	0.11	1,600,000
8.	Mr. Sachin Pillai	40,000	0.01	160,000
9.	Mr. G. Vijayakumar	20,000	0.01	80,000
10.	Mr. Srikant Mannepalli	15,000	0.00	60,000
	Total	**378,692,459**	**99.99**	**1,900,000**

**Formerly known as Aasia Corporation, converted into a limited liability partnership on February 3, 2016.*

(b) Our top ten Equity Shareholders as of the date two years prior to filing of this Draft Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares	Percentage of equity holding	Number of employee stock options outstanding under Hinduja ESOP 2013
1.	Ashok Leyland Limited*	217,499,800	65.84%	Nil
2.	IndusInd International Holdings Limited	74,500,000	22.55%	Nil
3.	Hinduja Ventures Limited	19,888,890	6.02%	Nil
4.	Aasia Management and Consultancy Private Limited	11,388,888	3.45%	Nil
5.	Everfin Holdings	5,321,762	1.61%	Nil**

S. No.	Shareholder	No. of Equity Shares	Percentage of equity holding	Number of employee stock options outstanding under Hinduja ESOP 2013
6.	Hinduja Finance Private Limited	1,722,222	0.52%	Nil
7.	Mr. R. Seshasayee	80	0.00%	Nil
8.	Mr. S. Nagarajan	40	0.00%	2,000,000
9.	Mr. Sridharan Kesavan	40	0.00%	Nil
10.	Mr. Vinod K Dasari	40	0.00%	Nil
	Total	**330,321,562**	**100.00**	**2,000,000**

* *Ashley Investments Limited, Ashley Holdings Limited and Ashok Leyland Project Services Limited were amalgamated with Ashley Services Limited, by an order dated July 15, 2013 passed by the High Court of Madras. Ashley Services Limited was in turn amalgamated with Ashok Leyland Limited by order dated March 21, 2014 passed by the High Court of Madras. The appointed date of amalgamation was July 1, 2013.*

***Everfin Holdings was holding 47,895,857 CCCPPS as on date. The CCCPPS were converted into 47,895,857 Equity Shares on May 9, 2014.*

For details relating to the cost of acquisition of Equity Shares by the Promoters, see "***Risk Factors – Prominent Notes***" on page 46.

10. Employee Stock Option Schemes

(a) Hinduja ESOP 2013

Pursuant to the approval accorded by the shareholders at the Annual General Meeting of our Company held in July 1, 2013, the Nomination and Remuneration Committee had formulated the Hinduja ESOP 2013.

The objective of the Hinduja ESOP 2013 is to encourage, reward and motivate the employees of our Company for their performance and commitment and support to the growth of our Company. In case the services of any eligible option grantees are discontinued due to resignation, termination or otherwise, the options granted to such option grantee, but not vested as on that date under the Hinduja ESOP 2013, shall lapse.

The details of Hinduja ESOP 2013 are as follows:

Particulars	Details
Options granted	2,995,000
The pricing formula	2,995,000 options granted at fair market value
Exercise price of options (as of the date of grant of options)	Type A: INR 10/- per option Type B: Fair Value (On listing, the grant price shall be market price) The employee stock options granted entitle the employees to purchase equity shares at an exercise price either at ₹ 10 per option or the fair value at the date of the grant, as determined by our Nomination and Remuneration Committee. The Managing Director was given options at ₹ 10 per Equity Share.
Total options vested	561,000
Options exercised	501,000
Total number of Equity Shares that would arise as a result of full exercise of options already granted (net of cancelled options)	2,804,000
Options forfeited/lapsed/cancelled	190,000
Variation in terms of options	N.A.
Money realised by exercise of options	₹ 6,828,000
Options outstanding (in force)	2,304,000
Employee-wise details of options granted to:	
(i) Senior managerial personnel, i.e., Directors	Mr. S. Nagarajan – 2,000,000 (1,600,000 options outstanding) Mr. Sachin Pillai – 200,000 (160,000 options outstanding)

<table>
<tr><td></td><td>and key management personnel</td><td>Mr. G. Vijayakumar – 1,000,00 (80,000 options outstanding)</td></tr>
<tr><td>(ii)</td><td>Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td>N.A</td></tr>
<tr><td>(iii)</td><td>Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant</td><td>N.A</td></tr>
<tr><td colspan="2">Fully-diluted EPS on a pre-Offer basis on exercise of options calculated in accordance with Accounting Standard (AS) 20 ‘Earning Per Share’</td><td>Diluted EPS as of March 31, 2013 is ₹ 2.81 per Equity Share, as of March 31, 2014 is ₹ 2.25 per Equity Share, as of March 31, 2015 is ₹ 2.99 per Equity Share and as of September 30, 2015 is ₹ 1.69 per share.</td></tr>
<tr><td colspan="2">Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that will have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company for</td><td>Fiscal 2013

Impact on profit: Profit would be less by nil
Impact on EPS:

<table>
<tr><td>Basic EPS</td><td></td></tr>
<tr><td>- As reported</td><td>₹ 2.81</td></tr>
<tr><td>- Proforma</td><td>₹ 2.81</td></tr>
<tr><td>Diluted EPS</td><td></td></tr>
<tr><td>- As reported</td><td>₹ 2.81</td></tr>
<tr><td>- Proforma</td><td>N.A</td></tr>
</table>
Fiscal 2014

Impact on profit: Profit would be less by ₹ 0.06 million
Impact on EPS:

<table>
<tr><td>Basic EPS</td><td></td></tr>
<tr><td>- As reported</td><td>₹ 2.47</td></tr>
<tr><td>- Proforma</td><td>₹ 2.47</td></tr>
<tr><td>Diluted EPS</td><td></td></tr>
<tr><td>- As reported</td><td>₹ 2.25</td></tr>
<tr><td>- Proforma</td><td>N.A.</td></tr>
</table>
Fiscal 2015

Impact on profit: Profit would be less by ₹ 3.57 million
Impact on EPS:

<table>
<tr><td>Basic EPS</td><td></td></tr>
<tr><td>- As reported</td><td>₹ 2.99</td></tr>
<tr><td>- Proforma</td><td>₹ 2.98</td></tr>
<tr><td>Diluted EPS</td><td></td></tr>
<tr><td>- As reported</td><td>₹ 2.99</td></tr>
<tr><td>- Proforma</td><td>N.A.</td></tr>
</table>
For the period between April 1, 2015 to September 30, 2015</td></tr>
</table>

<table>
<tr><td></td><td>Impact on profit: Profit would be less by ₹ 1.50 million
Impact on EPS:

<table>
<tr><td>Basic EPS</td><td></td></tr>
<tr><td>- As reported</td><td>₹ 1.68</td></tr>
<tr><td>- Proforma</td><td>₹ 1.68</td></tr>
<tr><td>Diluted EPS</td><td></td></tr>
<tr><td>- As reported</td><td>₹ 1.68</td></tr>
<tr><td>- Proforma</td><td>N.A.</td></tr>
</table></td></tr>
<tr><td>Weighted-average exercise prices and weighted-average fair values of options will be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td>Fiscal 2013

Weighted average fair value (as of the date of grant) – N.A

Fiscal 2014

Weighted average fair value (as of the date of grant) – ₹ 27

Fiscal 2015

Weighted average exercise price (as of the date of grant) – ₹ 15.28 (as of March 31, 2015)

Weighted average fair value (as of the date of grant) – No new grants during the year

For the period between April 1, 2015 to September 30, 2015

Weighted average exercise price (as of the date of grant) – ₹ 15.67

Weighted average fair value (as of the date of grant) – No new grants during the year</td></tr>
<tr><td>Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option</td><td>Our Company has not adopted the Black Scholes Model method but has used intrinsic value method to estimate the fair value of the options with the following assumptions:

<table>
<tr><th>Assumptions</th><th>Measurement</th></tr>
<tr><td>Expected volatility</td><td>0.00%</td></tr>
<tr><td>Expected dividends</td><td>0.00%</td></tr>
<tr><td>Risk-free interest rate (based on government bonds)</td><td>8.00%</td></tr>
<tr><td>Expected life</td><td>Four years</td></tr>
</table></td></tr>
<tr><td>Vesting schedule</td><td>Vesting of options granted in Fiscal 2013:

<table>
<tr><th>Date of Vesting</th><th>% of Vesting</th></tr>
<tr><td>N.A.</td><td>Nil</td></tr>
</table>
Vesting of options granted in Fiscal 2014:

<table>
<tr><th>Date of Vesting</th><th>% of Vesting</th></tr>
<tr><td>N.A.</td><td>Nil</td></tr>
</table>
Vesting of options granted in Fiscal 2015:

<table>
<tr><th>Date of Vesting</th><th>% of Vesting</th></tr>
<tr><td>March 26, 2015</td><td>20%</td></tr>
</table>
Vesting of options granted in for the period between April 1, 2015 to September 30, 2015:

<table>
<tr><th>Date of Vesting</th><th>% of Vesting</th></tr>
</table></td></tr>
</table>

	N.A. | Nil
Lock-in	Nil
Impact on profits and EPS of the last three years if our Company had followed the accounting policies specified in Regulation 15 of the SEBI ESOP Regulations in respect of options granted in the last three years	Our Company has followed the accounting policies specified in Regulation 15 of the SEBI ESOP Regulations and the impact is as follows: *Impact on profits* Fiscal 2013: N.A. Fiscal 2014: ₹ 0.28 million Fiscal 2015: ₹ 17.10 million *Impact on Basic EPS* Fiscal 2013: N.A. Fiscal 2014: ₹ 0.00 Fiscal 2015: ₹ 0.01 *Impact on Diluted EPS* Fiscal 2013: N.A. Fiscal 2014: ₹ 0.00 Fiscal 2015: ₹ 0.00
Aggregate number of Equity Shares intended to be sold by the holders of Equity Shares allotted on exercise of options granted under the Hinduja ESOP 2013 within three months after the listing of Equity Shares pursuant to the Offer	Nil
Quantum of Equity Shares arising out of or allotted under the Hinduja ESOP 2013 intended to be sold within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under the ESOP 2011 amounting to more than 1% of the issued capital of our Company	Nil

11. The details of Equity Shares issued by our Company in the last one year preceding the date of filing of this Draft Red Herring Prospectus, which may have been issued at a price lower than the Offer Price are as follows:

S. No.	Name of person/ entity	Whether belongs to Promoter Group	Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per equity share	Reason for allotment
1.	Mr. S. Nagarajan	No	August 13, 2015	400,000	10	10	Equity Shares allotted pursuant to exercise of employee stock options
2.	Mr. Sachin Pillai	No	August 13, 2015	40,000	10	27.95	
3.	Mr. G. Vijayakumar	No	August 13, 2015	20,000	10	27.95	

S. No.	Name of person/ entity	Whether belongs to Promoter Group	Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per equity share	Reason for allotment
4.	Mr. Rohit Sharma	No	August 13, 2015	10,000	10	27.95	under Hinduja ESOP 2013
5.	Mr. D.C. Jain	No	August 13, 2015	2,000	10	27.95	
6.	Mr. M.H. Mehdi	No	August 13, 2015	2,000	10	27.95	
7.	Mr. Shrikanth Mannepalli	No	November 2, 2015	15,000	10	27.95	
8.	Mr. Dikshit Mukherjee	No	November 2, 2015	10,000	10	27.95	
9.	Mr. V. Ragu	No	November 2, 2015	2,000	10	27.95	

12. Our Company, our Directors and the BRLMs have not entered into any buy-back, standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Offer.

13. Neither the BRLMs nor their associates hold any Equity Shares as of the date of filing of this Draft Red Herring Prospectus. The BRLMs and their affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company and/or our Subsidiary, for which they may in the future receive customary compensation.

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

15. Except for Mutual Funds sponsored by entities related to the BRLMs, if any, the BRLMs and any persons related to the BRLMs cannot apply in the Offer under the Anchor Investor Portion

16. Our Company has not issued any Equity Shares out of its revaluation reserves.

17. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as of the date of filing this Draft Red Herring Prospectus.

18. Other than the outstanding options vested under Hinduja ESOP 2013, there are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into our Equity Shares as of the date of this Draft Red Herring Prospectus.

19. As of the date of this Draft Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956.

20. Except for any exercise of options vested pursuant to Hinduja ESOP 2013, the Pre-IPO Placement before filing of the Red Herring Prospectus with the RoC and the issuance of Equity Shares under this Offer, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares, whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use of Equity Shares as consideration for acquisitions or participations in such joint ventures.

21. Except for any exercise of options vested pursuant to Hinduja ESOP 2013, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

22. None of the Equity Shares held by the members of our Promoter Group are pledged or otherwise encumbered. None of the Equity Shares offered by the Investor Selling Shareholder through the Offer for Sale are pledged or otherwise encumbered.

23. During the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus, no financing arrangements existed whereby our Promoters, directors of our Promoters, our Promoter Group, our Directors or their relatives may have financed the purchase of Equity Shares by any other person.

24. Our Promoters and Promoter Group will not participate in the Offer.

25. This Offer is being made through the Book Building Process wherein 50% of the Offer shall be available for allocation to QIBs on a proportionate basis. Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance of Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being 6from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to RIIs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price such that, subject to availability of Equity Shares, each RII shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all RIIs on a proportionate basis.

26. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Investor Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange. Such *inter se* spill-over, if any, would be effected in accordance with applicable law, rules, regulations and guidelines. Under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from any category or combination thereof.

27. The Equity Shares issued pursuant to this Offer shall be fully paid-up at the time of Allotment, failing which, no Allotment shall be made.

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

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

30. Our Company shall ensure that any transactions in the Equity Shares by the Promoters and the Promoter Group during the period between the date of registering the RHP with the RoC and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of such transactions.

31. Any oversubscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Investor Selling Shareholder.

Offer for Sale

The Investor Selling Shareholder will be entitled to the proceeds of the Offer for Sale after deducting their proportion of Offer related expenses. Our Company will not receive any proceeds of the Offer for Sale. Subject to applicable law, all fees and expenses relating to the Offer shall be borne in the proportion mutually agreed between the Company and the Investor Selling Shareholder, by our Company in the first instance, provided that on successful completion of the Offer, the Investor Selling Shareholder shall reimburse our Company for any expenses incurred by our Company on behalf of the Investor Selling Shareholder.

Objects of the Fresh Issue

We are a non-banking finance company in India and are registered with the RBI. As per the capital adequacy norms issued by the RBI, we are required to maintain a minimum capital adequacy ratio, consisting of Tier I capital and Tier II capital which shall not be less than 15% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. For further details see "***Key Regulations and Policies in India***" on page 171.We intend to utilize the Net Proceeds from the Fresh Issue to augment our capital base to meet our future capital requirements. In addition, we believe that the listing of our Equity Shares will enhance our visibility and brand name among existing and potential customers.

The main objects and objects incidental and ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing business activities and the activities for which funds are being raised by us through the Fresh Issue.

Utilisation of the proceeds of the Fresh Issue

The details of utilisation of the proceeds of the Fresh Issue are summarised below:

(₹ in million)

Particulars	Amount
Gross proceeds of the Fresh Issue	5,000 (1)
(Less) Offer related expenses in relation to the Fresh Issue (2) (3)	[●]
Net Proceeds	[●]

(1) *Includes, the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, we may utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer.*

(2) *To be finalised upon determination of the Offer Price.*

(3) *Subject to applicable law, all fees and expenses relating to the Offer shall be borne in the proportion mutually agreed between the Company and the Investor Selling Shareholder, by our Company in the first instance, provided that on successful completion of the Offer, the Investor Selling Shareholder shall reimburse our Company for any expenses incurred by our Company on behalf of the Investor Selling Shareholder.*

After deducting the Offer related expenses in relation to the Fresh Issue, we estimate the proceeds of the Fresh Issue to be ₹ [●] million ("**Net Proceeds**").

Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the Net Proceeds in the aforesaid objects in fiscal 2017 and fiscal 2018.

Appraisal of the Objects

The objects of the Fresh Issue have not been appraised by any bank, financial institution or agency and we have not raised any bridge loans against the Net Proceeds.

The fund deployment indicated above is based on current circumstances of our business and we may have to revise its estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law.

Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, underwriting and lead management fees, selling commissions, SCSBs' commissions/ fees, printing and distribution expenses, legal fees, Offer related advertisements and publicity expenses, registrar and depository fees and listing fees.

Subject to applicable law, all fees and expenses relating to the Offer shall be borne in the proportion mutually agreed between our Company and the Investor Selling Shareholder, by our Company in the first instance, provided that on successful completion of the Offer, the Investor Selling Shareholder shall reimburse our Company for any expenses incurred by our Company on behalf of the Investor Selling Shareholder.

The estimated Offer expenses are as under:

Activity	Estimated expenses (₹ in million)	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the Book Running Lead Managers (including Underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Brokerage and selling commission payable to Syndicate and SCSBs**	[●]	[●]	[●]
Processing fees payable to RTAs, Registered Brokers and CDPs***	[●]	[●]	[●]
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate or Registered Brokers, RTAs or CDPs and submitted with the SCSBs****	[●]	[●]	[●]
Others (listing fees, legal fees, stationery charges, bankers to the Offer, auditor's fees etc.)	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

*** Selling commission payable to the members of the Syndicate and SCSBs, on the portion for RIIs and NIIs, would be as follows:*

Portion for RIIs	*[●]% ^ (exclusive of service tax)*
Portion for NIIs	*[●]% ^ (exclusive of service tax)*

^percentage of the amounts received against the Equity Shares Allotted (i.e. the product of the number of Equity Shares Allotted and the Offer Price)

****Registered Brokers, CDPs and RTAs will be entitled to a processing fee of ₹ [●]/- (plus service tax) per Bid cum Application Form, on valid Bids, which are eligible for allotment, procured from RIIs and NIIs and submitted to the SCSB for processing. The terminal from which the bid has been uploaded will be taken into account in order to determine the total processing fees payable to the relevant Registered Broker/CDPs/RTAs.*

***** SCSBs would be entitled to a processing fee of ₹ [●] (plus service tax) for processing the Bid cum Application Forms procured by the members of the Syndicate, Registered Brokers, RTAs or the CDPs and submitted to SCSBs.*

Means of Finance

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. Accordingly, we confirm that there is no need for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Offer.

Interim Use of Net Proceeds

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, in compliance with the investment policies approved by the Board from time to time. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for trading or dealing in the equity shares of other listed companies.

Monitoring of Utilization of Funds

Our Company is raising capital to meet future capital adequacy related requirements and not for any specified project(s). Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant Fiscal.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee of the Board of Directors the uses and applications of the Offer proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee of the Board of Directors. Such disclosure shall be made only until such time that Net Proceeds have been utilised in full. The statement shall be certified by the Auditor of our Company. Furthermore, in accordance with Regulation 32(1)(a) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations, if any, in the utilisation of the proceeds of the Offer from the objects of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee of the Board of Directors.

Other Confirmations

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoters, Directors, Key Management Personnel and the members of our Promoter Group or Group Company. Further, as the Net Proceeds will be utilized to our Company's capital adequacy related requirements, no part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Directors, Key Management Personnel and the members of our Promoter Group or Group Company, except in the ordinary course of business.

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, a company shall not vary the objects of the Fresh Issue, unless authorised by its shareholders in a general meeting by way of a special resolution. Additionally, the notice in respect of such resolution issued to the shareholders shall contain details as prescribed under the Companies Act, 2013 and such details of the notice, clearly indicating the justification for such variation, shall also be published in one English and one vernacular newspaper in the city where the registered office of a company is situated, as per the Companies Act, 2013 and the rules framed there under. Pursuant to the Companies Act, 2013, the controlling shareholders and the promoters of such company are required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the objects, in accordance with the articles of association, and as may otherwise be prescribed by SEBI under Chapter VI-A of the SEBI ICDR Regulations and the Takeover Regulations.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Investor Selling Shareholder, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the following qualitative and quantitative factors for the Equity Shares. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for the Offer price are:

- track record of our business growth and consistent financial performance;
- synergy with ALL and parentage of the Hinduja group;
- experienced and proven leadership supported by a senior management team;
- risk mitigation through a wide range of assets financed and a geographically diversified AUM with a focus on urban and semi-urban markets;
- expansive and cost effective operational network; and
- independent risk management processes for credit analysis and underwriting.

For further details, please refer to "***Our Business***" and "***Risk Factors***" on pages 155 and 17, respectively.

Quantitative factors

The information presented below relating to our Company is based on the Restated Financial Information prepared in accordance with Companies Act and SEBI ICDR Regulations.

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

1. Basic and Diluted Earnings Per Share (EPS)

As per the Company's Restated Standalone Financial Information:

Particulars	Basic EPS (Rupees)	Diluted EPS (Rupees)	Weight
Year ended March 31, 2015	2.97	2.97	3
Year ended March 31, 2014	2.38	2.17	2
Year ended March 31, 2013	2.67	2.67	1
Weighted average (Refer Note 1)	**3.53**	**2.65**	
Six month period ended September 30, 2015*	1.68	1.68	

** Not Annualized*

As per the Company's Restated Consolidated Financial Information:

Particulars	Basic EPS (Rupees)	Diluted EPS (Rupees)
Six month period ended September 30, 2015*	1.69	1.69

** Not Annualized*

Note 1: Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]

Notes:

i. *The figures disclosed above are based on the Restated Financial Information of the Company.*
ii. *The face value of each Equity Share is ₹ 10.*
iii. *Basic EPS and Diluted EPS Calculations are in accordance with Accounting Standard 20 (AS-20) 'Earnings per Share' issued by ICAI.*
iv. *The above statement should be read with significant accounting policies and the notes to the Restated Financial Information as appearing in Annexures V and VI.*

2. Price Earning (P/E) Ratio in relation to the Price Band of ₹[●] to [●] per Equity Share of ₹10 each

S. No.	Particulars	P/E at the lower end of Price band (no. of times)	P/E at the higher end of Price band (no. of times)
1.	Based on basic EPS as per the Restated Standalone Financial Information for FY 2015	[●]	[●]
2.	Based on basic EPS as per the Restated Consolidated Financial Information for six month period ended September 30, 2015	[●]	[●]
3.	Based on diluted EPS as per the Restated Standalone Financial Information for FY 2015	[●]	[●]
4.	Based on diluted EPS as per the Restated Consolidated Financial Information for six month period ended September 30, 2015	[●]	[●]

*3. Industry P/E ratio**

Particulars	P/E
Highest	29.36
Lowest	15.67
Average	21.39

** P/E based on Financial Year 2015 P/E for the industry peers mentioned below*

*4. Return on Net Worth (RONW)**

a. As per the Restated Standalone Financial Information

Financial Period	Standalone (%)	Weight Standalone
Year ended March 31, 2015	12.23	3
Year ended March 31, 2014	9.83	2
Year ended March 31, 2013	16.71	1
Weighted average (Refer Note 1)	**12.18**	
Six month period ended September 30, 2015*#^	6.53	

** Return on Net Worth (%) = Net Profit after Tax (as restated) divided by Net worth as restated at the end of the year/period*
^ Net worth has been computed by aggregating share capital and reserves and surplus as per the Restated Financial Information.
#Not annualised.

b. As per the Restated Consolidated Financial Information

Financial Period	Consolidated (%)
Six month period ended September 30, 2015*	6.57

**Net worth has been computed by aggregating share capital and reserves and surplus as per the Restated Financial Information.*

Note 1: Weighted average = Aggregate of year-wise weighted Return on Net Worth divided by the aggregate of weights i.e. [(Return on Net Worth x Weight) for each year] / [Total of weights]

5. Minimum Return on Net Worth after Offer to maintain Pre-Offer Basic EPS for Financial Year 2014-15:

Particulars	Restated Standalone (%)	Restated Consolidated (%)
At the Floor Price	[●]	[●]
At the Cap Price	[●]	[●]

6. Minimum Return on Net Worth after Offer to maintain Pre-Offer Diluted EPS for Financial Year 2014-15:

Particulars	Restated Standalone (%)	Restated Consolidated (%)
At the Floor Price	[●]	[●]
At the Cap Price	[●]	[●]

7. Net Asset Value per Equity Share

Period	Restated Standalone (₹)	Restated Consolidated (₹)
Financial Year 2015	24.30	Not Applicable
Financial Year 2014	24.17	Not Applicable
Financial Year 2013	15.97	Not Applicable
NAV after the Issue	[●]	[●]
Offer Price*	[●]	[●]

**Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*

Net Asset Value Per Equity Share = Net Worth as per the Restated Financial Information / number of Equity Shares outstanding as at the end of year/period

8. Comparison with listed industry peers

Name of Company	Standalone / Consolidated	Face Value (₹ Per share)	EPS (₹)		NAV (₹ per share)	P/E[4]	RONW (%)
			Basic	Diluted			
Hinduja Leyland Finance Limited	Standalone [1]	10.00	2.97	2.97	24.30		12.23
Peer Group							
Cholamandalam Investment and Finance Company Limited [2]	Consolidated	10.00	30.71	30.59	220.90	19.13	13.99
Sundaram Finance Limited [3]	Consolidated	10.00	51.83	51.83	337.50	29.36	15.36

(1) Based on Restated Standalone Summary Statements for the year ended March 31, 2015
(2) Source: Annual Report for Cholamandalam Investment and Finance Company Limited, 2015
(3) Source: Annual Report for Sundaram Finance Limited, 2015
(4) P/E ratio based on closing market price as on March 31, 2015 available on www.bseindia.com and using Basic EPS

The Offer Price of ₹ [●] has been determined by our Company and the Investor Selling Shareholder in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process. Our Company and the BRLMs believe that the Offer Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with the chapters titled "***Risk Factors***", "***Our Business***" and "***Financial Statements***" beginning on pages 17, 155 and 224 respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in "***Risk Factors***" and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO HINDUJA LEYLAND FINANCE LIMITED AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

To,

The Board of Directors
Hinduja Leyland Finance Limited
Plot No. 27A, SP, Developed Plot
Sipcot Industrial Estate, Guindy
Chennai – 600 032, Tamil Nadu

Date: March 23, 2016

Dear Sirs,

SUBJECT: STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO HINDUJA LEYLAND FINANCE LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS PREPARED IN ACCORDANCE WITH THE REQUIREMENT IN SCHEDULE VIII – CLAUSE (VII) (L) OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, AS AMENDED ('THE REGULATIONS')

We hereby report that the enclosed Annexure prepared by the Company, states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the IT Act') as amended by the Finance Act, 2015 (i.e. applicable for financial year 2015-16, relevant to the assessment year 2016-17) presently in force in India as on the signing date. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the IT Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover the special tax benefits available to the Company and shareholders. Further, the preparation of the Statement and its contents is the responsibility of the Management. We were informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the offer of sale.
We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

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

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

The enclosed annexure is intended for your information and for inclusion in the Draft Red Herring Prospectus in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For **B S R & Co. LLP**
Chartered Accountants
ICAI firm registration number: 101248W/W-100022

S SETHURAMAN
Partner
Membership No.: 203491
Place: Chennai

ANEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

Outlined below are the possible special tax benefits available to the Company and its shareholders under the direct tax laws in force in India (*i.e.* applicable for the Financial Year 2015-16 relevant to the Assessment Year 2016-17).

BENEFITS UNDER THE IT ACT

The Company shall be entitled to deduction under the sections mentioned hereunder from its total income chargeable to income tax.

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

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

2. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

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

NOTES:

i. The above statement of Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.

ii. This statement is only intended to provide general information to the investors and is neither designed nor intended to be substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We have not commented upon the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section is derived from "Reports of ICRA Limited" titled Indian Automobile Industry Report, November 2015 ***("IAI Report, 2015")*** *and Indian Construction Equipment Industry Report, November 2015* ***("ICEI Report, 2015")*** *as well as Overview of Retail NBFC and HFC Credit February 2016, ("****ICRA - Retail NBFC and HFC Credit Report, 2016****") as well as other government publications and industry sources. Neither we nor any other person connected with the Offer have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect.*

Indian Economy

The International Monetary Fund places India's growth at 7.3% for 2015 and estimates a growth of 7.5% for 2016 and 2017. *(Source: World Economic Outlook Update, January 2016. Available at http://www.imf.org/external/pubs/ft/weo/2016/update/01/index.htm).* As per IMF's estimates in October 2015, there is a gradual increase in the global weight of fast growing countries such as India and China which in turn further increases their importance as drivers of global growth. As per IMF projections, growth in India is expected to rise above the rates in other major emerging market economies. This growth will benefit from recent policy reforms, a consequent pickup in investment, and lower commodity prices. *(Source: World Economic Outlook Update for October 2015. Available at http://www.imf.org/external/pubs/ft/weo/2015/02/).* As per the World Bank, India is on course to overtaking China to become the world's fastest growing major economy in fiscal 2016 and 2017 driven by the Government of India's ("**GoI**") reform drive.

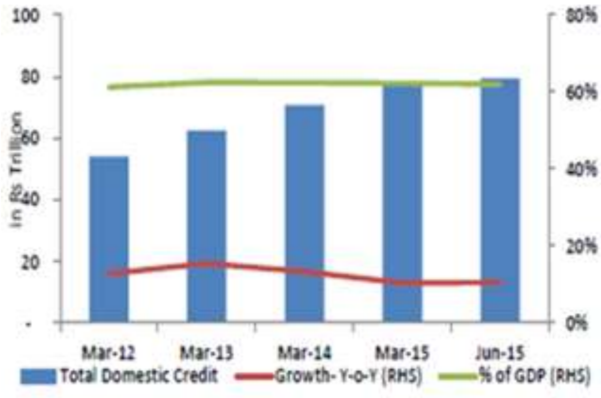
Indian Domestic and Retail Credit Market

Overview of total domestic credit

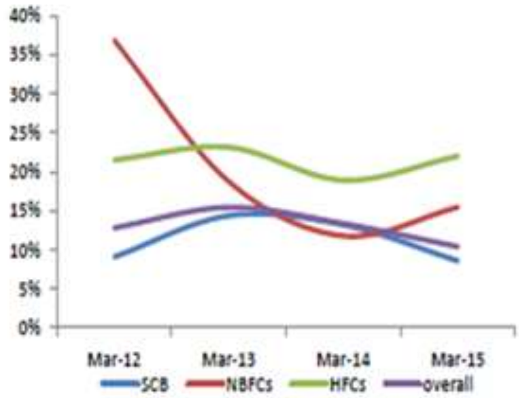
India's domestic credit stood at ₹ 78.4 trillion as on March 31, 2015 (₹ 79.3 trillion as on June 30, 2015) and has expanded at a CAGR of approximately 13% over the period March 2012 to March 2015. Overall domestic credit growth has moderated over the past 2-3 years from approximately 16% in fiscal 2013 to approximately 10.5% in fiscal 2015 on account of subdued credit off-take given the slowdown in economic activity in the country during this period. The credit growth for Scheduled Commercial Banks ("**SCBs**") in particular, which account for about 78% of the overall credit, has moderated sharply to approximately 9% in fiscal 2015 against 14% in fiscal 2013 as the corporate credit segment faced sharp growth and asset quality challenges. NBFCs and HFCs, which have a higher share of retail assets, were able to maintain growth rates in excess of those reported by banks, although lower compared to earlier levels. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

As per ICRA estimates, over the next 12-18 months, India's annual credit growth is expected to increase to 12-12.5% as against approximately 10.5% in fiscal 2015 and as against a 13% 3-year CAGR based on the expectation of a pickup in GDP growth and reduction in interest rates. The index of industrial production volume growth improved in fiscal 2015 to 2.8% against a marginal contraction of 0.1% in fiscal 2014. In the current financial the pace of industrial expansion has improved further to 4.0% in first quarter of fiscal 2016 against 2.9% in first quarter of fiscal 2015. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Size of Domestic Credit Market



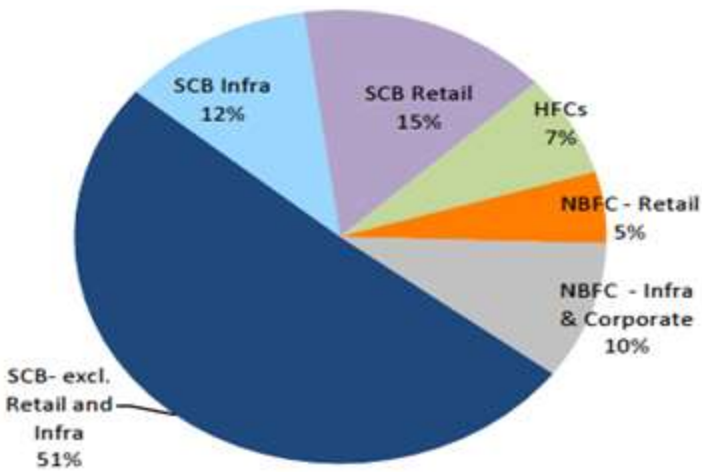
Lender type wise credit growth trends



(Source: ICRA Research, RBI, Investor Presentations)

While banks are the largest source of credit in India and accounted for 78% of total outstanding credit as on June 30, 2015, their share of credit has dipped from 81% as on March 31, 2012 given the growth pressures witnessed over the past 2-3 years. Over this period, NBFCs and HFCs have increased their respective market share to 15% and 7% in March 2015 against 13% and 6% in March 2012 respectively through enhanced and focused product offerings in the infrastructure and retail space and also through increased market/customer penetration. ICRA expects NBFCs and HFC to grow at a higher pace than banks going forward due to their superior service levels, customized lending approach, which help them to widen their customer base, along with the growing risk aversion by banks. The rising asset quality issues, weak internal generation notwithstanding the GoI support for the PSBs could constrain their credit growth, leaving better growth avenues for private sector players (NBFCs, HFCs and private sector banks). *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Total Industry Credit as on June 30, 2015

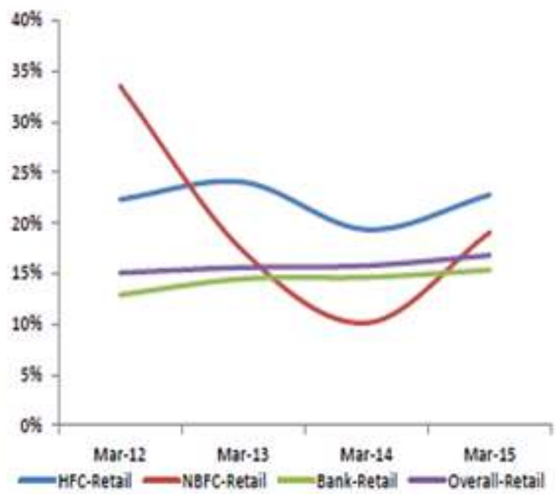


(Source: RBI, Annual Accounts of NBFCs and mortgage lenders and ICRA Research)

Overview of retail credit market

Size of the retail credit market

Retail Credit Growth

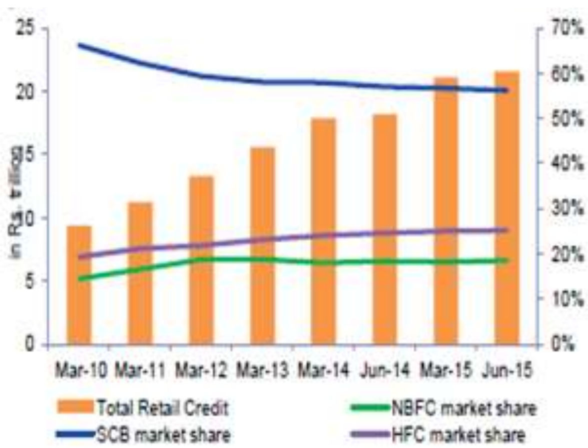


(Source: RBI, Annual Accounts and Investor presentations of NBFCs and retail lenders and ICRA Research)

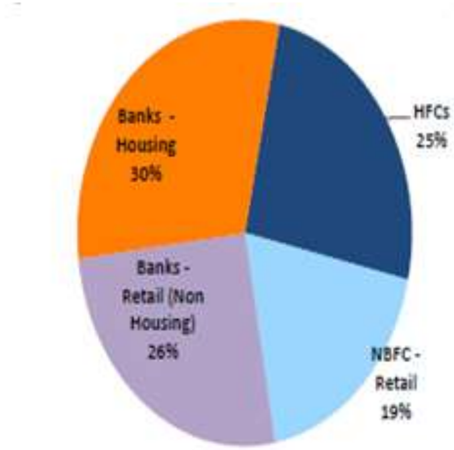
The Indian retail credit market stood at ₹ 21.0 trillion as on March 31, 2015 (₹ 22.0 trillion as on June 30, 2015) and grew at a CAGR of approximately17% during the period March 2012 to March 2015. In line with the challenges faced in economic growth since fiscal 2012, retail credit growth moderated from its peak of 18% in fiscal 2011 to 15% in fiscal 2014 as demand for assets such as Commercial Vehicles ("**CV**s") and Construction Equipments ("**CE**"s) moderated. In fiscal 2015, however retail credit growth witnessed some revival registering an annual growth of 18%. This uptick follows a higher off-take by NBFCs, while banks have also reported higher growth of 15% in fiscal 2015 against 14% in fiscal 2014. The higher level of growth reported by banks reflects their increased focus towards retail segments given prevailing growth and asset quality pressures in the corporate/services segment, which grew by a mere 6% in fiscal 2015. In fiscal 2016, ICRA expects India's annual retail credit growth to increase to 17%-18% as against approximately 16.0% in the previous year based on the expectation of a pickup in GDP growth and reduction in interest rates. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

NBFCs and HFCs maintain sizable presence in retail credit market targeting niche customer segments; relative positioning with respect to banks unlikely to change

Market Share movement of total Retail Credit



Lender wise breakup of retail credit as on June 30, 2015



(Source: RBI, Annual Accounts and Investor presentations of NBFCs and retail lenders and ICRA Research)

Banks have the advantage of access to deposits and extensive branch networks; nevertheless NBFCs and HFCs command a sizable 44% share of India's retail credit, because of their focus on the self-employed segment, better understanding of target customers and focused approach. NBFCs have maintained their market share in retail credit at 18-19% over the past 2-3 years. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Growth enablers for NBFCs and HFC's compared to banks:

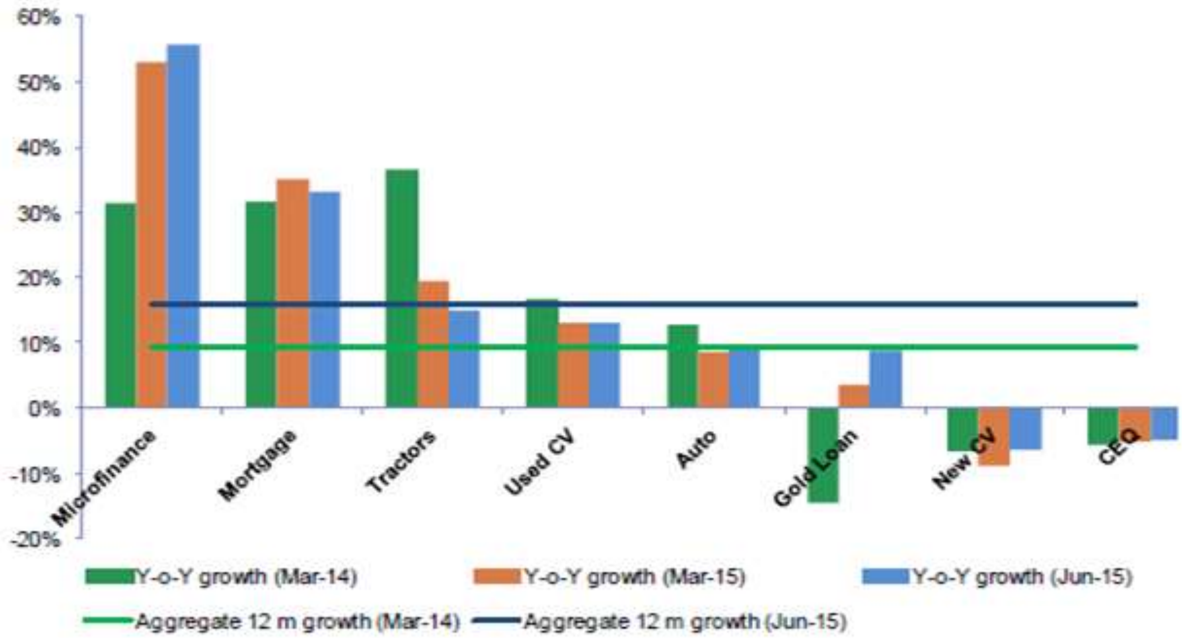
- Niche players in the retail borrower segments have facilitated greater customer understanding, faster turnaround time and improved customer convenience.

- Evolved and expanded into new retail centric products such as gold loan, loan against property (LAP), used CV etc. NBFCs have developed stronger understanding of markets and established monitoring systems and therefore prepared to take greater risks (such as financing used assets, unsecured lending, LAS etc.) and address under the credit requirements of the penetrated customer segments. These attributes are likely to continue to support NBFCs future prospects.

- Limited branch network expansion restrictions enable NBFCs to quickly penetrate markets. Rising income levels and corresponding demand in under penetrated semi urban and rural regions likely to provide opportunities for NBFCs.

On the other hand, regulatory changes such as removal of priority sector benefits, higher capital requirements and, tightened NPA recognition and provisioning could temper the growth of NBFCs.*(Source: ICRA - Retail NBFC and HFC Credit Report, 2016).*

Segment wise growth trends



(Source: RBI, Annual Accounts and Investor presentations of NBFCs)

As on March 31, 2015, the total managed (including off balance sheet book) retail credit of NBFCs stood at approximately ₹ 4.2 trillion (₹ 4.4 trillion in June 2015) and grew at a CAGR of 13% during the period fiscal 2012 to fiscal 2015. Annual retail credit growth of NBFCs witnessed a moderation from the peak level of 33% in fiscal 2012 to about 10% in fiscal 2014 owing to the slow-down in economic activity which impacted the demand for economic productive assets such as CV's and CEs. Growth, however witnessed an uptick in fiscal 2015, largely on account of the robust growth witnessed in the microfinance and mortgage segments and also following a revival in the gold loan segment. A pickup in outlook for the commercial vehicle segment along with a general expected improvement in operating environment is expected to increase NBFC retail credit growth around 16-18% in fiscal 2016 and further to 18-19% in fiscal 2017 against 15% in fiscal 2015. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Trends for key lending segments of Retail NBFCs

Segment	Total credit Jun-15 (in ₹. Billion)	% of NBFC credit	3 year CAGR	Growth Fiscal 2015	Growth Outlook Fiscal 2016	Growth Outlook Fiscal 2017	Delinquency trends 90+ dpd	Credit growth and asset quality outlook
New CV	471	11%	0%	-6%	1-2%	8-11%	Jun-15: 10.0% Mar-13: 3.1%	CVs credit growth pressures to ease in Fiscal 2016 and Fiscal 2017 with the revival of demand in the MHCV truck segment, which is projected to grow by about 24-26% in Fiscal 2016 and by 13-15% in Fiscal 2017, buoyed by a pickup industrial activity and replacement demand. The LCV truck segment however is expected to continue to witness contraction in the near term with an expected volume decline of about 2-4% in Fiscal 2016. Nevertheless, driven by certain structurally favorable factors, the segment's growth prospects over the medium term remain intact and in Fiscal 2017 ICRA expects LCV truck segment to grow by 12¬14%. Some of the factors that are likely to support steady demand for LCVs include (a) further proliferation of "Hub-n-Spoke" logistics model with the implementation of GST, (b) relatively untapped potential in semi-urban and rural areas and (c) improving urbanization. In line with this pickup, credit growth for NBFCs is expected to reverse the sharp de-growth trends registered over the past 2 years. The new CV financing penetration is estimated to be about 90%. From the fleet operator's perspective, the operating environment has started turning favorable since the second half of Fiscal 2015 onwards owing to a sharp decline in diesel prices and relatively firm freight rates. ICRA's channel check with a wide spectrum of fleet operators also suggests that

Segment	Total credit Jun-15 (in ₹. Billion)	% of NBFC credit	3 year CAGR	Growth Fiscal 2015	Growth Outlook Fiscal 2016	Growth Outlook Fiscal 2017	Delinquency trends 90+ dpd	Credit growth and asset quality outlook
								freight rates have remained relatively stable, while diesel prices have declined. While fleet utilization levels haven't improved much (as industrial activity pick-up has been slow), viability of fleet operators has improved. In line with these trends, sharp delinquency buildup over the past 2 years, could see gradual improvement.
Used CV	560	13%	17%	12%	13-15%	12-14%	Jun-15: 8.0% Mar-13: 5.0%	Based on past new CVs sales, financing eligibility of used CVs with a maximum age of 12 years and an average financing cycle of 4-5 years; ICRA estimates the value of used CVs entering the market to grow 12-13% in Fiscal 2016 and 11-12% in Fiscal 2017 to approximately ₹ 650 -670 Billion. ICRA expects NBFC credit growth in the used CV segment to grow 13-15% in Fiscal 2016 and by 12-14% in Fiscal 2017. As in the case of the new CV, favorable industry dynamics have resulted in a stabilization of delinquency trends in the used CV segment. ICRA expects these trends to continue, subject to continuation of the improvement in economic growth prospects. The key demand drivers for used CVs are discussed in the section on Used CV market.
Mortgage/ Home loan	754	17%	36%	35%	30-35%	29-32%	Jun-15: 2.8% Mar-13: 1.0%	Growth to remain healthy at 30-35% in Fiscal 2016 and 29-32% in Fiscal 2017 given the sustained demand from self-employed customers and relatively stable property prices. Delinquencies have increased over the past 12-18 months but remain manageable. Stable property prices, gradual

Segment	Total credit Jun-15 (in ₹. Billion)	% of NBFC credit	3 year CAGR	Growth Fiscal 2015	Growth Outlook Fiscal 2016	Growth Outlook Fiscal 2017	Delinquency trends 90+ dpd	Credit growth and asset quality outlook
								improvement in business activity and softening of interest rates could support borrower repayment capacities. However, lending done to over-leveraged borrowers and based on surrogate income estimates could face higher vulnerability in case pickup in business environment is delayed. At the same time, the proposed coverage of NBFCs under the SARFAESI Act[11] announced in the union budget 2015-16 would strengthen their ability to enforce securities and manage lifetime losses especially in the mortgage segment.
Passenger vehicles	730	17%	11%	8%	10-12%	12-13%	Jun-15: 3.1% Mar-13: 1.1%	PV sales volumes are expected to expand by around 7-8% in Fiscal 2016 and by 8-9% in Fiscal 2017. A possible shift from low cost small cars could keep growth in value terms higher at 10-11%. While competitive pressure from banks could absorb part of this increased market growth; Overall, ICRA expects NBFC credit to the PV segment to grow by 10%-12% in Fiscal 2016 and by 12-13% in Fiscal 2017. In the PV segment NBFCs appear to have increased their penetration by reaching out to an expanded customer base through their deeper geographic outreach in semi-urban and rural locations, particularly in the used PV segment. In Fiscal 2015 while overall PV credit for NBFC grew by approximately 8%, growth in the new car segment was approximately 6-7% while in the used car segment growth was higher at around 17-18%. The proportion of used cars however is estimated to be at

Segment	Total credit Jun-15 (in ₹. Billion)	% of NBFC credit	3 year CAGR	Growth Fiscal 2015	Growth Outlook Fiscal 2016	Growth Outlook Fiscal 2017	Delinquency trends 90+ dpd	Credit growth and asset quality outlook
								approximately 20% of total NBFC passenger vehicle credit. Delinquencies are expected to remain range bound in the segment.
Tractor	260	6%	~30%	19%	8-10%	3-6%	Jun-15: 8.6% Mar-13: 2.2%	The tractor segment could witness a dampening of growth as lenders remain cautious in light of the weak rainfalls over the past 3-4 crop cycles. The tractor AUM, which grew at a CAGR of about 30% in during the last three financial years witnessed a sharp drop in the current financial year following the weak monsoons and moderation in the rural demand. The credit growth in this segment is expected to be about 8-10% in Fiscal 2016 and about 3-6% in Fiscal 2017 due to the above mentioned reasons and the base effect. Delinquencies in the tractor segment have witnessed a sharp increase in 3M- Fiscal 2016 with 90+ days past due (dpd) increasing to approximately 8.6% in June 2015 against 7.0% in March 2015, on account of the impact of adverse rainfall patterns witnessed over the past 3-4 crop cycles. While tractor segment delinquencies tend to taper-off during the latter half of the year; ICRA expects near term delinquencies to remain elevated, as Rabi crop yields also could get affected by un-supportive weather patterns in North India.
Construction Equipment	305	7%	0%	-5%	-3-0%	0-1%	Jun-15: 10.8% Mar-13: 3.7%	NBFC credit portfolio of CEs witnessed de-growth in the last two financial years as the operating environment remained challenging with a slow pickup in construction activity.

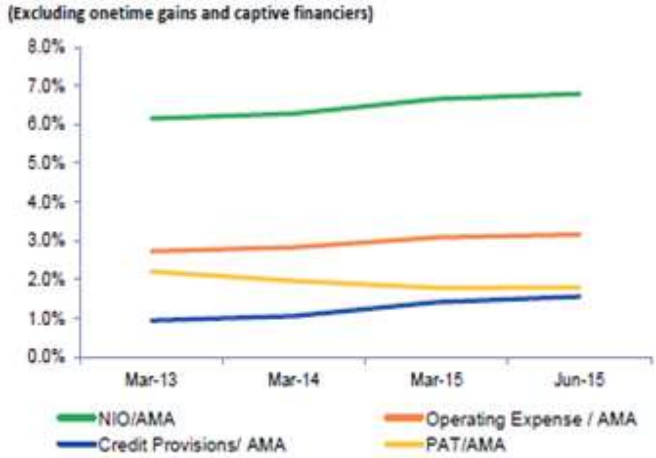
Segment	Total credit Jun-15 (in ₹. Billion)	% of NBFC credit	3 year CAGR	Growth Fiscal 2015	Growth Outlook Fiscal 2016	Growth Outlook Fiscal 2017	Delinquency trends 90+ dpd	Credit growth and asset quality outlook
								The industry average 90+ dpd has increased steadily over the past two years to approximately 10.8% in June 2015, as the CE industry continued to face headwinds with the on-ground pace of construction activity being slow resulting in low capacity utilization; ICRA expect capacity utilization to remain suppressed for another couple of quarters before project execution gathers momentum driven by the initiation of works under contracts awarded over the last 12 months. The impact of the above on delinquencies however is expected to come with a lag and in the near term delinquencies are expected to remain elevated. The Mining and Construction Equipment (MCE) industry is expected to grow by about 5% in Fiscal 2016, which would revive credit demand to an extent. However, the improvement is largely expected to be witnessed from Fiscal 2017 onwards.
2/3-wheelers	145	3%	27%	20%	20-22%	20-22%	Jun-15: 4.5% Mar-13: 3.3%	NBFC credit under the 2/3 wheeler segment has registered a strong 3-year CAGR of 27% March 2015, notwithstanding the slower pace of sales volume growth of 6% and 1% registered in the 2-wheeler and 3-wheeler segments respectively during the same period. The above could be attributed to the emergence of captive financing arms of TVS, Hero and Yamaha, in addition the Bajaj. It is estimated that about 30-40% of 2-wheeler sales are financed and, the financing demand is largely from the semi urban and the rural sectors.

Segment	Total credit Jun-15 (in ₹. Billion)	% of NBFC credit	3 year CAGR	Growth Fiscal 2015	Growth Outlook Fiscal 2016	Growth Outlook Fiscal 2017	Delinquency trends 90+ dpd	Credit growth and asset quality outlook
								ICRA estimates the domestic 2-wheeler industry to post modest 3% volume growth during Fiscal 2016 owing to moderate growth under scooters even as the volumes in the larger segment of motorcycles continues to falter in view of limited flow of first-time buyers whose disposable incomes are unlikely to expand till India's economic (job creation) growth turns more reassuring. Over the medium term, the 2W industry however is expected to report a volume CAGR of 8-9% to reach given the various structural positives associated with the domestic 2W industry including favorable demographic profile, moderate 2W penetration levels (in relation to several other emerging markets), under developed public transport system, growing urbanization, strong replacement demand and moderate share of financed purchases remain intact. While sales volume growth in Fiscal 2016 is expected to be subdued ICRA expects NBFC credit growth to remain robust on the back of rising financing penetration levels which should enable a credit growth of 20-22% in Fiscal 2016 and Fiscal 2017. The 2-wheeler and 3-wheeler customers typically have relatively weaker credit quality. While delinquencies in the segments have been maintained at a moderate level, competitive pressures among NBFCs and some private sector banks could exert pressure on credit norms and asset quality.

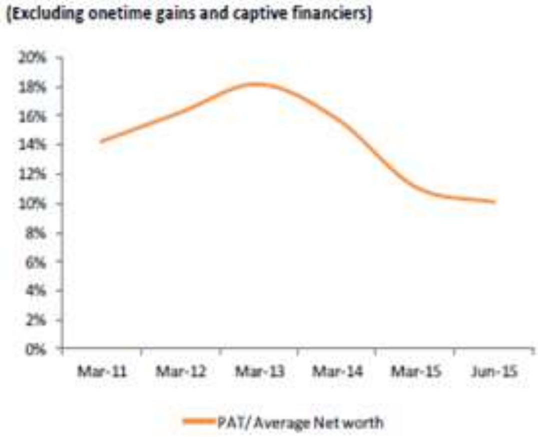
(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)

Profitability-Retail NBFCs

Profitability



Movement in Return on Equity



(Source: RBI, Annual Accounts and Investor presentations of NBFCs)

NBFCs have been able to maintain a good and stable lending spread even as the business growth moderated, indicating their ability to pass on the cost to their customers. The moderate business growth and increase in the delinquencies however has resulted in an increase of the operating expenses and credit costs of NBFCs over the past 3 years, which has resulted in a compression in overall profitability. The operating expenses of NBFCs have increased to about 3.1-3.3% as compared to about 2.7-2.8% three years ago, while credit costs increased to about 1.5-1.6% as compared to about 0.9-1.0% three years ago. The above had a cascading effect on the overall return on managed assets that dipped to about 1.7-1.8% as compared to about 2.1-2.2% three years ago.

While the operating environment is showing signs of improvement, credit costs for NBFCs are expected to remain elevated on account of the increase in NPAs with the adoption of the 150+ day NPA recognition norm. While NBFCs could drop their provisioning coverage to partly absorb the impact of tighter NPA recognition in Fiscal 2016, ICRA expects the ROAs to dip by 20-30 bps because of higher credit provisions, which could bring ROEs down to approximately 10% in Fiscal 2016 from 11% in Fiscal 2015.

Indian Automobile Industry

Indian Commercial Vehicle Industry

Domestic Industry Size and Structure of Indian Commercial Vehicle Industry

With market size of approximately 614,000 unit sales in fiscal 2015, the Indian CV industry ranks among the top-six markets for commercial vehicles, globally. With nearly 233,000 Medium and Heavy Commercial Vehicles ("**MHCVs**") sold annually, it is also one of the top-four heavy-duty truck markets worldwide. Although at a distant position to the World's largest CV market – China, the total number of MHCVs sold in India stand higher than those in some of the developed markets such as Europe (246,000 units), Japan (40,000 units) and even United States (249,000 units). In value terms (₹ 75,000 crore), the Indian CV industry is the second-largest contributor to India's ₹ 350,000 crore automobile industry following passenger vehicles, which contribute nearly 50% to industry size. Over the past 10 years (fiscal 2006-2015), the CV industry has grown at a CAGR of 4.6% aided by buoyant economy, investments in road and highway infrastructure, benign financing environment and introduction of advanced vehicle platforms by OEMs especially in the heavy-duty segment. Besides these factors, a strong consumption driven demand and proliferation of "hub-n-spoke" model have also paved the way for strong demand for light duty trucks that are suited for providing last mile connectivity. Over the years, the gradual implementation of stricter emission norms (from BS II to BS IV) and regulatory ban on overloading of vehicles, especially on long-haulage routes has also led to strong growth in heavy-duty vehicles. *(Source: IAI Report, 2015)*

Based on vehicle's load carrying capacity, the CV industry can be broadly categorized in two segments - MHCVs and Light Commercial Vehicles ("**LCVs**"). In India, vehicles with Gross Vehicle Weight ("**GVW**") less than 7.5T are classified as LCVs, while higher tonnage vehicles are categorized under MHCVs (7.5-49 T). These segments can be classified further into various sub-segments based on their applications. For instance, the heavy-duty truck segment (16.2T+) includes Multi-Axle Vehicles, tractor trailers and tippers, while LCVs in India are dominated by Small Commercial Vehicles ("**SCVs**"), less than 2T and pick-up trucks. In fiscal 2015, the LCV segment accounted for 62% of total industry volumes, while MHCV contributed to the rest. Over the past decade, the proportion of LCVs has expanded from 38% in fiscal 2004 to 68% in fiscal 2014 (i.e. 62% in fiscal 2015). *(Source: IAI Report, 2015)*

This trend has been supported largely by increasing demand for last-mile connectivity, stricter norms for entry of Heavy Commercial Vehicles ("HCVs") within city limits and more importantly with the wide-spread acceptance for SCVs following the introduction of 'Tata Ace', a 1T truck by Tata Motors in fiscal 2006. Within the MHCV truck segment, the share of HCVs (16T+) has also risen from 36% in fiscal 2004 to 64% in fiscal 2015 on back of superior economics offered to fleet operators, improved highway infrastructure and new model introduction by OEMs, targeted at specific applications. The CV industry can also be divided in terms of goods and passenger segment vehicles. In India, nearly 90% of CVs sold are trucks, while buses (both light and medium segment) contribute approximately 13% to industry size. *(Source: IAI Report, 2015)*

Trend in Domestic Commercial Vehicle Sales (in units)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Commercial Vehicle Sales	532,721	684,905	809,499	793,211	632,851	614,961
YoY Growth (%)	38.7%	28.6%	18.2%	-2.0%	-20.2%	-2.8%
M&HCVs	244,944	323,059	349,216	268,689	200,618	232,755
YoY Growth (%)	33.5%	31.9%	8.1%	-23.1%	-25.3%	16.0%
LCVs	287,777	361,846	460,283	524,522	432,233	382,206
YoY Growth (%)	43.4%	25.7%	27.2%	14.0%	-17.6%	-11.6%

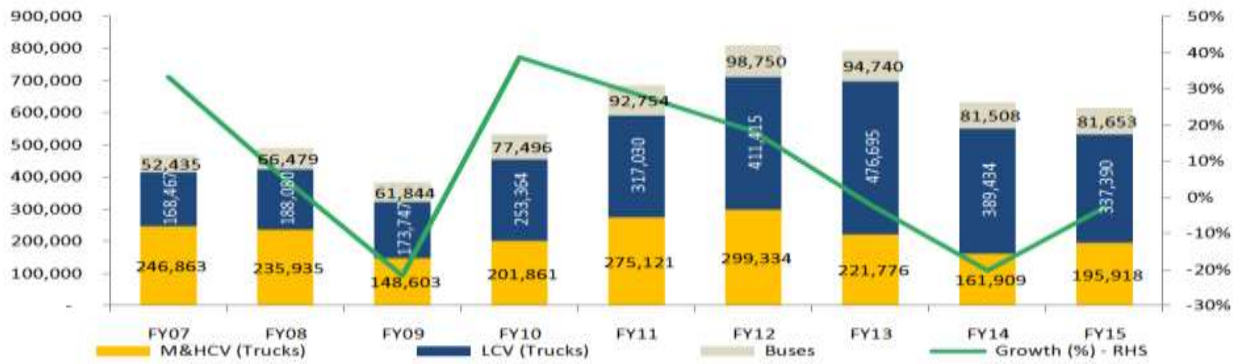
*(Source: Society of Indian Automobile Manufacturers ("**SIAM**"), ICRA estimates)*

Industry Characteristics and Growth Trends of Indian Commercial Vehicle Industry

The prospects of CV industry are closely linked to country's GDP growth, investment environment and infrastructure development. The CV industry in India, as is this case globally, is also highly cyclical with periods of up-cycles followed by sharp downturn and instance of overcapacity. As economy starts growing at faster pace, bargaining power of fleet operators improves, which leads to higher freight rates and incentives for fleet operators to add capacity. Generally, capacity addition tends to be higher than underlying demand, which creates overcapacity in the system and subsequently impacts fleet operator's earnings during periods of slowdown. *(Source: IAI Report, 2015)*

Following the impact of global financial crisis in fiscal 2009, the Indian CV industry recovered sharply over the next two years, experiencing growth of over 30% in each of the following two years (i.e. fiscal 2010 and fiscal 2011). Besides, economy recovery, easing of interest rates and government backed stimulus packages triggered recovery in the industry. To boost demand for new vehicles, the excise duty on CVs was also rationalized by the Government on two occasions. In addition, the benefits of accelerated depreciation for fleet operators and Jawaharlal Nehru National Urban Renewal Mission supported investments in new buses particularly added to the overall demand. The change in emission norms from BS III to BS IV (in top 13 cities) from April 2010 and later across the country from October 2010 (from BS II to BS III) also triggered replacement demand for a brief period. However, after experiencing steady growth for couple of years, the buoyancy in domestic CV industry started deteriorating from March 2012 onwards. While in fiscal 2012, the growth slowed down to 18.2%, it entered into the negative territory in fiscal 2013 (down 2.0% YoY) and weakened further in fiscal 2014 (down 20.2% YoY) on back of weakening economy and surplus capacity in the trucking system. From fleet operator's perspective, the down cycle was characterized by rising operating costs owing to gradually increasing diesel prices, which coupled with low cargo availability, have put pressure on their cash flows. After two years of down cycle, the domestic CV industry started witnessing signs of recovery from fiscal 2015 onwards. Although industry volumes contracted marginally by 2.8% during the fiscal but the pace of decline came down considerably on back of replacement-led demand, favorable pricing owing to excise duty cut and continuation of discounts by OEMs. *(Source: IAI Report, 2015)*

Trend in Domestic Commercial Vehicle Sales (in Units)



(Source: SIAM, ICRA estimates)

Within the CV space, the improvement was driven by sharp recovery in MHCV sales, which albeit on low-base, benefitted from replacement-led demand by large fleet operators. In contrast, the LCV segment however continued to struggle owing to surplus capacity and challenging financing environment amidst rising NPA levels. The third segment of the CV industry viz. buses also started witnessing recovery in sales from third quarter of fiscal 2015 onwards on back of Jawaharlal Nehru National Urban Renewal Mission backed order by State Road Transport Undertakings (SRTUs). Overall, bus sales grew by 0.2% during fiscal 2015 in comparison to a decline of 14% in fiscal 2014. The industry also witnessed an uptick in export sales (up 11.3% YoY) as demand from near-by markets, especially Sri Lanka, Bangladesh and parts Middle East and Africa improved. Moreover, domestic OEMs also benefitted from their increasing focus on expanding market coverage and new model launches. *(Source: IAI Report, 2015)*

With sharp cut in diesel prices (14% between September 2014 and July 2015) and gradually improving macro-economic environment, the operating environment for CV demand has started turning favorable. This is reflected by stable freight rates (despite reduction in diesel prices) and gradually improving cash flows of fleet operators. IAI Report, 2015 states that a channel check with a wide spectrum of fleet operators suggest that although demand for road logistics hasn't improved meaningfully over the past 6-9 months, the reduction diesel prices has come as a relief for the industry, which was reeling under pressure of steadily rising operating costs and weak bargaining power (amidst surplus capacity in the trucking system). The improvement in cash flows of fleet operators has also started showing up in improved collection efficiency for CV financiers, who expect that further deterioration in asset quality indicators is unlikely. *(Source: IAI Report, 2015)*

Notwithstanding these trends, the sector also continues to face some challenges, primarily linked to subdued pickup in infrastructure and mining activities, weak re-sale values of used trucks and relatively cautious financing environment, especially for Small Fleet Operators (SFOs) and First Time Buyers (FTBs). *(Source: IAI Report, 2015)*

Outlook for Indian Commercial Vehicle Industry

As per ICRA's estimates, the MHCV (Truck) segment is likely to register a growth of 19-21% in fiscal 2016 driven by continuing trend towards replacement of ageing fleet, improvement in operating economics of fleet operators and some pre-buying ahead of mandatory introduction of Anti-Lock Braking Systems (ABS) from October 2014. In the near-term, CV sales will also benefit from gradual progression to BS-IV emission norms (All India coverage by April 2017. Unlike MHCVs, we expect the LCV segment to remain subdued in Fiscal 2016 (down 8-10%) as segment's prospects continue to be influenced by overcapacity issues and constrained financing environment amidst rising delinquencies. Nevertheless, driven by certain structurally favorable factor, the segment's growth prospects over the medium-term remain intact. Some of the factors that are likely to support steady demand for LCVs going forward include a) further proliferation of "Hub-n-Spoke" logistics model with the implementation of GST, b) relatively untapped potential in semi-urban and rural areas and c) improving urbanization levels. *(Source: IAI Report, 2015)*

Key challenges faced by the Indian commercial vehicle industry

- *Weakness in macro-economic environment*: The demand for commercial vehicles is directly influenced by macro-economic environment in the country. During periods of strong GDP growth supported by investments in the infrastructure, manufacturing and mining sectors, CV industry indirectly benefits. However, during periods of economic slowdown, the industry goes through period of cyclical downturn.

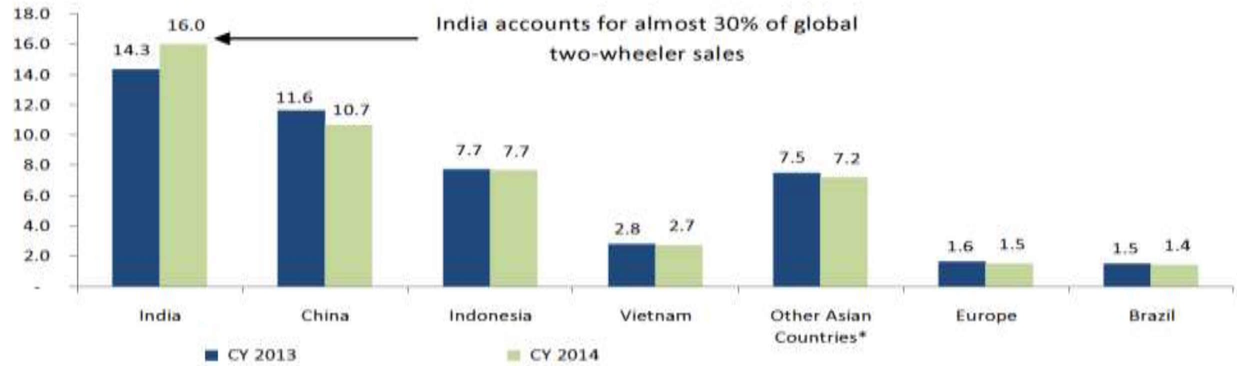
***Competition from railways*: The road logistics sectors, to which commercial vehicles cater to face direct competition from railways, which is considered to be more cost competitive. However, due to dearth of railway infrastructure, the road segment continues to dominate the logistics industry in India. This trend could reverse in favor of railways if significant investments are made in railways sector, leading to stiff competition. (*Source: IAI Report, 2015*)**

Indian Two Wheeler Industry

Domestic Industry Size and Structure of Indian Two Wheeler Industry

With sales volumes of 16.0 million units in fiscal 2015, the Indian Two-Wheeler industry is ranked the largest in the world by volumes, trailed by China and Indonesia. In value terms, the industry size is estimated at approximately ₹ 700,000 Million, being the third largest segment within the automobile industry behind Passenger Vehicles (PVs) and Commercial Vehicles (CVs). Over the last ten years (2005-15), the Indian two wheeler industry has grown at a volume CAGR of 10% aided by favorable demographic profile, moderate two wheeler penetration levels (in relation to several other emerging markets), under developed public transport system, growing urbanization and strong replacement demand. These structural positives continue to remain relevant and are likely to aid industry growth over the medium term. *(Source: IAI Report, 2015)*

Global Two Wheeler Sales (in Million Units) – Key Markets



(Source: Industry Data, ICRA Research)

Trends in Two Wheeler Sales – Domestic Market (in Million Units)

*(Source: **SIAM**, ICRA estimates*

Industry Classification

Based on SIAM classification, the Indian two wheeler industry is grouped into three main categories namely, motorcycles, scooters and mopeds. In fiscal 2015, motorcycles accounted for 67% of industry volumes, followed by scooters at 28% and mopeds at 5%. The industry's performance had been mixed across segments over the last several years with growth in Scooter segment volumes far outpacing that in other segments. With sales volumes of 10.7 million units in fiscal 2015, the motorcycles segment is the largest sub-segment of the domestic two wheeler industry accounting for a bulk of its volumes. However, over the last five years, the motorcycles segment has seen its volume share in the domestic two wheeler industry slide down to 67.1% in fiscal 2015 from 78.4% recorded in fiscal 2009. Although domestic motorcycle volumes grew at 7.9% CAGR during the last five years, the scooters segment grew at a much faster CAGR of 25.2%, contributing to reduction in the motorcycle segment's volume share. *(Source: IAI Report, 2015)*

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	H1 FY2016
Motorcycles	77%	75%	73%	71%	67%	66%
Scooters	17%	19%	21%	24%	28%	30%
Mopeds	6%	6%	6%	5%	5%	4%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(Source: SIAM, ICRA estimates)

Key characteristics and growth trends for the Indian two wheeler industry:

- Relatively lower competitive intensity: Currently, there are ten two wheeler OEMs having operations in India. However, the top four OEMs namely, Hero MotoCorp, Honda, Bajaj Auto and TVS enjoy an overwhelming 90% of the market share. Given that India is the largest two wheeler market in the world, the fact that the top four OEMs enjoy such a large market share is indicative of the relatively lower competitive intensity prevalent in the industry compared to other segments (automobile or otherwise).

- Industry remains quite profitable for the top few players: The two wheeler Original Equipment Manufacturers (OEMs) have made regular capacity expansion related investments over the years to meet the consistent rise in demand. The installed capacity of the top four players rose from 14.5 million units in 2010-11 to 19.5 million units in 2013-14. However, barring the 2007-08 and 2008-09 periods, the overall capacity utilization in the industry has remained healthy. Generally, the variance in production volumes between the highest and the lowest production month during a year is around 25-30%, which implies that capacity utilization in the region of 75-80% is the typical industry norm. As per ICRA's estimates, an addition of 1 million unit two wheeler capacity typically entails an investment of ₹ 1,000 Crore required to be incurred by OEMs. Additionally, an amount of ₹ 2,300 Crore is estimated to be spent by the auto component suppliers considering that two wheeler OEMs have shifted a major part of their capital burden to their vendors. For the bigger players like Hero MotoCorp and Bajaj Auto, the two wheeler business has been highly profitable allowing them to strengthen their balance sheets over the years through strong cash accruals.

Demand drivers for Two Wheeler Segment

- *Favorable demographic profile*: In the age bracket of 20-40 years, which is the key target segment for two wheeler, around 77 million youth got added to the Indian population mix in the last decade, which has been a key contributor to the two wheeler industry's volume growth over the last 10 years. India's demography continues to remain favorable with average age of 25 years, which is 9 years younger than China, and more than 12 years and 19 years younger than the US and Japan, respectively. Over the next five years, the incremental addition in India's youth population is estimated to be approximately 41 million, a fairly large number that is likely to sustain the demand for two wheelers. The 20-40 years age group is characterized by a combination of earning power and high spending propensity, which should increase the likelihood of conversion of potential ownership into actual ownership.

- *Relatively under-penetrated rural market:* The relatively low two wheeler penetration in India, especially in the rural areas have provided the structural thrust to the domestic industry's volume growth over the last decade whose annualized volumes expanded by a factor of 3.4 times during this period. As of fiscal 2011, while two wheeler penetration in urban households stood at around approximately 35%, that in rural households remained relatively underpenetrated at approximately 14%. Accordingly overall penetration levels in India remains moderate and much lower than in some of the other emerging markets such as Brazil, Indonesia, Thailand and Taiwan. Additionally, the social trend in favour of nuclear families is expected to further increase the number of households which could be potential targets for the two wheeler industry. Although two-wheeler penetration in rural households stands at 14%, the rural segment is an important market for two-wheelers, contributing 45-50% to industry sales. *(Source: IAI Report, 2015)*

Two Wheeler Penetration in Urban and Rural Households in India (as on March 31, 2014)

(Source: GoI, Census data, ICRA's research estimates)

Rising urbanization: Empirical data suggests that there is a strong positive correlation between urbanization and two wheeler demand. For instance, two wheeler penetration in states like Delhi, Tamil Nadu and Maharashtra is much higher than pan-India penetration due to the relatively higher degree of urbanization in these states. With urbanization expected to rise progressively, around 89 million people are estimated to be added to India's urban spaces over the next decade (78 million people are estimated to have got added over the last decade), which could potentially be one of the most defining changes likely to transpire. Especially so, since this would add fuel to allied drivers, including increase in proportion of working women and rise in the number of salaried people that is expected to have a strong positive impact on demand for consumer durables. Further, to the extent the rise in urbanization is contributed by migration of people from rural and semi-rural regions, it would in turn support increase in remittances to the rural markets enhancing rural incomes.

- *Target Segment:* The three two wheeler segments are targeted at distinct consumer categories: The motorcycles are targeted at the male population in both rural areas as well as urban areas (with further segmentation based on usage pattern–family bike or individual bike; consumer profile– commuter Vs performance seeker etc.). The scooters are more of an urban phenomenon targeted at the female population (TVS Scooty, Hero Pleasure, Yamaha Ray), male population (Hero Maestro, TVS Jupiter, Yamaha Ray-Z) as well as unisex offerings (Honda Activa, TVS Wego). Mopeds are targeted at the lower middle-class segment and derive a large part of their volume share from rural market where they are used as a utility vehicle bearing heavy loads on rough village road.

Key challenges for Indian Two Wheeler Industry

While the structural positives associated with the domestic two-wheeler industry - including favorable demographic profile, moderate two-wheeler penetration levels (in relation to several other emerging markets), under developed public transport system, growing urbanization, strong replacement demand and moderate share of financed purchases support the overall growth prospects of the industry, it faces challenges in the face of:

- Cyclicality in rural demand: Given that a significant share of two-wheeler sales volumes are generated from the rural markets, the industry remains susceptible to cyclicality associated with rural demand which in turn is influenced by host of factors such as monsoons, agricultural output and crop prices among others.

- Weak macroeconomic sentiments: Overall macroeconomic situation in the country impacts the consumer sentiments which in turn influence the demand scenario. While the domestic two-wheeler industry has displayed relative resilience (in comparison to other auto segments) to the overall macroeconomic performance of the country, the industry has witnessed sluggish demand during downturns.

- Inflationary conditions hurting consumer purchasing power: Though the proportion of financed purchases in the two-wheeler segment remains moderate, a general rise in interest rates, higher fuel prices and inflationary conditions restrict the purchasing power of consumers thereby hurting demand and in turn industry growth.

- Commodity price cycles: Rising commodity prices resulting in increased end prices for customers impedes volume growth to some extent especially in rural markets wherein it may result in deferment of purchase. This is also aggravated by any increase in duties and taxes which are generally passed on to end customers thereby impacting volume growth to some extent.

- Regular investment requirements: High competitive intensity and evolving emission norms necessitate regular investment by two-wheeler players towards new product development and upgrades.

Outlook for Indian Two Wheeler Industry

The domestic two wheeler industry is expected to post modest 2-4% volume growth during fiscal 2016 owing to moderate growth under scooters even as the volumes in the larger segment of motorcycles continues to falter in view of limited flow of first-time buyers whose disposable incomes are unlikely to expand till India's economic growth turns more reassuring. Over the medium term, the two wheeler industry is expected to report a volume CAGR of 8-9% to reach a size of 22-23 million units (domestic + exports) by fiscal 2018, as we believe the various structural positives associated with the domestic two wheeler industry including favorable demographic profile, moderate two wheeler penetration levels (in relation to several other emerging markets), under developed public transport system, growing urbanization, strong replacement demand and moderate share of financed purchases remain intact; as also the large opportunity available to grow presence in overseas markets, mainly Africa and Latin America. *(Source: IAI Report, 2015)*

Projected Two Wheeler Sales in the Domestic Market (Fiscal 2016 – 2020) (In Unit Sales)

(Source: ICRA estimates)

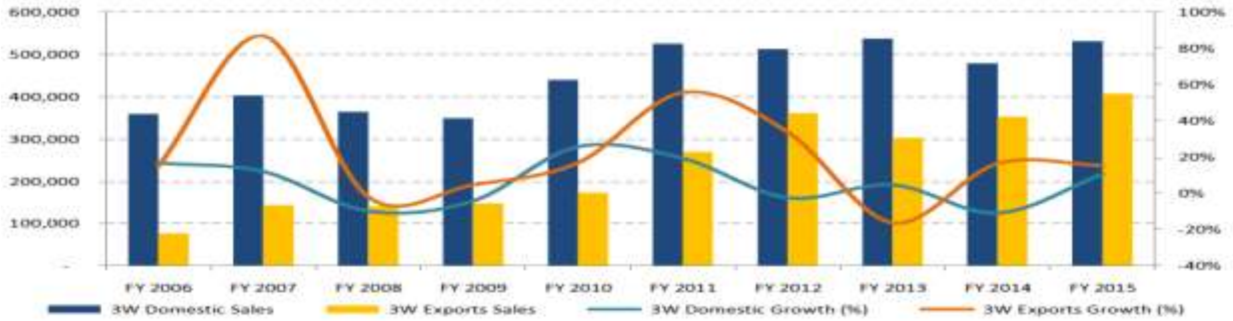
Indian Three Wheeler Industry

Industry Size and Structure of Indian Three Wheeler Industry

With industry volumes of approximately 940,000 units in fiscal 2015, India is positioned as the largest manufacturer as well as market for three wheelers, globally. Over the past decade (i.e. between fiscal 2006-15), the Indian three wheeler industry has witnessed a CAGR of 8.9% in unit sales driven by steadily rising exports as well as domestic demand. Within the overall industry, the domestic three wheeler stood at 532,000 units in fiscal 2015 and has registered a CAGR of 4.4% over the past ten years. In contrast to domestic demand, exports of three wheeler from India have grown at much higher pace (i.e. 20.4%) over the same period. As a result of this trend, the share of exports in three wheeler industry volumes has risen from 18% (in fiscal 2006) to almost 50% (in in the first quarter of fiscal 2016). *(Source: IAI Report, 2015)*

This trend has been supported primarily by two factors viz. a) strong demand from international markets on back of rising demand for last-mile connectivity (owing to lack of well-developed public transport system) in emerging markets in Africa and South-East Asia and b) declining trend in demand for three wheeler goods carriers in the domestic market. One of the key reasons for subdued demand for three wheeler cargo carriers is a result of cannibalization by four-wheeled SCVs, which have gained greater acceptance (over the past decade) on back of superior vehicle characteristics, higher load carrying capability and cash flows for operators. Accordingly, the growth in the domestic three wheeler market has been relatively subdued (compared to exports) even though demand for three wheeler passenger carriers have grown steadily on back of fresh permits being issued by various states at different intervals. *(Source: IAI Report, 2015)*

Trend in Three Wheeler Industry Sales – Domestic and Exports (in Unit Sales)



(Source: SIAM; ICRA estimates)

Industry Classification

Based on application segment, the three wheeler industry in India can be broadly categorized between passenger and cargo variants. Nearly 83% of total three wheeler sold in India are passenger variant with goods carriers accounting for the rest. Over the years, the share of goods carriers in the industry volumes has declined steadily owing to competition from SCVs). Apart from application, the three wheeler industry can also be categorized based on tonnage or seating capacity similar to other segments of Commercial Vehicle Industry. However, in India, majority of three wheeler sales comprise of sub 0.5t (predominantly 0.35t) category of vehicles both in the passenger as well as cargo variants. *(Source: IAI Report, 2015)*

The passenger carrier segment of three wheeler can be further divided between a) contract carriers and b) stage carriers. In general, contract carriers refer to smaller three wheelers (i.e. 0.35t) that have seating capacity for 3 passengers and are usually hired by an individuals. On the other hand, stage carriers comprise of bigger three wheelers which generally ply on fixed routes (i.e. point-to-point) and are used as shared 'auto-rickshaws'. In general, stage carriers or bigger three wheelers have found greater acceptance in Tier II/III cities and rural areas for providing last mile connectivity where public transport system is relatively underdeveloped. The three wheeler industry can also be classified based on fuel type. With improving emission standards and regulatory changes, the share of alternate fuels, especially CNG has risen significantly in the three wheeler segment. In India, some of the Tier I cities such as Delhi, Mumbai etc. have completely moved to CNG for all commercial vehicles over the past several years. This has resulted in share of CNG-based three wheeler sales to rise significantly over the years. *(Source: IAI Report, 2015)*

Industry Characteristics and Growth of Indian Three Wheeler Industry

- Issuance of fresh permits by Road Transport Authorities: The passenger carrier segment of domestic three wheeler industry accounts for over 80% of industry sales. Accordingly, the growth drivers of the domestic three wheeler industry are majorly influenced by factors that drive demand for passenger three wheeler. In India, the majority of passenger three wheeler sales are limited to number of fresh permits issued by road transport authorities in major cities. As a result, sales of three wheeler tend to be sporadic and improve sharply whenever fresh permits are issued by various states and union territories. For instance, in fiscal 2014, the domestic three wheeler industry volumes declined by 10.8%, however, in fiscal 2015, the industry volumes recovered as states like Maharashtra, Delhi, Chandigarh and Hyderabad issued fresh permits. Likewise, the industry volumes have been weak in the current fiscal in absence of any fresh permits.

- Increasing demand for last mile connectivity with expanding city limits: Over the years passenger three wheeler have remained a convenient and affordable means for commuting over short distances within cities because of their easy availability and reasonable fares (with respect to private taxis). The usage of three wheeler have further gained traction as city limits have expanded with development of new residential cum commercial areas. This along with relatively under developed public transport system has supported demand for three wheelers.

- Relatively under penetration in rural areas: Apart from urban cities, demand for three wheelers is also driven by improving penetration in Tier III/IV cities and rural areas. With development of roads, three wheelers are well positioned to cater to last-mile connectivity, especially through stage carriers, which are positioned as 'shared auto rickshaws'. Typically, stage carriers ply on fixed routes between key landmarks like railway/bus stations and key residential/commercial areas. They are also among the most affordable means of transportation.

- Gradually improving financing environment: Unlike CVs, the financing industry for three wheeler is largely dominated by un-organized players as credit risk associated with three wheeler buyers, majority of whom are individuals and First-Time Buyers (FTBs) is considered to be higher. Also, as the ticket-size for three wheeler loans is lower with respect to other vehicle categories, the operating cost of servicing such customers is higher. As a result of these factors, the cost of financing three wheeler is significantly higher with respect to four-wheelers. As per industry estimates, the IRRs for three wheeler are approximately 300-400 bps higher with respect to four wheelers. However, with increasing participation by NBFCs, the cost of financing is gradually reducing and is expected to support three wheeler sales. Favorable operating economic support demand for goods carriers: The goods carrier segment accounts for 17% of domestic three wheeler industry sales. Over the past decade (i.e. fiscal 2006-2015), the segment has witnessed a decline of 4.2% following the emergence of SCVs since 2005. However, even as competition continues to be stiff from SCVs, the three wheeler goods carriers find acceptance for providing transportation with cities owing to their relatively lower vehicle cost (three wheeler goods carriers are priced at almost 50% of entry-level SCVs and ability to ply within city limits without any timing restrictions (In major cities, there are entry barriers on heavy trucks). In addition, three wheeler goods are better suited to commute in congested traffic condition with respect to bigger LCVs.

  Apart from above factors, the demand for three wheeler is also driven by the fact that it provides quick and effective means of self-employment with relatively low capital investment and adequate availability finance, especially with increasing penetration of organized lenders.*(Source: IAI Report, 2015)*

Key challenges of Indian Three Wheeler Industry

- Lack of permits issued by state transports authorities: The demand for passenger carriers segment of three wheeler industry is directly influenced by issuance of fresh permits by state transport authorities. Accordingly, the demand for three wheeler may get impacted during periods when fresh permits are delayed.

- Competition from other modes of transportation: The three wheeler segment plays an important role as one of the affordable alternative for providing last mile connectivity. However, with improving public transport system, especially metros and low floor buses, the demand for three wheeler segment may get impacted. In addition, the emergence of cost-competitive radio cabs is also likely to pose a challenge for three wheeler segment to some extent.

- Competition from Small Commercial Vehicles (SCVs): The goods carrier segment of the three wheeler industry faces stiff competition from SCVs, which have emerged as the key engaged in providing last-mile transportation requirements. Over the years, OEMs have also introduced small tonnage category of vehicles, which compete directly with three wheelers in terms of pricing as well as application. The success of these models could impact sales of goods carriers.

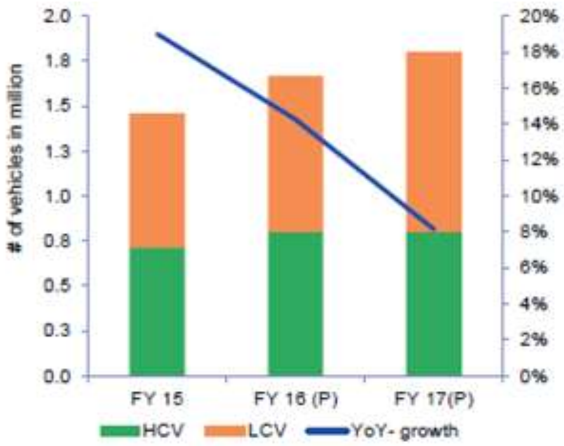
Outlook of Indian Three Wheeler Industry

After registering a growth of 10.8% in volume terms during fiscal 2015, the demand for three wheeler has been on a declining trend since the beginning of the current fiscal year. This trend has primarily been due to lack of fresh permits being issued by various RTAs unlike the previous year when fresh permits were issued in Delhi, Maharashtra, Hyderabad and Chandigarh. As a result of these factors, the passenger variant of domestic three wheeler industry declined by 8.9% in 7m fiscal 2016. The goods carrier segment has also witnessed a contraction 6.1% during the same period amid overcapacity in the SCV segment and tight financing environment. Despite near-term headwinds, ICRA's expects the domestic industry volumes to recover in the near-term on back of expectation of fresh permits by Maharashtra in Q4 fiscal 2016. Accordingly, industry volumes would recover in fiscal 2017 and result in 8-10% growth in domestic volumes.

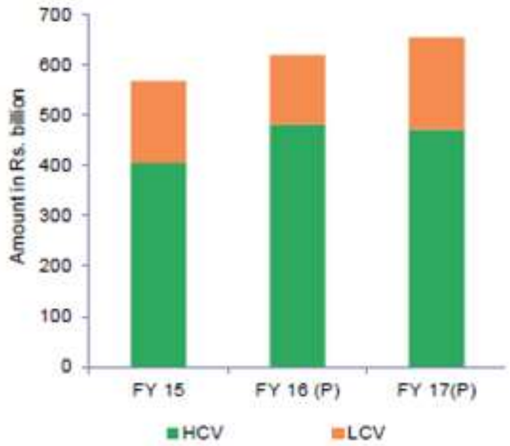
Used Commercial Vehicle Market

Based on past new CVs sales, the financing eligibility of used CVs with a maximum age of 12 years and an average financing cycle of 4-5 years, ICRA estimates that the number of used CVs entering the market in fiscal 2016 could increase by around 14% in fiscal 2016 to approximately 1.6-1.7 million units. In fiscal 2017 however the growth is expected to come down to approximately 8% as the flow of HCV used vehicles is expected to remain at a stable level owing to moderation in new HCV sales in the earlier years. On the other hand, used LCV volume growth is expected to remain healthy until fiscal 2017 owing to the strong new LCV sales volumes registered during the period Fiscal 2010 to 2013, which could come up for re-financing between fiscal 2016 to 2017. ICRA estimates the value of the used CV market to increase from approximately ₹ 550-590 Billion in fiscal 2015 to approximately ₹ 620-670 Billion in fiscal 2017, an approximate 7.5% 2-year compounded growth against an approximate 11% 2-year compounded volume growth, owing to the increase in share of used LCV vehicles over the corresponding period, which have lower values compared to the HCVs.

Trend in projected used CV volumes



Trend projected value of used CVs



(Source: ICRA estimates and SIAM)

Key Demand Drivers for Used Commercial Vehicles

- CV operators factor in the benefit of a used vehicle's lower asset value against weaker fuel efficiency in used vehicles as compared to that of a new vehicle. The operating environment has started turning favorable since the second half of fiscal 2015 onwards due to the softening of diesel prices and relatively firm freight rates, which to an extent offset the concerns regarding the fuel efficiency in used CVs. Prospects of further improvement in economic activity could stimulate freight demand and encourage CV operators to expand their fleet sizes.
- Rural market demand and demand for last mile connectivity is expected to remain a key driver for used CV demand over the medium term.
- Increased financing availability as lenders could look to increase focus on the CV financing segment given the improvement in industry dynamics and easing of borrower credit profiles.

Key Challenges for Used Commercial Vehicles

- Any reduction in the age cap of used CVs from 15 years currently could result in a drop in re-sale values and adversely impact demand
- Requirement of lower vintage vehicles by large industries to ensure faster turn-around-time and lower risk of delays because of breakdowns
- Strict enforcement of loading restrictions and gradual implementation of BS-IV emission norms could moderate demand for used CVs.

Indian Construction Equipment Industry

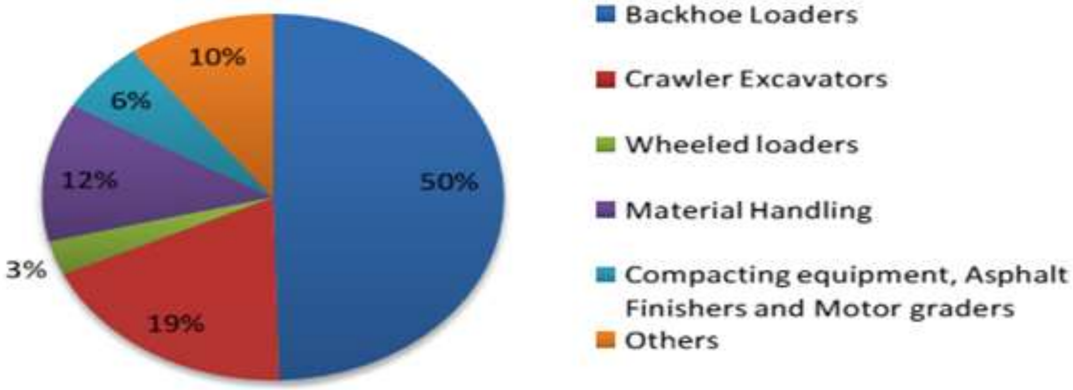
Domestic Industry Size and Structure of Indian Construction Equipment Industry

The Indian Mining and Construction Equipments ("**MCE**") industry operates in two broad categories: Mining Equipment ("**ME**") and Construction Equipment Material Handling. In India, CEs are used more for general purpose construction of residential/non-residential buildings, public infrastructure (roads, ports, airports) and movement of goods (inside shop floors and factories) while ME are largely used in coal and iron ore open cast mines. Globally, usage of these equipments is more specialized with a particular type of product used exclusively for the set application. Equipment capacity and power (tonnage and horse power) is also significantly higher in most countries compared to India. *(Source: ICEI Report, 2015)*

Wide range of products customized for each application

The industry comprises a wide array of products, namely, backhoe, wheeled loaders, hydraulic excavators, mobile cranes, Pick-and-Carry Cranes ("**PNC**"), slew cranes, crawler cranes, lorry cranes, vibratory compactors, asphalt finishers, motor graders, skid steer loaders and forklifts in the construction/material handling industry and dumpers, dozers, dragging walk lines and rope shovels among others in the mining segment. Large tonnage and big bucket excavators and loaders are also used extensively in mining industry. *(Source: ICEI Report, 2015)*

Product breakup in the Indian Market



(Source: Off-highway research, ICRA's estimates)

On the product front, backhoe loader is the largest segment in unit terms, accounting for approximately 50% of industry volumes followed by hydraulic excavators (approximately 20%) and mobile cranes (approximately 15%). The revenue share of the industry is, however, skewed by the relative cost and tonnage of equipment sold within each category. *(Source: ICEI Report, 2015)*

Fragmented with few large global players catering to sizable share of the market

With peak volumes of around 72,000 equipments, Indian demand is but a fraction of global volumes; nevertheless with strong underlying potential given the demographic dividends and the inadequate core infrastructure in the country. The Indian MCE industry has over 200 players, with presence of a few large local players and several joint ventures/subsidiaries of global majors.

*International majors***:** Most of the international majors in the industry namely Caterpillar Inc. USA; Komatsu Limited, Japan; JC Bamford Excavators Limited, UK; Hyundai Construction Equipment India Private Limited (Hyundai), Korea; and Hitachi Construction Machinery Co. Limited, Japan are present in India, either through subsidiaries (Caterpillar, Komatsu, Hyundai) or joint ventures (John Deere). Few global majors also have dealership tie ups in India (IHI, Japan; Manitou BF, France) for marketing their products in India.

Local manufacturers: Apart from the global players, India has a few indigenous manufactures namely, BEML Limited, Escorts Construction Equipment Limited (ECEL), Indo Farm Tractors and Motors Limited (ITML), International Tractors Limited (ITL) and ACE Construction Equipment Limited, among others. Two notable new entrants over the past five years are Ashok Leyland John Deere Construction Equipment Company Limited (a JV between Ashok Leyland Limited and John Deere Global) and Mahindra and Mahindra Limited; both have stayed marginal players.

Chinese OEMs: The last few years also witnessed the entry of few large Chinese MCE companies in India (with their own manufacturing base) - Sany Heavy Industries India Private Limited and Liugong India Private Limited, among others. Chinese MCE companies hold approximately 10-15% market share in the wheeled loader and dozer segment and enjoy a strong presence in concrete mixers and cranes.

Imports: The industry also faces large threats from imported Chinese products. With large economies of scale by virtue of a strong domestic market (till recently) China enjoys significant cost advantages over Indian equipment. However, Chinese products in India face challenges pertaining to warranty support and availability of spares/

after-sales support although some Chinese manufacturers have started addressing these concerns through tie-ups with local established OEMs. Further, the resale value of the Chinese equipment currently remains low, restricting availability of finance. Imports into India originate from other countries too, either because of non-availability of such products in India (higher tonnage cranes and mining equipment for instance) or owing to cost advantages (on used equipment). This trend is more pronounced in material handling equipment; where over approximately 15% of the equipment in the country is currently imported. Developing nations like India are key destinations for used cranes from countries like Australia.

(Source: ICEI Report, 2015)

Outlook for Indian Construction Equipment Industry

Despite the change in the political landscape and supportive initiatives like de-linking of environment and forest clearances, de-risking the road project model through hybrid annuity models (HAM) and premium reschedulement, facilitation of faster clearance and completion of auction-based and transparent coal block allocations among others, the MCE industry has not witnessed any noticeable recovery in demand during the first nine months of current year 2015. Stalled projects continue to plague the market - mostly due to sector specific challenges, project viability issues and promoter cash flows. *(Source: ICEI Report, 2015)*

However, the demand in the Indian MCE industry is expected to pick up in the last quarter of the current fiscal supported by:

- Road projects bid during the past 6 months (largely under the EPC mode) will commence work mopping up the surplus capacities in the market; 2,446 km of roads, including highways, were constructed during April-September 2015 compared to 1,795 km during the corresponding period of the previous financial year; speed of per day construction has also increased significantly in the past month.

- The well received new Hybrid Annuity model (which was introduced in fourth quarter of fiscal 2014-15) will further support bidding for new road projects

- Proposed availability of project linked working capital loans for EPC road projects.

- Pick up in iron ore mining and coal mining projects on the reallocated blocks.

- Given the higher devolution - 42% of the union taxes to the states as untied support under the 14th Finance Commission; states will play an important part in deployment of the required capital in easily executable infrastructure projects and consequently support demand for equipment. Overall, the demand in the Indian MCE industry is estimated to pick-up in the last quarter of the current fiscal, with demand for MCE expected to grow by sub 5% during 2015-16, followed by a sharper pickup of 20-25% during 2016-17. Current year 2016 promises to be a better year for most of the product segments as a result of the ongoing policy measures leading to absorption of surplus inventory in the market.*(Source: ICEI Report, 2015)*

Projected MCE Industry Sales between fiscals 2016-2018

(Source: Industry data, ICRA's estimates)

Loan Against Property

Mortgage loans or Loan against Property (LAP) has been a key growth segment for both NBFCs and HFCs. Based on ICRA's estimate, the mortgage credit (excluding housing credit) of NBFCs and HFCs stood at around ₹ 1.1 trillion as on March 31, 2015 and has expanded at a robust 3-year CAGR of 29%. Past healthy growth has been buoyed by sustained mortgage loan demand from the self-employed segment. NBFCs/HFCs have been able to establish their presence in this segment especially amongst customers with low or limited reported income by putting in place systems and processes to judge their repayment capacity through an expanded appraisal process covering informal assessment of the borrower's actual income. ICRA expects the growth in this segment to be about 24-25% per annum over the next 3-4 years. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

LAP/Mortgage loans are typically extended to self-employed/ MSME customers and secured by an existing property (residential or commercial). Borrowers typically mobilized such resources to fund their business working capital or expansion requirements. Ticket sizes vary widely, from an amount as low as ₹0.1 million and going up to an amount as high as ₹ 1 Billion in some cases, while original tenures range between 10 – 15 years (although subsequently tenures can go up or down with change in interest rate on the underlying loan). The LTVs offered typically vary between 46-65% and are usually a function of the ticket size of the loan offered and the nature of the underlying collateral (for example, a lender may restrict the LTV at 50% for a ₹ 30 million loan backed by a commercial property, but may be willing to offer an LTV as high as 65% on a ₹ 3 million loan against self-occupied residential property). NBFCs over the past few years have expanded their credit in the LAP/Mortgage segment at a robust pace (3 year CAGR of 33%). Key factors for the high growth witnessed in LAP portfolio in the recent past and drivers going forward are discussed hereinafter. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Key Drivers for Loan Against Property

There is strong demand for this product. The borrowers find this product attractive compared to unsecured/ working capital loans on account of the following factors:

- SME-LAP loans are offered at lower interest rates compared to unsecured working capital/ business installment loans. Also, the borrowers are not required to provide receivable/ stock statements to the financier on a periodic basis, which some of the borrowers find operationally cumbersome.

- The loan amount and tenure of funding raised is usually higher compared to unsecured working capital/ business installment loans.

- A large portion of the book qualifies as priority sector lending for banks. Securitization / assignment of these loans to banks, provides a cheap source of funding to NBFCs/HFCs, which increases the attractiveness of this product.

- Lenders have increased their focus in this secured lending product, following weak demand and buildup in delinquencies in the other key asset classes. LAP loans are considered a safer asset class compared to some of the other asset classes such as CVs, CEs, and other segments given the underlying collateral (generally property) and general stability in property prices witnessed over the past few year. Furthermore repayment from such customers usually happens through PDCs/ ECS, which is a less risky and operationally intensive compared to cash repayments seen in the CV and CE segments; furthermore larger ticket-size for this asset class further reduce operating/ servicing cost for this product. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Key Risks for Loan Against Property

- *Assessment of income may involve subjectivity and challenge in monitoring end use:* A large portion of the lending is largely determined based on the assessed income of the borrowers. The assessment of a borrower's income is a subjective process using certain proxies like imputed margin, average bank balance, repayment track record on other loans etc. Therefore, there is a risk that the lender may overestimate the income of the borrower and lend an amount that is higher than warranted. Loan funds could also be used for self-consumption or speculation by the borrower (and not deployed in his business), which increases the underlying credit risk in this product (compared to an asset class like housing loans, where the end use of funds is known).

- *Self-employed borrowers may be more vulnerable to economic cycle and property cycles:* Most NBFCs cater to self-employed borrowers, whose income/ cash-flows are more vulnerable to the prevailing operating environment compared to the salaried borrowers. Furthermore, any sharp decline in property prices may have a significant bearing on the asset quality. If the property prices significantly crash resulting in negative owner's equity, the borrowers may develop a higher propensity to default. Liquidity in the market will also come down due to which the lender may find it even more difficult to repossess and sell the property. Nevertheless, such a situation has not been tested out in the Indian market so far. Enforcement of security may be a difficult and time consuming process given that NBFCs do not have access to SARFAESI action (other legal recourses like Arbitration and Section 138 are less effective and more time consuming than SARFAESI action). It is likely that the borrower would tend to litigate to the extent possible, in case he is not able to repay the loan. If the property is tenanted, taking possession of the property may become even more challenging.

  However, proposed coverage of NBFCs under the SARFAESI Act announced in the union budget 2015-16, if implemented, is likely to strengthen their ability to enforce securities and manage life-time losses especially in the mortgage segment.

- *Over-competition resulting in dilution of credit norms:* Too much competition in this segment can result in some players becoming more aggressive and diluting their credit norms. Overleveraging in the system is also a key concern, especially considering that majority of the loans are not based on reported income of the borrower. Fixed Obligation to Income Ratios (FOIRs) offered by lenders have observed to become aggressive over the past few years. High competitive pressure is also reflected by the high level of prepayments (of 15-25%) witnessed in the segment.

- *Performance correlated with property market:* Any sharp decline in property prices may have a significant bearing on the asset quality. If the property prices significantly crash resulting in negative owner's equity, the borrowers may develop a higher propensity to default. Liquidity in the market will also come down due to which the lender may find it even more difficult to repossess and sell the property. Nevertheless, such a situation has not been tested out in the Indian market so far.

- *Interest rate-related risk:* In an increasing interest rate scenario, the EMI on the loan may go up. The default option taken by all lenders is to increase the tenure of the loan. However, if interest rates go up significantly lenders would need to increase the EMI at some stage to prevent negative loan amortization. This would stretch the repayment ability of the Borrower.

(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)

Housing Finance

According to ICRA's estimates, the total housing credit outstanding in India as on June 30, 2015 was approximately ₹ 10.9 trillion as on June 30, 2015 Over the last 3 years (fiscal 2012-15), the housing credit growth has remained steady (3 Year CAGR of approximatley18%) despite a tough operating environment, subdued real estate demand and low affordability levels. This could be attributed to construction linked housing loans (and thus disbursements being linked to construction stages), secondary sales and low mortgage penetration in India , growth in the small ticket affordable housing segment and demand from Tier II/III cities. Further, long term growth outlook for the sector remains favourable owing to the Government of India's focus on "Housing for All" by 2022, and favourable regulations, which could push overall housing credit growth to 20-22% from fiscal 2017 onwards. These factors along with the focus of GoI on "Housing for All" by 2022, ICRA expects some increase in new project launches (more in the affordable housing space) and some improvement in the pace of under-construction projects leading to higher growth in disbursements over the medium term. Further, builders may offload the high inventory build up in some geographies through better value propositions, leading to increased demand for home loans. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Overview of Indian Housing Finance Market

(amounts in ₹ Billion)

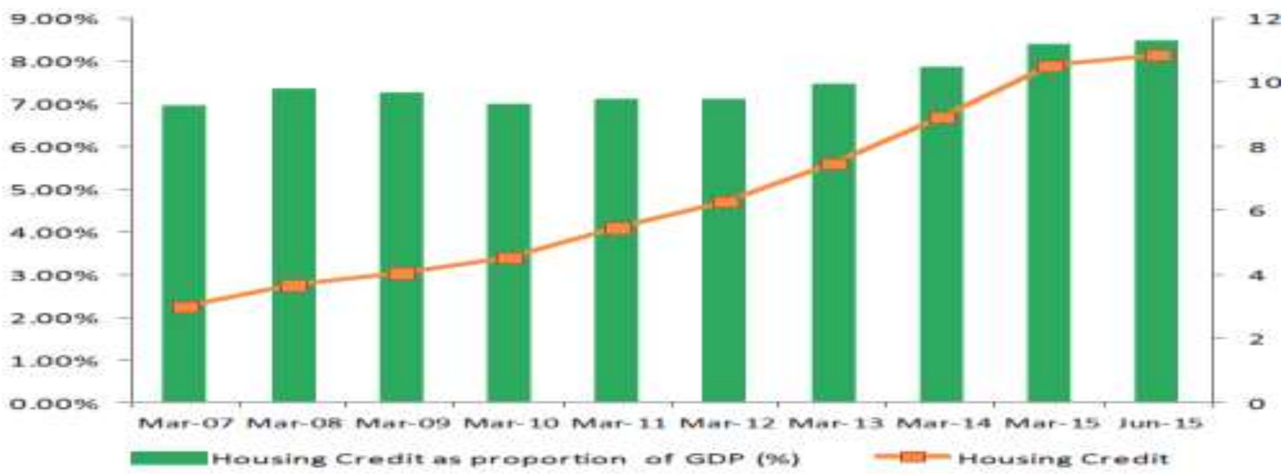
(Source: ICRA estimates, RBI)

Mortgage penetration levels in India have been increasing steadily from around 7% as on March 31, 2007 to around 8.5% as on June 2015, supported by steady growth in the housing finance industry. Factors which have supported steady growth in the housing finance industry are as follows:

- Favourable demographics, with India having a large proportion of its population below the age of 30 years;
- Changing social scenario (increasing rate of urbanisation and number of nuclear families);
- Increase in supply of affordable homes especially in satellite towns of metros;
- Viewing of property as a savings or investment vehicle; and
- Tax incentives on home loans for both principal and interest repayment.

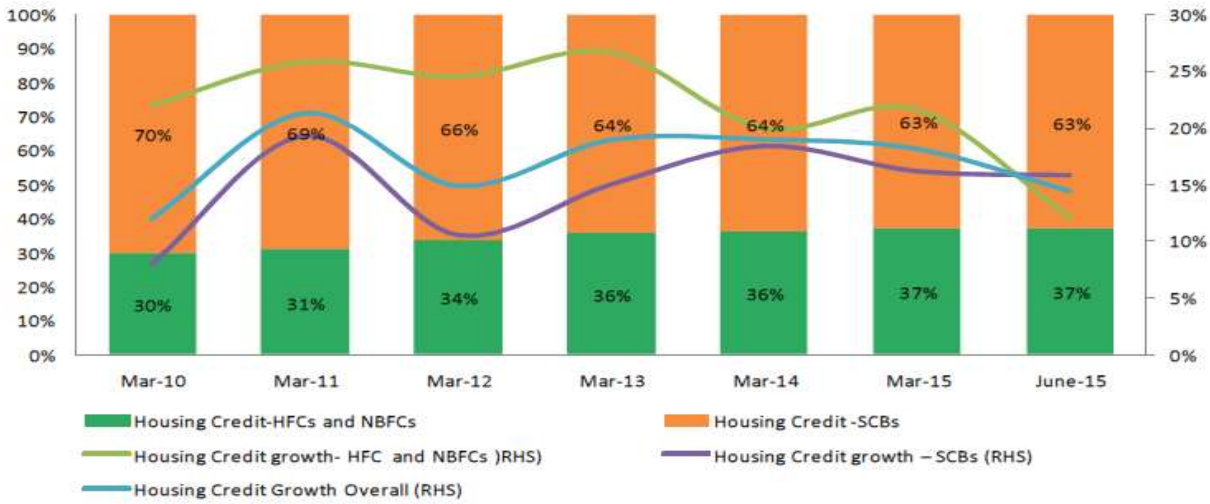
(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)

Housing Credit as a % of GDP



(*Source: ICRA Research)*

Rising market share of HFCs/NBFCs - Housing Credit as a% of GDP



(Source: ICRA research)

Outlook for Indian Housing Finance Market

While the growth outlook for fiscal 2016 is likely to be in the range of 16-18%, likely to be supported by disbursements on construction linked loans, growth in the small ticket affordable housing segment and demand from Tier II/III cities. As for asset quality, While HFCs so far have been able to maintain their asset quality, however, in ICRA's opinion, the overall portfolio vulnerability is increasing, with the increased focus of some of the players on products (like LAP and builder loans), change in the borrower profile towards the self-employed and low income segment (where income streams could be more volatile). Nevertheless, the strong monitoring and control processes, borrowers' own equity in the property and the large proportion of borrowers staying in self-occupied property could reduce the impact of the above mentioned concerns on asset quality to an extent. Overall the Gross NPA% for HFCs is expected to remain range bound between 0.8% - 1.2% over the medium term. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Affordable Housing Segment

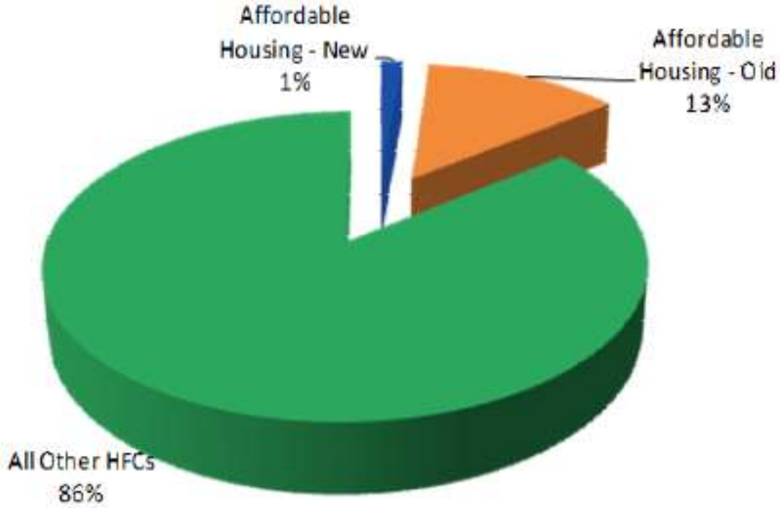
Market Overview

Over the last 4-5 years there has been an emergence of new players in the housing finance company ("**HFC**") space that are focusing primarily on the affordable housing segment where the cost of property is usually below ₹ 1 million and the typical borrower has relatively low income with no formal income proofs. This segment is not covered by most of the larger players. While banks are also present in the smaller ticket size home loan market, their lending to the economically weaker sections ("**EWS**") and lower income group ("**LIG**") segment and borrowers without any formal income proofs is limited and these specialized HFCs are trying to tap into this underserved market segment. The present portfolio size of these HFCs is small; however, it is growing rapidly and is expected to increase significantly over the next 5-7 years given the underserved nature of the market and the central government's focus on this segment which is evident from the recently announced "Housing for All" mission. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

As per ICRA's estimates, the total loan book of the all players in the affordable housing segment stood at ₹ 745 Billion as on March 31, 2015. Although it is estimated to constitute only 14% of total HFCs' home loan book, it has been growing at the rate of 30% y-o-y. New players constituted only 1% of the overall pie as on March 31, 2015. In terms of market dynamics, this segment is largely catered to by HFCs who have developed their own internal models to assess the repayment capability of the borrower given the lack of formal income proofs. The new players in the affordable housing space have been focusing primarily on the home loan and home improvement loan segment in their initial years of growth, though yields may differ based on the target borrower profile. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Though the yields charged by these new HFCs are higher (mostly approximately15%-18%), they have been able to grow their loan books as these HFCs are catering to a segment, which is not serviced by traditional financial institutions. Part of this demand was earlier met through local money lenders/other informal sources who typically charge much higher rates than these players. Further, the credit profile of this segment is yet to be tested through economic cycles and there is a limited cushion for absorbing income shocks, thus making it necessary for these HFCs to charge a risk premium in the form of higher yields. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Breakup of HFC Loan Book as on March 31, 2015



A significant proportion of the borrowers for these new HFCs are self-employed individuals or borrowers without formal income proofs. Thus, these HFCs have developed their own internal model for evaluating the debt repayment capability of the borrowers and use an interview based approach to determine the cash-flows of the household. So far banks have not been catering to this segment. However, given the market potential, there could be increased competition in the segment with new HFCs entering this business as well as Micro Finance Institutions (MFIs), who would be looking to diversifiscal the product offerings and has experience in terms of lending to similar borrower segments. There could also be additional competition from the newly notified small banks as the small ticket home loans could also be a target segment for them. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Key Demand Drivers of affordable housing

- High growth potential arising out of large untapped market and Government thrust on "Housing for All" and affordable housing segment.
- Servicing a niche segment, where borrowers do not have formal income proofs and are not serviced by traditional financial institutions.
- Well capitalised currently given the PE interest in the segment.

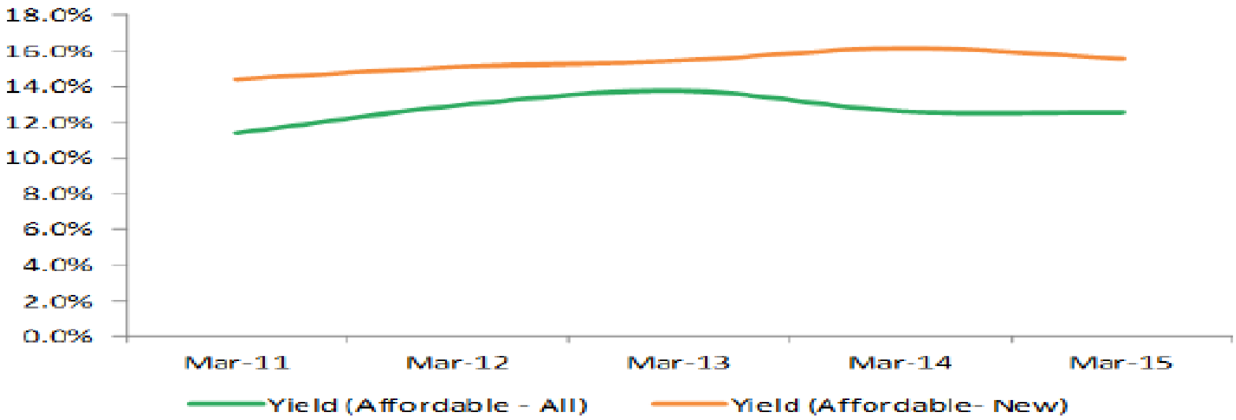
Key challenges of affordable housing

- Ability to raise funds (both debt and equity) given the aggressive growth plans.
- High Operating Expenses, making breakeven time longer and profitability weak.
- Ability of the credit officer to ascertain the cash-flows of the borrower given the lack of formal income proofs is critical for the credit evaluation.
- Asset quality indicators could be volatile given that the borrowers in this segment are more susceptible to income shocks.
- Most of the HFCs in this segment are yet to receive a SARFAESI license, therefore recovering the loan when the borrower defaults may be difficult.

(Source: ICRA - Retail NBFC and HFC Credit Report, 2016

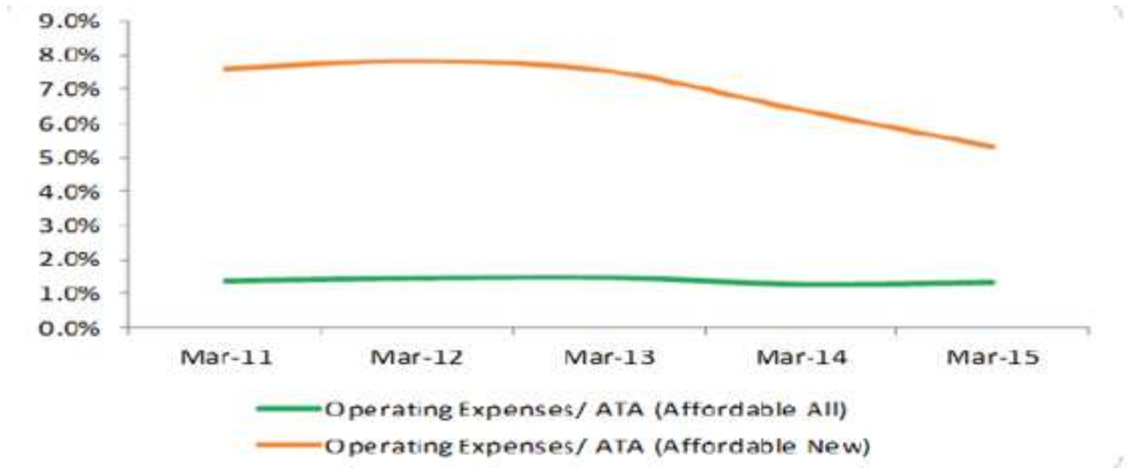
Profitability of affordable housing

Trend in yields and lending spreads for HFCs in affordable housing segment



(Source: Financials of various HFCs and ICRA estimates)

While the older players in the affordable housing space have been reporting good profitability (return on equity for all HFCs in affordable housing space was 15.5% for fiscal 2015), the profitability indicators for the new HFCs is currently low at 9.1%. This is because most of these players are currently in expansion phase, thus have higher operating expenses. Over the medium term these expenses in relation to average assets are likely to moderate, resulting in improvement of profitability indicators for these players from current levels of 9.1% (ROE for fiscal 2015). At the same time it would be imperative for these players to maintain control over the fresh slippages in order to contain the credit costs and hence improve the returns. *(Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*



(Source: Financials of various HFCs and ICRA estimates)

OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "**Forward-Looking Statements**" on page 15 for a discussion of the risks and uncertainties related to those statements and also the section "**Risk Factors**" beginning on page 17 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year.*

*Until Fiscal 2015, our Company did not have any subsidiaries and no consolidated financial statements were prepared. In September 2015, we received a certificate to commence our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance Limited. Unless otherwise indicated, the financial information included herein are based on our Restated Standalone Financial Information for Fiscal 2011, Fiscal 2012, Fiscal 2013, Fiscal 2014 and Fiscal 2015 and Restated Consolidated Financial Information as of and for the six months ended September 30, 2015, included in this Draft Red Herring Prospectus. For further details, see "**Financial Information**" beginning on page 224.*

Unless the context otherwise requires, in this section, references to "we", "us", "our", or "Company" refers to Hinduja Leyland Finance Limited on a standalone basis other than with respect to the six months ended September 30, 2015, when it refers to Hinduja Leyland Finance Limited on a consolidated basis.

Overview

We are one of the leading vehicle finance NBFCs in India (*Source: ICRA - Retail NBFC and HFC Credit Report, 2016)* with a focus on urban and semi-urban markets. We provide retail finance through a wide range of vehicle financing products. Our assets under management ("**AUM**") have at a CAGR of 54.37% from ₹11,778.48 million as of March 31, 2011 to ₹66,882.64 million as of March 31, 2015.

We finance a wide range of commercial and personal vehicles, which include medium and heavy commercial vehicles ("**MHCVs**"), light commercial vehicles ("**LCVs**"), small commercial vehicles ("**SCVs**"), cars, multi-utility vehicles, three wheelers, and two wheelers, as well as various kinds of used vehicles. Loans for commercial and personal vehicles represented 81.99% of our AUM as of September 30, 2015. Our vehicle finance business has a diversified customer base comprising of First Time Buyers, Captive Users, Retail Operators, Strategic and Large Fleet Owners, Small Truck Owners ("**STOs**"), and self-employed individuals, who are largely based in urban and semi-urban locations.

We also finance tractors and construction equipment, and provide loans against property ("**LAP**"), which together represented 4.10% of our AUM as of September 30, 2015. In September 2015, we received a certificate to commence our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance Limited, which focuses on providing finance for affordable housing loans.

We are promoted by Ashok Leyland Limited ("**ALL**") and Hinduja Power Limited. We are a part of the Hinduja group which is a diversified global business group with a track record of growing business in several industries. We leverage our relationship with ALL¸ which is the second largest carrier in the MHCV segment in India *(Source: IAI Report, 2015),* to source customers and expand our operational network. As of September 30, 2015, loans for vehicles and construction equipment manufactured by ALL represented 47.80% of our total AUM.

We have established an expansive operational network within five years of commencing operations. As of December 31, 2015, our operations included 317 branch offices and 1,550 Business Locations spread across 22 States and two Union Territories across India. Out of our total 1,550 Business Locations we have categorized 867 Business Locations as urban, 637 Business Locations as semi-urban and 46 Business Locations as rural based on the Census 2001 conducted by the Census Organization of India.

We have entered into preferred financier arrangements with various motor vehicle OEMs to provide financing for their vehicles, and work closely with their respective dealer network to provide our vehicle finance products to their customer base.

The following table sets forth certain information relating to our operations and financial performance in the periods specified:

Particulars	Fiscal					Six month period ended September 30, 2015
	2011#	2012#	2013#	2014#	2015#	
Business Locations (as of period end)	257	427	584	1,073	1,446	1,550**
Employees* (as of period end)	589	1,200	2,351	2,652	2,770	2,616**
Loan Accounts (as of period end)	34,118	93,423	188,097	288,979	441,855	505,094**
Average AUM (as of period end)	5,889.24	21,122.90	32,454.44	37,909.57	54,130.11	73,241.87
AUM Growth (%)	N.A	158.67%	13.04%	20.14%	61.64%	19.02%
Disbursements (₹in million)	11,957.20	20,681.55	20,878.01	25,097.63	51,108.71	27,768.37
Disbursement Growth (%)	N.A	72.96%	0.95%	20.21%	103.64%	N.A
Total Income (₹in million)	958.93	3,273.84	4,970.61	6,415.30	8,217.92	5,217.85
Net Profit (₹in million)	247.74	838.31	867.18	780.57	1,109.29	638.87
Net Interest Margin (%) #	28.51%	15.40%	12.87%	12.66%	11.41%	4.18%

**Employees include outsourced employees of HLF Services Limited who are engaged by the Company exclusively for its operations.*
 # Net Interest Margin represents the ratio of the Net Interest Income to the (Weighted Average On-book Assets) in the relevant year/ period.
 # The financial information included in this table for Fiscal 2011, 2012, 2013, 2014 and 2015 is derived from the Restated Standalone Financial Information and for the six months ended September 30, 2015 is derived from the Restated Consolidated Financial Information for the relevant period.
*** As of December 31, 2015, we had 1,550 Business Locations, 2,692 employees including 832 full-time employees and 1,860 outsourced employees of HLF Services Limited and 516,653 loan accounts.*

Our capital adequacy ratio, or CAR, was 19.67% as of March 31, 2015 and 17.05% as of September 30, 2015, compared to the RBI stipulated minimum requirement of 15.00%.

As of September 30, 2015, our long-term bank facilities, commercial paper issuances, non-convertible debentures and sub-ordinated debt are rated as A+, A1+, A+ and A+, respectively, by CARE. For further information, see "***Our Business– Our Credit Ratings***."

Competitive Strengths

We believe that the following are our key strengths:

Track record of business growth and consistent financial performance

We have achieved consistent growth in our business and financial performance. Our total revenue increased at a CAGR of 71.10%, from ₹958.93 million in Fiscal 2011 to ₹8,217.92 million in Fiscal 2015, while net profit increased at a CAGR of 45.47%, from ₹247.74 million in Fiscal 2011 to ₹1,109.29 million in Fiscal 2015. In the six months ended September 30, 2015, our total revenue was ₹5,214.38 million and net profit was ₹634.58 million. We have been profitable since we commenced operations. As of September 30, 2015, our AUM of ₹79,601.10 million comprised of On-Book AUM of ₹74,697.29 million and Off-Book AUM of ₹4,903. 81 million.

We believe that our knowledge and experience in the vehicle finance industry in India provide us with a competitive advantage. The commercial vehicle financing industry is fragmented, and we believe our ability to further grow our business through our expansive operating network, relationships with OEMs and dealers, and streamlined, stringent credit analysis and underwriting processes have contributed to our growth and historical financial performance.

Synergy with ALL and parentage of the Hinduja group

We derive certain business synergies from ALL. Our relationship with ALL assists us in sourcing customers, expanding our operational network and increasing market penetration. By aligning and rationalizing our operational network with that of ALL, we are able to reduce our administrative costs and expand our operations at a lower operational and capital cost.

ALL is the second largest carrier in the MHCV segment in India and in 2014 and 2015 it had a market share of 25.8% and 28.5%, respectively, of the MHCV segment (passenger carrier and goods carriers) *(Source: IAI Report, 2015).* As of March 31, 2013, 2014 and 2015, and September 30, 2015, loans for vehicles manufactured by ALL represented 44.52%, 42.36%, 45.99% and 47.80%, respectively, of our total AUM. In addition, we collaborate with our Associate, HLF Services Limited, a subsidiary of ALL, which provides us and ALL certain shared services, primarily including, but not limited to, customer evaluation, distribution and marketing or products including through Business Locations operated by it, collection of overdue amounts and repossession of assets, and back office and administrative support resulting in administrative cost efficiencies.

We are part of the Hinduja group, a diversified, global business group with an established track in various industries, including chemicals, manufacturing, banking and finance, information technology, power, media, real estate, healthcare and trading.

Experienced and proven leadership supported by a senior management team

We believe that the expertise and industry knowledge of our senior management team has enabled us to accelerate the growth in our business. Although we have a relatively brief operating history, our senior management team has experience in vehicle finance and consumer finance businesses with a track record of successfully growing businesses. Our board of directors has experience across a broad range of disciplines. Our Managing Director and Chief Executive Officer, Mr. S. Nagarajan, and our Chief Operating Officer, Mr. Sachin Pillai, have worked together in Ashok Leyland Finance Limited, a large non-banking financial company in India which was part of the Hinduja group. In addition, our product and operational leaders also have experience in the finance industry and many of our state and product heads have been associated with the Hinduja group prior to joining us. We believe that the experience of our senior management team has enabled us to experience consistent growth and profitability as well as a robust liquidity and capital position. For further details, refer to "***Our Management***" on page 193.

Risk mitigation through a wide range of assets financed and a geographically diversified AUM with a focus on urban and semi-urban markets

Our AUM comprises loans for a wide range of assets. We mitigate our exposure to the commercial vehicle industry, the performance of which is closely linked with the level of industrial economic activity in the country, by diversifying our AUM across a range of consumption-led asset classes such as two wheelers, three wheelers, and buses and other asset classes. We have also diversified our asset portfolio across a range of customer segments. We strive to maintain a balance between FTBs and SRTOs in our new, used and construction equipment vehicle segments.

We also focus on financing commercial assets, such as commercial vehicles and construction equipment, as we believe that these assets enable income-generation, which results in a quality loan portfolio, in terms of loan repayment (as the asset or activity financed is expected to generate cash flows to service the loan) as well as in terms of recovery (as the asset financed typically forms the security for the loan we disburse). For further information about the assets we finance and a breakdown of our AUM based on our asset portfolio, see "***Selected Statistical Information***" beginning on page 78.

As of September 30, 2015, loans to customers from any single State in India did not account for more than 15.00% of our total AUM. Additionally, our customers in urban and semi-urban locations represent a large portion of our total AUM. For purposes of determining the location of AUM, we have categorized our Business Locations as urban, semi-urban and rural based on the Census 2001 conducted by the Census Organization of India and have accordingly categorized our AUM based on the location where the relevant contract is entered into with the customer. We believe that the geographic diversification of our AUM across our operational network, with a focus on urban and semi-urban locations, provides us a competitive advantage, as it decreases our dependence on any particular region or State in India and enables us to focus our efforts on densely populated areas of India and apply our experience from, and best practices developed in, one region to another. Our geographic diversification also mitigates some of the regional, climatic, regulatory, political and economic cycle risks applicable to any particular region or State in India. For further information on the geographic diversification of our AUM across States and regions in India, see "***Selected Statistical Information***" beginning on page 78.

Expansive and cost effective operational network

We believe that the scale and breadth of our operational network provides us with a competitive advantage. As of

December 31, 2015, our operations included 317 branch offices and 1,550 Business Locations spread across 22 States and two Union Territories. Out of our total 1,550 Business Locations, we have categorized 867 Business Locations as urban, 637 Business Locations as semi-urban and 46 Business Locations as rural based on the Census 2001 conducted by the Census Organization of India. We believe that our large operational network and relationship with ALL and a large number of OEMs and dealers creates operational and cost efficiencies, both in terms of sourcing business as well as servicing our customers. We also outsource some of our back-end and administrative operations to our Associate, HLF Services Limited. Our operating expenses represented 2.28%, 2.63%, 2.21%, and 1.95% of our Average AUM in Fiscal 2013, Fiscal 2014, Fiscal 2015 and in the six months ended September 30, 2015.

We have invested in our technology infrastructure and streamlined our operating processes to develop a large, scalable operational network and enhance our relationships with OEMs, dealers and customers. We have developed an ERP system and a web-enabled platform to track our loan portfolio from origination to closure and monitor our operating performance on a real-time basis. Our IT platform enables all offices in our network to transfer business information to our centralized server in Chennai for analysis, thereby enabling us to provide an integrated approval and documentation process, and continue to improve cost efficiencies and employee productivity as well as reduce operational risks.

We believe that the challenges inherent in developing an effective operational network and establishing relationships with OEMs and dealers across India act as market entry barriers that provide us a competitive advantage.

Independent risk management processes for credit analysis and underwriting

Our underwriting and credit management processes are specific to each asset class we finance. This enables us to develop a diversified asset portfolio across a range of asset classes and geographic regions. We believe that the industry experience and product knowledge of our senior management team has enabled us to develop processes for appropriate identification and mitigation of risks associated with our business operations. While our senior management is responsible for our credit policy and streamlining our credit management and operational framework, the application of such standardized processes are decentralized, which reduces overall time for credit approval and loan processing.

We have developed a customized credit scorecard based on an analysis of our loan portfolio that applies various metrics to be followed by our credit officers. We continue to expand our loan portfolio in accordance with our loan policy that is reviewed annually by our Board and credit committee. We believe that our customized credit approval process enables us to efficiently process loan transactions, provide improved customer service, and control NPA levels. Gross NPAs as a percentage of AUM was 3.55% and 4.71% as of March 31, 2015 and September 30, 2015, respectively, while Net NPAs as a percentage of AUM was 2.82% and 3.87% as of March 31, 2015 and September 30, 2015, respectively.

Business Strategies

Following are our key business strategies:

Leverage our sourcing channels through ALL, other motor vehicle OEMs and automotive dealers

We will continue to leverage our relationship with ALL to access its dealer network and customer base for the MHCV segment. ALL is the second largest carrier in the MHCV segment in India *(Source: IAI Report, 2015)*, and we believe our access to the ALL dealer network and customer base will provide us with a consistent customer base as well as opportunities to cross sell our products. According to ICRA, the MHCV(truck) segment is likely to register a growth of 19% to 21% in 2016 driven by continuing trend towards replacement of ageing fleet and improvements in operating economics of fleet operators *(Source: IAI Report, 2015)*, which we believe will provide us growth opportunities in the near term in the MHCV segment.

We also continue to leverage the experience gained through our association with ALL to further strengthen our relationships with other motor vehicle OEMs and their respective dealers in order to further increase business origination in non-MHCV segments. We have also introduced specific financing products designed to encourage dealers to direct business to us, such as LAP and infrastructure finance for dealers on competitive terms. In addition, we provide trade advances to dealers who repay the loans directly or authorize us to utilize loans sanctioned to such dealers’ customers against delivery of vehicles or equipment sold. These arrangements enable the dealers to carry adequate inventory, and result in expediting the financing process and enter into direct contracts with the customers.

Diversify our asset portfolio and cross sell products

We intend to further diversify our asset portfolio, which currently includes a significant proportion of our loan assets in the MHCV segment. As of September 30, 2015, loans for MHCVs represented 47.77% of our total AUM. We intend to increase our focus on financing products for other asset segments including for LCVs, SCVs, three wheelers, two wheelers and construction equipment as well as LAP and affordable home loans. We have increased our portfolio of two wheeler loans by leveraging cross sales to customers in the MHCV segment, thereby enabling us to increase operating efficiencies and develop a diversified asset base and revenue stream. We further intend to grow our market share in the two wheeler segment which we believe provides significant growth opportunities. Over the years, we have increased our focus on the used vehicle market and the construction equipment finance market. For further information about changes to our asset portfolio, see "***Selected Statistical Information***" beginning on page 78. We believe that our strategy to diversify our asset portfolio will mitigate risks associated with deriving a substantial percentage of our revenues from customers of ALL.

We have also entered into a memorandum of understanding with HLF Services Limited to share our customer database to market suitable insurance products for a referral income. We believe these financing products will have demand from our existing customers. In addition, we believe that providing a range of diversified financing products will further strengthen our relationship with our dealers and customers aimed at higher customer retention. We have also recently commenced our housing finance business in order to further diversify our product portfolio in non-vehicle related asset classes, and have recently acquired certain housing finance loan portfolios from an existing housing finance NBFC.

We also continue to focus on service quality for automotive dealers and retail customers, a diversified product portfolio, consistent funding and competitive pricing, reflecting our commitment to the vehicle industry. We also continue to focus on expansion of our dealer relationships, prudent earning asset growth, and higher risk-adjusted returns. Our growth strategy continues to focus on diversifying our business by expanding into different products as well as strengthening our network of dealer relationships.

Leverage our existing network and customer base to develop an affordable housing finance business

We believe that the increased focus of the GoI on housing initiatives, including under the Pradhan Mantri Awas Yojana, provides significant growth opportunities. The GoI continues to incentivize public-private partnerships in developing housing for the "economically weaker communities" and the "lower income group" segments through provision of higher floor space index ("**FSIs**") as well grants and subsidies for slum redevelopment programs. The GoI has also proposed a credit linked subsidy capital, which may be up to ₹0.22 million for a loan of up to ₹0.6 million, or 37.00% of the loan amount. With such credit-linked subsidy, there may be an increase in demand as the customers' ability to afford such financing will improve due to lower EMIs. (*Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

Applicable GoI schemes may result in making loans of less than ₹1 million an attractive segment for lenders, given the potential volume in such segment over the long term. Further, addition of this segment could increase the annualised growth of the housing finance sector from 18.00% to 21.00% to 25.00% over the next seven years, and such segment may account for 22.00% - 37.00% of the overall housing credit depending on the success of implementation of the GoI schemes. (*Source: ICRA - Retail NBFC and HFC Credit Report, 2016)*

We have recently commenced our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance Limited which focuses on providing financing for affordable housing loans, with a focus on Tier II and Tier III cities and towns. Hinduja Housing Finance Limited has received a license from NHB to operate as a housing finance company in September 2015. We have also recently acquired certain housing finance portfolios from an existing housing finance NBFC. We intend to leverage our expansive operational network and large customer base across India to cross sell our housing finance business to existing customers. We intend to initially focus on our existing customers and self-employed individuals who have a credit history with us.

The provision of housing loans through a registered housing finance entity provides certain competitive advantages, including increased leverage due to lower capital adequacy norms applicable to such entity, as well as lower risk-weightage applicable to housing finance loans. We believe that the housing finance business is counter cyclical in nature to our existing business focused primarily on vehicle finance and has relatively lower industry NPA ratios compared to the vehicle finance business. Furthermore, we believe that housing finance products provide higher yields, with longer maturities and increased equity participation of borrowers, all of these factors will benefit our business from an asset portfolio diversification perspective.

Continue to streamline our operational network and improve operating efficiencies

We continue to rationalize our operational network by establishing new Business Locations or branches, or repositioning existing ones, to maximize employee productivity and the customer base we serve from each such location. We will implement measures that we believe will enable us to sustain and further decrease our operating expenses, including investing in our technology platform and IT-enabled operating processes to enhance operational efficiencies, introduce stringent credit quality measures, and ensure effective administrative and management supervision. Our focus on increased use of technology will also enable us to ensure a standardized credit approval process, document management procedures, and decreased risk of process related errors. We also intend to introduce mobile and/or tablet based software applications to increase convenience of the loan application process for customers and further reduce overall time for our credit approval, administrative and loan portfolio monitoring processes.

Explore various financing options to rationalize funding cost

We continue to explore a range of financing options focused on rationalizing funding costs and increase in our net interest margin. Our cost of borrowing was 10.39% and 5.14% in Fiscal 2015 and in the six months ended September 30, 2015. While term loans from banks were our largest financing source between Fiscal 2011 and Fiscal 2015, in Fiscal 2016 we have increasingly focused on funds from debt capital markets to reduce our funding costs.

As a non-deposit taking NBFC, we rely on short to mid-term funding from banks, financial institutions and NBFCs. While we currently have sufficient funds to meet our short-term funding needs, we will continue to identify alternative sources of funding to maintain low cost of borrowing. As of December 31, 2015, our borrowings consisted of bank term loans, working capital loans, secured redeemable non-convertible debentures and unsecured subordinated redeemable non-convertible debentures. We intend to develop a mix of borrowings in order to achieve optimal cost of borrowing while balancing liquidity and concentration risks, reduce our reliance on borrowings from banks and financial institution and increase our focus on capital market instruments with lower funding costs.

In the past, we have selectively engaged in assignment / securitization transactions to improve our liquidity position through redeployment of capital and to reduce risks associated with interest rate fluctuations and match the duration of the financing to the assets financed. As of September 30, 2015, our Off-Book AUM was ₹4,903.81 million. We believe that securitization / assignment of our loan assets will remain an integral part of our continuing financing strategy.

Business Operations

Our Company has been registered with the RBI since March 22, 2010 as a non-deposit taking systemically important NBFC under Section 45-IA of the Reserve Bank of India Act, 1934 and since May 2014 our Company has been classified as an NBFC-Asset Finance Company. Our two principal business verticals are asset finance and housing finance. Our Company operates the asset finance business while our wholly-owned subsidiary, Hinduja Housing Finance Limited, has received an operating license in September 2015 for our housing finance business.

Asset Finance Products

Our asset finance products include:

- *Commercial Vehicles.* We finance the purchase of new commercial vehicles, including MHCVs, which are used for carrying goods, and LCVs, which are used for carrying goods and passengers. In the CV segment, our customers include primarily Captive Users and FTBs. Some of these customers typically have limited access to bank loans for commercial vehicle financing and limited or no credit history. Our loans for MHCVs increased from ₹ 6,900.65 million in Fiscal 2011 to ₹ 31,082.89 million in Fiscal 2015, while loans for LCVs increased from ₹1,394.34 million in Fiscal 2011 to ₹ 5,589.44 million in Fiscal 2015. As of September 30, 2015, loans for new MHCVs and LCVs were ₹ 40,757.08 million and ₹ 4,358.07 million respectively, which represented 56.28% and 6.02% of our total AUM respectively.

- *Two Wheelers.* We finance the purchase of two wheelers. Our customers in this segment primarily include individuals. Our loans for two wheelers increased from ₹ 11.00 million in Fiscal 2011 to ₹6,726.06 million in Fiscal 2015. As of September 30, 2015, loans for two wheelers were ₹ 7,218.71 million and represented 9.97% of our total AUM.

- *Three Wheelers.* We finance the purchase of three-wheelers in the goods as well as in the passenger segment. Customers in the three-wheeler segment primarily include FTBs. Our loans for three wheelers increased from ₹ 2,079.97 million in Fiscal 2011 to ₹ 4,663.25 million in Fiscal 2015. As of September 30, 2015, loans for three-wheelers were ₹ 4,963.35 million and represented 6.85% of our total AUM.

- *Tractors.* We finance the purchase of tractors. Our customers for tractors primarily include agriculturists, who have cultivable land and use the tractors for their own use. Our loans for tractors increased from ₹ 31.01 million in Fiscal 2011 to ₹ 2,729.63 million in Fiscal 2015. As of September 30, 2015, loans for tractors were ₹ 3,152.10 million and represented 4.35% of our AUM.

- *Used Vehicles.* We finance the purchase of used vehicles, typically MHCVs, LCVs, cars, tractors and three wheelers up to 10 years of age. Our customers for used vehicles primarily include FTBs.

- *Construction Equipment.* We finance the purchase of construction equipment used for road construction, mining and infrastructure projects. Our customers in this segment primarily include FTBs that are incidental to the infrastructure, predominantly in the construction of roads and mining sectors. We believe that this business segment is a logical extension of our product portfolio to our existing customer base. Our loans for construction equipment increased from ₹ 228.24 million in Fiscal 2011 to ₹ 5,792.10 million in Fiscal 2015. As of September 30, 2015, loans for construction equipment were ₹ 7,153.17 million and represented 10.15% of our total AUM.

- *Loan against Property.* Our LAP business is primarily targeted at individual/non-individual entities, professional and salaried individuals in transport sector to meet working capital requirements or to facilitate debt consolidation against the security of residential or commercial property. Our LAP business typically involves loans ranging between ₹ 1.00 million and ₹ 100.00 million, based on the type of customers with loan tenures that typically range between 10 and 15 years. We commenced the LAP business in Fiscal 2015. As of September 30, 2015, we had provided LAP AUM was ₹ 3,262.19 million which represented 4.10% of our AUM.

- *Trade Advances.* We provide trade advances to dealers, which enable their customers to enter into direct contracts with us. These arrangements ensure that the financing process is efficient and enable us to maintain close relationships with dealers and customers. We provide short-term trade advances to established dealers of leading manufacturers of commercial vehicles, two wheelers and construction equipment to enable them to carry adequate inventory. As the trade advances are unsecured, the aggregate outstanding under trade advances is limited to ₹ 2.50 Billion. These advances are repaid by these dealers either out of their own cash flow or by authorizing us to utilize the loans sanctioned to their customers against delivery of the vehicles or equipment sold. As of September 30, 2015, trade advances to dealers represented 3.75% of our AUM.

Organizational Network

Hub-and-Spoke Operating Model

As of September 30, 2015, our operations included 317 branch offices and 1,550 Business Locations spread across 22 States and two Union Territories. Our Business Locations can approve loans within specified guidelines and include personnel for the processing and monitoring of the loans made from such locations. The employees at each Business Location reports in to their respective business hubs, which, in turn, reports to our headquarters in Chennai.

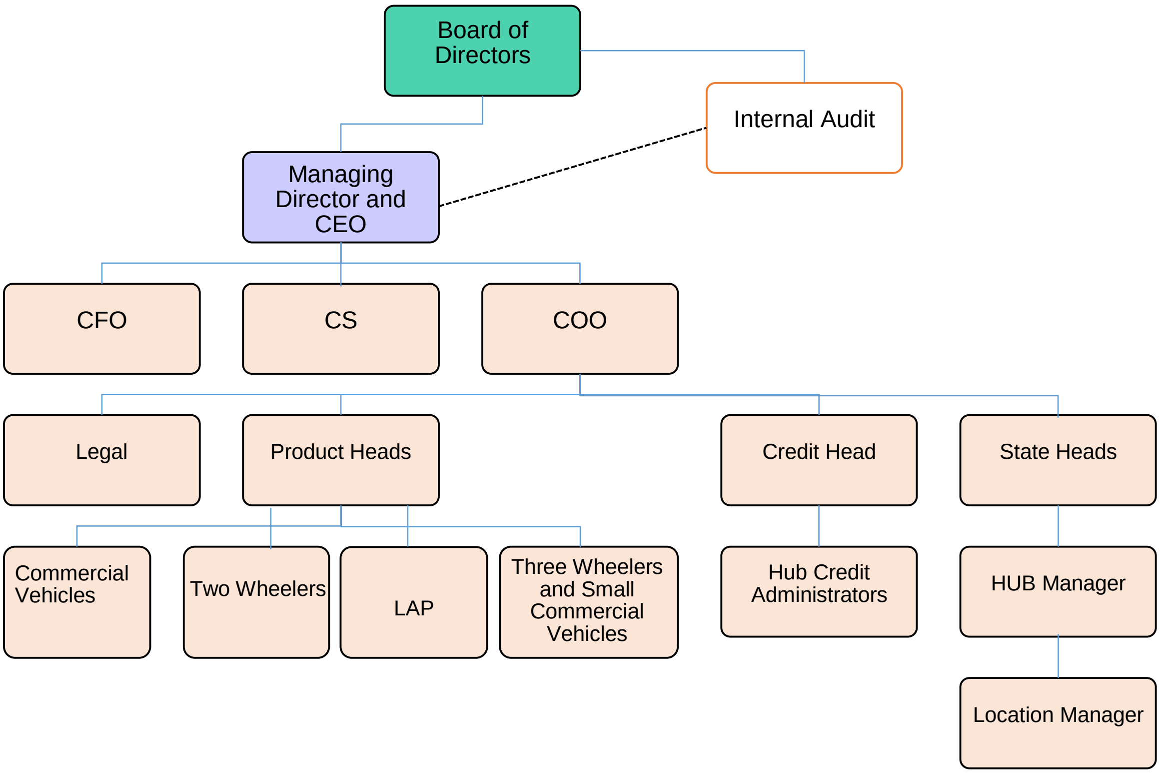
Our organizational network involves a hub-and-spoke model with business origination from various Business Locations and loan transactions processed at our Business Locations as well as our branches. In our hub-and-spoke model, each branch office acts as a hub with general supervision and control over Business Locations, and a Business Location acts as a spoke with primary responsibility for business origination and loan recovery. We have entered into a service provider agreement with HLF Services Limited by which certain number of HLF

Services Limited personnel are deputed exclusively for our operations. Business Locations which have potential of monthly disbursement of ₹10.00 million and above are managed by our own employees, and HLF Services Limited is engaged to administer Business Locations that involve monthly disbursements of less than ₹10.00 million.

Organisation Structure

Our operations are managed by our Board of Directors, with the Managing Director and Chief Operating Officer involved in day-to-day management decisions and policy matters. We have also appointed senior managers who are designated as State heads, and are responsible for a specific State or region. Our senior management work closely with the branches as the hubs and the Business Locations as the spokes in our network model.

The following illustration sets out our organization structure:



A Business Location is responsible for originating the business and is supervised by a branch office. Our branch offices are headed by a branch manager and supported by credit administrators are responsible for underwriting the business in accordance with the credit policies issued in relation to various financing products from time to time. The branch manager and the state head are responsible for the quality of their respective loan portfolio, and are assisted by our legal team for recovery proceedings from delinquent borrowers following initial recourse over the primary security. Our product heads are the portfolio managers of their respective product verticals, and supervise the arrangements with OEMs, development of specific loan products to improve yield from their respective businesses, and manage certain strategic dealer relationships. Our operations include a credit head responsible for formulation of our credit and underwriting norms for various products and supervision of credit administrators at our branches to ensure compliance with our credit approval processes.

Relationship with OEMs and Dealers

Our asset finance business is dependent on our relationship with ALL, other motor vehicle OEMs and their respective dealers across India. We have established preferred but non-exclusive financier relationships with several OEMs, whereby we have access to their respective dealer network and customer base for our financing products. We believe our business model focused on developing relationships with OEMs and dealers have enabled us to implement cost efficiencies in our sourcing activities. In addition, we have established specialized financing products designed to encourage dealers to direct their business to us, including LAP and infrastructure finance for dealers on competitive terms. We believe these arrangements have enabled us to maintain relationships with the dealers. We also organize sales meetings and dealer-focused activities which enables us to obtain feedback on customer requirements and industry trends.

We offer our dealer financing facility to established dealers with robust financial performance over at least two years. The dealer financing facility is extended on an unsecured basis as a demand loan for a period of three months and the loan amounts are determined based on existing limits with the working capital banks. We charge interest on trade advances at market rates applicable to unsecured advances. We may renew such facility if the loans sanctioned have been repaid in accordance with the applicable terms. In view of the unsecured nature of such dealer financing facility, the aggregate outstanding trade advances as of any date is restricted to ₹ 2.50 Billion.

Credit Policies

We have developed stringent credit policies in order to ensure the asset quality of our loan portfolio and the security provided for such loans. Most of the vehicles we finance are used for commercial purposes. As these are income-generating assets, we believe that this asset class reduces our credit risk. Any deviation from our standardized credit policies requires prior approval.

We have developed a standardized credit scoring methodology through a third-party service provider, Transunion, that is used for the credit evaluation of a potential borrower, which takes into account location of loan originated, loan-to-value ratio, age of borrower, type of financing product, credit history of borrower, existing credit profile borrower, type of borrower, i.e. whether an individual, a dealer or a corporate entity, and the number of existing loans. Our credit policies include the following:

- *Guarantor Requirement:* Loans must be secured by the personal guarantee of the borrower as well as at least one third party guarantor. The guarantor is typically a vehicle owner or a family member, preferably our existing or former customer, and operating in the same locality as the borrower.

- *Loan Approval Guidelines:* We review our lending rates from time to time. Rates are communicated by our head of operations. Loans may be provided up to a maximum amount of 75.00% to 85.00% of the value of new commercial vehicle depending on the type of customer and vehicle purchased, and up to a maximum amount of 45.00% to 65.00% of the value of used vehicles depending on the type of customer and vehicle purchased, as ascertained by our appraiser.

- *Loan Approval Limits:* Our employees are permitted certain loan approval limits which enables us to ensure that large loans are examined at multiple levels prior to disbursement. The loan approval limits are spread across different levels of management and depends on the type of asset being financed.

- *Age Limit for Used Vehicles:* We generally extend loans to vehicles that are less than 10 years old.

- *Loan Period:* In case of both new and used commercial vehicles, the repayment term typically ranges between 12 and 48 months.

- *Prepayment Charges:* The borrower is charged prepayment charges in the event of termination of the loan by prepayment.

- *Release of Documents on Full Repayment:* The documents relating to security created on the assets of the borrower, including unutilized post-dated cheques, 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.

- *Inspection of RTO Records:* In case of used vehicle financing, the Regional Transport Office ("**RTO**") records are inspected for non-payment of road tax, pending court cases, and other relevant issues, and such records are retained as part of the loan documentation;

- *Physical Inspection and Trade Reference:* In case of all used vehicle financing, the vehicle is physically inspected and its market value is assessed by an expert assessor. Such assessment of market value is recorded in the evaluation report for the vehicle. A contact person verification is also conducted as a trade reference check of the borrower prior to disbursement.

For trade advances that we extend to authorized dealers, particularly for commercial vehicles, tractors and cars, we also undertake background checks with the vehicle manufacturer, credit history, business volumes and seasonality. Our headquarters determine applicable limits on trade advances for dealers.

Credit Evaluation

Our field personnel obtain all relevant information from the customer, including proof of identification and residence, background, potential of servicing the loan, other outstanding loans, kind of loan applied for and the proposed use of the vehicle or other asset being financed. Loan applications are made through a standardized form. Customers are also required to provide a guarantor, who is typically another vehicle owner or a family member, and preferably one of our existing or former customers. We track multiple loans to the same customer across our financing products.

With respect to financing a used vehicle, our field personnel prepare a vehicle inspection and evaluation report to determine registration information, vehicle condition and estimated market value of the relevant vehicle. Our field personnel also prepare a field investigation report, including information on movable and immovable properties of the potential borrower as well as the guarantor. We also perform checks with CIBIL and the RBI defaulter lists through our credit administrators. For an existing customer, our field personnel also evaluate the customer's track record of payments. The field personnel then recommend whether the loan should be approved based on our standard specified guidelines and provides such recommendation to the office manager for the disbursement of the loan. Following the collection of pre-approval documents, our field personnel prepare a credit appraisal memo which is reviewed by the branch manager or location manager, and approved by a senior officer for disbursement of the loan.

As we often lend to customers that lack substantial credit history, we apply a multi-tiered credit underwriting process, which involves, among other factors, creditworthiness of the borrower based on our credit scoring system, with the adequacy of the vehicle or other asset as collateral. The underwriting process is designed to enable our credit officers to assess a borrower's credit risk category, determine the maximum term of the loan or lease for new and used vehicles, and calculate the maximum payment that can be afforded by the potential borrower. After the credit evaluation process, the applicant is intimated 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.

Loan Administration and Disbursement

As per our credit policies, the borrower and the relevant guarantor are required to execute a standard form of loan cum hypothecation agreement setting out the terms of the loan. A loan repayment schedule is attached as a schedule to the loan cum hypothecation agreement, which generally sets out monthly repayment terms. We collect the applicable margin money and other charges prior to the loan disbursement. The loan disbursement officer retains evidence of the applicant's acceptance of the terms and conditions of the loan as part of the loan documentation. On disbursement, the documents of the applicant are sent to the central process and control cell ("**CPCC**") for safe storage and post-disbursal credit audits. A chassis print of the vehicle is also obtained and maintained in the loan file, in case of a vehicle loan; and the relevant RTO endorsement forms are also required to be executed by the borrower prior to 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. 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 executed loan documents. Although our customers have the option of making payments by cash or cheque, we may require the applicant to submit post-dated cheques covering an initial period prior to any loan disbursement. For used vehicles, an endorsement of the registration certificate as well as the insurance policy must be executed in our favor.

Loan Monitoring

We track loan repayment schedules of our customers, on a monthly basis, based on the outstanding tenure of the loans, the number of installments due and defaults, if any. We monitor the completeness of documentation and creation of security through regular visits to our Business Locations 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 the larger exposures and delinquent borrowers. The branch managers review collections regularly.

Collection

Our collection process is through post-dated cheques ("**PDCs**"), cash payments as well as through electronic clearance services. The manner of collection depends on the kind of customer. We allow our customers to reschedule repayments in case of default which are not intentional and are due to reasons beyond the control of the borrower, for example, the vehicle getting involved in a major accident, or due to adverse developments such as a prolonged strike in the industry or mining activity being banned by the government.

Our cash collection executive visits the customer's place to collect the cash in lieu of a payment receipt. The collection executive then enters the payment details in a collection software installed in a handheld device. The payment details are then updated on the server through GPRS. Through the introduction of these processes, we have improved our collection efficiency. In certain cases, the customer visits the branch and makes payment. The locations are required to generate daily collection statements for all collections made by them during the day or the previous day after banking hours for depositing the same into the bank. All cash collections are insured.

Collection of instalments is done on a monthly basis on the due dates for billing cases. In cases where the entire payment is made through PDCs, the PDCs are sent to the CPCC for safe-keeping and the bank ensures that these cheques are collected from the CPCC before the due date. On the due date, the cheque is deposited in the bank for clearance. All the remittances across all locations are accounted for and the entire collection details for the day from all locations are compiled and shared by the bank with us on a daily basis.

Loan Recovery

We have established a collection procedure designed to enable us to manage recoveries efficiently and minimize losses. The collection process is primarily carried out by HLF Services Limited employees who have been deputed exclusively for our operations pursuant to our service provider agreement with HLF Services Limited. In certain cases, our collection operations are outsourced to third party agents who are required to comply with RBI guidelines on repossession of assets. We offer incentivized salary structures to our third party collection agents, where their incentives are linked to recovery of installments of the principal amount and interest on the loans. In case of default, the reasons for the default are identified and appropriate action is initiated, such as requiring partial repayment and/or seeking additional guarantees or collateral.

In case of failure of two consecutive EMIs, the branch manager or product manager visits the customer to understand the cause of such default. We initiate the repossession process for any payment that is 90 days overdue. The process for repossession is defined in the demand notices sent to the borrower and we also intimate the relevant police station prior to repossession. Following repossession, the final notice is sent to the borrower for settlement of dues and in the event of non-payment the vehicle is sold. In the event there is a short fall in the recovery of the outstanding amount from the sale of the vehicle, legal proceedings may be initiated against the customer. Our collection department coordinates with our legal team and external lawyers to initiate appropriate legal proceedings.

Housing Finance

We have recently commenced our housing finance business through Hinduja Housing Finance Limited, our wholly-owned subsidiary. Our housing finance business is focused on providing affordable housing finance. Hinduja Housing Finance Limited was registered with the NHB as a housing finance company in September 2015.

We have recently acquired certain housing finance loan portfolios from an existing housing finance NBFC. We believe that there are significant opportunities in the affordable housing finance business, as the loan size is similar to those for MHCV or LCVs. In addition, the ability to offer housing finance loans through a registered housing finance company provides us with certain competitive advantages including increased leverage due to lower capital adequacy norms and lower risk-weightage for certain classes of loans. We believe that the housing finance business is generally non- cyclical in nature, and involves relatively lower industry NPA ratios. Housing finance loans typically generate higher yields, have longer maturity periods and involve greater equity participation from borrowers.

With our experience as NBFC in the vehicles finance sector, we have developed credit appraisal mechanisms targeting customer segments in Tier II and Tier III cities and towns, including salaried persons, entrepreneurs, traders and other professionals, many of who are our existing customers. We believe that our stringent credit approval mechanism provide us with a competitive advantage in evaluating customer segment in which the credit quality of potential customers is difficult to assess.

Treasury Operations

Our treasury operations help us meet our funding requirements and manage short-term surpluses. Our fund requirements are predominantly sourced through term loans, debenture issuances and assignment and securitization of receivables. We also place commercial papers. We have also raised subordinated debt eligible for Tier II capital pursuant to the Prudential Norms prescribed by the RBI.

Through our treasury operations, we aim to match the duration of our asset and liabilities and maintain our ability to repay borrowings as they mature and obtain new loans at competitive rates. Since Fiscal 2014, we have increased the focus of our treasury operations to include capital market instruments such as commercial paper and non-convertible debentures. Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirements for asset and liability management. Our objective is to ensure the smooth functioning of our business and, at the same time, avoid holding excessive cash. Our treasury maintains a balance between interest-earning liquid assets and cash to optimize earnings. We actively manage our cash and funds flow using various cash management services provided by banks. 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. For further information about the principal components of interest-earning assets and interest-bearing liabilities, see "***Selected Statistical Information***" on page 78.

Wholesale Funding

As a part of our liquidity management, we invest in debt instruments and purchase receivables which have an underlying exposure to asset finance, microfinance and affordable housing finance to supplement interest income from our core vehicle finance business. We acquire a debt instrument from another NBFC only after carrying out a due diligence of the pool that is being acquired and that has been rated by an independent rating agency. As of September 30, 2015, these wholesale funding investments represented 4.92% of our total AUM. We usually acquire a debt instrument through either: (i) direct assignment of receivables of a debt instrument; or (ii) investing in securitized debt instrument or pass through certificate ("**PTC**") offered by special purpose vehicles.

In case of direct assignment of receivables, we carry out an audit to understand the risk perspective and outlook of the originator. For a direct assignment transaction, we require that a margin of 10% of the pool is to be retained with the seller. In a PTC transaction, we audit the pool to be acquired. We also require a minimum acceptance rating of BBB+ from an approved rating agency and the seller is required to provide cash collateral based on the rating of the pool.

We ensure that a maximum exposure through buyout of a receivable from any individual NBFC is not more than ₹250 million or 5% of our net owned funds, whichever is lower. In case of microfinance companies, we ensure that the exposure to any single microfinance company is capped at ₹125 million or 2.5% of our net owned funds, whichever is lower. Further, we ensure that our aggregate outstanding under portfolio buyouts is not more than ₹7.50 Billion or 15% of our AUM and in case of micro finance companies, we cap our exposure at ₹5.00 Billion or 12% of our AUM, whichever is lower.

Assignment / Securitization of Portfolio against Financing Activities

We currently undertake non-recourse assignments and securitization of receivables as a cost-effective source of funds. We sell a portion of the receivables generated from our financing businesses through these transactions. In the event that the relevant counterparties to the securitization / assignment transactions do not realize the receivables due under such loan assets, the counterparties would have recourse to us for an amount up to the first loss risk.

We continue to provide administration services for the securitized/assigned portfolio, the expenses for which are provided for at the outset of each transaction. The gains arising out of securitization/assignment, which vary according to a number of factors such as the tenor of the securitized/assigned portfolio, the yield on the portfolio securitized/assigned and the discounting rate applied, are treated as income.

For further information, see "***Selected Statistical Information***" beginning on page 78.

Capital Adequacy Ratio

We are subject to capital adequacy requirements set out by the RBI for systemically important non-deposit accepting NBFCs, which currently require us to maintain a capital adequacy ratio consisting of Tier I and Tier II capital of not less than 15.0% of our aggregate risk weighted assets on balance sheet and of risk adjusted value of off balance sheet items. Information related to our capital adequacy ratio for the dates specified are set out below:

Particulars	**As at March 31,**					**As at September 30, 2015#**
	2011#	**2012#**	**2013#**	**2014#**	**2015#**	
Tier I Capital	2,494.03	4,302.25	4,560.17	7,494.45	8,610.13	9,363.24
Tier II Capital	22.00	44.86	-	-	2,802.14	2,984.89
Total Capital	**2,516.03**	**4,347.11**	**4,560.17**	**7,494.45**	**11,412.27**	**12,348.13**
Total Risk Weighted Assets	**9,055.91**	**20,548.89**	**28,587.85**	**36,703.50**	**58,016.97**	**72,493.44**
Capital Adequacy Ratio						
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	27.54%	20.94%	15.95%	20.42%	14.84%	12.92%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	0.24%	0.22%	Nil	Nil	4.83%	4.13%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	**27.78%**	**21.16%**	**15.95%**	**20.42%**	**19.67%**	**17.05%**

 # The financial information used in this table for Fiscal 2011, 2012, 2013, 2014 and 2015 is derived from the Restated Standalone Financial Information and for the six months ended September 30, 2015 is derived from the Restated Consolidated Financial Information.

Risk Management

Risk management forms an integral part of our business. As a finance company, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to evaluate, measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks.

Risk Management Architecture

All of our principal risks are assessed, identified and monitored through a team headed by our Managing Director and our Chief Operating Officer. We have constituted a Risk Management Committee that is accountable to the Board and assist the Board in its responsibilities of overseeing our risk management policies and processes and monitoring and mitigating our exposure to unmitigated risks. The Risk Management Committee apprises the Board of the most significant risks along with the status of action taken by the management for mitigating such risks. The Risk Management Committee apprises the Board of the effectiveness of the ERP system. A majority of the members of the Risk Management Committee are independent directors.

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through our Audit Committee, our Asset Liability Committee and our Risk Management Committee.

- *Audit Committee.* Our Audit Committee acts as a link between the statutory and internal auditors and our Board. It is authorized to select and establish accounting policies, review reports of the statutory and the internal auditors and meet with them to discuss their findings, suggestions and other related matters. Our Audit Committee has access to all information it requires from our Company and can obtain external professional advice whenever required.

- *Asset Liability Committee.* Our Asset Liability Committee takes into account interest rate forecasts and spreads, the internal cost of funds, operating results, projected funding needs, projected loan disbursements, liquidity position, loan loss reserves to outstanding loans, and funding strategies. It prepares reports as per the guidelines of the RBI. Our Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies.

- *Risk Management Committee*. Our Risk Management Committee manages the integrated risk, informs our Board about the progress made in implementing a risk management system and periodically reviews the risk management policy followed by our Company.

We have a dedicated team of officials at our branches and Business Locations who are responsible for (i) loan origination, (ii) credit evaluation, (iii) pre-lending field investigations where our officials personally visit our prospective customers at their homes or offices, and (iv) post-lending credit appraisal.

The major types of risk we face in our businesses are credit risk, concentration risks, interest rate risk, operational risk, liquidity risk, cash management risk and asset risk.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under our loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. Our credit approval policy, which includes a proposal evaluation and investigation procedure for credit appraisal, is approved by the Credit Committee and the Board of Directors. We manage our credit risk by evaluating the creditworthiness of our customers, carrying out cash flow analysis, setting credit limits, obtaining collateral and setting prudent LTV ratios. Actual credit exposures, credit limits and asset quality are regularly monitored at various levels.

Concentration Risk

As we operate across various states in India, we believe that our exposure is spread in such a manner that there is no concentration of risk in one particular area or region. Further, with a view to mitigate concentration of risk, we have fixed the following ceilings for individual and group exposure which are well within the prudential ceilings stipulated by RBI:

Particulars	**Cap**	**RBI guidelines**
Individual Exposure	2% of owned funds	15% of owned funds
Group Exposure	5% of owned funds	25% of owned funds

Except fleet operators, most of our borrowers are either individuals or sole proprietors or partnership firms. These customers generally conduct business on cash terms and their books of account are maintained primarily from the taxation perspective and may not reflect their true turnover and profits, which are essential to determine their debt service capacity. Accordingly, as a further measure towards risk mitigation, exposure ceilings have been fixed at lower levels for these categories of borrowers.

Interest Rate Risk

We are subject to interest rate risk, principally because we lend to customers at fixed interest rates and for periods that may differ from our funding sources, which bear fixed and floating rates and are from banks and issuing debt. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities. As of September 30, 2015, approximately 24.26% of our total borrowings was at fixed rates and 75.74%% at floating rates.

We maintain an asset liability management policy, which has been approved and adopted by our Board on recommendation by our Asset Liability Committee. Assets and liabilities are categorized into various buckets based on their maturities and repricing options. Efforts are made and action plans are drawn to ensure minimum mismatch, in line with guidelines prescribed by the RBI.

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted decentralized loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed local audit firms to conduct internal audits at a number of our offices to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate price and tenure. We attempt to minimize this risk through a mix of strategies, including assignment of receivables and short-term funding. We also monitor liquidity risk through our Asset Liability Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. Through our asset and liability management policy, we cap maximum mismatches in various maturities in line with guidelines prescribed by the RBI. See *"**Risk Factors — We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations, profitability and/or cash flows.**"* on page 30.

Cash Management Risk

Our business locations collect and deposit a large amount of cash through a high volume of small transactions taking place in respective locations. To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure high levels of compliance with our cash management systems.

Asset Risk

Asset risks arise due to decrease in the value of the collateral over time. The sale price of a repossessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may not be able to realize the full amount lent to our customers due to such a decrease in the value of the collateral. We may also face certain practical and execution difficulties during the process of seizing collateral. Office managers are trained to repossess vehicles and external agencies are also involved in such repossession. Repossessed vehicles are held at designated secure facilities for eventual sale. Our office managers are required to follow legal procedures and take appropriate care in dealing with customers for repossessing assets.

Outsourcing

We have entered into a service provider agreement with HLF Services Limited under which employees of HLF Services Limited provide us certain services, such as identification of customers, customer evaluation, distribution and marketing of products including through Business Locations operated by it, collection of overdue amounts and repossession of assets, and back office and administrative support. See "***History and Certain Corporate Matters***" on page 185 for further details of our association with HLF Services Limited.

Technology

Our information technology support systems aid us in performing the processes involved in a loan transaction. For example, at the pre-disbursement stage, we store KYC details and other details of customer appraisal in 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 can control our information technology system from our head office in Chennai, allowing senior management to receive operational data on a prompt basis. We are also able to track our liquidity position, which allows us to plan for shortfalls in advance. As of September 30, 2015, all our branches and Business Locations are connected to the centralized data center in Chennai. Further, we also use hand-held GPRS devices to collect loan payments. Our production servers also allow us to conduct a daily automated backup. We currently have the technology and facilities in place to back up our systems.

Credit Ratings

The following table sets forth certain information with respect to our credit ratings as of September 30, 2015:

Facility	Limit in ₹millions	Rating
Bank Facilities	57,800	CARE A+
Non-convertible Debentures	23,500	CARE A+
Commercial Paper	5,000	CARE A1+
Subordinated Debt	3,000	CARE A+

We believe our favorable credit rating, risk management measures and brand value help us to access capital on relatively favorable terms.

Insurance

We have taken a corporate cover policy including a fidelity guarantee policy which covers all our employees and a standard fire and special perils (such as earthquake). We have a money insurance policy in respect of cash in safe and in transit. In addition, our directors are insured under a directors' and officers' liability insurance policy.

Employees

As of December 31, 2015 we had 832 full-time employees, including a large number of field personnel responsible for marketing our financial products and building relationships with potential customers. As of December 31, 2015, we also used the services of 1,860 personnel provided by HLF Services Limited who have been deputed exclusively for our operations pursuant to our agreement with HLF Services Limited. We undertake regular training programs for our employees. In addition to ongoing training, we provide employees with courses in specific areas as required.

Competition

Competition in our industry is expected to continue to increase. The vehicle finance market is highly fragmented and historically has been serviced by a variety of financial entities, including the captive finance affiliates of major automobile manufacturers, banks and NBFCs. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. We are exposed to the risk that these banks will continue to expand their operations into the retail vehicle financing. We believe that our relationships with automotive dealers, our knowledge of the urban and semi-urban market, existing customer base and associated relationships, the continued expansion of our office network and our dealer relationships coupled with our proactive approach in providing flexible loan products and efficient service will enable us to remain competitive.

Intellectual Property

Our Company has obtained a no-objection certificate from ALL for use of the "Leyland" trademark and logo. For more information please refer to "***Risk Factors - We do not own the trademarks and logos associated with "Hinduja" and "Leyland" brand names. Consequently, our ability to use the trademark, name and logo may be impaired.***" on page 33.

Property

Our registered office is located at 1 Sardar Patel Road, Guindy, Chennai – 600 032, Tamil Nadu. Our corporate office is located at 27-A, Developed Industrial Estate, Guindy, Chennai 600 032, Tamil Nadu, India. Our corporate office is owned and our branch offices and registered office are located at premises leased or licensed to us.

KEY REGULATIONS AND POLICIES IN INDIA

The following description is a summary of certain sector-specific laws and regulations in India, which are applicable/ relevant to us and our business. One of the most significant legislations governing non-banking financial companies in India is the Reserve Bank of India Act, 1934, in addition to the provisions of the Companies Act, 2013, Companies Act, 1956 and any other law for the time being in force. Our Company is primarily governed by the Reserve Bank of India Act, 1934, Revised Regulatory Framework for NBFCs, the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, and Master Circulars issued by the Reserve Bank of India on Fair Practice Code, Know Your Customer (KYC) Guidelines, and Frauds – Future approach towards monitoring of frauds in NBFCs. The National Housing Bank Act, 1987 is the principal legislation governing housing finance companies in India, in addition to the Housing Finance Companies (National Housing Bank) Directions, 2010, Guidelines for Asset Liability Management System for Housing Finance Institutions and the Guidelines on Fair Practices Code for Housing Finance Institutions. In addition to these, we may also be governed by various other guidelines, regulations, policies, notifications, press releases, circulars and directions issued by RBI and NHB from time to time.

The description of laws, regulations and policies set out below may not be exhaustive and is only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice. In addition to the relevant legislations already specified in this Draft Red Herring Prospectus, direct and indirect taxation statutes such as the Income Tax Act, 1961, applicable central and state-specific tax statutes, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and other miscellaneous laws and statutes including applicable Shops and Establishments statutes also apply to us as they do to any other Indian company. Further, we may also be subject to terms and conditions set out in clearances, approvals and permits as applicable to the operations of our Company, including clearances obtained from local authorities.

The summary statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Reserve Bank of India Act, 1934 ("RBI Act")

The RBI is entrusted with the responsibility of regulating and supervising NBFCs by virtue of powers vested in Chapter IIIB of the RBI Act. The RBI Act defines an NBFC under Section 45-I (f) 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 of receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;

(iii) such other non-banking institution or class of such institutions as the Bank may, with the previous approval of the Central Government and by notification in the Official Gazette specify.

Section 45-I(c) of the RBI Act defines a "financial institution" as a non-banking institution carrying on as its business or part of its business, amongst other activities, the financing, whether by making loans or advances or otherwise, of any activity, other than its own. Further, Section 45-I(e) of the RBI Act defines a non-banking institution as a company, corporation or a cooperative society.

By an RBI press release dated April 8, 1999, it has been clarified that in order to identify a particular company as an NBFC, the RBI will consider both the assets and income pattern evidenced from the last audited balance sheet of the company to decide its principal business. A company is treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets), and income from its financial assets is more than 50% of the gross income. Both these tests are required to be satisfied to treat the principal business of a company as that of an NBFC.

All NBFCs are required to obtain among other things, a Certificate of Registration ("**CoR**") from the RBI and have the minimum net owned funds as stipulated by the RBI, before commencement of operations as NBFCs. Further, NBFCs accepting deposits are required to have minimum investment grade credit rating granted by an approved credit rating agency for deposit collection, except certain asset finance (equipment leasing and hire purchase finance) companies and Residuary Non-Banking Companies.

Non - Banking Financial Companies

An NBFC as defined under the RBI Act is a company registered under the Companies Act and its principal or part of its business is engaged in the activities of loans and advances, acquisition of shares, stock, bonds, debentures or securities issued by Government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, sale, purchase or construction of immovable property.

NBFCs are categorized: (a) based on the type of liabilities they incur, into deposit accepting NBFCs ("**NBFCs-D")**, and non-deposit taking NBFCs ("**NBFCs–ND")**; (b) NBFCs that are primarily engaged in the business of receiving deposits under any scheme or arrangement in one lump sum or in instalments by way of contributions or in any other manner i.e. residuary non-banking company ("**RNBCs**"); (c) NBFCs-ND are further categorised into systemically important and other non-deposit taking NBFCs, based on certain quantitative thresholds and the kind of activity they conduct. Within this broad categorization the different types of NBFCs are (a) asset finance companies, (b) investment companies, (c) loan companies, (d) infrastructure finance companies, (e) systemically important core investment companies, (f) infrastructure debt funds, (g) NBFC - micro finance institutions, (h) NBFC – factors, (i) mortgage guarantee companies and (j) NBFC - non-operative financial holding companies.

Our Company was originally registered as a SI-NBFC-ND in the calender year 2010 with an asset size of more than ₹ 5,000 million as per its last audited balance sheet and was further classified as an "asset finance company" or "NBFC-AFC" on May 12, 2014. An asset finance company is an NBFC whose principal business is to finance physical assets supporting productive economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipment, moving on own power and general purpose industrial machines.

Owned Fund

Owned fund means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Net Owned Fund

As provided above, pursuant to section 45-IA of the RBI Act, all NBFCs are required to obtain a CoR from the RBI to commence operations as an NBFC. Further, NBFCs are also required to have a minimum net owned fund as stipulated by RBI for various categories of NBFCs. Pursuant to RBI's notification dated April 21, 1999, read with the 'Revised Regulatory Framework for NBFCs' dated November 10, 2014 and subsequently notification dated March 27, 2015, companies who wish to register as an NBFC, are required to have a minimum net owned fund of ₹ 20 million. Prior to April 21, 1999, the net owned fund prescribed by the RBI was ₹ 2.5 million. However, the RBI has now made it mandatory for all NBFCs not having the prescribed minimum net owned fund, to attain the required minimum a net owned fund of ₹20 million before April 1, 2017. Therefore NBFCs not meeting the revised requirement of minimum net owned funds are directed to meet increase their net owned funds in the following manner:

(i) ₹ 10 million before April 1, 2016;

(ii) ₹ 20 million before April 1, 2017.

For this purpose, the RBI Act has defined "net owned fund" to mean:

(a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance-sheet of the company, after deducting:

   a. accumulated balance of losses,

   b. deferred revenue expenditure and

   c. other intangible assets; and

(b) further reduced by the amounts representing:

a. investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) all other NBFCs; and

b. the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10% of (a) above.

Reserve Fund

Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFCs except for such purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

Regulations governing NBFCs

Revised Regulatory Framework for NBFCs

Previously, NBFCs were categorized into three groups for the purpose of administering prudential regulations, namely, NBFCs-D (with assets less than ₹ 10 million) and NBFCs-ND-SI (with assets ₹ 1,000 million and above). However, in light of the overall increase in the growth of the NBFC sector, the RBI, issued Revised Regulatory Framework for NBFCs on November 10, 2014, ("**Revised Regulatory Framework**") whereby it increased the threshold for categorization of NBFCs as systemically important and presently all NBFCs-ND having an asset size of ₹ 5,000 million and above as per the last audited balance sheet are recognized as NBFCs-ND-SI.

The Revised Regulatory Framework also lays down that NBFCs who are part of a corporate group or are floated by a common set of promoters shall not be viewed on a standalone basis. The framework also lays down the definition of the 'group' to align it as per Accounting Standards as laid down by the ICAI.

Consolidated FDI Policy Circular of 2015, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated May 12, 2015 ("FDI Policy")

Foreign investment into an Indian company, engaged only in the activity of investing in the capital of other Indian companies, will require prior Government/FIPB approval, regardless of the amount or extent of foreign investment. Foreign investment into NBFCs, carrying on activities approved for FDI, will be subject to the conditions specified in paragraph 6.2.18.8 of the FDI Policy.

Master Circular - Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 dated July 1, 2015 (as amended up to November 26, 2015)

The RBI issued the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 on January 31, 1998, which were replaced by Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 dated February 22, 2007 and again superseded by the Revised Regulatory Framework. Further, to the Revised Regulatory Framework, RBI also issued the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (**"RBI Directions"**) dated March 27, 2015 laying down provisions governing NBFCs-ND-SI and are applicable to all NBFCs registered and operating as NBFCs-ND-SI. The RBI Directions prescribe guidelines regarding income recognition, assets classification, provisioning requirements, credit concentration norms and capital adequacy requirements.

Income recognition

The RBI Directions require that income recognition shall be based on recognized accounting principles. Income including interest, discount, hire charges, lease rentals and any other charges on the NBFC's non-performing assets ("**NPAs**") shall be recognised only when it is actually realised. Any such income recognised before the asset became non-performing and remaining unrealized are required to be reversed.

Income from investments

The RBI Directions further provide that income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis. However, the income from dividend on shares of corporate bodies may be taken into account on accrual basis where such dividend has been declared by the corporate body in its annual general meeting and the right to receive payment has been established. Income from bonds and debentures of corporate bodies and from Government securities or Government bonds may be taken into account on accrual basis provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears. Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government may be taken into account on accrual basis.

Asset Classification

As per the RBI Directions, every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease or hire purchase assets, loans and advances and any other forms of credit into (i) standard assets; (ii) sub-standard assets; (iii) doubtful assets; and (iv) loss assets. These classes of assets shall not be upgraded merely as a result of rescheduling, unless they satisfy the provisioning requirements laid down under the RBI Directions and required for upgradation of an asset's classification.

Presently, an asset is classified as non-performing (i) if it has remained overdue for a period of six months or more in the case of loans; and (ii) if it has remained overdue for a period of twelve months or more in the case of lease rental and hire purchase instalments. However, in the interest of harmonisation of asset classification by banks and NBFCs, the RBI Directions aim to bring in line the asset classification norms for NBFCs with that of banks, in a phased manner, as given below:

Lease rental and hire-purchase assets shall become NPA:

i. if they become overdue for 9 months for the Fiscal ending March 31, 2016;

ii. if overdue for 6 months for the Fiscal ending March 31, 2017; and

iii. if overdue for 3 months for the Fiscal ending March 31, 2018 and thereafter.

Assets other than lease rental and hire-purchase assets shall become NPA:

i. if they become overdue for 5 months for the Fiscal ending March 31, 2016

ii. if overdue for 4 months for the Fiscal ending March 31, 2017; and

iii. if overdue for 3 months for the Fiscal ending March 31, 2018 and thereafter.

For all loan and hire-purchase and lease assets, sub-standard assets would mean:

i. an asset that has been classified as NPA for a period not exceeding 16 months (currently 18 months) for the Fiscal ending March 31, 2016;

ii. an asset that has been classified as NPA for a period not exceeding 14 months for the Fiscal ending March 31, 2017; and

iii. an asset that has been classified as NPA for a period not exceeding 12 months for the Fiscal ending March 31, 2018 and thereafter.

Doubtful asset would mean:

i. an asset that has remained sub-standard for a period exceeding 16 months (currently 18 months) for the Fiscal ending March 31, 2016;

ii. an asset that has remained sub-standard for a period exceeding 14 months for the Fiscal ending March 31, 2017; and

iii. an asset that has remained sub-standard for a period exceeding 12 months for the Fiscal ending March 31, 2018 and thereafter.

For the existing loans, a one-time adjustment of the repayment schedule, which shall not amount to restructuring will, however, be permitted as per the RBI Directions.

Provisioning Requirements

The Directions prescribe that every NBFC shall after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as provided for in the RBI Directions. At present every NBFC is required to make provisions for standard assets at 0.25% by the end of March 2015; 0.30% by the end of March 2016; 0.35% by the end of March 2017 and 0.40% by the end of March 2018 and thereafter, of the outstanding which shall not be reckoned for arriving at net NPAs. However, the provisions towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the respective NBFC's balance sheet.

Accounting disclosures, Accounting year & Auditor's Certificate

The provisioning requirements are to be distinctly indicated under separate heads of accounts as per the RBI Directions. Further, NBFCs are also required to disclose particulars of their capital to risk assets ratio ("**CRAR**"); exposure to real estate sector (both direct and indirect); and the maturity pattern of their assets and liabilities.

Every NBFC is required to prepare its balance sheet and profit and loss account as of March 31 every year in accordance with the provisions of the Companies Act, 2013. Whenever an NBFC intends to extend the date of its balance sheet, it is required to take prior approval of the RBI before approaching the concerned registrar of companies. In case the RBI and the concerned registrar of companies grant extension of time, the NBFC is required to furnish an unaudited proforma balance sheet and statutory returns as of March 31 of the year under consideration. Every NBFC is required to finalise its balance sheet within a period of three months of the date to which it pertains.

NBFCs are also required to submit a certificate from its statutory auditor certifying thereto that the NBFC is engaged in the business of non-banking financial institution requiring it to hold a CoR under Section 45-IA of the RBI Act and is eligible to hold the CoR. The certificate shall also indicate the asset / income pattern of the NBFC for making it eligible for classification as asset finance company, investment company or loan company.

Capital Adequacy Norms

In terms of the Directions, every NBFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The total of Tier I capital, at any point of time, shall not be less than 8.5% by March 31, 2016 and 10% by March 31, 2017.

Non-Banking Financial Companies Corporate Governance (Reserve Bank) Directions, 2015 ("Corporate Governance Guidelines")

RBI has prescribed Corporate Governance Guidelines dated April 10, 2015 to enable NBFC's to adopt best practices and greater transparency in their operations. Every NBFC-ND and NBFC-ND-SI is required to adhere to corporate governance norms, set out in these directions which include constitution of an audit committee, a nomination committee, and a risk management committee. The audit committee and the nomination committee shall exercise the same powers, functions and duties as is laid down under the Companies Act, 2013.

Audit Committee:

The Corporate Governance Guidelines provide that the audit committee shall consist of not less than three board members and provide that the audit committee must ensure that an information system audit of the applicable NBFC's internal systems and processes is conducted at least once in two years to assess operational risks faced by them.

Nomination Committee, Risk Management Committee:

All applicable NBFCs shall form a nomination committee to ensure 'fit and proper' status of proposed/ existing directors. Further, applicable NBFCs must also form a risk management committee to manage their integrated risks as well as an asset liability management committee.

Fit and proper criteria

The Corporate Governance Guidelines mandate the formation of a policy with the approval of the board of directors for ascertaining fit and proper criteria of directors at the time of appointment and on a continuing basis. Further, the policy on the fit and proper criteria shall be as per the guidelines contained in the annexure to the Corporate Governance Guidelines. The directors are further required to furnish a declarations and undertakings as well as sign a deed of covenants in the format provided under the Corporate Governance Guidelines. Applicable NBFCs are also required to furnish 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 directors have been followed.

The Corporate Governance Guidelines provide that applicable NBFCs should conduct due diligence before appointing/renewing appointment of directors, in order to ascertain their suitability for the position and consider their qualification, expertise, track record and integrity.

Disclosure and transparency

All applicable NBFCs are required to put, at regular intervals, to their board of directors:

(i) the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the applicable NBFC; and

(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.

All applicable NBFCs are also required to disclose the following in their annual financial statements, with effect from March 31, 2015:

(i) registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;

(ii) ratings assigned by credit rating agencies and migration of ratings during the year;

(iii) penalties, if any, levied by any regulator;

(iv) information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and

(v) asset-liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures as specified under the Corporate Governance Guidelines.

Rotation of partners and framing of internal guidelines

All applicable NBFCs are required to rotate the partner(s) of the chartered accountant firm conducting the audit, every three years so that same partner does not conduct audit of the company continuously for more than a period of three years. However, the partner so rotated is eligible for conducting the audit of the applicable NBFC after a cooling period of three years, if the applicable NBFC, so decides. Applicable NBFCs shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure that the same are complied with.

Further, applicable NBFCs are required to frame their internal guidelines on corporate governance with the approval of their board, to enhance the scope of the guidelines and publish the same on the applicable NBFC's website, if any, for the information of its stakeholders.

Fair Practices Code dated July 1, 2015

On July 1, 2015, the RBI issued a master circular on fair practices code ("**Fair Practices Code**") which sets out the guidelines to be followed by NBFCs on fair practices. Among other things, the Fair Practices Code prescribes the following requirements, to be adhered to by NBFCs:

- communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

- inclusion of necessary information affecting the interest of the borrower in the loan application form.

- devising a mechanism to acknowledge receipt of loan applications and establishing a time frame within which such loan applications are to be disposed.

- conveying, in writing, to the borrower the loan sanctioned and terms thereof. The acceptance of such terms should be kept on record by the NBFC.

- giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively.

- refraining from interfering in the affairs of the borrowers except for the purposes provided in the terms and conditions of the loan agreement.

- not resorting to undue harassment in the matter of recovery of loans.

- lay down an appropriate grievance redressal mechanism for resolving disputes.

- periodical review of the compliance of the fair practices code and the functioning of the grievances redressal mechanism at various levels of management, a consolidated report whereof may be submitted to the board of directors at regular intervals, as may be prescribed by it.

Norms for Excessive Interest Rates

The Fair Practices Code further, stipulates that the board of directors of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium 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 are required to be disclosed to the borrowers in the application form and explicitly communicated in the sanction letter. Further, this is also required to be made available on the NBFC's website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Revised Guidelines on private placement of NCDs by NBFCs, dated February 20, 2015, issued by the RBI ("NCD guidelines")

The NCD guidelines prescribes among other things the issuance of private placement of NCDs in two separate categories, those with a maximum subscription of less than ₹a10 million and those with a minimum subscription of ₹ 10 million and above per investor. There shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹ 10 million and above, and the option to create security in favor of subscribers will be with the issuers. Such unsecured debentures shall not be treated as public deposits as defined in NBFCs Acceptance of Public Deposits (Reserve Bank) Directions, 1998. An NBFC (excluding CICs) shall issue debentures only for deployment of funds on its own balance sheet and not to facilitate resource requests of group entities / parent company / associates. An NBFC shall not extend loans against the security of its own debentures (issued either by way of private placement or public issue).

NBFC-ND Regulations in relation to Business Correspondents

RBI by its notification dated June 24, 2014, permitted non-deposit taking NBFCs-ND to act as business correspondents of banks, allowing them to offer limited services with the aim of accelerating financial inclusion. Permission has been given to the banks to engage the NBFC-ND as business correspondents. Before this notification, the NBFCs could not be appointed as business correspondents which provide limited services on behalf of banks in unbanked areas. On the basis of the recommendations by the Nachiket Mor Committee Report, certain conditions need to be satisfied in order for the banks to engage NBFCs-ND as business correspondents. Those conditions are as follows:

(i) there should be no comingling of bank funds with those of the NBFC-ND; and

(ii) there should be a contractual arrangement between the bank and the NBFC-ND that takes care of all possible conflicts of interest; and

The NBFC-ND does not adopt any restrictive practice such as offering savings or remittance services only to its own customers and the forced bundling of services offered by the NBFC-ND and the bank does not take place.

Frauds –Future approach towards monitoring of frauds in NBFCs

The RBI by a master circular on future approach towards monitoring of frauds in NBFCs dated July 1, 2015, has stipulated establishment of a reporting system by NBFCs to ensure that frauds are reported without any delay. Specifically, the master circular provides the adoption of a reporting system to also alert other NBFCs about the modus operandi and issue of caution advices against unscrupulous borrowers.

In order to have uniformity in reporting, the master circular provides for classification of frauds (based mainly on the provisions of the Indian Penal Code) as under:

(i) misappropriation and criminal breach of trust;

(ii) fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property;

(iii) unauthorised credit facilities extended for reward or for illegal gratification;

(iv) negligence and cash shortages;

(v) cheating and forgery;

(vi) irregularities in foreign exchange transactions; and

(vii) any other type of fraud not coming under the specific heads as above.

The said master circular also recommends nominating an official of the rank of General Manager or equivalent who will be responsible for submitting all the returns provided for under the said master circular. NBFCs are required to strictly adhere to the timeframe fixed in the circular for reporting fraud cases to the RBI failing which NBFCs would be liable for penal action as prescribed under the provisions of Chapter V of the RBI Act.

The RBI also issued notification no. DNBR (PD) CC.No.075/03.10.001/2015-16 dated February 18, 2016, pursuant to which it has revised the threshold for reporting of frauds and submission of quarterly progress reports on frauds, from ₹ 2.50 million to ₹ 1 crore.

Prevention of Money Laundering Act, 2002 ("PMLA")

PMLA was enacted to prevent money-laundering and to provide for confiscation of property derived from or involved in, money-laundering. Further, The Prevention of Money–Laundering (Maintenance of Records) Rules, 2005 (**"Rules"**) was enacted for maintenance of records of the nature and value of transactions, the procedure and manner of maintaining and time for furnishing of information and verification of records of the identity of the clients of the banking companies, financial institutions and intermediaries. PMLA and the Rules extend to all banking companies and financial institutions, including NBFC's and intermediaries.

The RBI pursuant to a master circular dated July 1, 2015 set out obligations of NBFC's in terms of the Rules to ensure that a proper policy frame work for the PMLA is put in place. Pursuant to the provisions of PMLA, the Rules and the RBI guidelines, all NBFCs are advised to appoint a principal officer and put in place a system of internal reporting to Financial Intelligence Unit - India of suspicious transactions and cash transactions. NBFCs were further required to introduce a system of maintaining proper record of transactions as prescribed under the Rules and as set out below:

a. all cash transactions of value of more than ₹ 1 million or its equivalent in foreign currency;

b. all series of cash transactions integrally connected to each other which have been valued below one million or its equivalent in foreign currency, where such series of transactions have taken place within a month and the aggregate value of such transaction exceeds ₹ 1 million;

c. all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;

d. all suspicious transactions whether or not made in cash and in manner as mentioned in the rules framed by Government of Indian under the Prevention of Money Laundering Act, 2002.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

Know Your Customer (KYC) Guidelines

The RBI has issued a master circular on know your customer (**"KYC"**) guidelines – Anti Money Laundering Standards (AML) on July 1, 2015 pursuant to which it has advised all NBFCs to adopt the guidelines depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and Anti-Money Laundering measures is put in place. The KYC policies are required to have the following key elements, namely, customer acceptance policy, customer identification procedures, monitoring of transactions, risk management, adherence of KYC guidelines by the persons authorized by NBFCs including brokers/agents, due diligence of persons authorized by the NBFCs including brokers/agents, customer service in terms of identifiable contact with persons authorized by the NBFCs including brokers/agents.

Additionally, NBFCs are also required to ensure that records pertaining to the identification of their customers and the address of their customers, are obtained, while opening the account and during the course of business relationship, and that the same are properly preserved for at least five years after the business relationship has ended.

Guidelines on Securitization of Standard Assets

The RBI issued revised 'Guidelines on Securitization of Standard Assets' (the "**Revised Guidelines**") through its circular dated May 7, 2012 to banks, and were made applicable to NBFCs by another circular dated August 21, 2012. The Revised Guidelines regulate assignment transactions, which were not covered under the earlier guidelines issued by the RBI. The Revised Guidelines impose a restrict ion on the offering of credit enhancement in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows. Further, the Revised Guidelines provide that loans can only be assigned or securitized if the NBFC has held them in their books for a specified minimum period. They also provide a mandatory retention requirement for securitization and assignment transactions.

RBI Circular on Special Mention Accounts

Pursuant to the Framework for Revitalising Distressed Assets in the Economy (Framework) issued by the RBI on January 30, 2014, the RBI issued a circular on Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy, on March 21, 2014 ("**RBI SMA Circular**"), outlining a corrective action plan intended to incentivize early identification of problem accounts, timely restructuring of accounts which are considered to be viable, and taking prompt steps by lenders for recovery or sale of unviable accounts. The RBI SMA Circular is effective from April 1, 2014. Before a loan account turns into an NPA, NBFCs will be required to identify incipient stress in the account by creating a sub-asset category 'Special Mention Accounts' ("**SMA**") as shown below:

(i) SMA-0 classified on the basis of principal or interest payment not being overdue for more than 30 days but account showing signs of incipient stress;

(ii) SMA-1 classified on the basis of principal or interest payment overdue between 31-60 days; and

(iii) SMA-2 classified on the basis of principal or interest payment overdue between 61-180 days.

The RBI has set up a Central Repository of Information on Large Credits ("**CRILC**") to collect, store, and disseminate credit data to lenders, and the notified NBFCs (as identified under the RBI SMA Circular) shall be required to report the relevant credit information (including, credit information on all the borrowers having aggregate fund-based and non-fund based exposure of ₹ 50 million and above along with the special mention account status of the borrowers) on a quarterly basis to CRILC. The RBI SMA Circular requires that as soon as an account is reported as 'SMA-2' by one or more lending banks / the notified NBFCs, it shall trigger the mandatory formation of a JLF and the formulation of CAP. In cases where NBFCs fail to report the special mention account status of the accounts to CRILC or resort to methods with the intent to conceal the actual status of the accounts, NBFCs shall be subjected to accelerated provisioning for these accounts and/or other supervisory actions as deemed appropriate by RBI.

The notified NBFCs are required to carry out their independent and objective credit appraisal in all cases of lending and not depend on credit appraisal reports prepared by outside consultants or in-house consultants of the borrowing entity. Such NBFCs are required to carry out sensitivity tests/scenario analysis, especially for infrastructure projects, covering, project delays and cost overruns to judge the viability of the project at the time of deciding the CAP. In addition to the above, the notified NBFCs have been advised to ensure proper end-use of funds and preventing diversion/siphoning of funds by the borrowers.

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The NPA Prudential Norms issued by the RBI prescribe the process to be followed for sales of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

In January 2013, the SARFAESI Act was amended by the Enforcement of Security Interest and Recovery of Debt Laws (Amendment) Act, 2012. Pursuant to the amendment, means for recovery of assets available to banks and financial institutions have been strengthened. For instance, securitisation and reconstruction companies have been permitted to convert part of their debt into shares of a borrower company for the purpose of asset reconstruction. Further, banks and financial institutions have been empowered to accept immovable property in full or partial satisfaction of the bank's claim against the defaulting borrower in times when they cannot find a buyer for the securities. The amendment also enables banks and financial institutions to enter into settlement or compromise with the borrower and empowers DRTs to pass an order acknowledging any such settlement or compromise.

Presently, the SARFAESI Act is not available to NBFCs and there is no statutory backing available to NBFCs to recover their loans. However, during the session for the Union Budget of India, 2015, announced on February 28, 2015, the Finance Minister of India proposed that NBFCs with assets of ₹ 5,000 million and above will be allowed to use the SARFAESI Act like any other financial institution. However, in this regard as of date of this Draft Red Herring Prospectus, no notifications/circulars/notices have been issued for amending the SARFAESI Act to include NBFCs-ND-SI.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI.

Guidelines for merger and amalgamation of NBFCs with banks

The RBI issued the "Guidelines on Mergers and Amalgamation of Private Sector Banks" on May 11, 2005. The guidelines include provisions pertaining to the amalgamation of a NBFC with a banking company. Where an NBFC is proposed to be amalgamated into a banking company, the banking company should first obtain the approval of its board followed by an approval from the RBI before submitting the scheme to the relevant high court for its approval.

The Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002

This regulation prescribes, among other things, registration, qualification, practical training, examination, remuneration and the code of conduct for persons including entities which are engaged in the activity of sales and marketing of insurance products, approved by the Insurance Regulatory and Development Authority of India.

Housing Finance Institutions

Housing Finance Institutions ("HFI") are primarily engaged in the business of providing loans and advances or rendering any other form of financial assistance for housing activities. It includes every institution, whether incorporated or not, which primarily transacts or has as one of its principal objects as that of transacting business of providing finance for housing, whether directly or indirectly. Our Subsidiary, Hinduja Housing Finance Limited, is a housing finance institution.

HFIs are regulated by NHB and are required to maintain, much like banks, prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy, concentration of credit/investment to be observed and may also constitute committees such as the Risk Management Committee and Asset Liability Management Committee. Every HFI having assets of ₹ 50 crore or more is required to constitute an Audit Committee.

HFIs can be categorised as an NBFC, however, since they are regulated by NHB in order to obviate dual regulation, they are exempted from the requirement of registration with RBI.

Regulations governing HFIs

The National Housing Bank Act, 1987 ("NHB Act")

The NHB Act establishes the NHB as the principal agency to promote HFIs in India. The functions of the NHB include promoting, establishing, supporting or aiding in the promotion, establishment of, and regulation of HFIs; making loans and advances or other forms of financial assistance to housing finance institutions, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Central Government; guaranteeing financial obligations of HFIs and underwriting the issue of stocks, shares, debentures and other securities of HFIs; formulating one or more schemes for the purpose of mobilization of resources and extension of credit for housing; providing guidelines to the HFIs to ensure their growth; and providing technical and administrative assistance to HFIs.

In terms of the NHB Act, every HFC is required to obtain a certificate of registration as an HFC, and have net owned funds of ₹ 100 million or such other higher amount as the NHB may specify, for commencing or carrying on its business. Further, every deposit-accepting HFC is required to invest and continue to invest in India in unencumbered approved securities, an amount which, at the close of business on any day, is not less than 5% (or such higher percentage as the NHB may specify, not exceeding 25%) of the deposits outstanding at the close of business on the last working day of the second preceding quarter.

The Housing Finance Companies (National Housing Bank) Directions, 2010 ("NHB Directions")

The NHB Directions consolidate and issue directions in relation to the acceptance of deposits by HFIs. Additionally, the NHB Directions provide for prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/ investment to be observed by the housing finance institutions and the matters to be included in the auditors' report by auditors of HFIs.

In accordance with the prudential norms under the NHB Directions, every HFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security, classify its lease/ hire purchase assets, loans and advances and any other forms of credit into certain specified classes, namely, standard assets, sub-standard assets, doubtful assets and loss assets. Furthermore, every HFC is required to make provision against substandard assets, doubtful assets and loss assets in accordance with provisioning requirements under the NHB Directions. The NHB Directions also provide for HFIs maintaining a minimum capital adequacy ratio, consisting of Tier I Capital and Tier II Capital to not be lower than 12% of its aggregate risk weighted assets and risk adjusted value of off-balance sheet items.

Certain other conditions imposed on HFIs by the NHB Directions, other directions of the NHB and circulars issued thereunder include the following:

(a) No HFC may grant housing loans to individuals (a) of up to ₹ 2 million with an LTV exceeding 90%; (b) of between ₹ 2 million to ₹ 7.5 million with LTV exceeding 80%; and (c) above ₹ 7.5 million with LTV exceeding 75%.

(b) No HFC shall invest in land or buildings, except for its own use, an amount exceeding 20% of the aggregate of its Tier I Capital and Tier II Capital. Such investment over and above 10% of its owned funds is required to be made only in residential units.

(c) No HFC shall lend to any single borrower an amount exceeding 15% of its owned funds, and to any single group of borrowers, an amount exceeding 25% of its owned funds.

(d) The aggregate exposure of an HFC to the capital market in all forms should not exceed 40% of its net worth as of March 31 of the previous year. Within this overall ceiling, direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20% of its net worth.

(e) With effect from August 14, 2014, HFIs may not charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

(f) All HFIs must ensure that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects/ houses and upfront disbursal should not be made in cases of incomplete/ under-construction/ greenfield housing projects/ houses.

(g) HFIs are eligible to issue non-convertible debentures only if it has net owned funds of ₹ 100 million as per their last audited balance sheets.

Master Circular on Housing Finance issued by the RBI

Pursuant to the Master Circular on Housing Finance dated July 1, 2015, banks are eligible to deploy their funds to the housing finance sector in any of three categories, i.e. (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB/ Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes loans to HFIs, housing boards and other public housing agencies. Under the terms of the Master Circular, banks may grant term loans to HFIs taking in to account (long-term) debt equity ratio, track record, recovery performance and other relevant factors. Banks are required to ensure that the LTV ratio for loans are within the limits prescribed, while deciding the quantum of loan to be granted.

***Housing Finance Companies issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014 dated March 13, 2014, issued by the NHB** (“**HFC NCD Directions**”)*

As per the HFC NCD Directions, only HFCs having net owned funds of at least ₹ 100 million as per the last audited balance sheet are allowed to issue NCDs on private placement basis. The HFC NCD Directions prescribe for the NCDs to obtain a credit rating from a reputed agency registered with SEBI or such other rating agencies specified by the NHB. The HFC NCD Directions further provide for the maturity period of the NCDs, the maximum number of investors, the minimum subscription amount for a single investor, procedure, conditions, appointment of a debenture trustee for the issue etc. HFCs have been prohibited from lending against their own debentures.

Guidelines for Asset Liability Management System for HFIs

In terms of extant circulars of the NHB, the board of directors of a HFC should have overall responsibility for management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted consisting of the HFC’s senior management including the chief executive officer for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFC’s budget and decided risk management objectives. Asset-liability management support groups to be constituted of operating staff are required to be responsible for analysing, monitoring and reporting the risk profiles to the asset-liability committee. HFIs are also required to classify various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive).

Guidelines on Fair Practices Code for HFIs

The Guidelines on Fair Practices Code for HFIs (the “**Fair Practices Code**”) were issued by the NHB through various circulars over 2006, 2010 and 2011 to bring clarity and transparency and over all aspects of loan sanctioning, disbursal and repayment issues by HFIs. The Fair Practices Code sets out good and fair practices for HFIs by setting minimum standards in dealing with customers, increase transparency, encourage market forces, promote fair and cordial relationship between customers and HFIs.

The Fair Practices Code requires HFIs to provide appropriate updates to their customers, prompt resolution of grievances and maintain confidentiality of customer information. Further, HFIs are required to disclose information on interest rates, common fees and charges to their customers. HFIs are also required to ensure that all advertising and promotional material is clear and not misleading. Additionally, whenever loans are approved, HFIs are required explain to their customers details of the repayment process. If a customer does not adhere to a repayment schedule, a defined process in accordance with applicable law is required to be followed for recovery.

Guidelines for Recovery Agents Engaged by HFIs

The Guidelines for Recovery Agents Engaged by HFIs (the "**Recovery Agents Guidelines**") were issued by the NHB on July 14, 2008 and govern the practices and procedures regarding the engagement of recovery agents by HFIs. Under the Recovery Agents Guidelines, HFIs are required to have a due diligence process in place for engagement of recovery agents. HFIs are required to ensure that the recovery agents engaged by them carry out verification of the antecedents of their employees. HFIs are also required to ensure that their recovery agents are properly trained to handle with care and sensitivity their responsibilities, including, aspects like hours of calling and privacy of customer information. HFIs are also required to inform the borrower of the details of recovery agency firms/ companies while forwarding default cases to the recovery agency.

KYC Guidelines

The KYC Guidelines issued by NHB on October 11, 2010, mandate KYC policies and anti-money laundering measures for HFC to incorporate certain key elements, including inter alia, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to NHB KYC Guidelines and the exercise of due diligence by the NBFC, including its brokers and agents.

Norms for excessive interest rates

The NHB has, by a circular dated June 2, 2009, advised all HFIs to revisit internal policies in determining interest rates, fee and other charges. According to this circular, the board of directors of each HFC is required to revisit its policies on interest rate determination, fees and other charges, including margins and risk premiums charged to different categories of borrowers and approve the same.

Foreign Investment in HFCs

Foreign investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications thereunder, read with the extant Consolidated Foreign Direct Investment Policy dated May 12, 2015 ("**Consolidated FDI Policy**") issued by the Department of Industrial Policy and Promotion. As per the provisions of the Consolidated FDI Policy, foreign direct investment of up to 100% is permitted under the automatic route for investment in NBFCs, which carry out certain specified activities, subject to the following conditions:

1. Minimum capitalization:

    a) for FDI of up to 51% - US$ 0.5 million to be brought upfront;

    b) for FDI between 51% to 75% - US$ 5 million to be brought upfront; and

    c) for FDI between 75% to 100% - US$ 50 million out, of which US$ 7.5 million to be brought up front and the balance is required to be brought up within 24 months;

2. NBFCs (i) having foreign investment more that 75% and up to 100%, and (ii) with a minimum capitalization of US$ 50 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on number of operating subsidiaries and without bringing in additional capital;

    Joint venture operating NBFCs that have 75% or less than 75% foreign investment are allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries complying with the applicable minimum capitalization norms mentioned above and compliance with guidelines of the relevant regulator.

Refinance Scheme for housing finance companies, issued by NHB, with effect from September 5, 2013 ("Refinance Scheme").

Pursuant to the Refinance Scheme, HFCs registered with the NHB are eligible to obtain refinance from the NHB in respect of their direct lending up to 100% of the housing loan sanctioned and disbursed by HFCs for acquisition or construction of new housing units and for up gradation or major repairs, in accordance with the provisions of the Refinance Scheme. For example, the "liberalised refinance scheme" would be available with concession in interest for loans up to ₹0.5 million and tenure ranging from one to 15 years. The Refinance Scheme also provides assistance for rural housing finance with eligible loan size up to ₹ 1.5 million in rural areas as defined under the Refinance Scheme.

The Refinance Scheme also prescribes thresholds for refinance of housing loans for rural and weaker sections of the society, urban low income housing, women, affordable housing and energy efficient dwellings.

Regulations applicable to NBFCs and HFCs

Revised Guidelines on Priority Sector Lending- Targets and Classification, dated April 23, 2015, issued by the RBI ("Priority Sector Lending guidelines")

Assignments/Outright purchases of pool of assets by banks representing loans under various categories of priority sector, except the 'others' category, will be eligible for classification under respective categories of priority sector provided that:

- the assets are originated by banks and financial institutions which are eligible to be classified as priority sector advances prior to the purchase and fulfil the RBI guidelines on outright purchase/assignment;

- the eligible loan assets purchased should not be disposed of other than by way of repayment; and

- the all-inclusive interest charged to the ultimate borrower by the originating entity should not exceed the base rate of the purchasing bank plus 8 percent per annum.

When banks undertake outright purchase of loan assets from banks/ financial institutions to be classified under priority sector, they must report the nominal amount actually disbursed to end priority sector borrowers and not the premium embedded amount paid to the sellers. Purchase/ assignment/investment transactions undertaken by banks with NBFCs, where the underlying assets are loans against gold jewellery, are not eligible for priority sector status.

Loans granted by banks to HFCs approved by the NHB for the purpose of their refinance, for on-lending for purchase/construction/reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to an aggregate loan limit of ₹ 1 million per borrower would be classified under priority sector as per the Priority Sector lending guidelines.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated on November 12, 2008, as a public limited company under the Companies Act, 1956, with a certificate of incorporation granted by the RoC. Our Company received its certificate of commencement of business from the RoC on March 4, 2009. Pursuant to a certificate issued by the RBI on March 22, 2010, our Company was permitted to commence operations as a NBFC under section 45 IA of the Reserve Bank of India Act, 1934. Our Company was originally classified as a SI-NBFC-ND in the calendar year 2010. Our Company was subsequently granted the status of an NBFC-AFC by the RBI pursuant to a certificate of registration received on May 12, 2014.

Our Company had historically, in various public documents such as information memoranda for NCDs, annual reports and secretarial filings, named Hinduja Group Limited; Hinduja Group Limited and Hinduja Realty Ventures Limited (Partners - Aasia Corporation); Aasia Management & Consultancy Private Limited and Hinduja Realty Ventures Limited; Aasia Management & Consultancy Private Limited; Hinduja Finance Private Limited, Hinduja Realty Ventures Limited; Hinduja Ventures Limited; IndusInd International Holdings Limited; Mr. R. Seshasayee (erstwhile director of our Company); Mr. S. Nagarajan (our Managing Director); Mr. K. Sridharan, Mr. Dheeraj G Hinduja (our Director) and Mr. Vinod K Dasari, as our promoters. Pursuant to consent of the Board in its meeting held on March 23, 2016, these entities and individuals were declassified as promoters of our Company and ALL and HPL were classified as our Promoters. For details of our Promoters, see "***Our Promoters, Promoter Group and Group Company***" on page 213.

Business and management

For a description of our activities, services, market segments, the growth of our Company, the standing of our Company with reference to prominent competitors in connection with our services, management and customers, geographical segment etc., see "***Our Business***", "***Industry Overview***" "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and *"**Government and Other Approvals**"* on pages 155, 127, 360 and 398, respectively. For details of the management of our Company and its managerial competence, see "***Our Management***" on page 193.

Changes in Registered Office

There has been no change in our Registered Office since the incorporation of our Company.

Our main objects

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

"

1. *To carry on and undertake business as Financiers to finance operations of all kinds such as purchasing, selling, hiring, letting on hire, and dealing in all kinds of property, moveable or immovable, goods, chattels, motorcars, motor-buses, motor lorries.*

2. *To purchase or otherwise acquire dominion over all forms of immovable and movable property including machinery, equipment, motor vehicles, ships, aeroplanes and all consumer and industrial items and to hire, leases or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased and leased be new and/or used.*

3. *To do Hire Purchase Finance of all types of products and materials including motor vehicles, machinery and to lend money on security on movable or immovable property or properties or any shares of any nature with or without security and negotiate loans.*

4. *To carry on and become engaged in financial, monetary and other business transactions that are usually and commonly carried on by Commercial Financing Houses, Shroffs, Credit Corporations, Merchants, Factory,*

Trade and General Financiers and capitalists and also in leasing or letting on hire any property movable or immovable.

5. *To undertake and carry out and, in particular, the financing Hire Purchase contracts, or agreements relating to property or assets of any description, either fixed or movable, such as houses, lands, vehicles, Government Bonds.*

6. *To lend without security, deposit or advance money, securities and property to, or with such persons and on such terms as may seem expedient."*

The main object clause and objects incidental or ancillary to the main objects of the Memorandum and Articles of Association enable our Company to undertake its existing activities.

Amendments to our Memorandum of Association

Since the incorporation of our Company the following changes have been made to our Memorandum of Association:

Date of change/ shareholders' resolution	Nature of amendment
December 24, 2009	The authorised share capital of our Company was increased from ₹ 30 million divided into 3,000,000 Equity Shares of ₹ 10 each to ₹ 50 million divided into 5,000,000 Equity Shares of ₹ 10 each.
March 29, 2010	The authorised share capital of our Company was increased from ₹ 50 million divided into 5,000,000 equity shares of ₹ 10 each to ₹ 500 million divided into 50,000,000 equity shares of ₹ 10 each.
June 1, 2010	The authorised share capital of our Company was increased from ₹ 500 million divided into 50,000,000 equity shares of ₹ 10 each to ₹ 750 million divided into 75,000,000 equity shares of ₹ 10 each.
July 23, 2010	The authorised share capital of our Company was increased from ₹ 750 million divided into 75,000,000 equity shares of ₹ 10 each to ₹ 1,250 million divided into 125,000,000 equity shares of ₹ 10 each.
November 26, 2010	The authorised share capital of our Company was increased from ₹ 1,250 million divided into 125,000,000 equity shares of ₹ 10 each to ₹ 2,250 million divided into 225,000,000 equity shares of ₹ 10 each. Alteration of Part III (A) of the Memorandum by inserting the following Clause 7 immediately after Clause 6: "*To carry on, manage, supervise and control the business of Corporate Agency for General insurance business, and procure and solicit general insurance business whether in India or abroad; to engage in marketing General Insurance products; to act as Independent financial advisors (IFAs) for procuring General Insurance business in the advanced markets: to canvas the business and place the same with insurers either on standard or negotiated terms*;" *

Date of change/ shareholders' resolution	Nature of amendment
February 17, 2011	Alteration of Part III (A) of the Memorandum by inserting the following Clause 7 immediately after Clause 6: "*To carry on, manage, supervise and control the business of Corporate Agency for General insurance business, and procure and solicit general insurance business whether in India or abroad; to engage in marketing General Insurance products; to act as Independent financial advisors (IFAs) for procuring General Insurance business in the advanced markets: to canvas the business and place the same with insurers either on standard or negotiated terms*;"
August 22, 2011	The authorised share capital of our Company was increased from ₹ 2,250 million divided into 225,000,000 equity shares of ₹ 10 each to ₹ 3,250 million divided into 325,000,000 equity shares of ₹ 10 each.
July 24, 2012	The authorised share capital of our Company was increased from ₹ 3,250 million divided into 325,000,000 equity shares of ₹ 10 each to ₹ 3,750 million divided into 375,000,000 equity shares of ₹ 10 each.
July 1, 2013	Alteration of the existing Main Objects Clause by: (i) Deletion of paragraph A.7 of Part III of the Memorandum of Association in order to remove any reference to carrying on by our Company, the business of corporate agency in relation to any insurance business. (ii) Substitution of paragraph B.24 of Part III of the Memorandum of Association with the following paragraph: *"24. To enter into any arrangement for sharing profits, union of interest, reciprocal concession, amalgamation or cooperation with any person or persons; corporation or company on or about to carry on or engaged in any business of transaction capable of being conducted so as directly or indirectly to benefit the company and to take or otherwise acquire and hold shares or stock in or securities of and to subsidise or otherwise assist any such company, and to sell, hold, reissue with or without guarantee or otherwise deal with such cash or securities and to form, constitute or promote any other company or companies for the purpose of acquiring all or any of its properties, rights and liabilities of this company or benefit this company."*
	The authorised share capital of our Company was increased from ₹ 3,750 million divided into 375,000,000 equity shares of ₹ 10 each to ₹ 6,229.077 million divided into 435,000,000 equity shares of ₹ 10 each and 50,000,000 fully paid up CCCPPS of face value of ₹ 37.58154 each.
March 23, 2016	The authorised share capital of our Company was reclassified from ₹ 6,229.077 million divided into 435,000,000 equity shares of ₹ 10 each and 50,000,000 fully paid up CCCPPS of ₹ 37.58154 each to ₹ 6,229.077 million divided into 622,907,700 equity shares of ₹ 10 each.

* *The resolution in relation to alteration of Part III (A) of our Memorandum of Association was superceded by resolution dated February 17, 2011*

Total Number of shareholders of our Company

As of the date of this Draft Red Herring Prospectus, our Company has 18 Equity Shareholders. For further details on the shareholding of our Company, see "***Capital Structure***" on page 102.

Major events and milestones

The table below sets forth some of the major events in the history of our Company and our Subsidiary:

Calendar Year	Details
2010	Our Company received its certificate of registration from the RBI and started operations as an SI-NBFC-ND
2013	Everfin Holdings invested ₹ 2,000 million in our Company by subscribing to 5,321,762 Equity Shares and 47,895,857 CCCPPS
2014	Change in classification from an SI-NBFC-ND to an NBFC-AFC
2015	Receipt of housing finance license from the NHB by our Subsidiary

Changes in activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years from the date of this Draft Red Herring Prospectus, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Capital raising (Equity/ Debt)

Our equity issuances in the past and outstanding debt as of February 29, 2016, have been provided in "***Capital Structure***" and "***Financial Indebtedness***" on pages 102 and 388, respectively. Our Company has not undertaken any public offering of debt instruments since its incorporation. However, our Company has conducted 9 private placements of secured, rated, redeemable, non-convertible debentures which are presently listed on the wholesale debt segment of BSE.

Strike and lock-outs

We have not experienced any strike, lock-outs or labour unrest in the past.

Time/cost overrun

Our Company has not implemented any projects and therefore have not experienced any time or cost overruns in relation thereto.

Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by our Company.

There are no defaults or rescheduling of borrowings with financial institutions, banks or conversion of loans into equity in relation to our Company. For details of instances of delays in payments and non-compliance with certain covenants by our Company in the past, see "***Risk Factors***" and "***Summary Financial Information***" on pages 17 and 67, respectively. None of our Company's loans have been converted into Equity Shares.

Injunctions or Restraining Order against our Company

There are no injunctions or restraining orders against our Company or our Subsidiary.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, etc.

Our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation or revaluation of assets.

For details of revaluation of assets, see "***Other Regulatory and Statutory Disclosures – Revaluation of Assets***" on page 414.

Material Agreements

A. Share Subscription and Shareholders' Agreements

1. Share subscription agreement dated July 17, 2013 between our Company, ALL, Ashley Investments Limited, Ashley Holdings Limited, IndusInd International Holdings Limited, Aasia Management & Consultancy Private Limited, Hinduja Ventures Limited, Hinduja Realty Ventures Limited, Hinduja Finance Private Limited, HLF Services Limited, Everfin Holdings, Mr. Vinod K. Dasari, Mr. R. Seshasayee and Mr. S. Nagarajan and Mr. K. Sridharan.

Pursuant to share subscription agreement dated July 17, 2013 ("**Everfin SSA**"), Everfin Holdings subscribed to (i) 5,321,762 fully paid up Equity Shares; and (ii) 47,895,857 CCCPPS, of face value ₹ 37.58154 per CCCPPS, (collectively the "**Everfin Subscription Shares**") for a total consideration of 2,000 million.

Pursuant to a resolution passed by the Board on May 9, 2014, 47,895,857 CCCPPS held by Everfin Holdings were converted into 47,895,857 fully paid up Equity Shares at a premium of ₹ 27.58 per Equity Share on a 1:1 basis on May 9, 2014. For further details, see "***Capital Structure***" on page 102.

2. Shareholders' agreement dated July 17, 2013 between our Company, ALL, Ashley Investments Limited, Ashley Holdings Limited, IndusInd International Holdings Limited, Aasia Management & Consultancy Private Limited, Hinduja Ventures Limited, Hinduja Realty Ventures Limited, Hinduja Finance Private Limited, HLF Services Limited, Everfin Holdings, Mr. Vinod K. Dasari, Mr. R. Seshasayee and Mr. S. Nagarajan and Mr. K. Sridharan.

In pursuance of the Everfin SSA, our Company, ALL, Ashley Investments Limited, Ashley Holdings Limited, IndusInd International Holdings Limited, Aasia Management & Consultancy Private Limited, Hinduja Ventures Limited, Hinduja Realty Ventures Limited, Hinduja Finance Private Limited, HLF Services Limited, Everfin Holdings, Mr. Vinod K. Dasari, Mr. R. Seshasayee and Mr. S. Nagarajan and Mr. K. Sridharan (where Mr. Vinod K. Dasari, Mr. R. Seshasayee and Mr. S. Nagarajan and Mr. K. Sridharan were collectively referred to as the "**Holders**") entered into a shareholders' agreement dated July 17, 2013 ("**Everfin SHA**") under which, Everfin Holdings subscribed to the Everfin Subscription Shares as per the terms and conditions contained in the Everfin SSA.

The Everfin SHA confers certain rights and obligations upon Everfin Holdings, including but not restricted to, the right to appoint a nominee director and an observer, consent rights with respect to reserved matters, certain affirmative voting rights, tag along right, pre-emptive right and certain exit rights.

Everfin Holdings has a right under the Everfin SHA to require our Company to undertake and consummate an initial public offering of Equity Shares, where Everfin Holdings has a right but not an obligation to offer up to 100% of its subscription shares in the IPO. The Everfin SHA also imposes certain standard obligations on our Company including indemnifying Everfin Holdings against any breach in terms of the Everfin SHA.

The Everfin SHA may be terminated upon completion of the IPO or in the event that the shareholding of Everfin Holdings is reduced to below 2% at any time prior to the IPO.

As mentioned in Part B of the Articles of Association, the rights granted to Everfin Holdings shall automatically terminate and cease to have any force and effect and be deemed to fall away on and from the date of listing of the Equity Shares on the Stock Exchanges. For further details on the various rights under the Articles of Association, see "***Provisions of the Articles of Association***" on page 469.

3. Service Provider Agreement dated September 1, 2013 between our Company and HLF Services Limited ("HSL")

Our Company entered into a service provider agreement dated September 1, 2013 (the "**Service Provider Agreement**") with HSL, pursuant to which HSL has been appointed as a service provider to our Company for rendering services in relation to distribution of the various products of our Company. In terms of the

Service Provider Agreement, HSL will identify potential customer for our Company and sell our Company's products to such customers. HSL is also responsible for recovery of the principal amount and the collection of the interest amount from the customers. In consideration of the services rendered by HSL, our Company shall pay a sum not exceeding the actual bills raised by HSL. The Service Provider Agreement is valid for a period of three years from the execution of the agreement.

4. ***Advisory Services Agreement dated November 3, 2015 between our Company and Hinduja Group Limited ("HGL")***

Our Company entered into an advisory services agreement on November 3, 2015, (the "**Advisory Services Agreement**") with HGL pursuant to which HGL has been appointed as an advisor to our Company for rendering advisory services related to the business of our Company. HGL's scope of services under the Advisory Services Agreement includes, among other things, identifying new growth opportunities, providing corporate transaction advisory support services, advising on fund raising for expansion and acquisition, assisting in sourcing of investors, providing corporate governance and legal services, assisting in monitoring of our Company's operational performance and also advising on matters relating to our Company's corporate communication and human resource areas. In consideration of the services rendered by HGL, our Company shall pay an annual sum of ₹ 200,00,000 as fees to HGL. The annual fees are subject to an escalation of not more than 10% every year on the advisory fees during the term of this Agreement which is valid for a term of five years from November 3, 2015 unless terminated as per terms thereof.

B. Other Agreements

Other than as mentioned under *"**History and Certain Corporate Matters – Material Agreements**"* on page 188, our Company has not entered into any material contract other than in the ordinary course of business carried on or intended to be carried on by our Company in the two years preceding this Draft Red Herring Prospectus.

Holding Company

For details of our holding company, see "***Promoters, Promoter Group and Group Company***" on page 213.

Subsidiary of our Company

Currently, our Company has one Subsidiary, Hinduja Housing Finance Limited.

The details of our Subsidiary are as follows:

1. Hinduja Housing Finance Limited

Corporate information

HHFL was incorporated on April 15, 2015 under the Companies Act, 2013 with the RoC, as "Hinduja Housing Finance Limited". Its CIN is U65922TN2015PLC100093 and its corporate and registered office is situated at No. 27A, Developed Industrial Estate, Guindy, Chennai 600 032, Tamil Nadu, India.

HHFL is enabled under its objects to carry on the business of, amongst other things, undertaking lending, providing finance including housing loans for, amongst other things, purchase or construction of property, including flats, bungalows, rooms, huts, townships and real estate of all kinds, including amenities thereof. HHFL also provides finance for undertaking construction of commercial complexes, community and marriage halls, work places, software parks, etc.

Capital structure and shareholding pattern

The authorised share capital of HHFL is ₹ 150 million divided into 15,000,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up capital is ₹ 150 million divided into 15,000,000 equity shares of ₹ 10 each.

S. No.	Name of shareholder	No. of equity shares of ₹ 10 each	Percentage of issued capital
1.	Hinduja Leyland Finance Limited	14,999,994	99.99
2.	Mr. S. Nagarajan[(1)]	1	Negligible
3.	Mr. Sachin Pillai[(1)]	1	Negligible
4.	Mr. Gopal Mahadevan[(1)]	1	Negligible
5.	Mr. Ganesh Janakiram[(1)]	1	Negligible
6.	Mr. G. Vijayakumar[(1)]	1	Negligible
7.	Mr. Veenu Kantroo[(1)]	1	Negligible
	Total	**15,000,000**	**100.00**

[(1)] *Subscribers to the memorandum of association of HHFL.*

Sale of shares of our Subsidiary

There has been no sale of shares of HHFL during the six months preceding the date of this Draft Red Herring Prospectus. Neither our Promoters, nor the members of our Promoter Group or our Directors or their relatives have sold or purchased securities of HHFL during the six months preceding the date of this Draft Red Herring Prospectus.

Shareholding of our Directors in our Subsidiary

Except as disclosed below, none of our Directors holds any shares in HHFL as of the date of this Draft Red Herring Prospectus.

Name of Director	Name of Subsidiary	No. of Equity Shares	Percentage of issued capital of the Subsidiary
Mr. S. Nagarajan [(1)]	HHFL	1	Negligible
Mr. Gopal Mahadevan [(1)]	HHFL	1	Negligible
Total		**2**	

[(1)] *Subscribers to the memorandum of association of HHFL.*

Significant sale or purchase between our Company and our Subsidiary

Except as disclosed in "***Related Party Transactions***" on page 222 and Annexure VI of our Restated Standalone Financial Information and Annexure VI of our Restated Consolidated Financial Information, on pages 246 and 324 respectively, HHFL is not involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

Common Pursuits

There are no common pursuits between our Company and HHFL. However, HHFL is engaged in the business of housing finance, a line of business that is similar and/or synergistic to the business of our Company.

Business interest between our Company and our Subsidiary

Except as disclosed in "***Our Business***" and "***Related Party Transactions***" and Annexure VI of our Restated Standalone Financial Information and Annexure VI of our Restated Consolidated Financial Information, on page 155, 246 and 324, respectively, HHFL does not have any business interest in our Company.

Other confirmations

HHFL (i) is not listed on any stock exchange in India or abroad; (ii) has not become a sick company under the meaning of SICA; or (iii) is not under winding up. There are no accumulated profits or losses of HHFL not accounted for by our Company.

Joint Ventures of our Company

As of the date of this Draft Red Herring Prospectus, our Company has not entered into any joint venture agreements.

Profit making Subsidiary

HHFL was incorporated on April 15, 2015 (i.e. Fiscal 2016) and has not contributed to more than 5% of either revenue/profits after tax/assets of our Company on a consolidated basis for Fiscal 2015.

Strategic and financial partnerships

Our Company currently does not have any strategic or financial partners.

OUR MANAGEMENT

Under Part II of our Articles of Association, our Company is required to have not less than three Directors and not more than 12 Directors. Our Company currently has 10 Directors on its Board, including five independent Directors. From the date of final listing and trading approvals for the Equity Shares on Stock Exchanges, Part II of our Articles of Association shall automatically terminate and cease to have any force and effect and Part I shall prevail, pursuant to which our Company would be required to have not more than 15 Directors.

Our Board

The following table sets forth details regarding our Board as of the date of this Draft Red Herring Prospectus.

Name, designation, address, occupation, nationality, date of joining, term and DIN	Age (years)	Other Directorships/Trusteeships/Proprietorships
Mr. S. Nagarajan *Designation:* Managing Director and CEO *Address:* Flat No.3, Ashoka Terrace, 5B, Warren Road, Mylapore, Chennai 600 004, Tamil Nadu, India *Occupation*: Service *Nationality:* Indian *Term:* October 1, 2014 to September 30, 2016 *DIN:* 00009236	67	*Domestic Directorships:* 1. Hinduja Housing Finance Limited *International Directorships:* Nil *Trusteeships* Nil *Proprietorships* Nil
Mr. Dheeraj G Hinduja *Designation:* Non-executive Director *Address:* 24, Carlton House Terrace, London, SW1Y4TE, United Kingdom *Occupation*: Industrialist *Nationality:* Great Britain *Term:* Liable to retire by rotation *DIN:* 00133410	44	*Domestic Directorships:* 1. Ashok Leyland Limited 2. Hinduja Foundries Limited 3. Hinduja Tech Limited 4. Hinduja National Power Corporation Limited 5. Imperial College India Foundation *International Directorships* 1. Hinduja Automotive Limited (registered in UK) *Trusteeships* Nil *Proprietorships* Nil
Mr. Gopal Mahadevan *Designation:* Non-executive Director *Address:* Abbotsbury, Flat 7C, Block 1, 42 C.P. Ramaswamy Road, Alwarpet, Chennai 600 018, Tamil Nadu, India *Occupation*: Service *Nationality:* Indian *Term:* Liable to retire by rotation	49	*Domestic Directorships:* 1. Ashok Leyland John Deere Construction Equipment Company Private Limited 2. Ashok Leyland Defence Systems Limited 3. Ashok Leyland Nissan Vehicles Limited 4. Automotive Infotronics Limited (under liquidation) 5. Hinduja Housing Finance Limited 6. Hinduja Tech Limited

<table>
<tr><th>Name, designation, address, occupation, nationality, date of joining, term and DIN</th><th>Age (years)</th><th>Other Directorships/Trusteeships/Proprietorships</th></tr>
<tr><td>DIN: 01746102</td><td></td><td>7. Nissan Ashok Leyland Technologies Limited
8. Nissan Ashok Leyland Powertrain Limited

International Directorships

1. Ashok Leyland (Chile) SA
2. Ashok Leyland UAE LLC
3. Lanka Ashok Leyland Limited
4. Optare Plc, UK
5. Ashok Leyland Nigeria Limited

Trusteeships

Nil

Proprietorships

Nil</td></tr>
<tr><td>Mr. Sudhanshu Tripathi

Designation: Non-executive Director

Address: Great Eastern Gardens, F/503, 5th Floor, LBS Marg, Kanjurmarg (West), Mumbai 400 078, Maharashtra, India

Occupation: Service

Nationality: Indian

Term: Liable to retire by rotation

DIN: 06431686</td><td>56</td><td>Domestic Directorships

1. Ashley Aviation Limited
2. Hinduja Foundries Limited
3. Hinduja Ventures Limited

International Directorships

Nil

Trusteeships

Nil

Proprietorships

Nil</td></tr>
<tr><td>Mr. Atul Kapur

Designation: Nominee Director

Address: 21 Holland Park, Lien Towers, # 07-21 Singapore 249476,

Occupation: Professional

Nationality: Singaporean

Term: From August 1, 2013 until replaced

DIN: 01778935</td><td>52</td><td>Domestic Directorships

1. Future E-Commerce Infrastructure Limited
2. Future Media (India) Limited
3. Regen Powertech Private Limited
4. Tikona Digital Networks Private Limited

International Directorships

1. Asia Genco Pte. Limited
2. ECP II Asia Pte. Limited
3. ECP II Investment Limited
4. ECP III Investment Limited
5. Essay Global Pte. Limited
6. Everstone Capital Asia Pte Limited
7. Everstone Capital Limited
8. Everstone Capital Management
9. Everstone Partners Limited
10. Everstone Holdings Limited
11. Flackwell Holdings Limited
12. F&B Asia Ventures (Singapore) Pte. Limited
13. Global Fuels Pte. Limited
14. Harry's Holdings Pte. Limited
15. Horizon Ventures I
16. Horizon Ventures II
17. Horizon Ventures III</td></tr>
</table>

Name, designation, address, occupation, nationality, date of joining, term and DIN	Age (years)	Other Directorships/Trusteeships/Proprietorships
		18. Horizon Ventures IV 19. Horizon Ventures V 20. Horizon Ventures VI 21. Horizon Development Management LLC 22. Indospace Capital Management Limited 23. Indivision Capital Management 24. Indivision Ventures I 25. Indostar Capital 26. ILP II Investment Limited 27. Peterborough Holdings Limited 28. QSR Indoburger Pte. Limited 29. QSR Indopizza Pte. Limited 30. Rice Paper Holdings Pte. Limited *Trusteeships* Nil *Proprietorships* Nil
Mr. R. Sundararaman *Designation:* Independent Director *Address:* Flat No.G229, 2nd Floor, Ushas Apartments, 16th Main Road, Jayanagar, 4th Block, Bangalore 560 011, Karnataka, India *Occupation*: Service *Nationality:* Indian *Term:* Five consecutive years up to August 12, 2020 *DIN:* 00008172	73	*Domestic Directorships* Nil *International Directorships* Nil *Trusteeships* Nil *Proprietorships* Nil
Mr. R. S. Sharma *Designation:* Independent Director *Address:* B3-1102, The World Spa (W), Sector 30, Gurgaon 122 001, Haryana, India *Occupation*: Consultant *Nationality:* Indian *Term:* Five consecutive years up to July 22, 2019 *DIN:* 00013208	65	*Domestic Directorships* 1. Corevalues Consulting Private Limited *International Directorships* Nil *Trusteeships* Nil *Proprietorships* Nil
Mr. Debabrata Sarkar *Designation:* Independent Director *Address:* Mayfair Boulevard (Old Narayan Appt), Flat 701, 7th Floor, Main Avenue Road, Santacruz West, Mumbai 400054, India. *Occupation*: Consultant	62	*Domestic Directorships* 1. Asset Reconstruction Company (India) Limited 2. Bandhan Financial Holdings Limited 3. Learning Curve Edutech Solutions Private Limited 4. LIC Housing Finance Limited 5. Inceptum Advisors Private Limited

Name, designation, address, occupation, nationality, date of joining, term and DIN	Age (years)	Other Directorships/Trusteeships/Proprietorships
Nationality: Indian *Term:* Five consecutive years up to August 12, 2020 *DIN:* 02502618		6. IL&FS Trust Company Limited 7. Senco Gold Limited *International Directorships* Nil *Trusteeships* Nil *Proprietorships* Nil
Ms. Bhumika Batra *Designation:* Independent Director *Address:* 32, Mody Street, Fort, Mumbai 400 001, Maharashtra, India *Occupation*: Professional *Nationality:* Indian *Term:* Five consecutive years up to August 12, 2020 *DIN:* 03502004	34	*Domestic Directorships* 1. Ashok Leyland Nissan Vehicles Limited 2. Hinduja Foundries Limited 3. Hinduja Tech Limited 4. Hinduja Ventures Limited 5. IndusInd Media and Communications Limited 6. Kancor Ingredients Limited 7. Master Voss International Projects Private Limited 8. Patel Integrated Logistics Limited (CN) 9. Sharp India Limited 10. Team Relocations India Private Limited *International Directorships* Nil *Trusteeships* Nil *Proprietorships* Nil
Mr. Samir Bhatia *Designation:* Independent Director *Address:* 301/303, 3rd Floor, Beaumonde Tower A, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, Maharashtra, India *Occupation*: Entrepreneur *Nationality:* Indian *Term:* Five consecutive years up to August 12, 2020 *DIN:* 01769655	52	*Domestic Directorships* 1. Amadeus Advisors Private Limited 2. Vastu Housing Finance Corporation Limited *International Directorships* Nil *Trusteeships* 1. Sri Sathya Sai Books and Publications Trust, Maharashtra 2. Prem Rath Trust *Proprietorships* Nil

Arrangement or Understanding with Major Shareholders

Mr. Atul Kapur is a nominee director of Everfin Holdings, pursuant to the Everfin SHA.

The Everfin SHA will terminate and cease to have effect upon completion of an initial public offering of our Equity Shares either by way of an offer for sale or a fresh issuance or a combination of both. For more information, see "***History and Certain Corporate Matters – Share subscription and shareholders' agreements***" on page 188.

Except as stated above, none of the Directors has been appointed pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others.

Brief profiles of our Directors

Mr. S. Nagarajan, aged 67 years, is the Managing Director and CEO of our Company. He is a chartered accountant and a member of the Institute of Chartered Accountant of India ("**ICAI**") and a company secretary and member of the Institute of Company Secretaries of India ("**ICSI**"). Mr. Nagarajan has 40 years of experience in the banking, automobile and financial services industry. He was the joint managing director of IndusInd Bank Limited for over three years. Mr. Nagarajan started his career at Ashok Leyland Limited, and held the position of managing director at Ashok Leyland Finance Limited (which subsequently merged with IndusInd Bank Limited) for several years. He is responsible for the management of our Company's day to day affairs, giving directions on policy related matters and monitoring their compliance.

Mr. Dheeraj G Hinduja, aged 44 years, is a Non-executive Director of our Company. He holds a bachelor's degree in science (economics) with a specialisation in economics and history from the University College, London and a master's degree in business administration from the Imperial College of Science, Technology and Medicine, University of London. He was appointed as a director of our Company on August 30, 2011. He has held directorships in various companies including Hinduja Ventures Limited, Ashok Leyland Project Services Limited, Aasia Advisory Services Limited, Hinduja Global Solutions Limited, Nissan Ashok Leyland Technologies Limited, Ashok Leyland Nissan Vehicles Limited and Nissan Ashok Leyland Powertrain Limited. Mr. Hinduja is also a director on the board of Hinduja National Power Corporation Limited, Hinduja Tech Limited and Ashok Leyland Limited. He has experience at various strategic and leadership levels in the Company, covering a variety of business functions.

Mr. Gopal Mahadevan, aged 49 years, is a Non-executive Director of our Company. Mr. Gopal Mahadevan holds a bachelor's degree in commerce from the University of Madras. He is also a chartered accountant and a member of the ICAI and is a qualified company secretary from the ICSI. Mr. Mahadevan has several years of experience across a variety of industries. He is presently also the chief financial officer of Ashok Leyland Limited. Prior to working with Ashok Leyland Limited, he was working with Thermax Limited (as the executive vice president and chief financial officer). Mr. Mahadevan was also a director on the board of various Thermax group companies including, Thermax Instrumentation Limited, Thermax Engineering Construction Company Limited, Thermax Onsite Energy Solutions Limited, Thermax Sustainable Energy Solutions Limited and Thermax Babcock, and Wilcox Energy Solutions Private Limited. Mr. Mahadevan has also worked with Sanmar Group, Sify and Amara Raja Batteries in various financial functions.

Mr. Sudhanshu Tripathi, aged 56 years, is a Non-executive Director of our Company. He holds a bachelor's degree in science (electrical engineering) from the Bihar Institute of Technology, Ranchi University and a post graduate diploma in business management from XLRI – Jamshedpur. He has overseen human resource functions for many years across various sectors. Mr. Tripathi started his career in 1982 with Tata Steel as Graduate Engineer trainee. Mr. Tripathi is presently the group president - human resources of Hinduja group.

Mr. Atul Kapur, aged 52 years, is a Nominee Director of our Company, having been nominated to our Board by Everfin Holdings. He holds a bachelor's degree in commerce from the University of Delhi. He is a qualified chartered accountant and an associate of the ICAI. He is a co-founder and managing partner of Everstone Capital. Prior to co-founding Everstone Capital in 2006, he worked with The Goldman Sachs Group as a managing director. He has also served on the boards of several companies in India and overseas.

Mr. R. Sundararaman, aged 73 years, is an Independent Director of our Company. He holds a master's degree in commerce from the University of Madras. Mr. Sundararaman has 38 years of experience with the State Bank of India. He retired as a deputy managing director and group executive (A&S) of the bank. Mr. Sundararaman has also been on the board of directors of IndusInd Bank Limited for eight years. He was also a director on the board of BgSE Properties and Securities Limited (*formerly known as Bangalore Stock Exchange Limited).*

Mr. R. S. Sharma, aged 65 years, is an Independent Director of our Company. Mr. Sharma holds a bachelor's degree in arts from Delhi University. He is a qualified cost accountant from the Institute of Cost Accountants of India. Mr. Sharma is also a certified associate of the Indian Institute of Bankers. Mr. Sharma is the former chairman and managing director of Oil and Natural Gas Corporation Limited ("**ONGC**"). He was also concurrently the chairman of Mangalore Refinery & Petrochemicals Limited and ONGC Videsh Limited from May 2006 to January 2011. Mr. Sharma currently holds the position of Chairman of the Hydrocarbon Committee at FICCI. He is also non-executive chairman of Lloyds Register South West Asia Operations.

Mr. Debabrata Sarkar, aged 62 years, is an Independent Director of our Company. Mr. Debabrata Sarkar holds a master's degree in commerce from the University of Calcutta. He is a qualified chartered accountant from ICAI, and is a certified associate of the Indian Institute of Bankers. He is the former chairman and managing director of Union Bank of India and a nominee director of Union KBC Asset Management Company Private Limited. Mr. Sarkar has also been on the board of Star Union Dai-Ichi Life Insurance Company Limited, Allbank Finance Limited, General Insurance Corporation of India.

Ms. Bhumika Batra, aged 34 years, is an Independent Director of our Company. Ms. Bhumika Batra holds a bachelor's degree in commerce from DAVV, Indore and a bachelor's degree in law from Symbiosis Society's Law College. Ms. Batra is a member of the Bar Council of Maharashtra and Goa. She has 11 years of experience in the field of law and is currently an Associate Partner with M/s. Crawford Bayley & Co. Ms. Bhumika Batra is also on the board of directors of various companies including Team Relocations India Private Limited, Master Voss India Private Limited, Kancor Ingredients Limited and Sharp India Limited.

Mr. Samir Bhatia, aged 52 years, is an Independent Director of our Company. Mr. Bhatia is a chartered accountant and a member of the ICAI. He has several years of experience in the banking and financial services industry, including in building and running wholesale and retail banking businesses. Mr. Bhatia has been with Equifax Credit Information Services Private Limited since October 26, 2009, and has held the position of managing director and chief executive officer. Mr. Bhatia has also held the position of managing director – India and Indian Ocean, Global and Retail Commercial Bank, at Barclays Bank Plc. Mr. Bhatia is the founder and chief executive officer of SMEcorner.com.

Relationship between Directors

None of our Directors is related to each other.

Terms of Appointment of our Executive Director

Mr. S. Nagarajan

Mr. S. Nagarajan was appointed as our Managing Director for a term of two years with effect from October 1, 2010 to September 30, 2012. He was subsequently re-appointed as our Managing Director for a further term of two years with effect from October 1, 2012 to September 30, 2014. Mr. S. Nagarajan has been further re-appointed as the Managing Director and CEO for a term of two years with effect from October 1, 2014 to September 30, 2016, pursuant to a board resolution dated May 9, 2014 and a resolution approved by the Shareholders on July 23, 2014 with the following terms and conditions:

- Mr. Nagarajan is entitled to a fixed pay of ₹ 1.34 million per month and a variable pay of up to ₹ 6.9 million per annum. The other allowances and perquisites available to Mr. Nagarajan are subject to an annual ceiling of ₹ 2.99 million and any amount not specifically claimed during the year shall be paid to Mr. Nagarajan at the end of the year. He received total remuneration of ₹ 18.65 million in fiscal 2015.

- Mr. Nagarajan is entitled to gratuity, encashment of leave and one club membership at the end of his tenure.

- Mr. Nagarajan is also be entitled to stock options in accordance with our Company's stock option scheme as may be approved by our Shareholders from time to time.

- Mr. Nagarajan's employment may be terminated at any time either by our Company or Mr. Nagarajan, by giving three months prior notice of termination in writing to the other party.

Remuneration details of our Directors

(1) Remuneration details of our Executive Director

(i) For details of remuneration for our Executive Director, see "***- Terms of Appointment of the Executive Director***", on page 198 above.

(2) Remuneration details of our Non-executive and Independent Directors

As per the Board resolution dated August 13, 2015, Independent Directors are entitled to receive sitting fees of ₹ 50,000 for attending each meeting of our Board and ₹ 30,000 for attending each committee meeting of our Board, as applicable. Additionally, our Independent Directors are also entitled to reimbursement of travelling and out of pocket expenses incurred by them to attend such meetings.

The details of the sitting fees paid and other payments made to our Non-executive Directors, including our Independent Directors, during fiscal 2015 are as follows:

(₹ in million)

S. No.	Name of Director	Sitting Fees Paid
1.	Mr. R. Seshasayee [(1)]	0.22
2.	Mr. R. Sundararaman[(2)]	0.38
3.	Mr. Dheeraj G Hinduja	0.12
4.	Mr. S. Soloman Raj [(3)]	0.30
5.	Mr. R. S. Sharma	0.06
6.	Mr. T. Anantha Narayanan [(4)]	0.40
7.	Mr. Y. M. Kale [(5)]	0.12
Total		**1.26**

[(1)] *Ceased to be a director of our Company since June 12, 2015.*
[(2)] *Ceased to be a director of our Company on March 16, 2015 and was reappointed as an Additional Director on April 16, 2015.*
[(3)] *Ceased to be a director of our Company since March 16, 2015.*
[(4)] *Ceased to be a director of our Company since March 16, 2015.*
[(5)] *Ceased to be a director of our Company since April 13, 2015.*

Remuneration paid or payable from our Subsidiary and our Associate Company

In fiscal 2015, no remuneration has been paid to any of our Directors by our Subsidiary or our Associate Company.

Loans to Directors

There are no loans that have been availed of by our Directors from our Company, which are outstanding as of the date of this Draft Red Herring Prospectus.

Bonus or profit sharing plan for the Directors

Except as disclosed above in respect of the remuneration payable to our Managing Director and CFO under **"– *Remuneration details of our Executive Directors***" on page 199, our Company does not have a bonus or profit sharing plan for our Directors.

Shareholding of our Directors

The Articles of Association do not require the Directors to hold any qualification shares.

Details of our Directors who hold Equity Shares as of the date of this Draft Red Herring Prospectus are as follows:

Name	No. of Equity Shares	% of pre-Offer Equity Share capital
Mr. S. Nagarajan	4,00,040	0.11
Total	**4,00,040**	**0.11**

Except Mr. S. Nagarajan and Mr. Gopal Mahadevan, none of our Directors hold Equity Shares in our Subsidiary, as of the date of this Draft Red Herring Prospectus. For further details, see "***History and Certain Corporate Matters - Subsidiary of our Company - Shareholding of our Directors in our Subsidiary***" on page 190.

Service contracts with Directors

There are no service contracts entered into with any Directors, which provide for benefits upon termination of employment.

Interest of Directors

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them. Further, our Directors may also be regarded as interested in the Equity Shares held by them or that may, pursuant to this Offer, be allotted to their relatives or to companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters.

Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares, held by them, as also to the extent of stock options that may be granted to them from time to time under the Hinduja ESOP 2013. For further details, see "***Capital Structure – Employee Stock Option Schemes***" on page 112.

Our Directors have no interest in the promotion of our Company other than in the ordinary course of business.

Mr. Atul Kapur, Nominee Director for Everfin Holdings, may be deemed to be interested to the extent of shareholding of Everfin Holdings, the entity he represents on our Board.

No proceedings/investigations have been initiated by SEBI against any company, the board of directors of which also comprise any of the Directors of our Company. No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms of companies in which they are interested by any person either to induce him to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

Interest in property

Our Company has purchased land and building, constituting our Corporate Office from Hinduja Foundries Limited pursuant to execution of sale deed dated March 28, 2014. Mr. Dheeraj G Hinduja, our Director, is and was also a director on the board of Hinduja Foundries Limited at the time of the purchase of land from Hinduja Foundries Limited. Except as stated above and as disclosed in "***Related Party Transactions***" on page 222 and Annexure VI of our Restated Standalone Financial Information and Annexure VI of our Restated Consolidated Financial Information, on pages 246 and 324 respectively, our Directors have no interest in any property acquired by our Company within the two preceding years of the date of filing of this Draft Red Herring Prospectus, or presently intended to be acquired by our Company.

Payment of benefits (non-salary related)

Except as stated in "***Payment of non-salary related benefits to officers of our Company***" on page 212 no amount or benefit (non-salary related) has been paid or given to any Directors within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment. Further, our Company has not granted loans to its Directors, Key Management Personnel or its employees, as of the date of this Draft Red Herring Prospectus.

Appointment of relatives to a place of profit

None of the relatives of any of the Directors has been appointed to an office or place of profit with our Company or our Subsidiary.

Business interest

Except as stated in this sub-section and in Annexure VI of our Restated Standalone Financial Information and Annexure VI of our Restated Consolidated Financial Information on pages 246 and 324 respectively, our Directors do not have any interest in the business of our Company and Promoter Group.

Directorships of Directors in listed companies

None of our Directors have been on the board of any listed company whose shares have been/were suspended from being traded on BSE Limited or National Stock Exchange of India Limited, for the five years prior to the date of filing this Draft Red Herring Prospectus.

Except as stated below, none of our Directors has been or is a director on the board of any listed companies which have been/were delisted from any stock exchange(s):

S. No	Name of the company	Name of the stock exchange(s) on which the company was listed	Date of delisting on stock exchanges	Whether the delisting was compulsory or voluntary delisting:	Reasons for delisting	Whether the company has been relisted	Date of relisting, in the event the company is relisting	Name of the stock exchange(s) on which the company was relisted	Term of directorship (along with relevant dates) in the company
Mr. R. S. Sharma									
1.	Jubilant Energy, N.V.	AIM (the alternative investment market of the London Stock Exchange)	November 17, 2015	Voluntary	Substantial fall in share price from the ipo price, administrative costs and expenses for being listed and low liquidity of the shares	No	-	-	Appointed on March 21, 2013 and resigned on December 19, 2015
Mr. Dheeraj G Hinduja									
2.	Ashok Leyland Limited	Stock Exchange of Madras	September 25, 2014	Voluntary	Did not meet SEBI criteria on annual turnover	No	-	-	Mr. Dheeraj G Hinduja is a non-executive director of ALL

For details of our Directors' association with the securities market see "***Other Regulatory and Statutory Disclosures***" on page 400.

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are as follows:

Name of Director	Date of appointment	Date of cessation	Designation	Reasons
Mr. Atul Kapur	August 1, 2013	-	Nominee Director	Appointment

Name of Director	Date of appointment	Date of cessation	Designation	Reasons
Mr. R. S. Sharma	December 19, 2014	-	Independent Director	Appointment(1)
Mr. T. Anantha Narayanan	July 23, 2014	-	Independent Director	Appointment
Mr. Anil Harish	-	July 23, 2014	Independent Director	Exceeded number of directorships
Mr. R. Sundaraman	July 23, 2014	-	Independent Director	Appointment
Mr. Y. M. Kale	-	April 13, 2015	Non-executive Director	Resignation
Mr. T. Anantha Narayanan	-	March 16, 2015	Independent Director	RBI Guidance on age limit for directors
Mr.R.Seshasayee	-	June 12, 2015	Non-executive Director	Resignation
Mr. R. Sundararaman	-	March 16, 2015	Independent Director	Resignation
Mr. S. Solomon Raj	-	March 16, 2015	Director	RBI Guidance on age limit for directors
Mr. Debabrata Sarkar	March 16, 2015	-	Independent Director	Appointment(2)
Mr. R. Sundararaman	April 15, 2015	-	Independent Director	Appointment(2)
Ms. Bhumika Batra	March 16, 2015		Independent Director	Appointment(2)
Mr. Gopal Mahadevan	March 16, 2015	-	Non-executive Director	Appointment(3)
Mr. Sudhanshu Tripathi	August 13, 2015	-	Non-executive Director	Appointment(4)
Mr. Samir Bhatia	August 13, 2015	-	Independent Director	Appointment(5)

(1) *Regularised as an independent director in the EGM held on July 23, 2014.*

(2) *Regularised as an independent director in the EGM held on August 13, 2015.*

(3) *Regularised as a Non-executive Director in the EGM held on August 13, 2015.*

(4 *Regularised as Non-executive Director in the EGM held on March 23, 2016.*

(5) *Regularised as an independent director in the EGM held on March 23, 2016.*

Borrowing Powers

Pursuant to our Articles of Association, subject to applicable law and pursuant to a resolution passed by our Board at their meeting held on May 8, 2015 and a resolution of the shareholders of our Company passed at the EGM held on May 8, 2015, our Board has been authorised by our Company to borrow sums of money for the purpose of our Company with or without security upon such terms and conditions as the Board may think fit, which, together with the monies borrowed by our Company (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed the amount of ₹ 100,000 million over and above the aggregate of the paid-up share capital and free reserves of our Company.

Corporate Governance

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We believe we are in compliance with the requirements of the applicable regulations, including the Companies Act, the SEBI Listing Regulations and the SEBI ICDR Regulations, in respect of corporate governance including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of the committees of our Board, as required under law.

As of the date of this Draft Red Herring Prospectus, there are 10 Directors on our Board, comprising one Executive Director and five Independent Directors. Our Board includes Ms. Bhumika Batra as a woman Director. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013, particularly, in relation to appointment of independent Directors to our Board and constitution of Board-level committees.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act, 2013.

Board-level committees

In terms of the SEBI Listing Regulations, the Companies Act, 2013, and the circulars and guidelines laid down by the RBI in respect of NBFCs, our Company, has constituted the following Board-level committees:

(a) Audit Committee;

(b) Nomination and Remuneration Committee;

(c) Stakeholder's Relationship Committee;

(d) Risk Management Committee;

(e) Asset Liability Management Committee;

(f) Corporate and Social Responsibility Committee; and

(g) Capital Raising Committee.

(a) *Audit Committee*

Our Audit Committee was constituted by a resolution of our Board dated January 21, 2011 in compliance with Section 292A of the Companies Act, 1956 and the Articles of Association. The charter of the Audit Committee was amended in accordance with the provisions of Section 177 of the Companies Act, 2013 pursuant to board resolution dated November 7, 2014. The Audit Committee was re-constituted pursuant to a board resolution dated February 12, 2016 and currently consists of the following members:

Name	Position on the committee	Designation
Mr. R.Sundararaman	Chairman	Independent Director
Mr. Atul Kapur	Member	Nominee Director
Mr. Debabrata Sarkar	Member	Independent Director
Ms. Bhumika Batra	Member	Independent Director
Mr. Gopal Mahadevan	Member	Non-executive Director
Mr. Samir Bhatia	Member	Independent Director

The Company Secretary shall act as the secretary to the Audit Committee.

A. Powers of the Audit Committee:

The powers of the Audit Committee include:

(a) To investigate any activity within its terms of reference;

(b) To seek information from any employee of our Company;

(c) To obtain outside legal or other professional advice;

(d) To secure attendance of outsiders with relevant expertise, if it considers necessary; and

(e) To ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

B. Role of the Audit Committee:

The role of the Audit Committee includes:

(a) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

(b) Recommendation for appointment, remuneration and terms of appointment of auditors of our Company;

(c) Approval of payment to Auditors for any other services rendered by the Auditors of our Company;

(d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons thereto;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions; and
- Qualifications in the draft audit report.

(e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

(f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(g) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

(h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;

(i) Approval or any subsequent modification of transactions of our Company with related parties;
Explanation: *The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the Accounting Standards.*

(j) Scrutiny of inter-corporate loans and investments;

(k) Valuation of undertakings or assets of our Company, wherever it is necessary;

(l) Evaluation of internal financial controls and risk management systems;

(m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(o) Discussion with internal auditors of any significant findings and follow up there on;

(p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(r) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(s) To review the functioning of the whistle blower mechanism;

(t) Approval of the appointment of the CFO of our Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and

(u) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

C. Mandatory review by the Audit Committee

The Audit Committee is required to mandatorily review the following information:

(a) Management discussion and analysis of financial condition and results of operations;

(b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of our Company;

(c) Management letters / letters of internal control weaknesses issued by the statutory auditors of our Company;

(d) Internal audit reports relating to internal control weaknesses;

(e) The appointment, removal and terms of remuneration of the chief internal auditor;

(f) Statement of deviations:

a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchanges in terms of sub-regulation (1) of Regulation 32 of the SEBI Listing Regulations; and

b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of sub-Regulation (7) of Regulation 32 of the SEBI Listing Regulations.

The Audit Committee is required to meet at least four times in a year and not more than 120 days should elapse between two meetings. The quorum is either two members or one third of the members of the Audit Committee whichever is greater, provided a minimum of two independent members are present.

(b) Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was constituted as the “Remuneration Committee” by a resolution of our Board dated September 15, 2010, in compliance with Schedule XIII of the Companies Act, 1956 and the Articles of Association. The charter of the Nomination and Remuneration Committee was amended in accordance with the provisions of Section 178 of the Companies Act, 2013 by board resolution dated November 7, 2014. The Nomination and Remuneration Committee was re-constituted pursuant to a board resolution dated February 12, 2016 and currently consists of the following members:

Name	Position on the committee	Designation
Mr. R. S. Sharma	Chairman	Independent Director
Mr. Debabrata Sarkar	Member	Independent Director
Mr. Dheeraj G Hinduja	Member	Non-executive Director
Mr. Sudhanshu Tripathi	Member	Non-executive Director

The Company Secretary shall act as the secretary to the Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall consist of four members including the chairman who shall be an independent director. The Chairperson of the Nomination and Remuneration Committee or, in his absence, any other member of the committee authorized by him in this behalf shall attend the general meetings of our Company.

Scope and terms of reference: The terms of reference of the Nomination and Remuneration Committee include:

a. Formulation of the criteria for ensuring the 'fit and proper' status of proposed/ existing directors.

b. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees.

c. Formulation of criteria for evaluation of independent directors and the Board.

d. Devising a policy on Board diversity.

e. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

f. Identify persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance. The company shall disclose the remuneration policy and the evaluation criteria in its annual report.

g. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable law in India or overseas, including:

    - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or

    - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended from time to time.

h. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

i. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under the SEBI Listing Regulations and the equity listing agreement entered into with the stock exchanges.

(c) Stakeholders' Relationship Committee

Our Stakeholders' Relationship Committee which was originally constituted by a circular resolution of our Board dated January 2, 2016 was re-constituted on February 12, 2016, and currently consists of the following members:

Name	Position on the committee	Designation
Ms. Bhumika Batra	Chairman	Independent Director
Mr. S. Nagarajan	Member	Managing Director and CEO
Mr. Sudhanshu Tripathi	Member	Non-executive Director

The Company Secretary shall act as the secretary to the Stakeholders' Relationship Committee. The Board shall designate one Independent Director as the chairperson to the Stakeholders' Relationship Committee. The Stakeholders' Relationship Committee shall meet at least four times a year with a maximum interval of four months between two meetings and shall report on quarterly basis to the Board, regarding the status of redressal of complaints received from the shareholders of the Company, for review thereof and publication along with the quarterly un-audited financial results.

Scope and terms of reference: The terms of reference of the Stakeholders' Relationship Committee include:

a. Considering and resolving grievances of shareholders', debenture holders and other security holders;

b. Redressal of grievances of the security holders of the Company, including complaints in respect of allotment of Equity Shares or debentures, transfer of Equity Shares, non-receipt of declared dividends, non-receipt of balance sheets of the Company, non-receipt of annual reports of the Company, etc. and assisting with quarterly reporting of such complaints;

c. Allotment of Equity Shares, approval of transfer or transmission of Equity Shares, debentures or any other securities and review cases for refusal of transfer/transmission of shares and debentures;

d. Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc. and redress complaints relating to non-receipt of share certificates,; and

e. Overseeing the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor service;

f. Carrying out any other function contained in the SEBI Listing Regulations as amended from time to time, and the equity listing agreement executed with the stock exchanges.

(d) Risk Management Committee

Our Risk Management Committee was constituted by a resolution of our Board dated July 18, 2011, in compliance with RBI Notification No. DNBS(PD)CC. No. 94/03.05.002/2006-07 dated May 8, 2007. The charter of our Risk Management Committee was amended by board resolution dated November 7, 2014 in accordance with the Companies Act, 2013. Our Risk Management Committee was re-constituted by a board resolution dated February 12, 2016 and currently consists of the following members:

Name	Position on the committee	Designation
Mr. Debabrata Sarkar	Chairman	Independent Director
Mr. S. Nagarajan	Member	Managing Director and CEO
Mr. R. S. Sharma	Member	Independent Director
Mr. Atul Kapur	Member	Nominee Director

The Company Secretary shall act as the secretary to our Risk Management Committee. A majority of the members of our Risk Management Committee shall be Independent Directors who shall be appointed by the Chairman of the Board. The Board shall designate one Independent Director as the chairperson to our Risk Management Committee.

Scope and terms of reference: The terms of reference of Risk Management Committee include:

a. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;
b. To frame and devise risk management plan and policy of the Company and review the progress made in putting in place a progressive risk management system;
c. To review and recommend potential risk involved in any new business plans and processes;
d. To ensure that the Company is in conformity with corporate governance standards pertaining to the composition, role and function of various committees formed by the Board; and
e. Any other similar or other functions as may be laid down by Board from time to time.

(e) Asset Liability Management committee

Our Asset Liability Management Committee was constituted by a resolution of our Board dated July 18, 2011, in compliance with RBI Notification No. DNBS(PD)CC. No. 15/02.01/2000-01 dated June 27, 2001. Our Asset Liability Management Committee was re-constituted by a circular resolution dated September 26, 2015 and currently consists of the following members:

Name	Position on the committee	Designation
Mr. S. Nagarajan	Member	Managing Director and CEO
Mr. Atul Kapur	Member	Nominee Director
Mr. Gopal Mahadevan	Member	Non-executive Director

The Company Secretary shall act as the secretary to our Asset Liability Management Committee.

Scope and terms of reference: Our Asset Liability Management Committee shall perform the following functions:

(i) The committee shall meet at least two times in a year and the quorum shall be either two members or one third of the members of the Risk Management Committee whichever is greater.

(ii) The Asset Liability Management Committee shall be responsible for recommending to the Board prudent asset/liability management policies and procedures and shall review the following:

a. Interest rate forecasts and spreads for our Company;

b. Internal cost of funds;

c. Year-to-date operating results;

d. Projected funding needs;

e. Projected loan disbursements;

f. Liquidity position;

g. (GAP) Rate Sensitivity analysis;

h. Net Interest Margin/Interest Rate Risk Measures;

i. Ratio of loan loss reserves to outstanding risk loans; and

j. Current loan investment and funding strategies.

(f) Corporate Social Responsibility Committee

Our CSR Committee was constituted by a resolution of our Board dated May 9, 2014, in compliance with Section 135 of the Companies Act, 2013 and was thereafter reconstituted by a board resolution dated February 12, 2016. The CSR Committee currently consists of:

Name	Position on the committee	Designation
Mr. S. Nagarajan	Member	Managing Director and CEO
Mr. Dheeraj G Hinduja	Member	Non-executive Director
Mr. Sudhanshu Tripathi	Member	Non-executive Director
Ms. Bhumika Batra	Member	Independent Director

The Company Secretary shall act as the secretary to the CSR Committee. The CSR Committee shall meet at least once a year and the quorum for a meeting shall be either two members or one third of the members of the CSR Committee whichever is higher. The CSR Committee shall at all times require at least one independent director to be present at every meeting.

Scope and terms of reference:

The terms of reference of the CSR Committee shall include the following:

(i) Formulate and Recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by our Company as specified in Schedule VII of the Companies Act, 2013;

(ii) To review and recommend the amount of expenditure to be undertaken by our Company;

(iii) To monitor the Corporate Social Responsibility Policy of our Company from time to time; and

(iv) Any other matter as the CSR Committee may deem appropriate after approval of our Board or as may be directed by our Board from time to time pursuant to the provisions of Section 135 of the Companies Act and rules in relation thereto, as amended from time to time.

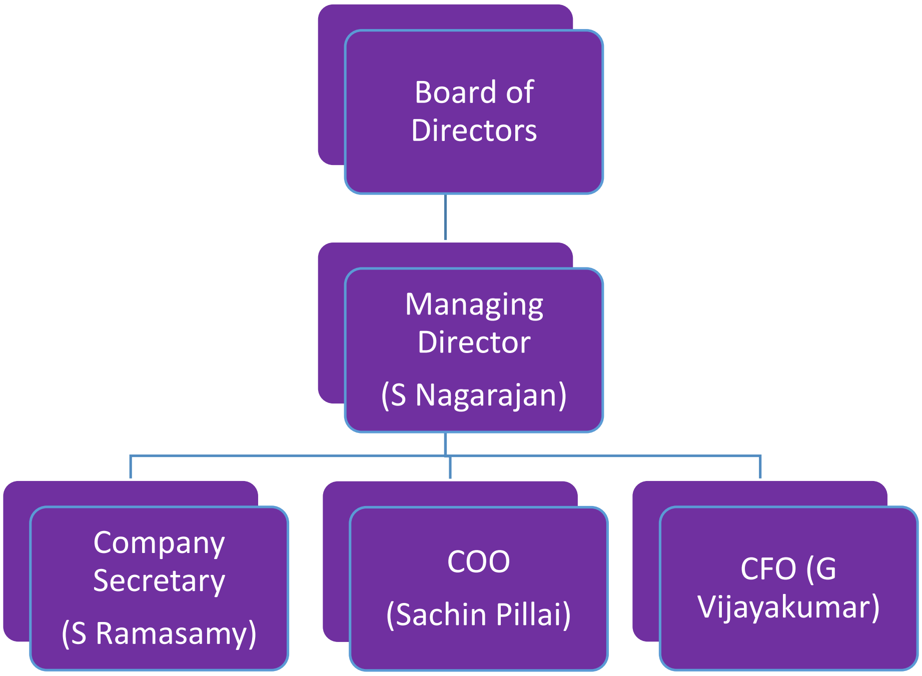
Our Company has set aside 2% of our standalone net profit for Fiscal 2015 for CSR activities. Our Company aims to donate the balance set aside by the CSR Committee once it identifies a suitable cause/activity as specified in Schedule VII of the Companies Act, 2013.

(g) **Capital Raising Committee**

Our Capital Raising Committee was constituted by a circular resolution of our Board dated September 26, 2015, and was thereafter reconstituted by a board resolution dated February 12, 2016. The Capital Raising Committee is authorized to, among other things, approve implement, negotiate, carry out and decide upon all activities in connection with the Offer, approve amendments to the Memorandum and Articles of Association, approve dematerialization of Equity Shares, finalize and arrange for submission of Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, seek listing of the Equity Shares and submit applications and documents to relevant statutory and other authorities from time to time. The Capital Raising Committee currently consists of:

Name	Position on the committee	Designation
Mr. Atul Kapur	Member	Nominee Director
Mr. Samir Bhatia	Member	Independent Director
Mr. Gopal Mahadevan	Member	Non-executive Director
Ms. S. Nagarajan	Member	Managing Director and CEO

Management organisation structure



Key Management Personnel

In addition to Mr. S. Nagarajan, our Managing Director and CEO, the details of the details of our other Key Management Personnel as of the date of this Draft Red Herring Prospectus are as follows:

1. **Mr. G. Vijayakumar**, aged 48 years, was appointed as the CFO by board resolution dated May 9, 2014. Mr. Vijayakumar has been with our Company since its incorporation. He is a qualified cost accountant from the ICWA with over 25 years of experience in the banking and financial services industry. He holds a master's degree in commerce from Madras University. Prior to joining our Company, he was associated with National Trust Housing Finance Limited, where he was the vice president - operations. Prior to working with National

Trust Housing Finance Limited, Mr. Vijayakumar has also worked with HSBC Limited. The remuneration paid to him during Fiscal 2015 was ₹ 3.66 million.

2. **Mr. Sachin Pillai,** aged 43 years, is the COO. He joined our Company on April 13, 2012. He holds a bachelor's degree in business administration in marketing from Sardar Patel University and a master's degree in business administration from Chakravarti Rajagopalachari Institute of Management. He has several years of experience in the field of financial services. He is responsible for establishing and implementing systems to execute our Company's strategic plan on various issues, including issues relating to business development, grounds for identifying the avenues for development, market opportunities, and forecasting data to drive decision-making around business development. Prior to joining our Company, he was associated with Reliance Capital Limited as the executive vice president, group business head and with HDFC Bank Limited, where he was the vice president. The remuneration paid to him during Fiscal 2015 was ₹ 13.1 million.

3. **Mr. S. Ramasamy**, aged 51 years, is our Company Secretary since August 13, 2015. He was appointed as the compliance officer to the Offer by our Company's board resolution dated February 12, 2016. He is a qualified company secretary and a member of the ICSI. Mr. Ramasamy is a member of the ICAI with several years of experience in various companies as a part of their senior management teams. He has served in different industries including financial services, information technology and media. Prior to joining our Company, Mr. Ramasamy worked with Techpro Systems Limited serving as an additional general manager – finance and accounts. He has experience in finance, legal and secretarial functions. He is responsible for undertaking all secretarial functions of our Company including ensuring compliance with various regulatory requirements applicable to our Company. Mr. Ramasamy was appointed in Fiscal 2016 and hence was not eligible for remuneration in Fiscal 2015.

All the Key Management Personnel are permanent employees of our Company.

Relationship among Key Management Personnel

None of our Key Management Personnel is related to one another.

Bonus or profit sharing plan for the Key Management Personnel

There is no profit sharing plan for the key management personnel. Our Company makes bonus payments based on their performance, which is in accordance with their terms of appointment.

Shareholding of Key Management Personnel

Details of our Key Management Personnel who hold Equity Shares as of the date of this Draft Red Herring Prospectus are as follows:

Name	No. of Equity Shares	% of pre-Offer Equity Share capital
Mr. S. Nagarajan	400,040	0.11
Mr. Sachin Pillai	40,000	0.01
Mr. G. Vijayakumar	20,000	0.01
Total	**460,040**	**0.13%**

Details of our Key Management Personnel who hold equity shares in our Subsidiary as of the date of this Draft Red Herring Prospectus are as follows:

Name of Director	Name of Subsidiary	No. of equity shares	Percentage of issued capital of the Subsidiary
Mr. S. Nagarajan	Hinduja Housing Finance Limited	1	Negligible
Mr. Sachin Pillai	Hinduja Housing Finance Limited	1	Negligible
Mr. G. Vijayakumar	Hinduja Housing Finance Limited	1	Negligible
Total		**3**	**Negligible**

Service Contracts with Key Management Personnel

Other than as disclosed under *"- **Service Contracts with Directors**"* on page 200, our Company has not entered into any service contracts, pursuant to which its officers, including its Directors and Key Management Personnel, are entitled to benefits upon termination of employment.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company including Directors and Key Management Personnel, are entitled to any benefit upon termination of employment or superannuation.

Loans to Key Management Personnel

As on the date of this Draft Red Herring Prospectus, there is no amount outstanding under any loan given by our Company to the benefit of any key management personnel.

Interest of Key Management Personnel

None of our Key Management Personnel have any interest in our Company except to the extent of their shareholding in our Company, remuneration, benefits, reimbursement of expenses incurred by them in the ordinary course of business and stock options that may be granted to them from time to time under Hinduja ESOP 2013 and transferred to them in accordance with the Hinduja ESOP 2013. None of our Key Management Personnel have been appointed pursuant to any arrangement or understanding with our Company's major shareholders, customers or suppliers or others.

For details regarding the shareholding of our Key Management Personnel and grants pursuant to the Hinduja ESOP 2013, see "***Capital Structure – Shareholding of our Directors and Key Management Personnel in our Company***" and "***Capital Structure – Notes to Capital Structure – Employee Stock Option Plan***" on pages 111 and 112 respectively.

Contingent and deferred compensation payable to Key Management Personnel

There is no contingent or deferred compensation payable to our Key Management Personnel, which does not form part of their remuneration.

Arrangements and understanding with major shareholders, customers, suppliers or others

Except for Mr. Atul Kapur, our nominee director, who has been appointed as a nominee of Everfin Holdings pursuant to the Everfin SHA, none of our Directors or Key Management Personnel has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others. For details of the shareholders' agreements pursuant to which Mr. Atul Kapur was appointed on our Board, see "***History and Certain Corporate Matters – Share Subscription and Shareholders' Agreements***" on page 188.

Changes in Key Management Personnel during the last three years

The changes in our Key Management Personnel during the three years immediately preceding the date of this Draft Red Herring Prospectus are as follows:

Name	Designation	Date of appointment as Key Managerial Personnel	Date of cessation	Reason
Mr. K.R. Sampathkumar	Company Secretary	May 18, 2011	August 11, 2014	Resignation
Mr. G. Vijayakumar	CFO	May 9, 2014	-	Appointment
Mr. S. Balaji	Company Secretary	September 29, 2014	August 13, 2015	Resignation
Mr. S. Ramasamy	Company Secretary	August 13, 2015	-	Appointment

Employee stock option and stock purchase schemes

For details of Hinduja ESOP 2013, see "***Capital Structure – Employee Stock Option Schemes***" on page 112.

Payment of non-salary related benefits to officers of our Company

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

OUR PROMOTERS, PROMOTER GROUP AND GROUP COMPANY

The Promoters of our Company are Ashok Leyland Limited and Hinduja Power Limited. As on the date of this Draft Red Herring Prospectus, ALL holds 217,499,800 Equity Shares and HPL holds 70,000,000 Equity Shares, which constitute 57.43% and 18.48%, respectively, of our Company's issued and paid-up Equity Share capital.

I. Details of our Promoters

1. Ashok Leyland Limited

Corporate Information

ALL was incorporated as a public limited company on September 7, 1948, under the Companies Act, 1913, with the RoC as "Ashok Leyland Limited". ALL received its certificate of commencement of business on December 14, 1948. Its CIN is L34101TN1948PLC000105 and its registered office is situated at 1, Sardar Patel Road, Guindy, Chennai 600 032, India. The equity shares of ALL are presently listed on the NSE and the BSE.

ALL's principal business is the design, development, manufacture and sale of a comprehensive portfolio of commercial vehicle products with varying capacities and applications to cater to different customer segments. ALL manufactures and sells a complete range of goods vehicles spanning medium and heavy duty trucks. ALL also manufactures engines, gensets and spare parts and various special application vehicles which are used to provide logistics support to the Indian defence sector. Through a strategic partnership, ALL also manufactures and sells light commercial vehicles and a comprehensive range of city, inter-city, special purpose buses and coaches.

For details of other ventures of ALL, see "***Our Promoters, Promoter Group and Group Company***" on page 213.

Board of Directors

The board of directors of ALL comprises:

S. No.	Name	Designation
1.	Mr. Dheeraj G Hinduja	Non- Executive Director and Chairman
2.	Mr. R. Seshasayee	Non- Executive Director and Vice Chairman
3.	Mr. Vinod K. Dasari	Managing Director
4.	Mr. Abin Kumar Das	Non-Executive Director
5.	Dr. Andreas H. Biagosch	Independent Director
6.	Mr. Andrew C Palmer	Independent Director
7.	Mr. Balaji Rao J. Doveton	Independent Director
8.	Mr. Jean Brunol	Independent Director
9.	Ms. Manisha Girotra	Independent Director
10.	Mr. Sanjay K. Asher	Independent Director
11.	Mr. Shardul S. Shroff	Independent Director
12.	Mr. Sudhindar Krishan Khanna	Independent Director

Shareholding Pattern

The shareholding pattern of ALL as on December 31, 2015 is as provided below:

Category	***Category of shareholder***	***Nos. of shareholders***	***No. of partly paid up equity shares held***	***No. of shares underlying Depository Receipts***	***Total nos. shares held***	***Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)***	***Number of Shares pledged or otherwise encumbered***		***Number of equity shares held in dematerialized form***
							No. (a)	*As a % of total Shares held (b)*	
(A)	Promoter and Promoter Group	4	1,104,646,899	329,200,140	1,433,847,039	50.38	140,200,140	9.78	1,433,847,039
(B)	Public	392,459	1,388,984,095	23,045,500	1,412,029,595	49.62	-	0.00	1,387,070,260
(C1)	Shares underlying DRs	-	-	-	-	**0.00**	-	0.00	-
(C2)	Shares held by Employee Trusts	-	-	-	-	**0.00**	-	0.00	-
(C)	Non Promoter-Non Public	-	-	-	-	**0.00**	-	0.00	-
	Total	**392,463**	**2,493,630,994**	**352,245,640**	**2,845,876,634**	**100.00**	**140,200,140[(1)]**	**9.78**	**2,820,917,299**

[(1)]Note: 65,200,140 equity shares, equivalent to 2.29% of the total shareholding of ALL, pledged with HSBC by HAL as collateral for loans taken by ALL, were released by HSBC on March 16, 2016. (Source:www.bseindia.com)

2. Hinduja Power Limited

Corporate Information

HPL was incorporated on October 5, 2007, as "IXTF Mauritius", a private company limited by shares, under the laws of Mauritius. HPL's name was changed from IXTF Mauritius to Hinduja Power Limited on October 17, 2011. HPL's registered office is situated at 3rd Floor, 3B Citius Building, 31 Cybercity, Ebene, Mauritius.

HPL is an investment holding company. HPL's memorandum and articles of association authorize it to carry on or undertake any global business, do any act, or enter into any transaction, and for these purposes, has full rights, powers and privileges.

Board of Directors

The board of directors of HPL comprises:

1. Mr. Abhijit Mukhopadhyay, director;
2. Mr. Gopichand P Hinduja, director;
3. Mr. Prakash P Hinduja, director;
4. Mr. Jayechund Jingree, director;
5. Mr. Sushil Kumar Jogoo, director; and
6. Mr. Yasheel Kevin Jingree, alternate director to Mr Jayechund Jingree.

Shareholding Pattern

Machen Holding S.A., Luxembourg holds 100% of the total share capital of HPL.

We confirm that the Permanent Account Number, bank account number and the Company Registration Number and address of the registrar of companies where our Promoters are registered, will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Interests of our Promoters

Our Promoters are interested in our Company to the extent of the Equity Shares held by them and any dividend or other distributions thereon, which may be made by our Company in the future. For more information pertaining to our Promoter's shareholding, see "***Capital Structure***" on page 102.

Except as otherwise disclosed in this Draft Red Herring Prospectus, our Promoters are not interested as a member of any firm or any company and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Our Promoters do not have any business interest in any venture that is or could be involved in any activities similar to those conducted by our Company. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation, in the event or as and when a conflict arises.

Payment of benefits and guarantees given by our Promoters

Except as stated herein and in "***Financial Statements***" on page 224:

a) No benefit or amount has been given or paid to our Promoters within the two years preceding the date of filing this Draft Red Herring Prospectus or intended to be paid or given to our Promoters or Promoter Group. For more details also see Annexure VI of our Restated Standalone Financial Information on page 246 and Annexure VI of our Restated Consolidated Financial Information on page 324.

b) There are no guarantees that have been given by our Promoters in favour of any party for the benefit of our Company or our Promoter Group.

Related Party Transactions

Except as disclosed in "***Related Party Transactions***" on page 222:

a) Our Company has neither entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus which are not in the ordinary course of business nor proposes to enter into any such contract in which our Promoters are directly or indirectly interested.

b) Our Promoters do not have any interest in any property acquired by our Company within two years of the date of filing this Draft Red Herring Prospectus or proposed to be acquired by it, or any interest in any transaction by our Company pertaining to acquisition of land, construction of building and supply of machinery, etc.

Change in management or control of our Promoters

There has not been any change in the management or control of our Promoters in the three years immediately preceding the filing of this Draft Red Herring Prospectus. For details of build-up of equity shareholding of Hinduja Power Limited in our Company, see "***Capital Structure - Build up of Promoters' shareholding in our Company***" on page 105.

Confirmations

Except as disclosed in "***Our Business – Intellectual Property***" on page 170, our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company.

There are no litigation or legal action pending or taken by any department of the Government or statutory authority during the last five years preceding the date of the Offer against our Promoters, except as disclosed under "***Outstanding Litigation and Material Developments – Litigation involving our Promoters - Litigation or legal action by the Government of India or any statutory authority in last five years***" on page 396.

Our Promoters have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against our Promoters.

As on the date of this Draft Red Herring Prospectus, our Promoters, Promoter Group, or directors or persons in control of our Promoters have not been prohibited by SEBI or any other regulatory or governmental authorities, from accessing the capital markets for any reasons. Further, our Promoters were not or are not a promoter or person in control of any other company that is or has been debarred from accessing the capital markets under any order or direction made by SEBI or any other authority.

Disassociation by our Promoters in the preceding three years

Except as provided below, ALL has not disassociated itself from any company or firm during the three years preceding the date of this Draft Red Herring Prospectus:

S. No.	Name of the company	Reason for disassociation
1.	Defiance Testing and Engineering Services Inc. USA	ALL sold its shareholding to Exova (US) Holding Inc.
2.	Avia Ashok Leyland Limited	ALL sold its shareholding to Ashok Leyland (UAE) LLC
3.	Ashok Leyland Wind Energy Limited	ALL sold its shareholding to Rajalakashmi Renewables Private Limited

Further, Ashley Investments Limited, Ashley Holdings Limited and Ashok Leyland Project Services Limited were amalgamated with Ashley Services Limited, by order dated July 15, 2013 passed by the High Court of Madras. Ashley Services Limited was in turn amalgamated with Ashok Leyland Limited by order dated March 21, 2014 passed by the High Court of Madras.

HPL has not disassociated itself from any company or firm during the three years preceding this Draft Red Herring Prospectus.

II. Promoter of our Promoters

1. Promoter of ALL

Hinduja Automotive Limited

Corporate Information

ALL is promoted by Hinduja Automotive Limited ("HAL"), a body corporate, incorporated under the laws of England and Wales, which currently holds 1,104,646,899 equity shares aggregating to 38.81% of the total share capital of ALL and 5,486,669 global depository receipts equivalent to 329,200,140 equity shares of ₹ 1 each aggregating to 11.57% of the total share capital of ALL.

The entire shareholding of HAL is held by Machen Holding S.A. Luxembourg ("**Machen Holding**"). The entire shareholding of Machen Holding is held by Machen Development Corporation, Panama ("**Machen Corporation**"). The entire shareholding of Machen Corporation is held by Amas Holdings SPF. The share capital of Amas Holding SPF comprises 10,000 shares. Mr. Prakash P. Hinduja having address at "Roc Fleuri", 1 Rue Tenao 98000, Monaco, is the settlor of the Trust which owns Amas Holding SPF, and the beneficiaries of the Trust are members of the Hinduja Family outside India, none of whom are entitled to be more than 15% beneficiaries of the Trust. None of the Non-Resident Indian members of the Hinduja family on an individual basis holds more than 5% of the total shares of Amas Holding SPF.

Board of directors

The board of directors of HAL comprises:

1. Mr. Gopichand Parmanand Hinduja, director;
2. Mr. Jose Maria Alapont, director;
3. Mr. Ajay Prakash Hinduja, director; and
4. Mr. Dheeraj G Hinduja, director.

2. Promoter of HPL

Machen Holding S.A., Luxembourg

HPL is promoted by Machen Holding S.A., Luxembourg

The entire shareholding of HPL is held by Machen Holding S.A., Luxembourg ("**Machen Holding**"). The entire shareholding of Machen Holding is held by Machen Development Corporation, Panama ("**Machen Corporation**"). The entire shareholding of Machen Corporation is held by Amas Holdings SPF. The share capital of Amas Holding SPF comprises 10,000 shares. Mr. Prakash P. Hinduja having address at "Roc Fleuri", 1 Rue Tenao 98000, Monaco, is the settlor of the Trust which owns Amas Holding SPF, and the beneficiaries of the Trust are members of the Hinduja Family outside India, none of whom are entitled to be more than 15% beneficiaries of the Trust. None of the Non-Resident Indian members of the Hinduja family on an individual basis holds more than 5% of the total shares of Amas Holding SPF.

Board of directors

The board of directors of Machen Holding:

1. Sarge Karncenblum;
2. Christian Mongol; and
3. Jean Doubet.

III. Details of our Promoter Group

(a) Natural Persons

There are no natural persons forming part of our Promoter Group.

(b) Bodies Corporate forming part of our Promoter Group

The companies that form part of our Promoter Group are as follows:

S. No.	Our Promoter Group
1.	Albonair (India) Private Limited
2.	Albonair GmbH, Germany
3.	Albonair (Taicang) Automotive Technology Company Limited, China
4.	Aasia Corporation LLP*
5.	Ashley Alteams India Limited
6.	Ashley Aviation Limited
7.	Ashok Leyland (Chile) Limited
8.	Ashok Leyland (Nigeria) Limited
9.	Ashok Leyland (UAE) LLC
10.	Ashok Leyland (UK) Limited
11.	Ashok Leyland Defence Systems Limited
12.	Ashok Leyland John Deere Construction Equipment Company Private Limited
13.	Ashok Leyland Nissan Vehicles Limited
14.	Ashok Leyland Wind Energy Limited
15.	Automotive Infotronics Limited**
16.	Global TVS Bus Body Builders Limited
17.	Gulf Ashley Motor Limited
18.	GOCL Corporation Limited
19.	HLF Services Limited
20.	Hinduja Automotive Limited, UK
21.	Hinduja Energy (India) Limited
22.	Hinduja Tech Limited
23.	Hinduja Ventures Limited
24.	Indusind Media and Communications Limited
25.	Lanka Ashok Leyland Plc
26.	Mangalam Retail Services Limited
27.	Machen Holding S.A., Luxemborg
28.	Nissan Ashok Leyland Powertrain Limited
29.	Nissan Ashok Leyland Technologies Limited
30.	Optare Plc UK

**Formerly known as Aasia Corporation, converted into a limited liability partnership on February 3, 2016.*
*** Currently under liquidation.*

(c) Partnerships forming part of our Promoter Group

There are no partnerships forming part of our Promoter Group.

Shareholding of the Promoter Group in our Company

Members of our Promoter Group hold, in the 33,000,000 aggregate, Equity Shares in the Company, representing 8.71% of the total issued and paid-up Equity Share capital of the Company, as on the date of this Draft Red Herring Prospectus. For further details of their shareholding see "***Capital Structure***" on page 102.

IV. Group Companies

Details of our Group Company

As per the SEBI ICDR Regulations, for the purpose of identification of group companies, our Company has, considered companies covered under the applicable accounting standards (i.e., Accounting Standard 18 issued by the Institute of Chartered Accountants of India, irrespective of whether there have been any transactions with such companies) on a consolidated basis, or such other companies considered material by our Board. Pursuant to the materiality policy adopted by our Board in its resolution dated February 12, 2016, for the purpose of disclosure in connection with the Offer, HLF Services Limited has been disclosed as a Group Company.

For avoidance of doubt, it is clarified that the Promoters and subsidiaries of our Company shall not be considered 'group companies'. The details of HLF Services Limited are mentioned hereunder:

Name of Group Company	Nature of business activities	Interest of our Promoter
HLF Services Limited	Permitted to carry on and to engage in, render services as market analysts, credit appraisers, loan syndicators, consultants, advisers, surveyors, brokers, canvassers experts, contractors, coordinators, investigators, service providers and to engage in research in to all matters and problems relating to industrial, financial and business management, administration, planning, marketing and selling to collect, examine and circulate data and statistics relating to any type of business and in particular not limited to cater to the needs of the business community including banks engaged in hire purchase / financing business of motor vehicles of all grades, including two wheelers, four wheelers, heavy duty vehicles and trucks, either as a retainer or contractor or on an assignment basis.	54% of the equity shares are held by ALL(1)

(1) The remaining equity shares of HLF Services Limited are held by our Company.

Details of Group Companies listed on the stock exchanges

As on the date of this Draft Red Herring Prospectus, our Group Company, HSL, does not have its equity shares listed on any Stock Exchange. As on the date of this Draft Red Herring Prospectus, HSL has not made any public or rights issue of securities in the three years immediately preceding the date of this Draft Red Herring Prospectus.

A. Details of our Group Company

As on the date of this Draft Red Herring Prospectus, our Company has only one Group Company, HSL, whose details are set forth below:

1. *HLF Services Limited*

HSL was incorporated on July 28, 2010 under the Companies Act, 1956. HSL received its certificate of commencement of business on August 20, 2010. The registered office of HSL is situated at 1, Sardar Patel Road, Guindy, Chennai 600 032, India. The corporate identification number of HSL is U67190TN2010PLC076750.

The authorized share capital of HSL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each and its issued, subscribed and paid-up share capital is ₹ 500,000 comprising 50,000 equity shares of ₹ 10 each.

Financial Performance

Certain details of the audited financial results of HSL for Fiscal 2015, 2014 and 2013 are set forth below:

(in ₹ except earnings per share data)

	Fiscal 2015	Fiscal 2014	Fiscal 2013
Equity Share capital	500,000	500,000	500,000
Reserves and surplus (excluding revaluation reserves)	11,713,285	8,376,888	7,447,382
Income from operations and other income	604,859,952	446,282,157	367,031,619
Profit/(Loss) after tax	3,336,397	929,506	5,078,395
Earnings per share (Basic and Diluted)	66.73	18.59	101.57
Net asset value per share	244.27	177.54	158.95

Significant Notes by Auditors

There are no qualifications or adverse remarks by the auditors of HSL.

B. Details of Group Companies with negative net worth

Our Group Company, HSL, does not have a negative net-worth.

Confirmations and Disclosures by our Group Company

Interests and common pursuits of our Group Company

Except as otherwise disclosed in this Draft Red Herring Prospectus, HSL does not have any interest in the promotion or formation of our Company.

There are no common pursuits between HSL and our Company.

Related Party Transactions

Except as disclosed in "***Related Party Transactions***" on page 222:

a) HSL does not have any interest in any property acquired by our Company within two years of the date of filing this Draft Red Herring Prospectus or proposed to be acquired by our Company, or any interest in any transaction by our Company pertaining to acquisition of land, construction of building and supply of machinery, etc.

b) HSL does not have any commercial business interest in our Company except for business conducted on an arm's length basis. Further, our Company does not have any sales or purchase with its Group Company exceeding, in the aggregate, 10% of the total sales or purchases of our Company. For more information on business transactions with HSL and its significance on our financial performance, see "***Financial Statements***" on page 224.

Other confirmations/disclosures

HSL has not been declared as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by HSL in the past and no proceedings for violation of securities laws are pending against HSL.

As on the date of this Draft Red Herring Prospectus, HSL has not been prohibited by SEBI or any other regulatory or governmental authorities, from accessing the capital markets for any reason.

Sick or Defunct Companies

Our Group Company, HSL has not become a sick company under the Sick Industrial Companies (Special Provisions) Act, 1985 and no winding up proceedings have been initiated against it. Further, HSL has not made a loss in the immediately preceding year. Further, HSL has not become defunct and no application has been made in respect of it, to the respective registrar of companies where it is situated, for striking off its name, in the five years immediately preceding the date of this Draft Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the last five fiscals, pursuant to the requirements under Accounting Standard 18 "***Related Party Disclosures***", issued by the Institute of Chartered Accountants of India, see "***Financial Statements – Annexure VI – Restated Standalone Statement of Related Party Transactions***" and "***Financial Statements – Annexure VI – Restated Consolidated Statement of Related Party Transactions***" on pages 246 and 324, respectively.

DIVIDEND POLICY

The declaration and payment of dividends on the Equity Shares will be recommended by our Board at its discretion and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the Companies Act and covenants with lenders, as applicable. Given below are details of the dividend policy adopted by the Board in its resolution dated February 12, 2016:

"***DIVIDEND POLICY***

We will generally declare and pay dividends in the fiscal year following the year to which they relate. Declaration and payment of dividends, if any, will be recommended by the Board of Directors and approved by the shareholders at their discretion, subject to the provisions of the Articles of Association and the Companies Act, 2013 as well as covenants with lenders as applicable. Shareholders may decrease, but not increase, the amount of dividend recommended by the Board of Directors. Under the Companies Act, a Company may pay dividends for any financial year only out of its profits for the year for which the dividend is declared or out of the undistributed profits or reserves of prior fiscal years or out of both subject to regulations. The Board of Directors of the Company may declare interim dividend during any financial year out of profits of the financial year in which such interim dividend is sought to be declared.

The form, frequency and amount of future dividends will depend on the Company's revenues, cash flows, financial condition (including capital position) and other factors and shall be at the discretion of the Board and subject to the approval of the shareholders.

The Board has conserved the profits for the growth of the Company during the initial period of operations and hence not recommended any dividend for any of the Fiscal years from the year of inception till Fiscal year ended March 2015."

Our Company has not declared any dividends during the last five fiscals.

SECTION V – FINANCIAL INFORMATION
FINANCIAL STATEMENTS

Examination report on Restated Standalone Financial Information

The Board of Directors
Hinduja Leyland Finance Limited
Plot No 27, SP, Developed Plot
SIPCOT Industrial Estate
Guindy
Chennai – 600 032

Dear Sirs

1 We have examined the attached Restated Standalone Financial Information of Hinduja Leyland Finance Limited ("the Company") comprising Restated Standalone Summary Statement of Assets and Liabilities, Restated Standalone Summary Statement of Profit and Loss, Restated Standalone Summary Statement of Cash Flows, together with the annexures and notes thereto and other financial information explained in Paragraph 6 below, as approved by the Board of Directors of the Company, prepared in terms of the requirements of Section 26 of the Companies Act, 2013 ('the Act') read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the extent applicable, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the 'SEBI Regulations'), the 'Guidance Note on 'Reports in Company's Prospectus (Revised)' issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable ('Guidance Note'), and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 1 October 2015, in connection with the proposed initial public offering of equity shares of the Company.

2 The above Restated Standalone Financial Information has been extracted by the Management from the financial statements as at and for the six months period ended 30 September 2015 and as at and for the years ended 31 March 2015, 2014, 2013, 2012 and 2011 prepared in accordance with accounting principles generally accepted in India at the relevant time and which have been approved by the Board of Directors.

3 The audit for the Company's standalone financial statements for the year ended 31 March 2014 was conducted by M/s B S R and Associates, Chartered Accountants. The audit for the Company's standalone financial statements for the years ended 31 March 2013, 2012 and 2011 was conducted by M/s SNB Associates, Chartered Accountants, and reliance has been placed on the financial statements audited by them and the financial report included for these years is based solely on the report submitted by them. The financial statements for the year ended 31 March 2015 and for the six months period ended 30 September 2015 have been audited by us.

M/s B S R and Associates and M/s B S R & Co. LLP are member firms of B S R & Affiliates, a network of firms, registered with ICAI.

4 In accordance with the requirements of Section 26 of the Act read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations, and the Guidance Note and in terms of our engagement agreed with you, we further report that:

a) The Restated Standalone Summary Statement of Assets and Liabilities of the Company as at 30 September 2015, 31 March 2015, 2014, 2013, 2012 and 2011, examined by us, as set out in Annexure I to this report, read with the basis of preparation and significant accounting policies in Annexure V and notes to restated standalone financial information in Annexure VI, are after making such adjustments and regroupings as in our opinion were appropriate and more fully described in the Summary Statement of adjustments to Audited Standalone Financial Statements enclosed as Annexure IV to this report.

b) The Restated Standalone Summary Statement of Profit and Loss of the Company for the six months period ended 30 September 2015 and for the years ended 31 March 2015, 2014, 2013, 2012 and 2011, as set out in Annexure II to this report, read with the basis of preparation and significant accounting policies in Annexure V and notes to restated standalone financial information in Annexure VI, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the

Summary Statement of adjustments to Audited Standalone Financial Statements enclosed as Annexure IV to this report.

c) The Restated Standalone Summary Statement of Cash Flows of the Company for the six months period ended 30 September 2015 and for the years ended 31 March 2015, 2014, 2013, 2012 and 2011, as set out in Annexure III to this report read with the basis of preparation and significant accounting policies in Annexure V and notes to restated standalone financial information in Annexure VI, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Summary Statement of adjustments to Audited Standalone Financial Statements enclosed as Annexure IV to this report.

5 Based on the above, we are of the opinion that the Restated Standalone Financial Information have been made after incorporating adjustments:

i) for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting years/ period based on the policies adopted by the Company as at 30 September 2015;

ii) for prior period and other material amounts in the respective financial years/ period to which they relate;

iii) do not contain any extra-ordinary items that need to be disclosed separately in the Restated Standalone Financial Information and do not contain any qualifications requiring adjustments.

Other remarks/comments in the annexure to the Auditors' report on the financial statements of the Company for the years ended 31 March 2015, 2014, 2013, 2012 and 2011 which do not require any corrective adjustment in the Restated Standalone Financial Information are mentioned in Note IV under Annexure IV.

6 We have also examined the following other financial information as set out in the Annexure prepared by the management of the Company and approved by the Board of Directors, as at and for the six months period ended 30 September 2015 and as at and for the years ended 31 March 2015, 2014, 2013, 2012 and 2011.

i) Restated Standalone Statement of Share Capital, included in Note 1 to Annexure VI;

ii) Restated Standalone Statement of Reserves and Surplus, included in Note 2 to Annexure VI;

iii) Restated Standalone Statement of Long-Term Borrowings, included in Note 3 to Annexure VI;

iv) Restated Standalone Statement of Other Long Term Liabilities and Long-Term Provisions, included in Note 4 to Annexure VI;

v) Restated Standalone Statement of Short-term borrowings, Trade Payables, Other Current Liabilities and Short-Term Provisions, included in Note 5 to Annexure VI;

vi) Restated Standalone Statement of Fixed assets, included in Note 6 to Annexure VI;

vii) Restated Standalone Statement of Non-Current Investments, included in Note 7 to Annexure VI;

viii) Restated Standalone Statement of Deferred tax assets, included in Note 8 to Annexure VI;

ix) Restated Standalone Statement of Long term loans and advances, included in Note 9 to Annexure VI;

x) Restated Standalone Statement of Other non-current assets, included in Note 10 to Annexure VI;

xi) Restated Standalone Statement of Current investments, included in Note 11 to Annexure VI;

xii) Restated Standalone Statement of Cash and Bank balances, included in Note 12 to Annexure VI;

xiii) Restated Standalone Statement of Short-term loans and advances, and other current assets, included in Note 13 to Annexure VI;

xiv) Restated Standalone Statement of Revenue from Operations and other operating income, included in Note 14 to Annexure VI;

xv) Restated Standalone Statement of Employee benefit expense, Finance cost, Provisions and write off and other expenses, included in Note 15 to Annexure VI;

xvi) Restated Standalone Statement of commitments and contingencies, included in Note 16 to Annexure VI;

xvii) Restated Standalone Statement of Related Party Transactions as per Accounting Standard 18 on related party disclosures specified u/s 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014, included in Note 17 to Annexure VI;

xviii) Restated Standalone Statement of Employee Benefit-Gratuity Benefit Plan, included in Note 18 to Annexure VI;

xix) Restated Standalone Statement of Statement of Provisions and Loan Losses, included in Note 19 to Annexure VI;

xx) Restated Standalone Statement of Accounting Ratios, included in Note 20 to Annexure VI;

xxi) Restated Standalone Statement of Capitalisation, included in Note 21 to Annexure VI;

xxii) Restated Standalone Statement of tax shelter, included in Note 22 to Annexure VI;

xxiii) Restated Standalone Statement of dividend, included in Note 23 to Annexure VI; and

xxiv) Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015, included in Note 24 to Annexure VI;

7 We have not audited or reviewed any financial statements of the Company as of any date or for any period subsequent to 30 September 2015. Accordingly, we express no opinion on the financial position, results of the operations or cash flow of the Company as of any date or for any period subsequent to 30 September 2015.

8 In our opinion, the above restated standalone financial information contained in Annexure I to VI of this report read along with the basis of preparation and significant accounting policies and Notes to the Restated Standalone Financial Information (Refer Annexure V) are prepared after making adjustments and regrouping (Refer Annexure IV) as considered appropriate and have been prepared in accordance with Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, to the extent applicable, SEBI Regulations and the Guidance note issued in this regard by ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

9 This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by other firms of Chartered Accountants, nor should this report be construed as an opinion on any of the financial statements referred to herein.

10 We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11 Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of Equity Shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

F*or* **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No: 101248W/W-100022

S Sethuraman
Partner
Membership No: 203491
Chennai
March 23, 2016

HINDUJA LEYLAND FINANCE LIMITED

Annexure I: Restated Standalone Summary Statement of Assets and Liabilities

(INR in Million except share data and as stated)

	Particulars	Annexure Reference	As at					
			30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
	Equity and liabilities							
(1)	**Shareholders' funds**							
	Share capital	Note 1 of Annexure VI	3,786.92	3,782.18	5,103.22	3,250.00	3,250.00	2,250.00
	Reserves and surplus	Note 2 of Annexure VI	5,925.52	5,284.65	2,837.22	1,939.81	1,072.63	234.32
			9,712.44	**9,066.83**	**7,940.44**	**5,189.81**	**4,322.63**	**2,484.32**
(2)	**Non-current liabilities**							
	Long-term borrowings	Note 3 of Annexure VI	41,297.02	29,802.64	14,628.86	11,810.01	7,709.83	7,824.47
	Other long-term liabilities	Note 4A of Annexure VI	285.04	364.54	173.24	105.44	79.82	38.98
	Long-term provisions	Note 4B of Annexure VI	210.70	136.34	82.78	64.90	46.45	23.02
			41,792.76	**30,303.52**	**14,884.88**	**11,980.35**	**7,836.10**	**7,886.47**
(3)	**Current liabilities**							
	Short-term borrowings	Note 5 A of Annexure VI	6,576.95	6,502.24	5,686.25	4,459.43	3,563.18	276.89
	Trade payables	Note 5 B of Annexure VI	4.64	27.54	14.42	29.58	6.67	5.59
	Other current liabilities	Note 5 C of Annexure VI	15,575.38	13,469.21	9,709.26	8,293.18	5,119.05	769.52
	Short-term provisions	Note 5 D of Annexure VI	716.40	494.30	217.23	110.46	32.62	9.93
			22,873.37	**20,493.29**	**15,627.16**	**12,892.65**	**8,721.52**	**1,061.93**
	Total		**74,378.57**	**59,863.64**	**38,452.48**	**30,062.81**	**20,880.25**	**11,432.72**

HINDUJA LEYLAND FINANCE LIMITED

Annexure I: Restated Standalone Summary Statement of Assets and Liabilities (Continued)

(INR in Million except share data and as stated)

	Particulars	**Annexure Reference**	**As at**					
			30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
	Assets							
(4)	**Non-current assets**							
	Fixed assets							
	Tangible assets	Note 6 of Annexure VI	409.36	343.47	333.82	114.18	36.16	22.50
	Intangible assets	Note 6 of Annexure VI	3.89	4.03	3.32	2.79	1.64	1.11
	Capital work-in-progress		13.13	-	1.10	-	-	-
			426.38	**347.50**	**338.24**	**116.97**	**37.80**	**23.61**
	Non-current investments	Note 7 of Annexure VI	1,317.09	1,445.91	408.08	0.23	0.23	0.23
	Deferred tax assets (net)	Note 8 of Annexure VI	359.76	263.88	144.88	79.74	33.84	22.52
	Long-term loans and advances	Note 9 of Annexure VI	38,447.52	31,861.09	16,518.72	15,585.96	10,851.17	5,906.09
	Other non-current assets	Note 10 of Annexure VI	1,093.32	1,093.32	2,280.56	1,941.37	1,942.87	402.56
			41,644.07	**35,011.70**	**19,690.48**	**17,724.27**	**12,865.91**	**6,355.01**
(5)	**Current assets**							
	Current investments	Note 11 of Annexure VI	2,752.91	2,845.51	900.07	-	-	-
	Cash and bank balances	Note 12 of Annexure VI	890.42	720.03	457.15	719.27	357.55	2,312.70
	Short-term loans and advances	Note 13 A of Annexure VI	27,462.62	20,117.36	16,101.19	10,754.42	7,255.26	2,752.55
	Other current assets	Note 13 B of Annexure VI	1,628.55	1,169.04	1,303.59	864.85	401.53	12.46
			32,734.50	**24,851.94**	**18,762.00**	**12,338.54**	**8,014.34**	**5,077.71**
	Total		**74,378.57**	**59,863.64**	**38,452.48**	**30,062.81**	**20,880.25**	**11,432.72**

Note

The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, Basis of Preparation and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure II: Restated Standalone Summary Statement of Profit and Loss

(INR in Million except share data and as stated)

	Particulars	Annexure Reference	For the period from 1 April 15 to 30 September 2015	For the year ended 31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
A	**Revenue**							
	Revenue from operations and other operating income	Note 14 of Annexure VI	5,214.38	8,217.92	6,415.30	4,970.61	3,273.84	958.93
	Total revenue		**5,214.38**	**8,217.92**	**6,415.30**	**4,970.61**	**3,273.84**	**958.93**
B	**Expenses**							
	Employee benefits expense	Note 15 A of Annexure VI	223.12	397.69	295.22	204.95	140.06	88.63
	Finance costs	Note 15 B of Annexure VI	2,827.91	4,029.91	2,880.63	2,287.50	1,432.21	340.00
	Depreciation and amortisation expenses	Note 6 of Annexure VI	16.44	44.22	34.06	15.42	7.70	3.03
	Provisions and write-off	Note 15 C of Annexure VI	713.52	1,347.84	1,365.92	647.93	213.17	45.86
	Other expenses	Note 15 D of Annexure VI	473.38	755.11	669.63	519.45	238.78	109.93
	Total expenses		**4,254.37**	**6,574.77**	**5,245.46**	**3,675.25**	**2,031.92**	**587.45**
	Profit before tax		**960.01**	**1,643.15**	**1,169.84**	**1,295.36**	**1,241.92**	**371.48**
	Less: Tax Expenses							
	-Current tax		421.31	652.86	454.42	474.07	414.93	139.72
	-Deferred tax (credit) / charge		(95.88)	(119.00)	(65.15)	(45.89)	(11.32)	(15.98)
	Total		**325.43**	**533.86**	**389.27**	**428.18**	**403.61**	**123.74**
	Profit after tax, as restated		**634.58**	**1,109.29**	**780.57**	**867.18**	**838.31**	**247.74**

Note

The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, Basis of Preparation and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure III - Restated Standalone Summary Statement of Cash Flows

(INR in Million except share data and as stated)

Particulars	**For the period from 1 April 15 to30September 2015**	**For the year ended**				
		31 March 2015	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
A. Cash flows from operating activities						
Profit before tax	960.01	1,643.15	1,169.84	1,295.36	1,241.92	371.48
Adjustments for:						
Depreciation and amortisation	16.44	44.22	34.06	15.42	7.70	3.03
Loss on sale of repossessed assets	340.86	944.96	1,126.08	514.91	170.77	16.41
Contingent provision against standard assets	74.31	52.86	17.01	17.27	22.86	22.00
Provision for non-performing assets	221.32	275.51	107.84	78.89	19.54	7.45
Bad debts written off	77.03	74.51	115.00	36.86	-	-
Stock compensation expenses	4.93	17.10	0.28	-	-	-
Provision for compensated absence	0.27	(1.04)	5.82	7.35	4.23	2.75
Provision for gratuity	0.56	3.30	1.34	-	2.24	0.75
Provision for employee incentive	6.32	21.88	17.50	6.00	19.25	3.50
Operating cash flow before working capital changes	**1,702.05**	**3,076.45**	**2,594.76**	**1,972.06**	**1,488.51**	**427.37**
Adjustments for:						
(Increase) / decrease in loan to customers (excluding repossessed assets)	(12,687.88)	(17,858.37)	(5,524.91)	(9,590.94)	(7,486.25)	(8,499.22)
(Increase) / decrease in repossessed assets	(767.58)	(816.98)	(1,541.79)	(1,028.48)	(494.64)	-
(Increase) / decrease in loans and advances and current and non-current assets	(1,309.69)	(1,558.89)	(1,048.61)	1,401.53	(1,995.91)	(71.49)
Increase / (decrease) in current, non-current liabilities and provisions	6.88	998.74	197.78	(32.34)	561.24	44.49
Cash flows (used in) operating activities	**(1,3056.22)**	**(1,6159.05)**	**(5,322.75)**	**(7,278.17)**	**(7,927.05)**	**(8,098.85)**
Taxes paid (net)	(449.34)	(664.52)	(456.28)	(505.22)	(444.77)	(149.07)
Net cash (used in) operating activities (A)	**(13,050.56)**	**(16,823.57)**	**(5,779.03)**	**(7,783.39)**	**(8,371.82)**	**(8,247.93)**

HINDUJA LEYLAND FINANCE LIMITED

Annexure III - Restated Standalone Summary Statement of Cash Flows (Continued)

(INR in Million except share data and as stated)

Particulars	**For the period from 1 April 15 to 30 September 2015**	**For the year ended**				
		31 March 2015	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
B. Cash flows from investing activities						
Investment in pass through securities (net)	638.71	(331.86)	(1,207.92)	-	-	-
Investment in redeemable non-convertible debentures	(267.29)	(2,651.41)	(100)	-	-	-
Investment in subsidiaries	(150.00)	-	-	-	-	-
Bank deposits (having maturity of more than three months)	-	1,187.24	(339.19)	1.50	(1,540.31)	(374.31)
Investment in associate companies	-	-	-	-	-	(0.23)
Purchase of fixed assets (tangible and intangible fixed assets) including capital work in progress and capital advances	(111.18)	(51.06)	(97.53)	(94.59)	(22.87)	(24.25)
Net cash from/ (used in) investing activities (B)	**110.24**	**(1,847.09)**	**(1,744.64)**	**(93.09)**	**(1,563.18)**	**(398.79)**
C. Cash flows from financing activities						
Proceeds from issue of equity shares including securities premium (net)	6.07	-	169.78	-	1,000.00	2,100.00
Proceeds from issue of compulsorily convertible cumulative participative preference shares	-	-	1,800.00	-	-	-
Proceeds from borrowings	18,749.97	27,699.97	11,298.22	13,082.98	3,693.56	8,549.46
Repayments of borrowings	(5,265.04)	(9,582.42)	(7,233.27)	(5,741.02)	-	-
Proceeds from working capital loan/ cash credit (net)	74.71	815.99	1,226.82	896.24	3,286.29	276.90
Net cash from financing activities (C)	**13,565.71**	**18,933.54**	**7,261.55**	**8,238.20**	**7,979.85**	**10,926.36**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**170.39**	**262.88**	**(262.12)**	**361.72**	**(1,955.15)**	**2,279.65**
Cash and cash equivalents at the beginning of the period/ year	720.03	457.15	719.27	357.55	2,312.70	33.05
Cash and cash equivalents at the end of the period/ year	890.42	720.03	457.15	719.27	357.55	2,312.70

HINDUJA LEYLAND FINANCE LIMITED

Annexure III - Restated Standalone Summary Statement of Cash Flows (Continued)

Notes

(INR in Million except share data and as stated)

Particulars	**For the period from 1 April 15 to30 September 2015**	**For the year ended**				
		31 March 2015	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Cash and cheques on hand	434.81	250.62	409.77	583.62	339.27	42.87
Balance with banks						
-in current accounts	455.61	469.41	47.38	44.61	18.28	19.83
-in deposits account	-	-	-	91.04	-	2,250.00
Total	**890.42**	**720.03**	**457.15**	**719.27**	**357.55**	**2,312.70**

The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, Basis of Preparation and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

The cash flow statement has been prepared in accordance with "Indirect Method" as set out in the Accounting Standard (AS) - 3 on 'Cash Flow Statements', as notified under section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014.

HINDUJA LEYLAND FINANCE LIMITED

Annexure IV: Summary Statement of adjustments to Audited Standalone Financial Statements

The summary of results of restatements made in the audited financials statements for the respective years and its impact on the profit/(loss) of the Company is as follows:

(INR. in Million)

Particulars	**For the period from 1 April 15 to 30 September 2015**	**For the year ended**				
		31 March 2015	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Net profit after tax as per audited financial statements	**638.32**	**1,115.64**	**811.87**	**913.84**	**836.97**	**272.80**
A. Adjustmentsdue to changes in accounting policies etc(refer note I):						
(Decrease)/Increase due to change from up front recognition to deferral and consequent amortization in respect of loan origination costs and income.	(3.76)	(4.54)	(55.58)	(15.99)	(34.88)	(50.63)
(Decrease)/Increase due to change from up front recognition to deferral and consequent amortization in respect of processing fees incurred on term loans.	(1.91)	(5.08)	(8.44)	1.99	(1.13)	15.86
(Decrease)/Increase due to change in accounting for accrual of excess interest spread income on assignment transactions.	-	-	-	(40.34)	40.34	-
B. Other adjustments (refer note II):	-	-	-	-	-	-
Impact on depreciation on account of revision in estimated useful life	-	-	(3.52)	-	-	-
Provision for compensated absences	-	-	7.35	(3.11)	(1.49)	(2.75)
Total adjustments	**(5.67)**	**(9.62)**	**(60.19)**	**(57.45)**	**2.84**	**(37.52)**
Tax impact on restated adjustments						
Deferred tax						
-On restatements	1.93	3.27	20.46	18.64	(0.92)	12.46
-Prior year adjustments	-	-	8.43	11.63	(16.30)	(3.76)
Current tax						
-Prior year adjustments	-	-	-	(19.48)	15.72	3.76
Net profit after tax, as restated	**634.58**	**1,109.29**	**780.57**	**867.18**	**838.31**	**247.74**

Note:

The above statement should necessarily be read with the Restated Standalone Summary Statement of Assets and Liabilities, Restated Standalone Summary Statement of Profit and Loss and Restated Standalone Summary Statement of Cash Flows and Basis of preparation and significant accounting policies as appearing in Annexure I, II, III and V respectively and Notes to Restated Standalone Financial Information appearing in Annexure VI.

Notes on adjustments for Restated Summary Statements

Annexure IV: Summary Statement of adjustments to Audited Standalone Financial Statements (Continued)

I. Change in accounting policies etc

a. In respect of loan origination costs and income

Effective April 1, 2014, the Company changed its accounting policy of recognizing the loan origination cost and income from up front recognition to deferral and consequent amortisation thereof over the tenure of the loan. Accordingly the respective income and costs for the year ended March 31, 2011, 2012, 2013, 2014, 2015 and six months period ended September 30, 2015 have been restated to reflect consistent accounting policies across all years / period presented. The prepaid expenses and the income received in advance (as the case may be) has changed correspondingly in each of the financial years ended March 31, 2011, 2012, 2013, 2014, 2015 and six months period ended September 30, 2015.

b. In respect of processing fees on term loan

Effective April 1, 2013, the Company changed its accounting policy of recognizing the processing fees on term loans from up front recognition to deferral and consequent amortization thereof over the tenure of the loan. Accordingly the processing fee for the year ended March 31, 2011, 2012, 2013, 2014, 2015 and six months period ended September 30, 2015 have been restated to reflect consistent accounting policies across all years / period presented. The prepaid expenses has changed correspondingly in each of the financial years ended March 31, 2011, 2012, 2013, 2014, 2015 and six months period ended September 30, 2015.

c. In respect of excess interest spread income on assignment transactions

Effective April 1, 2012, the Company has changed the accounting for the excess interest spread income in respect of assignment transactions from cash basis to accrual basis. Accordingly the excess interest spread for the year ended March 31, 2012 have been restated to reflect consistent accounting policies as applicable to the years / period presented. The corresponding change in respect of the balances of loan to customer has also been made in respect of the financial year ended March 31, 2012.

II. Other adjustments

a. Impact on depreciation on account of revision in estimated useful life

Effective April, 1 2014, the Company had revised its estimated useful life as per Schedule II of the Companies Act, 2013. Pursuant to the change, an amount of INR 3.52 million was adjusted against reserves and surplus on April 1, 2014 in respect of the residual value of assets whose useful life had become 'nil'. For the purposes of the Restated Standalone Financial Information, such sum has been adjusted to the statement of profit and loss of those years to which depreciation related to.

Annexure IV: Summary Statement of adjustments to Audited Standalone Financial Statements (Continued)

b. Provision for compensated absence

The provision for compensated absences for the years ended March 31, 2011, 2012 and 2013 was cumulatively accounted for by the Company in the year ended March 31, 2014. The Company has restated the provision for compensated absence for the respective years based on an actuarial valuation carried out by an independent actuary.

c. Regrouping / reclassification

The interest income was net off certain reversals (in relation to reductions in the carrying value of repossessed assets) for each of the financial years ended March 31, 2011, 2012, 2013 and 2014. The Company has grossed up such reversals in the respective financial years, as below.

Particulars [Increase in income / (increase) in expense]	For the year ended			
	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Interest income	290.45	87.50	76.36	3.86
Loss on repossessed assets	(290.45)	(87.50)	(76.36)	(3.86)

d. Tax impact of the adjustments

Tax impact (including deferred tax related) on adjustments relating to restatement of the standalone financial statements have been adjusted in the respective years.

In the financial years ended March 31, 2013 and 2014 audited financial statement of the Company had a provision towards tax relating to earlier years. These provisions were recorded in the year when identified. However, for the purposes of restated summary statements, such prior period adjustment have been adjusted in respective year to which the provision relates to.

The current taxes provided in the years ended March 31, 2011, 2012, 2013, 2014, 2015 and for six month period ended September 30, 2015 are on an estimated basis.

III. Material regrouping

W.e.f, April 1, 2014, Schedule III notified under the Companies Act, 2013 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of Schedule III does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has reclassified the figures for the previous financial years ended March 31, 2014, March 31, 2013, March31, 2012 and March 31, 2011 in accordance with the requirements applicable for the year ended March 31, 2015.

Annexure IV: Summary Statement of adjustments to Audited Standalone Financial Statements (Continued)

Appropriate adjustments have been made in the Restated Standalone Summary Statements of Assets and Liabilities, Profit and Loss and cash flows, wherever required, by a re-classification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company as at the six months period ended September 30 2015 and for the year ended March 31, 2015, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

IV. A. Other audit qualifications and other remarks / comments in the Companies (Auditor's Report) Order 2015 issued by the Central Government in terms of Sub-Section 11 of Section 143 of the Companies Act, 2013, which do not require any corrective adjustments in the financial information, are as follows:

Financial year: 2014-15

Clause 7(b) CARO:
According to the information and explanations given to us, there are no dues in respect of Income tax or Sales tax or Wealth tax or Service tax or duty of customs or duty of excise or value added tax or cess that have not been deposited with the appropriate authorities on account of any disputes except in the following case

Nameofthe statute	Nature ofthe due	Amount	Period to which amount relates	Forum where dispute is pending
Rajasthan VAT Act, 2003	Value added tax	10.20*	2011-12 to 2014-15	Appellate Authority

*Amount paid under protest: Rs. 3.71

Clause 12 of CARO:
According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit, except in respect of loans pertaining to vehicle finance aggregating to INR 38.02 lakhs which were identified by the management and reported to Reserve Bank of India. As at March 31, 2015, the above amount has been provided for / written off in the statement of profit and loss.

HINDUJA LEYLAND FINANCE LIMITED

Annexure IV: Summary Statement of adjustments to Audited Standalone Financial Statements (Continued)

IV. B. Other audit qualifications and other remarks / comments in the Companies (Auditor's Report) Order 2003, as amended, ('CARO') issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, which do not require any corrective adjustments in the financial information, are as follows:

<u>Financial year: 2013-14</u>

Clause 21 of CARO:

According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit, except in respect of loans pertaining to commercial finance aggregating to INR 65.77 lakhs which were identified by the management and reported to Reserve Bank of India. As at March 31, 2014, the above amount has been provided for / written off in the statement of profit and loss.

<u>Financial year: 2010-11</u>

Clause 21 of CARO:

Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that a case of fraud of INR 34.20 lakhs was noticed by the Company during the year. The Company has initiated legal action. The amount involved as aforesaid has been fully provided for.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – V

Basis of preparation and significant accounting policies

1. Background

Hinduja Leyland Finance Limited ("the Company") incorporated and headquartered in Chennai, India is a non-banking finance company engaged in providing asset finance. The Company is a systemically important non deposit taking Non-Banking Finance Company (ND-NBFC) as defined under Section 45-I A of the Reserve Bank of India Act, 1934.

The Restated Standalone Financial Information consist of the Restated Standalone Summary Statement of Assets and Liabilities of the Company as at 31 March 2011, 2012, 2013, 2014, 2015 and 30 September 2015, the related Restated Standalone Summary Statement of Profit and Loss and the related Restated Standalone Summary Statement of Cash Flows for each of the years ended 31 March 2011, 2012, 2013, 2014, 2015 and for the six month period ended 30 September 2015, the Summary Statement of Adjustments to Audited Standalone Financial Statements, Basis of Preparation and Significant Accounting Policies and Notes to Restated Standalone Financial Information. The Restated Standalone Financial Information have been specifically prepared for inclusion in the document to be filed by the Company with the Securities Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offering ('IPO') of equity shares of the Company (referred as the "Issue").

The Restated Standalone Financial Information have been prepared to comply in all material respects with the requirements of Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013 ('the Act'); and the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 ('the SEBI Regulations') notified by SEBI on August 26, 2009, as amended from time to time. The Act and the SEBI Regulations require the information in respect of the assets and liabilities and profit and losses of the Company for each of the five years / periods immediately preceding the issue of the Prospectus.

These Restated Standalone Financial Information were approved by the Board of Directors of the Company in their meeting held on March 23, 2016.

2. Basis of preparation

These Restated Standalone Financial Information have been prepared by applying the necessary adjustments to the standalone financial statements (financial statements) of the Company. The Restated Standalone Financial Information contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI Regulations:

(a)Adjustments for audit qualification requiring corrective adjustment in the financial statements;

(b)Adjustments for the material amounts in respective years / periods to which they relate;

(c)Adjustments for previous years identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;

(d)Adjustment to the profits or losses of the earlier years and of the year in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years;

(e)Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited standalone financial statements of the Company as at and for the six months period ended 30 September 2015 and the requirements of the SEBI Regulations;

Basis of preparation and significant accounting policies (Continued)

(f)The resultant impact of tax due to the aforesaid adjustments.

The financial statements are prepared and presented under the historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP'), the requirements of the Companies Act, 1956 (upto 31 March 2014 or as applicable), and notified sections, schedules and rules of the Companies Act,2013 (with effect from 01April 2014 or as applicable), including the Accounting Standards as prescribed by Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014), to the extent applicable and conform to the statutory requirements, circulars and guidelines issued by the RBI from time to time to the extent they have an impact on the financial statements and current practices prevailing in India.

All assets and liabilities have been classified as current or non-current as per the normal operating cycle of Company and other criteria as set out in the Schedule III to the Companies Act, 2013. Based on the nature of products / services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, Company have ascertained their operating cycle as 12 months for the purpose of current non-current classification of assets and liabilities.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. Use of estimates

The preparation of financial statements inconformity with GAAP requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, disclosure of contingent liabilities as on the date of the financial statements and the reported income and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

b. Loan to customers

Loan to customers include assets given on finance / loan and amounts paid for acquiring financial assets from other Banks / NBFCs. Loan to customers represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due and is net of amounts securitised /assigned and includes advances under such agreements.

c. Revenue recognition

i) Interest / finance income from loans to customers included in revenue from operations represents interest income arrived at based on internal rate of return method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

Basis of preparation and significant accounting policies (Continued)

ii) Income on securitisation /assignment

In respect of transfer of financial assets by way of securitisation or bilateral assignments, the said assets are de-recognized upon contractual transfer thereof, and transfer of substantial risks and rewards to the purchaser. The gain arising on transfer of financial assets by way of securitisation or bilateral assignments, if received in cash, is amortised over the tenure of the related financial assets, and if received by way of excess interest spread, is recognised based on the contractual accrual of the same. Loss on sale, if any, is charged to statement of profit and loss immediately at the time the sale is effected.

iii) Processing and service fee pertaining to loan origination is amortised over the tenure of the loan.

iv) Interest on fixed deposits, pass-through securities and debentures is recognised on an accrual basis.

d. Provisioning for Non-Performing Assets (NPA) and Doubtful Debts

NPA including loans and advances and receivables are identified as bad / doubtful based on the duration of the delinquency. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning meets the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (upto March 31, 2014) and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (from April 1, 2014), as amended by Reserve Bank of India from time to time (together referred to as 'Prudential norms') for the period. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

e. Provisions for standard assets

Provisions for standard assets are made as per the Prudential norms, as applicable from time to time. Such provision is disclosed as "contingency provision on standard assets" under the financial statement caption "long term provisions".

f. Fixed assets, intangible assets and capital work in progress

Fixed assets are carried at cost less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses incurred in relation to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

Intangible assets are recorded at the consideration paid for acquisition / development and licensing less accumulated amortisation.

g. Depreciation and amortization

Depreciation on fixed assets is provided using the straight line method over the estimated use of each asset as determined by the management The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable.

Basis of preparation and significant accounting policies (Continued)

Pursuant to this policy, the useful life of the assets is estimated at:

Asset description	**Useful life**
Building	20 years
Furniture and Fittings	8 years
Vehicles	5 years
Office equipment	5 years
Servers and computers (included in office equipment)	3 - 5 years
Improvement on leased premises	Primary lease period or three years whichever is earlier.

Effective, April 1, 2014, the Company has changed the estimated useful life of certain group of assets such as office equipment and computers. Pursuant to the aforesaid change in the estimated useful life of fixed assets, an additional charge on depreciation amounting to INR 9.55 million has been debited in the statement of profit and loss for the year ended March 31, 2015.

Assets individually costing less than or equal to INR 5000/- are fully depreciated in the year of acquisition. The Company has estimated a Nil residual value at the end of the useful life for all block of assets.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Intangible assets are amortised over their estimated useful lives, not exceeding five years, on a straight line basis, commencing from the date the asset is available to the Company for its use.

h. Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

i. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments".

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investment.

Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the statement of profit and loss.

j. Repossessed assets

Repossessed assets are value at lower of amounts due from the customer or net realisable value.

k. Employee benefits

i) Provident fund

Contributions paid / payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss.

ii) Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at 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.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

iii) Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

iv) Employee stock option

The intrinsic value i.e. excess of fair value of shares, at the date of grant of options under the Employee Stock Option Scheme of the Company, over the exercise price is regarded as employee compensation. This is recognised on a straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

l. Loan origination costs

Sourcing expenses, brokerage, commission, service provider incentives etc. paid for loan origination are charged to expense over the tenure of the loan and included under other expenses - Sourcing expenses.

m. Provision

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. is recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

n. Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in statement of profit or loss.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

o. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

p. Transactions in foreign currencies

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

q. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

r. Operating leases

Lease payments for assets taken on an operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

s. Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit after tax attributable to the equity shareholders for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

In computing diluted earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.

t. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

u. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

v. Segment reporting

The Company is engaged in the business of financing and related activities. Further, the Company does not have any separate geographic segments other than India. There are no separate reportable segments as per AS 17 (Segment Reporting).

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 1: Share Capital

(INR in Million except share data and as stated)

Particulars	**As at**											
	30 September 2015		**31 March 2015**		**31 March 2014**		**31 March 2013**		**31 March 2012**		**31 March 2011**	
	Number of shares	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Authorised												
Equity shares of INR 10/- each	435,000,000	4,350.00	435,000,000	4,350.00	435,000,000	4,350.00	375,000,000	3,750.00	325,000,000	3,250.00	225,000,000	2,250.00
0.0001% Compulsorily convertible cumulative participating preference shares of INR 37.58/- each	50,000,000	1,879.08	50,000,000	1,879.08	50,000,000	1,879.08	-	-	-	-	-	-
Total		**6,229.08**		**6,229.08**		**6,229.08**		**3,750.00**		**3,250.00**		**2,250.00**
Issued, subscribed and fully paid up												
Equity shares of INR 10/- each	378,691,619	3,786.92	378,217,619	3,782.18	330,321,762	3,303.22	325,000,000	3,250.00	325,000,000	3,250.00	225,000,000	2,250.00
0.0001% Compulsorily convertible cumulative participating preference shares of INR 37.58/- each	-	-	-	-	47,895,857	1,800.00	-	-	-	-	-	-
Total		**3,786.92**		**3,782.18**		**5,103.22**		**3,250.00**		**3,250.00**		**2,250.00**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 1: Share Capital (Continued)

a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period/ year

(INR in Million except share data and as stated)

Particulars	As at											
	30 September 2015		31 March 2015		31 March 2014		31 March 2013		31 March 2012		31 March 2011	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
i) Equity shares of INR 10/- each												
At the beginning of the period/ year	378,217,619	3,782.18	330,321,762	3,303.22	325,000,000	3,250.00	325,000,000	3,250.00	225,000,000	2,250.00	15,000,000	150.00
Add : Issued during the period/ year	474,000	4.74	47,895,857	478.96	5,321,762	53.22	-	-	100,000,000	1,000.00	210,000,000	2,100.00
Outstanding at the end of the period/ year	**378,691,619**	**3,786.92**	**378,217,619**	**3,782.18**	**330,321,762**	**3,303.22**	**325,000,000**	**3,250.00**	**325,000,000**	**3,250.00**	**225,000,000**	**2,250.00**
ii) 0.0001% Compulsorily convertible cumulative participating preference shares of INR 37.58/- each, fully paid-up												
At the beginning of the period/ year	-	-	47,895,857	1,800.00	-	-	-	-	-	-	-	-
Add : Issued during the year	-	-	-	-	47,895,857	1,800.00	-	-	-	-	-	-
Less : Converted during the year (Refer note (i) below)	-	-	47,895,857	1,800.00	-	-	-	-	-	-	-	-
Outstanding at the endof the period/ year	**-**	**-**	**-**	**-**	**47,895,857**	**1,800.00**	**-**	**-**	**-**	**-**	**-**	**-**

Note:

(i) During the financial year ended 31 March 2015, 47,895,857 0.0001% compulsorily convertible cumulative participating preference shares ('CCCPPS') were converted into 47,895,857 equity shares of INR 10/- each at a premium of INR 27.58/- per share.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 1: Share Capital (Continued)

b) Terms/rights attached to equity shares

The Company has a single class of equity shares having face value of INR 10/- each. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. Each holder of the equity share is entitled to one vote per share.

c) Terms/rights attached to 0.0001% Compulsorily Convertible Cumulative Participating Preference Shares

0.0001% CCCPPS having a face value of INR 37.58/-each, were issued on 1 August 2013. Each CCCPPS is convertible into not more than 1.09371055 equity shares. CCCPPS are treated paripassu with equity shares on all voting matters. The holders shall been titied to 0.0001% dividend and a proportionate dividend on an as converted basis.

d) Shares held by holding / ultimate holding company and / or their Subsidiaries / Associates:

Particulars	As at											
	30 September 2015		31 March 2015		31 March 2014		31 March 2013		31 March 2012		31 March 2011	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Equity shares												
Ashok Leyland Limited**	217,499,800	57.43%	217,499,800	57.51%	217,499,800	65.84%	30,500,000	9.38%	57,000,000	17.54%	109,200,000	48.53%
Ashley Investments Limited**	-	-	-	-	-	-	93,450,000	28.75%	69,000,000	21.23%	12,900,000	5.73%
Ashley Holdings Limited**	-	-	-	-	-	-	93,549,800	28.78%	68,999,800	21.23%	12,899,800	5.73%

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 1: Share Capital (Continued)

e) Particulars of shareholders holding more than 5% shares of a class of shares

Particulars	As at											
	30 September 2015		31 March 2015		31 March 2014		31 March 2013		31 March 2012		31 March 2011	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
i) Equity shares of INR												
Ashok Leyland Limited**	217,499,800	57.43%	217,499,800	57.51%	217,499,800	65.84%	30,500,000	9.38%	57,000,000	17.54%	109,200,000	48.53%
IndusInd International Holdings Limited	74,500,000	19.67%	74,500,000	19.70%	74,500,000	22.55%	69,500,000	21.38%	62,500,000	19.23%	50,000,000	22.22%
Everfin Holdings*	53,217,619	14.05%	53,217,619	14.07%	5,321,762	1.61%	-	-	-	-	-	-
Hinduja Ventures Limited	19,888,890	5.25%	19,888,890	5.26%	19,888,890	6.02%	21,888,890	6.74%	28,888,890	8.89%	20,000,000	8.89%
Ashley Investments Limited**	-	-	-	-	-	-	93,450,000	28.75%	69,000,000	21.23%	12,900,000	5.73%
Ashley Holdings Limited**	-	-	-	-	-	-	93,549,800	28.78%	68,999,800	21.23%	12,899,800	5.73%
ii) 0.0001 % Compulsorily convertible cumulative participating preference shares of INR 37.58/- each, fully paid-up												
Everfin Holdings	-	-	-	-	47,895,857	100.00%	-	-	-	-	-	-

* During the financial year ended 31 March 2015, 47,895,857 CCCPPS of face value of INR 37.58/- per share held by Everfin Holdings were converted into equivalent number of equity shares of INR 10/- each at a premium of INR 27.58/- per share on 1:1 basis.
** During the financial year ended 31 March 2014, Ashley Investments Limited and Ashley Holdings Limited were amalgamated with Ashley Services Limited, which was in-turn amalgamated with Ashok Leyland Limited. The Company became a subsidiary of Ashok Leyland Limited which is held/ promoted by Hinduja Automotive Limited ("HAL"). HAL is held by Machen Holdings S.A. ("Machaen"), which in turn is a subsidiary of Machaen Development Corporation ("MDC"). Amas Holdings S.P.F. is the holding company of MDC.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 1: Share Capital (Continued)

f) Shares reserved for issue under employee stock option plan

Particulars	As at 30 September 2015		As at 31 March 2015		As at 31 March 2014		As at 31 March 2013		As at 31 March 2012		As at 31 March 2011	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Under Employee stock option scheme, 2013 at an exercise price as determined by the Nomination and Remuneration Committee	19,906,191	199.06	19,906,191	199.06	19,906,191	199.06	-	-	-	-	-	-

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 1: Share Capital (Continued)

g) Employee stock option

During the financial year 2013-14, the Company has granted certain stock options to its employees. The employee stock options granted entitle the employees to purchase equity shares at an exercise price either at INR 10/- per option or fair value at the date of the grant as determined by the Nomination and Remuneration Committee at the date of grant. Options to employees are usually granted with a four-year ratable vesting. The options would need to be exercised within a 3 year period from the date of vesting. The options vest on a graded basis - 20% at the end of one year of service from grant date, 20% at the end of two years of service from grant date, 30% at the end of three years of service from grant date and 30% at the end of four years from grant date.

The Company measures the compensation cost relating to the stock option using the intrinsic value method. The compensation cost is amortised over the vesting period of the stock option. The Company has accounted for the Employee stock options granted as per 'The Guidance Note on Employee Share Based Payments', issued by The Institute of Chartered Accountants of India.

The assumption used in the computation of fair value of the grant:

Assumptions	Measurement
Expected volatility	0.00%
Expected dividends	0.00%
Risk-free interest rate (based on government bonds)	8.00%
Expected life	4 years

Share based payment expense

The expense recognized during the period under the intrinsic value method:

Particulars	For the period ended 30 September 2015	For the year ended	
		31 March 2015	31 March 2014
Share based payment expense:			
Total expense recognized in 'employee benefits'	4.93	17.10	0.28

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 1: Share Capital (Continued)

The movements in the options under the plan are set out below:

Particulars	For the period ended 30 September 2015		For the year ended			
			31 March 2015		31 March 2014	
	No. of Options	Weighted average exercise price(INR)	No. of Options	Weighted average exercise price(INR)	No. of Options	Weighted average exercise price(INR)
Outstanding at beginning of the year / period	2,825,000	15.28	2,995,000	16.00	-	-
Add: Granted during the year/period	-	-	-	-	2,995,000	16.00
Less: Forfeited during the year/ period	20,000	27.95	170,000	0.72	-	-
Less: Exercised during the year / period	474,000	12.80	-	-	-	-
Less: Expired during the year/period	-	-	-	-	-	-
Outstanding at the end of the year/period	**2,331,000**	**15.67**	**2,825,000**	**15.28**	**2,995,000**	**16.00**

Had the compensation cost for the options been recognised based on the fair value at the date of grant in accordance with Black Scholes' model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	For the period ended 30 September 2015	As at	
		31 March 2015	31 March 2014
Net profit as restated	634.58	1,109.29	780.57
Add: Employee compensation expense as per intrinsic value method	4.93	17.10	0.28
Less: Employee stock option compensation expense as per fair value	(6.43)	(20.67)	(0.34)
Adjusted pro forma net profit after tax	**633.08**	**1,105.72**	**780.51**
Basic EPS per share as reported (INR)	1.69	2.99	2.47
Basic EPS per share as proforma (INR)	1.68	2.98	2.47

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 2: Reserves and Surplus

(INR in Million)

Particulars	**As at**					
	30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
A. Securities premium account						
At the beginning of the period / year	1,437.60	116.56	-	-	-	-
Add: Premium received on equity shares	1.36	1,321.04	146.78	-	-	-
Add: Transferred from Employee Stock option outstanding account	7.18	-	-	-	-	-
Less: Expenses incurred in connection with the issue of shares	-	-	(30.22)	-	-	-
At the end of the period / year	**1,446.14**	**1,437.60**	**116.56**	**-**	**-**	**-**
B. Employee Stock option outstanding account						
At the beginning of the period / year	17.38	0.28	-	-	-	-
Add: Employee compensation expense for the period /year	4.93	17.10	0.28	-	-	-
Less: Transferred to securities premium account / share capital on exercise of stock options	(7.18)	-	-	-	-	-
At the end of the period / year	**15.13**	**17.38**	**0.28**	**-**	**-**	**-**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 2: Reserves and Surplus (Continued)

(INR in Million)

Particulars	**As at**					
	30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
C. Statutory reserve (As per Sec 45-IC of Reserve Bank of India Act, 1934)						
At the beginning of the period / year	790.05	567.63	405.27	222.48	55.09	-
Add: Transfer from surplus in statement	127.67	222.42	162.36	182.79	167.39	55.09
At the end of the period / year	**917.72**	**790.05**	**567.63**	**405.27**	**222.48**	**55.09**
D. Surplus in the Statement of Profit						
At the beginning of the period / year	3,039.62	2,152.75	1,534.54	850.15	179.23	(13.42)
Profit for the period / year	634.58	1,109.29	780.57	867.18	838.31	247.74
Less: Transfer to statutory reserve	(127.67)	(222.42)	(162.36)	(182.79)	(167.39)	(55.09)
Net surplus in the statement of profit and loss	**3,546.53**	**3,039.62**	**2,152.75**	**1,534.54**	**850.15**	**179.23**
Total (A+B+C+D)	**5,925.52**	**5,284.65**	**2,837.22**	**1,939.81**	**1,072.63**	**234.32**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 3: Long-term Borrowings

(INR in Million)

Particulars	**As at**					
	30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Long-term borrowings						
Secured						
Redeemable non-convertible debentures	22,000.00	9,000.00	-	-	-	-
Term loans from banks	16,288.84	17,792.24	14,264.31	11,800.39	7,709.83	7,824.47
Vehicle loans	8.18	10.40	14.55	9.62	-	-
Unsecured						
Dues to promoters / group companies /	-	-	-	-	-	-
Dues to others						
Subordinated redeemable non-convertible debentures	3,000.00	3,000.00	350.00	-	-	-
Total	**41,297.02**	**29,802.64**	**14,628.86**	**11,810.01**	**7,709.83**	**7,824.47**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 3: Long-term Borrowings (Continued)

Details of Redeemable Non-Convertible Debentures (Also refer note 24):

(INR in Million)

Coupon Rate	Particulars	As at						Remarks
		30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	
A.10.50%-10.70%	Secured	9,000	9,000	-	-	-	-	
B.9.75%-10.55%	Secured	13,000	-	-	-	-	-	
12.00%-12.40%	Unsecured-Subordinated Debt	3,000	3,000	350	-	-	-	
Total		**25,000**	**12,000**	**350**	**-**	**-**	**-**	
Less: Current maturities of long-term borrowings		-	-	-	-	-	-	
Total		**25,000**	**12,000**	**350**	**-**	**-**	**-**	
No. of Units issued								**(No. of units)**
Secured redeemable non-convertible debentures (A)		7,200	7,200	-	-	-	-	
Secured redeemable non-convertible debentures (B)		13,000	-	-	-	-	-	
Unsecured subordinated redeemable non-convertible debentures		3,000	3,000	350	-	-	-	

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 3: Long-term Borrowings (Continued)

Details of Term loans from banks (Also refer note 24):

(INR in Million)

Tenure (in months)	As at 30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	Remarks
36 to 60	30,239.86	29,752.91	23,281.64	19,575.37	12,243.03	8,549.47	
	30,239.86	**29,752.91**	**23,281.64**	**19,575.37**	**12,243.03**	**8,549.47**	
Less: Current maturities of long-term borrowings	13,951.02	11,960.67	9,017.33	7,774.98	4,533.20	725.00	
Total	**16,288.84**	**17,792.24**	**14,264.31**	**11,800.39**	**7,709.83**	**7,824.47**	
Coupon Rate	Base rate * + 0.25 % p.a. to Base rate * + 1.55 % p.a.	Base rate * + 0.25 % p.a. to Base rate * + 2 % p.a.	Base rate * + 0.25 % p.a. to Base rate * + 1.5%p.a.	Base rate * + 0.5 % p.a. to Base rate * + 2.25 % p.a.	Base rate * + 0.5 % p.a. to Base rate * + 2.25 % p.a.	Base rate * + 0.5 % p.a. to Base rate * +2.25%p.a.	

Details of Vehicle loans:

(INR in Million)

Coupon Rate	Tenure (in months)	As at 30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	Remarks
10.50% to 10.75%	48 months	12.56	14.56	18.30	11.64	-	-	
		12.56	**14.56**	**18.30**	**11.64**	**-**	**-**	
Less: Current maturities of long-term borrowings		4.38	4.16	3.75	2.02	-	-	
Total		**8.18**	**10.40**	**14.55**	**9.62**	**-**	**-**	

*Base rate of respective banks

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 3: Long-term Borrowings (Continued)

Notes for the long-term borrowings outstanding as at the period ended 30 September 2015:

1) The Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favor of trustees and in addition to specific assets by pari passu charge on hypothecation of loan receivables with a security cover of 110% as per the terms of issue.

a) Out of 7,200 debentures

i) 1,200 debentures were issued with a face value of INR 2,500,000/-. These debentures carry interest rates at 10.50% p.a. and the redemption period is 3 years.

ii) 6,000 debentures were issued with a face value of INR 1,000,000/-. These debentures carry interest rates ranging from 10.50% p.a. to 10.70% p.a. and the redemption period is 3 to 5 years.

b) 13,000 debentures were issued with a face value of INR 1,000,000/-. These debentures carry interest rates ranging from 9.75% p.a. to 10.55% p.a. and the redemption period is 3 to 5 years.

2) Subordinated redeemable non-convertible debentures were issued with a face value of INR 1,000,000/-. These debentures carry interest rates ranging from 12% p.a. to 12.40% p.a. and the redemption period is 5 to 7 years.

3) Term loans from banks are secured by hypothecation of designated assets on finance / loan and future receivables there from, and investments in pass through certificates.

4) Vehicle loans amounting to INR 12.56 millions are repayable in monthly installments over a period of 4 years. Term loans related to vehicles owned are secured against these vehicles.

5) The Company has not defaulted in the repayment of dues to debenture holders or banks.

6) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

7) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 4: Other Long-term liabilities and Long-term Provisions

A. Other Long-term liabilities

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Income received in advance	285.04	364.54	173.24	105.44	79.82	38.98
Total	**285.04**	**364.54**	**173.24**	**105.44**	**79.82**	**38.98**

B. Long-term provisions

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Contingency provision on standard assets	206.30	131.99	79.13	62.13	44.86	22.00
Provision for employee benefits						
-Gratuity (refer Note 18 of Annexure VI)	-	-	1.33	-	-	-
-Compensated absences	4.40	4.35	2.32	2.77	1.59	1.02
Total	**210.70**	**136.34**	**82.78**	**64.90**	**46.45**	**23.02**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 5: Short-term borrowings, Trade Payables, Other Current Liabilities and Short-Term Provisions

A. Short-term borrowings

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Secured						
Cash credit and working capital demand loan from banks	4,370.32	3,563.25	5,686.25	4,459.43	3,563.18	276.89
Unsecured						
Dues to promoters / group companies / related parties	-	-	-	-	-	-
Dues to others						
Commercial Papers	2,206.63	2,938.99	-	-	-	-
Total	**6,576.95**	**6,502.24**	**5,686.25**	**4,459.43**	**3,563.18**	**276.89**

Details of Short term Borrowings (Also refer note 24):

(INR in Million)

Coupon Rate	Security	Tenure (in months)	As at					
			30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Baserate *+ 0.05%p.a. to Base rate*+2.30%p.a.	Secured	NA	4,370.32	3,563.25	5,686.25	4,459.43	3,563.18	276.89
7.97%	Unsecured	2 to 3 months	2,206.63	2,938.99	-	-	-	-

* Based rate of the respective banks

Notes for the short-term borrowings outstanding as at the period ended 30 September 2015:

Cash credit and working capital demand loans from banks are secured by pari passu charge on receivables other than those that are specifically charged in favour of the lenders.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 5: Short-term borrowings, Trade Payables, Other Current Liabilities and Short-Term Provisions (Continued)

B. Trade payables

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Dues to micro enterprises and small enterprises*	-	-	-	-	-	-
Dues to creditors other than micro enterprises and small enterprises	4.64	27.54	14.42	29.58	6.67	5.59
Total	**4.64**	**27.54**	**14.42**	**29.58**	**6.67**	**5.59**

* Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 02 October 2006, certain disclosures are required to be made relating to dues to micro, small and medium enterprises (MSME). On the basis of the information and records available with the Management, none of the Company's suppliers are covered under the MSMED and accordingly, disclosure of information relating to principal, interest accruals and payments are not applicable.

C. Other current liabilities

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Current maturities of Long-Term Borrowings						
Term loans from banks	13,951.02	11,960.67	9,017.33	7,774.98	4,533.20	725.00
Vehicle loan	4.38	4.16	3.75	2.02	-	-
Interest accrued but not due on borrowings	829.74	835.87	17.41	9.51	2.02	-
Security deposits	0.45	0.45	1.44	1.43	1.91	-
Income received in advance	274.07	132.73	173.74	114.18	69.23	25.04
Payable to HLF Services Limited	-	-	-	-	-	0.71
Dues to						
Assignees towards collections in assigned assets	443.09	479.49	457.92	372.22	489.79	-
Employees	6.32	21.88	18.83	10.27	15.49	15.00
Statutory authorities	29.96	20.88	12.19	7.82	5.91	3.77
Others	36.35	13.08	6.65	0.75	1.50	-
Total	**15,575.38**	**13,469.21**	**9,709.26**	**8,293.18**	**5,119.05**	**769.52**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 5: Short-term borrowings, Trade Payables, Other Current Liabilities and Short-Term Provisions (Continued)

D. Short-term provisions

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Provision for non-performing assets	710.55	489.23	213.72	105.88	26.99	7.45
Provision for employee benefits:						
- Gratuity (refer Note 18 of Annexure VI)	5.20	4.64	0.01	-	2.99	0.75
- Compensated absences	0.65	0.43	3.50	4.58	2.64	1.73
Total	**716.40**	**494.30**	**217.23**	**110.46**	**32.62**	**9.93**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 6: Tangible and Intangible Fixed assets (Continued)

(a) Six months period ended 30 September 2015

(INR in Million)

	Gross block				Accumulated depreciation and amortisation				Net block
	As at 1 April 2015	Additions during the period	Deductions / adjustments during the period	As at 30 September 2015	As at 1 April 2015	Charge for the period	Deductions during the period	As at 30 September 2015	As at 30 September 2015
Tangible fixed assets									
Freehold land	156.56	48.83	-	205.39	-	-	-	-	205.39
Buildings	86.14	1.36	-	87.50	7.15	2.05	-	9.20	78.30
Leasehold improvements	14.78	2.21	-	16.99	11.11	0.75	-	11.86	5.13
Furnitures and fittings	60.00	1.45	-	61.45	20.21	3.05	-	23.26	38.19
Vehicles	43.40	14.72	-	58.12	12.86	3.65	-	16.51	41.61
Office equipment	83.34	13.16	-	96.50	49.42	6.34	-	55.76	40.74
Total (A)	**444.22**	**81.73**	**-**	**525.95**	**100.75**	**15.84**	**-**	**116.59**	**409.36**
Intangible fixed assets									
Software	7.87	0.46	-	8.33	3.84	0.60	-	4.44	3.89
Total (B)	**7.87**	**0.46**	**-**	**8.33**	**3.84**	**0.60**	**-**	**4.44**	**3.89**
Grand total (A+B)	**452.09**	**82.19**	**-**	**534.28**	**104.59**	**16.44**	**-**	**121.03**	**413.25**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 6: Tangible and Intangible Fixed assets (Continued)

(b) Financial year ended 31 March 2015

(INR in Million)

	Gross block				Accumulated depreciation and amortisation				Net block
	As at 1 April 2014	**Additions during the year**	**Deductions / adjustments during the year**	**As at 31 March 2015**	**As at 1 April 2014**	**Charge for the year**	**Deductions during the year**	**As at 31 March 2015**	**As at 31 March 2015**
Tangible fixed assets									
Freehold land	155.90	0.66	-	156.56	-	-	-	-	156.56
Buildings	78.38	7.76	-	86.14	3.19	3.96	-	7.15	78.99
Leasehold improvements	11.76	3.02	-	14.78	8.73	2.38	-	11.11	3.67
Furnitures and fittings	53.62	6.38	-	60.00	13.55	6.66	-	20.21	39.79
Vehicles	29.28	14.12	-	43.40	6.10	6.76	-	12.86	30.54
Office equipment	62.88	20.46	-	83.34	26.43	22.99	-	49.42	33.92
Total (A)	**391.82**	**52.40**	**-**	**444.22**	**58.00**	**42.75**	**-**	**100.75**	**343.47**
Intangible fixed assets									
Software	5.69	2.18	-	7.87	2.37	1.47	-	3.84	4.03
Total (B)	**5.69**	**2.18**	**-**	**7.87**	**2.37**	**1.47**	**-**	**3.84**	**4.03**
Grand total (A+B)	**397.51**	**54.58**	**-**	**452.09**	**60.37**	**44.22**	**-**	**104.59**	**347.50**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 6: Tangible and Intangible Fixed assets (Continued)

(c) Financial year ended 31 March 2014

	Gross block				Accumulated depreciation and amortisation				Net block
	As at 1 April 2013	Additions during the year	Deductions / adjustments during the year	As at 31 March 2014	As at 1 April 2013	Charge for the year	Deductions during the year	As at 31 March 2014	As at 30 March 2014
Tangible fixed assets									
Freehold land	23.11	132.79	-	155.90	-	-	-	-	155.90
Buildings	17.19	61.19	-	78.38	0.13	3.06	-	3.19	75.19
Leasehold improvements	11.00	0.76	-	11.76	5.92	2.81	-	8.73	3.03
Furnitures and fittings	24.73	28.89	-	53.62	4.97	8.58	-	13.55	40.07
Vehicles	17.40	11.88	-	29.28	1.84	4.26	-	6.10	23.18
Office equipment	45.71	17.17	-	62.88	12.10	14.33	-	26.43	36.45
Total (A)	**139.14**	**252.68**	**-**	**391.82**	**24.96**	**33.04**	**-**	**58.00**	**333.82**
Intangible fixed assets									
Software	4.14	1.55	-	5.69	1.35	1.02	-	2.37	3.32
Total (B)	**4.14**	**1.55**	**-**	**5.69**	**1.35**	**1.02**	**-**	**2.37**	**3.32**
Grand total (A+B)	**143.28**	**254.23**	**-**	**397.51**	**26.31**	**34.06**	**-**	**60.37**	**337.14**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 6: Tangible and Intangible Fixed assets (Continued)

(d) Financial year ended 31 March 2013

(INR in Million)

	Gross block				Accumulated depreciation and amortisation				Net block
	As at 1 April 2012	Additions during the year	Deductions during the year	As at 31 March 2013	As at 1 April 2012	Charge for the year	Deductions during the year	As at 31 March 2013	As at 31 March 2013
Tangible fixed assets									
Freehold land	-	23.11	-	23.11	-	-	-	-	23.11
Buildings	-	17.19	-	17.19	-	0.13	-	0.13	17.06
Leasehold improvements	6.60	4.40	-	11.00	2.84	3.08	-	5.92	5.08
Furnitures and fittings	14.35	10.38	-	24.73	1.89	3.08	-	4.97	19.76
Vehicles	3.32	14.08	-	17.40	0.46	1.38	-	1.84	15.56
Office equipment	22.01	23.73	0.03	45.71	4.93	7.19	0.02	12.10	33.61
Total (A)	**46.28**	**92.89**	**0.03**	**139.14**	**10.12**	**14.86**	**0.02**	**24.96**	**114.18**
Intangible fixed assets									
Software	2.43	1.71	-	4.14	0.79	0.56	-	1.35	2.79
Total (B)	**2.43**	**1.71**	**-**	**4.14**	**0.79**	**0.56**	**-**	**1.35**	**2.79**
Grand total (A+B)	**48.71**	**94.60**	**0.03**	**143.28**	**10.91**	**15.42**	**0.02**	**26.31**	**116.97**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 6: Tangible and Intangible Fixed assets (Continued)

(e) Financial year ended 31 March 2012

(INR in Million)

	Gross block				Accumulated depreciation and amortisation				Net block
	As at 1 April 2011	Additions during the year	Deductions during the year	As at 31 March 2012	As at 1 April 2011	Charge for the year	Deductions during the year	As at 31 March 2012	As at 31 March 2012
Tangible fixed assets									
Freehold land	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Leasehold improvements	4.36	2.24	-	6.60	0.91	1.93	-	2.84	3.76
Furnitures and fittings	7.64	6.71	-	14.35	0.47	1.42	-	1.89	12.46
Vehicles	-	3.32	-	3.32	-	0.46	-	0.46	2.86
Office equipment	13.32	8.69	-	22.01	1.44	3.49	-	4.93	17.08
Total (A)	**25.32**	**20.96**	**-**	**46.28**	**2.82**	**7.30**	**-**	**10.12**	**36.16**
Intangible fixed assets									
Software	1.50	0.93	-	2.43	0.39	0.40	-	0.79	1.64
Total (B)	**1.50**	**0.93**	**-**	**2.43**	**0.39**	**0.40**	**-**	**0.79**	**1.64**
Grand total (A+B)	**26.82**	**21.89**	**-**	**48.71**	**3.21**	**7.70**	**-**	**10.91**	**37.80**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 6: Tangible and Intangible Fixed assets (Continued)

(f) Financial year ended 31 March 2011

(INR in Million)

	Gross block				Accumulated depreciation and amortisation				Net block
	As at 1 April 2010	Additions during the year	Deductions during the year	As at 31 March 2011	As at 1 April 2010	Charge for the year	Deductions during the year	As at 31 March 2011	As at 31 March 2011
Tangible fixed assets									
Freehold land	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Leasehold improvements	0.18	4.18	-	4.36	0.05	0.86	-	0.91	3.45
Furnitures and fittings	0.11	7.53	-	7.64	-	0.47	-	0.47	7.17
Vehicles	-	-	-	-	-	-	-	-	-
Office equipment	0.74	12.58	-	13.32	0.03	1.41	-	1.44	11.88
Total (A)	**1.03**	**24.29**	**-**	**25.32**	**0.08**	**2.74**	**-**	**2.82**	**22.50**
Intangible fixed									
Software	1.44	0.06	-	1.50	0.10	0.29	-	0.39	1.11
Total (B)	**1.44**	**0.06**	**-**	**1.50**	**0.10**	**0.29**	**-**	**0.39**	**1.11**
Grand total (A+B)	**2.47**	**24.35**	**-**	**26.82**	**0.18**	**3.03**	**-**	**3.21**	**23.61**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 7: Non-Current Investments

(INR in Million)

Particulars	**As at**					
	30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Unquoted investments						
(valued at cost, unless stated otherwise)						
Investment in subsidiary						
Hinduja Housing Finance Limited	150.00	-	-	-	-	-
(15,000,000 equity shares of Rs 10 each, fully paid up)						
Investment in associate						
HLF Services Limited	0.23	0.23	0.23	0.23	0.23	0.23
(22,950 equity shares of Rs.10 each, fully paid up)						
Other investments: unquoted						
Investment in debentures (redeemable, non-convertible)						
Arohan Financial Services Private Limited	-	1.88	54.17	-	-	-
Suryoday Microfinance Private Limited	-	1.88	-	-	-	-
SV CreditLine Private Limited	-	1.13	-	-	-	-
Indian School Finance Company Private Limited	-	1.67	-	-	-	-
Asirvad Microfinance Private Limited	-	1.88	-	-	-	-
Svasti Microfinance Private Limited	-	1.29	-	-	-	-
Future Financial Service Limited	-	1.88	-	-	-	-
Pahal Financial Services Private Limited	-	2.25	-	-	-	-
Disha Microfin Private Limited	-	1.69	-	-	-	-
Annapurna Microfinance Private Limited	-	1.31	-	-	-	-

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 7: Non-Current Investments

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Annapurna Microfinance Private Limited	60.00	56.25	-	-	-	-
Arohan Financial Services Private Limited	43.75	106.25	-	-	-	-
Asirvad Microfinance Private Limited	17.50	63.33	-	-	-	-
Chaitanya India Fin Credit Private Limited	37.50	12.50	-	-	-	-
Disha Microfin Private Limited	50.00	100.00	-	-	-	-
Fusion Microfinance Private Limited	47.50	67.17	-	-	-	-
Future Financial Service Limited	70.00	60.00	-	-	-	-
Grama Vidiyal Micro Finance Limited	92.50	66.50	-	-	-	-
Intrepid Finance And Leasing Private Limited	95.00	75.00	-	-	-	-
M Power Microfinance Private Limited	37.50	11.67	-	-	-	-
Pahal Financial Services Private Limited	87.50	75.00	-	-	-	-
Pudhuaaru Financial Services Private Limited	68.75	72.92	-	-	-	-
Sahayog Microfinance Limited	-	9.00	-	-	-	-
Saija Finance Private Limited	95.00	-	-	-	-	-
Satin Credit care Network Limited	17.50	67.33	-	-	-	-
Sonata Finance Private Limited	37.50	94.17	-	-	-	-
Suryoday Microfinance Private Limited	20.00	60.00	-	-	-	-
SV Credit Line Private Limited	17.50	52.50	-	-	-	-
Investments in pass-through securities						
Sbl MosecI IFMR Capital Series A1	-	13.41	83.45	-	-	-
Anahita IFMR Capital 2014 Series A1	11.34	35.99	-	-	-	-

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Chrysothemis IFMR Capital 2014 Series A2	-	20.64	-	-	-	-
Nephthys SBL IFMR Capital 2014 Series A1	8.15	16.52	-	-	-	-
Mosec Boreas IFMR Capital 2015 Series A2	-	59.77	-	-	-	-

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Olorun SBL IFMR Capital 2015 Series A1	18.84	94.61	-	-	-	-
Astraea SBL IFMR Capital 2015 Series A2	46.72	46.74	-	-	-	-
Maximus SBL IFMR Capital 2015 Series A1	10.23	8.87	-	-	-	-
Golani SBL IFMR Capital 2015 Series A1	58.77	71.54	-	-	-	-
Mosec Aragorn IFMR Capital 2015 Series A1	0.99	11.14	-	-	-	-
Comus IFMR Capital 2015 Series A1	30.58	-	-	-	-	-
Techne SBL IFMR Capital 2015 Series - A1	86.23	-	-	-	-	-
Euterpe IFMR Capital 2014 Series A2	-	-	148.45	-	-	-
Mosec Aura 2014 IFMR Capital Series A2	-	-	31.22	-	-	-
Mosec Ares 2014 IFMR Capital Series A1	-	-	21.11	-	-	-
Theia IFMR Capital 2014 Series A2	-	-	33.30	-	-	-
Mosec Apheleia 2014 IFMR Capital Series A2	-	-	36.15	-	-	-
Total	**1,317.09**	**1,445.91**	**408.08**	**0.23**	**0.23**	**0.23**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

3) The details as to the face value and the units have been presented in Note 11 of Annexure VI

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 8: Deferred Tax Assets

(INR in Million)

Particulars	As at					
	30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Deferred tax assets						
Contingency provision against standard assets	70.12	44.87	26.90	20.16	14.55	7.14
Provision against non performing assets	241.52	166.29	72.65	34.35	9.00	2.66
Provision for employee benefits	3.46	3.10	2.33	1.01	0.48	0.91
Others	55.84	53.91	50.64	31.29	13.96	14.45
	370.94	**268.17**	**152.52**	**86.81**	**37.99**	**25.16**
Deferred tax liability						
Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation as per books	(11.18)	(4.29)	(7.64)	(7.07)	(4.15)	(2.64)
	(11.18)	**(4.29)**	**(7.64)**	**(7.07)**	**(4.15)**	**(2.64)**
Deferred tax asset (net)	**359.76**	**263.88**	**144.88**	**79.74**	**33.84**	**22.52**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 9: Long-term Loans and Advances

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Loan to customers						
Secured, considered good	37,397.72	31,110.66	15,191.31	14,930.21	10,638.40	5,868.50
Secured, considered doubtful	330.41	146.95	634.17	337.40	110.21	-
Unsecured, considered doubtful	117.73	35.93	-	-	-	-
	37,845.86	**31,293.54**	**15,825.49**	**15,267.61**	**10,748.61**	**5,868.50**
Others						
Secured, considered good						
Debenture application money	-	-	440.00	-	-	-
Unsecured, considered good						
Prepaid expenses	368.92	404.71	122.84	62.61	44.86	18.78
Capital advances	18.68	2.82	5.24	163.04	1.78	0.80
Security deposit	35.75	26.28	26.25	22.34	16.71	8.65
Accrued income on assigned contracts	70.11	53.60	30.41	-	-	-
Advance tax (net of provision of tax)	108.20	80.14	68.50	70.36	39.21	9.36
	601.66	**567.55**	**693.24**	**318.35**	**102.56**	**37.59**
Total	**38,447.52**	**31,861.09**	**16,518.72**	**15,585.96**	**10,851.17**	**5,906.09**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 10: Other Non-Current Assets

(INR in Million)

Particulars	**As at**					
	30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Bank deposits held as security (Cash collateral towards securitization / assignment of receivables)	1,093.32	1,093.32	2,280.56	1,941.37	1,942.87	402.56
Total	**1,093.32**	**1,093.32**	**2,280.56**	**1,941.37**	**1,942.87**	**402.56**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 11: Current Investments

(INR in Million)

Particulars	Face Value (INR in Million)	Numbers of shares/units			As at					
		30 September 2015	31March 2015	31March 2014	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
In debentures (redeemable; non-convertible and unquoted investments)										
(Lower of cost and fair value)										
Arohan Financial Services Private Limited	0.50	90	90	200	13.13	22.50	45.83	-	-	-
Suryoday Microfinance Private Limited	0.50	90	90	-	15.75	22.50	-	-	-	-
SV Credit Line Private Limited	0.50	54	54	-	11.81	13.50	-	-	-	-
Indian School Finance Company Private Limited	0.50	80	80	-	9.04	20.00	-	-	-	-
Asirvad Microfinance Private Limited	0.50	90	90	-	7.88	22.50	-	-	-	-
Svasti Microfinance Private Limited	0.50	-	62	-	-	15.50	-	-	-	-
Future Financial Service Limited	0.50	90	90	-	13.13	22.50	-	-	-	-
Pahal Financial Services Private Limited	0.50	108	108	-	13.13	27.00	-	-	-	-
Disha Microfin Private Limited	0.50	81	81	-	11.67	20.25	-	-	-	-
Intrepid Finance And Leasing Private Limited	0.50	71	71	-	9.19	2.96	-	-	-	-
Annapurna Microfinance Private Limited	0.50	63	63	-	13.13	15.75	-	-	-	-
Annapurna Microfinance Private Limited	1.00	260	150	-	130.00	75.00		-	-	-
Arohan Financial Services Private Limited	1.00	250	250	-	125.00	125.00	-	-	-	-
Asirvad Microfinance Private Limited	1.00	205	205	-	97.08	102.50	-	-	-	-

Particulars	Face Value (INR in Million)	Numbers of shares/units			As at					
		30 September 2015	31March 2015	31March 2014	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Chaitanya India Fin Credit Private Limited	1.00	175	75	-	81.25	37.50	-	-	-	-
Disha Microfin Private Limited	1.00	200	200	-	100.00	100.00	-	-	-	-
Fusion Micro Finance Private Limited	1.00	308	228	-	146.67	114.00	-	-	-	-
Future Financial Service Limited	1.00	260	160	-	130.00	80.00	-	-	-	-
Grama Vidiyal Micro Finance Limited	1.00	374	224	-	180.00	112.00	-	-	-	-
Intrepid Finance And Leasing Private Limited	1.00	265	150	-	132.50	75.00	-	-	-	-
M Power Microfinance Private Limited	1.00	170	70	-	79.17	35.00	-	-	-	-
Pahal Financial Services Private Limited	1.00	250	150	-	125.00	75.00	-	-	-	-
Pudhuaar Financial Services Private Limited	1.00	350	250	-	166.67	125.00	-	-	-	-
Sahayog Microfinance Limited	1.00	54	54	-	22.50	27.00	-	-	-	-
Saija Finance Private Limited	1.00	220	-	-	110.00	-	-	-	-	-
Satin Creditcare Network Limited	1.00	229	229	-	107.08	114.50	-	-	-	-
Sonata Finance Private Limited	1.00	265	265	-	122.92	132.50	-	-	-	-
Suryoday Microfinance Private Limited	1.00	160	160	-	80.00	80.00	-	-	-	-
SV Credit Line Private Limited	1.00	140	140	-	70.00	70.00	-	-	-	-
Investments in pass-through securities										
Protos IFMR Capital 2013 Series A		50,000,000	50,000,000	50,000,000	-	11.19	63.53	-	-	-
SBL Mosec I IFMR Capital Series A1		177,313,410	177,313,410	177,313,410	42.57	54.50	67.79	-	-	-
Euterpe IFMR Capital 2014 Series A2		81,549,059	81,549,059	81,549,059	33.24	139.48	97.94	-	-	-
Mosec Aura 2014 IFMR Capital Series A2		82,906,500	82,906,500	82,906,500	-	68.08	51.88	-	-	-
Mosec Ares 2014 IFMR Capital Series A1		180,822,173	180,822,173	180,822,173	-	21.24	160.11	-	-	-
Theia IFMR Capital 2014 Series A2		13,349,996	13,349,996	13,349,996	-	33.61	6.84	-	-	-
Mosec Apheleia 2014 IFMR Capital Series A2		37,371,498	37,371,498	37,371,498	-	26.23	1.32	-	-	-

Particulars	Face Value (INR in Million)	Numbers of shares/units			As at					
		30 September 2015	31March 2015	31March 2014	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Anahita IFMR Capital 2014 Series A1		113,455,224	113,455,224	-	34.79	31.06	-	-	-	-
Erdre IFMR Capital 2014 Series A2		23,969,427	23,969,427	-	23.97	23.97	-	-	-	-
Mosec Rhea 2014 IFMR Capital Series A2		677,010	677,010	-	20.31	20.31	-	-	-	-
Nephthys SBL IFMR Capital 2014 Series A1		30,800,000	30,800,000	-	8.11	9.83	-	-	-	-
Orion IFMR Capital 2015 Series A1		231,578,947	231,578,947	-	-	153.33	-	-	-	-
Orion IFMR Capital 2015 Series A2		18,421,053	18,421,053	-	-	18.42	-	-	-	-
Euphrosyne IFMR Capital 2015 Series A2		11,482	11,482	-	50.10	50.10	-	-	-	-
Olorun SBL IFMR Capital 2015 Series A1		2,742,587	2,742,587	-	135.53	133.03	-	-	-	-
Astraea SBL IFMR Capital 2015 Series A2		23,371,631	23,371,631	-	-	-	-	-	-	-
Comus IFMR Capital 2015 Series A1		926,701	-	-	-	-	-	-	-	-
Maximus SBL IFMR Capital 2015 Series A1		45,000,000	45,000,000	-	25.44	36.13	-	-	-	-
ChrysothemisIFMR Capital 2014 Series A2		5,159,039	5,159,039	-	20.64	-	-	-	-	-
Mosec Boreas 2015 IFMR Capital Series A2		1,086,637	1,086,637	-	59.77	-	-	-	-	-
Golani SBL IFMR Capital 2015 Series A1		8,401,526	8,401,526	-	15.31	12.48	-	-	-	-
IFMR Capital Mosec Aragorn 2015 Series A1		548,997	548,997	-	128.01	317.56	-	-	-	-
Techne SBL IFMR Capital 2015 Series-A1		221,327	-	-	31.42	-	-	-	-	-
Callisto IFMR Capital Series A1		-	-	116,460	-	-	12.77	-	-	-
Eunomia IFMR Capital Series A1		-	-	775,853	-	-	15.94	-	-	-
Mosec Tethys IFMR Capital Series A1		-	-	1,294,879	-	-	165.03	-	-	-

Particulars	Face Value (INR in Million)	Numbers of shares/units			As at					
		30 September 2015	31March 2015	31March 2014	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Mosec Eirene IFMR Capital Series A1		-	-	100	-	-	172.37	-	-	-
Alke IFMR Capital Series A1		-	-	39,892 ,019	-	-	38.72	-	-	-
Total					**2,752.91**	**2,845.51**	**900.07**	-	-	-

Notes:
1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

3) The units mentioned in the above table is inclusive of both current and non-current portions.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 12: Cash and Bank Balances

(INR in Million)

Particulars	**As at**					
	30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Cash and cash equivalents						
Cash and cheques on hand	434.81	250.62	409.77	583.62	339.27	42.87
Balances with banks						
-in current accounts	455.61	469.41	47.38	44.61	18.28	19.83
-in deposits accounts (with original maturity of 3 months or less)	-	-	-	91.04	-	2,250.00
Total	**890.42**	**720.03**	**457.15**	**719.27**	**357.55**	**2,312.70**
Bank deposits held as security (grouped under other non-current assets)	1,093.32	1,093.32	2,280.56	1,941.37	1,942.87	402.56

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 13: Short-term Loans and Advances and Other Current Assets

A. Short-term loans and advances

(INR in Million)

Particulars	As at					
	30 September 2015	**31March 2015**	**31March 2014**	**31March 2013**	**31March 2012**	**31March 2011**
Loan to customers						
Secured, considered good	20,346.19	15,299.31	14,565.49	9,858.50	5,192.53	2,663.96
Secured, considered doubtful	3,140.59	1,990.68	608.05	463.00	93.89	16.32
Unsecured, considered doubtful	215.58	199.35	-	-	-	-
Unsecured, considered good	66.11	220.60	-	-	-	-
Dealer trade advances (secured, considered good)	2,986.38	1,970.25	340.26	297.12	1,928.93	59.02
Others (secured, Considered Good)						
Debenture application money	-	-	440.00	-	-	-
To parties other than related parties (unsecured)						
Prepaid expenses	328.70	139.89	106.01	81.65	33.49	10.88
Balance with government authorities	14.74	10.85	2.19	0.57	-	1.58
Security deposits	15.94	8.57	-	-	-	-
Advances to employees	7.13	4.83	2.02	4.06	1.16	0.79
Other advances	164.15	61.24	3.15	27.22	5.25	-
To related parties (unsecured, Considered Good)						
Dues from HLF Services Limited	177.11	211.79	34.02	22.30	0.01	-
Total	**27,462.62**	**20,117.36**	**16,101.19**	**10,754.42**	**7,255.26**	**2,752.55**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 13: Short-term Loans and Advances and Other Current Assets (Continued)

B. Other current assets

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31March 2014	31March 2013	31March 2012	31March 2011
Repossessed assets (at realisable value)	1,559.57	1,132.85	1,260.83	845.12	331.55	7.68
Interest accrued on investment in debentures	12.90	17.83	1.39	-	-	-
Interest accrued on investment in pass through securities	2.73	8.10	6.96	-	-	-
Interest accrued on deposits placed as cash collateral	46.38	5.55	34.41	19.73	69.98	4.78
Others	6.97	4.71	-	-	-	-
Total	**1,628.55**	**1,169.04**	**1,303.59**	**864.85**	**401.53**	**12.46**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

Notes to Restated Standalone Financial Information

Note 14: Revenue from Operations and other operating income

(INR in Million)

Particulars	For the period from 1 April 2015 to 30 September 2015	For the year ended				
		31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Revenue from operations						
Interest or finance income	4,443.30	6,917.17	5,737.70	4,453.14	3,022.05	917.61
Other operating income						
Processing and service charges	151.07	238.91	160.55	97.62	47.52	11.12
Documentation charge	25.68	62.53	54.32	42.60	35.24	21.42
Other charges	220.75	549.25	217.43	226.19	35.21	2.94
Interest on fixed deposits	40.86	139.67	185.35	151.06	133.82	5.84
Interest on investment in pass through securities	60.46	95.52	29.95	-	-	-
Interest on investment in debentures	164.77	208.47	1.40	-	-	-
Profit on sale of investment	-	1.31	-	-	-	-
Bad debts recovered	107.49	5.09	28.60	-	-	-
	771.08	**1,300.75**	**677.60**	**517.47**	**251.79**	**41.32**
Total	**5,214.38**	**8,217.92**	**6,415.30**	**4,970.61**	**3,273.84**	**958.93**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Profit and Loss of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 15: Employee benefit expense, Finance cost, Provisions and write off and other expenses

A. Employee benefit expense

(INR in Million)

Particulars	For the period from 1 April 15 to 30 September 2015	For the year ended				
		31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Salaries, allowances and incentives	205.35	354.03	277.14	192.21	128.95	83.11
Stock compensation expenses	4.93	17.10	0.28	-	-	-
Contribution to provident fund and other fund	9.11	18.71	12.94	9.63	6.64	4.30
Staff welfare expenses	3.73	7.85	4.86	3.11	4.47	1.22
Total	**223.12**	**397.69**	**295.22**	**204.95**	**140.06**	**88.63**

B. Finance costs

(INR in Million)

Particulars	For the period from 1 April 15 to 30 September 2015	For the year ended				
		31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Interest on:						
Term loans	1,452.33	2,685.50	2,240.19	1,693.41	1,076.14	316.59
Subordinated redeemable non-convertible debentures	186.35	309.98	5.64	-	-	-
Redeemable non-convertible debentures	869.49	440.11	-	-	-	-
Cash credit or working capital demand loans	297.30	569.78	616.78	575.78	338.21	17.16
Processing fees	22.44	24.54	18.02	18.31	17.86	6.25
Total	**2,827.91**	**4,029.91**	**2,880.63**	**2,287.50**	**1,432.21**	**340.00**

C. Provisions and Write off

(INR in Million)

Particulars	For the period from 1 April 15 to 30 September 2015	For the year ended				
		31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Loss on sale of repossessed assets	340.86	944.96	1,126.08	514.91	170.77	16.41
Provision for non-performing assets and contingency provision against standard assets	295.63	328.37	124.84	96.16	42.40	29.45
Bad debts written off	77.03	74.51	115.00	36.86	-	-
Total	**713.52**	**1,347.84**	**1,365.92**	**647.93**	**213.17**	**45.86**

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 15: Employee benefit expense, Finance cost, Provisions and write off and other expenses

D. Other expenses

(INR in Million)

Particulars	For the period from 1 April 15 to 30 September 2015	For the year ended				
		31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Service provider fees	149.83	299.92	327.78	251.29	102.89	25.28
Travelling and conveyance	30.39	44.64	29.79	34.01	23.71	20.47
Rent	30.30	48.95	41.34	32.84	20.26	10.55
Communication expenses	17.43	40.06	30.59	23.15	14.97	5.51
Sourcing Expenses	116.39	137.18	77.47	52.51	10.77	15.19
Legal and professional charges	27.50	33.96	28.27	32.09	14.31	7.77
Office maintenance	29.06	36.30	30.04	18.72	9.06	1.14
Printing and stationery	11.74	25.13	17.50	8.99	8.98	5.68
Rates and taxes	3.22	1.42	2.73	4.41	5.80	11.55
Bank charges	15.53	9.23	28.19	20.18	12.34	3.43
Meeting and conference expenses	3.46	8.17	5.40	5.44	3.26	0.26
Electricity Charges	7.53	10.06	7.56	4.66	2.65	0.45
Insurance	5.89	6.51	3.86	1.81	0.59	-
Sitting fees to directors	0.63	1.26	1.09	1.35	0.60	-
Documentation charges	17.88	28.26	17.16	9.57	4.48	1.41
Other expenses	6.60	24.06	20.86	18.43	4.11	1.24
Total	**473.38**	**755.11**	**669.63**	**519.45**	**238.78**	**109.93**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary statements of Profit and Loss of the Company.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Standalone Financial Information appearing in Annexure VI

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 16: Commitments and Contingencies

(INR in Million)

Particulars	**As at**					
	30 September 2015	**31 March**	**31 March**	**31 March**	**31 March**	**31 March**
Claims not acknowledged as dues: Value Added Taxes from various states (amounts deposited under protest bank guarantee provided against the same)	12.00	10.20	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	4.78	-	-	-	-	-

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 17: Related Party Transactions

A) Name of Related Parties and Nature of Relationship

List of related parties	As at					
	30 September 2015	31 March 2015	31 March 2014 (refer note below)	31 March 2013	31 March 2012	31 March 2011
Holding Company	Ashok Leyland Limited	Ashok Leyland Limited	Ashok Leyland Limited	-	-	-
Subsidiary Company	Hinduja Housing Finance Limited	-	-	-	-	-
Enterprises having significant influence	-	-	Ashley Services Limited	Ashley Investments Limited	Ashley Investments Limited	-
	-	-	Ashley Holdings Limited	Ashley Holdings Limited	Ashley Holdings Limited	Ashok Leyland Limited
	-	-	Indusind International Holdings Limited	Indusind International Holdings Limited	-	Indusind International Holdings Limited
Associate Company	HLF Services Limited	HLF Services Limited	HLF Services Limited	HLF Services Limited	HLF Services Limited	HLF Services Limited
Key Management Personnel (KMP)	S Nagarajan, Managing Director	S Nagarajan, ManagingDirector	S Nagarajan, Managing Director	S Nagarajan, Managing Director	S Nagarajan, Managing Director	S Nagarajan, Managing Director

Note:

During the financial year ended 31 March 2014, Ashley Investments Limited and Ashley Holdings Limited were amalgamated with Ashley Services Limited, which was in-turn amalgamated with Ashok Leyland Limited. Accordingly, the Company became a subsidiary of Ashok Leyland Limited. Also refer Note 1 to Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 17: Related Party Transactions (Continued)

B) Details of transactions with related parties:

(INR in Million, except otherwise stated)

Transaction	Name of the Related Party	For the period from 1 April 15 to 30 September 2015	For the year ended				
			31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Salaries and allowances*	S Nagarajan	11.72	17.12	17.60	17.20	16.00	10.00
Stock options issued	S Nagarajan	-	-	2,000,000 options	-	-	-
Purchase of services							
Service Provider Fee	HLF Services Limited	149.83	299.92	315.26	251.29	98.43	-
Sourcing or marketing expenses	HLF Services Limited	-	85.74	-	-	-	-
Reimbursement of expenses	Hinduja Housing Finance Limited	1.31	-	-	-	-	-
Other operating income	HLF Services Limited	97.67	181.82	37.01	49.22	-	-
	Ashok Leyland Limited	1.02	-	1.67	-	-	13.20

*As the future liabilities of gratuity and compensated absences are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the key managerial personnel is not ascertainable separately and therefore not included above.

C) Details of balances due from related parties:

(INR in Million)

Particulars	Name of the Related Party	As at					
		30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Amounts due from / (due to)	HLF Services Limited	177.11	211.79	34.02	22.30	0.01	(0.71)
	Hinduja Housing Finance Limited	1.31	-	-	-	-	-

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 18: Employee Benefit–Gratuity Benefit Plan

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet.

(INR in Million)

Particulars	As at					
	30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Fair value of plan assets	6.20	6.08	4.34	3.98	0.78	-
Present value of obligations	11.40	10.72	5.68	3.03	3.74	0.75
Asset / (Liability) recognized in the Balance Sheet	**(5.20)**	**(4.64)**	**(1.34)**	**0.95**	**(2.96)**	**(0.75)**
Classification into current and non-						
Current	(5.20)	(4.64)	(0.01)	(0.01)	(2.99)	(0.75)
Non-current	-	-	(1.33)	0.96	0.03	-

Movement in present values of defined benefit obligations

(INR in Million)

Particulars	As at					
	30 September 2015	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Defined benefit obligation at the beginning of the period /year	10.42	5.68	3.03	3.74	0.75	-
Current service cost	2.22	4.82	2.65	1.81	2.33	0.75
Interest cost	0.40	0.44	0.28	0.30	0.06	-
Actuarial (gains) / losses	(1.64)	(0.22)	(0.28)	(2.82)	0.60	-
Benefits paid by the plan	-	-	-	-	-	-
Defined benefit obligation at the end of period /year	11.40	10.72	5.68	3.03	3.74	0.75

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 18: Employee Benefit–Gratuity Benefit Plan (Continued)

Movement in fair value of plan assets

(INR in Million)

Particulars	As at					
	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Fair value of plan assets at the beginning of the period/year	6.08	4.34	3.98	0.78	-	-
Contributions paid into the plan	-	1.34	-	2.99	0.78	-
Benefits paid by the plan	-	-	-	-	-	-
Expected return on plan assets	0.24	0.51	0.32	0.18	-	-
Actuarial (losses)/gains	(0.12)	(0.11)	0.04	0.03	-	-
Fair value of plan assets at the end of period/year	**6.20**	**6.08**	**4.34**	**3.98**	**0.78**	**-**

Expense recognized in the statement of profit or loss

(INR in Million)

Particulars	For the period from 1 April 15 to 30 September 2015	For the year ended				
		31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Current service cost	2.22	4.82	2.65	1.81	2.33	0.75
Interest on obligation	0.40	0.44	0.28	0.30	0.06	-
Expected return on plan assets	(0.24)	(0.51)	(0.32)	(0.18)	-	-
Net actuarial (gain) / loss recognized in the period/year	(1.53)	0.11	(0.32)	(2.88)	0.60	-
Total	**0.85**	**4.86**	**2.29**	**(0.95)**	**2.99**	**0.75**

Actuarial assumptions

Particulars	For the period ended 30 September 2015	For the year ended				
		31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Discount rate	7.75%	7.80%	9.16%	8.00%	8.00%	8.40%
Estimated rate of return on plan assets	8.00%	8.00%	8.00%	8.00%	8.00%	0.00%
Attrition rate	16.00%	16.00%	5.00%	10.00%	5.00%	5.00%
Future salary increases	12.00%	12.00%	5.00%	5.00%	5.00%	5.00%
Retirement age (in years)	58	58	58	58	-	-

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 19: Provisions and Loan Losses

Movement in provision for Standard Assets and Non-Performing Assets

(INR in Million)

S. No	Particulars	For the period from 1 April 15 to 30 September 2015	For the year ended				
			31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
a.	**Opening balance**						
	Contingent provision for standard	131.99	79.13	62.13	44.86	22.00	-
	Provision for non-performing assets	489.23	213.72	105.88	26.99	7.45	-
b.	**Additional provisions**						
	Contingent provision for standard	74.31	52.86	17.00	17.27	22.86	22.00
	Provision for non-performing assets	221.32	341.69	107.84	93.31	19.54	7.45
c.	**Utilisation/Reversal**						
	Contingent provision for standard assets	-	-	-	-	-	-
	Provision for non-performing assets	-	66.18	-	14.42	-	-
d.	**Closing balance**						
	Contingent provision for standard	206.30	131.99	79.13	62.13	44.86	22.00
	Provision for non-performing assets	710.55	489.23	213.72	105.88	26.99	7.45

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 20: Statement of Accounting Ratios

(As restated) **(INR in Million except share data as stated)**

Particulars	**As at and for the period from 1 April 2015 to 30 September 2015**	**As at and for the year ended**				
		31 March 2015	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Net Worth (A)	9,712.44	9,066.83	7,940.44	5,189.81	4,322.63	2,484.32
Restated Profit after tax (B)	634.58	1,109.29	780.57	867.18	838.31	247.74
Weighted average number of equity shares outstanding during the period / year						
-For basic earnings per share (C)	378,342,630	373,099,979	328,542,981	325,000,000	275,273,224	97,301,370
Effect of dilutive potential equity shares						
Compulsorily convertible cumulative participating preference shares	-	-	31,886,831	-	-	-
Employee stock options	138,933	612,934	23,480	-	-	-
-For diluted earnings per share (D)	378,481,563	373,712,913	360,453,292	325,000,000	275,273,224	97,301,370
Earnings Per Share INR.10 each						
-Basic Earnings per share (Rs.) (E=B/C)	1.68	2.97	2.38	2.67	3.05	2.55
-Diluted Earnings per share (Rs.) (F=B/D)	1.68	2.97	2.17	2.67	3.05	2.55
	(Not annualised)					
Return on net worth (%) (G=B/A)	6.53%	12.23%	9.83%	16.71%	19.39%	9.97%
Weighted average number of equity shares outstanding during the year / period (H)	378,342,630	373,099,979	328,542,981	325,000,000	275,273,224	97,301,370
Net asset value per share INR10 each (I=A/H)	25.67	24.30	24.17	15.97	15.70	25.53

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 20: Statement of Accounting Ratios (continued)

Notes:

1. The above ratios are calculated as under:

a) Basic earnings per share = Net profit after tax, as restated attributable to shareholders / Weighted average number of shares outstanding for the year / period.

b) Diluted earnings per share = Net profit after tax, as restated / Weighted average number of diluted equity shares outstanding during the year / period.

c) Return of net worth (%) = Net profit after tax, as restated / Net worth as restated as at year or period end.

d) Net asset value per share (Rs.) = Net worth as restated / Number of equity shares as at year or period end.

2. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year/ period adjusted by the number of equity shares issued during the year/ period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year/ period.

3. Net worth, as restated is = Paid up share capital + Reserves and surplus, as restated [including Securities premium account, Employee stock option outstanding account, statutory reserve and surplus in statement of profit and loss].

4. Earnings per share calculations are in accordance with Accounting Standard 20 - Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended.

5. The above statement should be read with Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV and Basis of preparation and significant accounting policies as appearing in Annexure V.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 21: Statement of Capitalisation

(INR in Million)

Particulars	**Pre-issue as at 30 September 2015**	**As Adjusted for issue**
		(Refer note 2 below)
Debt		
Short-term borrowings (refer Note 5 A of Annexure VI)	6,576.95	[.]
Long-term borrowings (refer Note 3 of Annexure VI) - (A)	55,252.42	[.]
Total debt - (B)	**61,829.37**	
Shareholder's funds (Equity)		
Share capital (refer Note 1 of Annexure VI)	3,786.92	[.]
Reserves and surplus (refer Note 2 of Annexure VI)	5,925.52	[.]
Total shareholder's funds - (C)	**9,712.44**	
Total Debt/ Equity ratio (B/C)	**6.37**	**[.]**
Long Term Debt/ Equity ratio (A/C)	**5.69**	**[.]**

Notes:

1) The above statement should be read with Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV and Basis of preparation and significant accounting policies as appearing in Annexure V

2) The corresponding post IPO capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.

3) Short term borrowings are considered as borrowings due within 12 months.

4) Long term borrowings are considered as borrowings other than Short term borrowings, as defined above and also includes the current maturities of long term borrowings.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 22: Statement of Tax Shelter

(INR in Million)

Particulars	30 September 2015	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Restated profit before tax	960.01	1,643.15	1,169.84	1,295.36	1,241.92	371.48
Tax Rate	33.99%	33.99%	33.99%	32.45%	32.45%	33.22%
Tax thereon at the above rate	326.31	558.51	397.63	420.34	403.00	123.40
Tax permanent differences	(0.87)	(24.65)	(8.36)	7.84	0.61	0.34
Tax timing differences	95.88	119.00	65.15	45.89	11.32	15.98
Total tax expense	**421.31**	**652.86**	**454.42**	**474.07**	**414.93**	**139.72**
Current tax	421.31	652.86	454.42	474.07	414.93	139.72
Total tax expense	421.31	652.86	454.42	474.07	414.93	139.72

Note 23: Statement of Dividend

(INR in Million)

Particulars	For the period from 1 April 2015 to 30 September 2015	For the year ended				
		31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Equity share capital	3,786.92	3,782.18	3,303.22	3,250.00	3,250.00	2,250.00
Dividend on equity share capital	-	-	-	-	-	-
0.0001% Compulsorily convertible cumulative participating preference share capital preference shares	-	-	1,800.00	-	-	-
Dividend on 0.0001% Compulsorily convertible cumulative participating	-	-	-	-	-	-

Note:

1) The Company has not paid any Dividend for the above years / period.

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

a. Details of redeemable non-convertible debentures

S. No	Trustee name	Type of the instrument	Tenor (in months)	Interest rate	Security	Repayment terms	Loan amount as at September 30, 2015 (Amount in INR million)
1.	IDBI Trusteeship Services Ltd	NCD I	36 Months	10.50% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable at the end of the tenor	3,000.00
2.	IDBI Trusteeship Services Ltd	NCD II	36 Months	10.70% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable at the end of the tenor	2,500.00
3.	IDBI Trusteeship Services Ltd	NCD III	60 Months	10.65% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable in the ratio 30:40:30 at the end of 3, 4 and 5 years from the date of issue (Feb 16, 2015), respectively	2,500.00

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

S. No	Trustee name	Type of the instrument	Tenor (in months)	Interest rate	Security	Repayment terms	Loan amount as at September 30, 2015 (Amount in INR million)
4.	IDBI Trusteeship Services Ltd	NCD IV	36 Months	10.50% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable at the end of the tenor	1,000.00
5.	IDBI Trusteeship Services Ltd	NCD V	60 Months	10.50% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable at the end of the tenor	5,000.00
6.	IDBI Trusteeship Services Ltd	NCD V	60 Months	9.75% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan	Redeemable at the end of the tenor	5,000.00

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

S. No	Trustee name	Type of the instrument	Tenor (in months)	Interest rate	Security	Repayment terms	Loan amount as at September 30, 2015 (Amount in INR million)
					receivables with a security cover of 110% as per the terms of issue.		
7.	IDBI Trusteeship Services Ltd	NCD V	36 - 60 Months	10.55% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	INR 250 million redeemable at the end of 3 year from the date of issue (June 29, 2015) INR 250 million redeemable at the end of 4 years from the date of issue INR 250 million Redeemable at the end of 5 years from the date of issue	750.00

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

S. No	Trustee name	Type of the instrument	Tenor (in months)	Interest rate	Security	Repayment terms	Loan amount as at September 30, 2015 (Amount in INR million)
8.	IDBI Trusteeship Services Ltd	NCD V	36 - 60 Months	10.55% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	INR 410 million redeemable at the end of 3 years from the date of issue (July 13, 2015) INR 420 million redeemable at the end of 4 years from the date of issue INR 420 million redeemable at the end of 5 years from the date of issue	1,250.00
9.	IDBI Trusteeship Services Ltd	NCD V	36 - 60 Months	10.55% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan	INR 330 million redeemable at the end of 3 years from the date of issue (August 14, 2015)	1,000.00

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

S. No	Trustee name	Type of the instrument	Tenor (in months)	Interest rate	Security	Repayment terms	Loan amount as at September 30, 2015 (Amount in INR million)
					receivables with a security cover of 110% as per the terms of issue.	INR 330 million redeemable at the end of 4 years from the date of issue INR 340 million redeemable at the end of 5 years from the date of issue	

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

b. Details of term loans from banks

S.No	Bank Name	Tenor (in months)	Interest rate as of date	Security	Repayment Terms	Prepayment	No. of instalments outstanding as on September 30, 2015	Original sanctioned (Amount in INR million)	As at September 30, 2015 (Amount in INR million)	Penalty & Default
1	Axis Bank Limited	39 months with moratorium of 9 months	10.10% p.a	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	10 Equal Quarterly instalments	As per the terms and conditions decided by the bank at the time of prepayment	Eight	1,500.00	1,200.00	Nil
2	Canara Bank	41 months with a moratorium period of 11 Months	10.80% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	5 Equal Half Yearly instalments	2% penalty for prepayment. Penalty waiver if repaid with a 30 day notice out of internal generation	Two	3,000.00	1,200.00	Nil
3	HDFC Bank Limited	36 - 48 Months	9.65% p.a to 10.55% p.a	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	Quarterly	As per the terms and conditions decided by the bank at the time of prepayment	Seven - Ten	3,300.00	2,781.25	Nil
4	Vijaya Bank	60 Months with a Moratorium	9.9% p.a to	Hypothecation of designated assets on finance	6 - 8 Half-yearly instalments	As per the terms and conditions	One - Five	3,000.00	1,221.63	Nil

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

S.No	Bank Name	Tenor (in months)	Interest rate as of date	Security	Repayment Terms	Prepayment	No. of instalments outstanding as on September 30, 2015	Original sanctioned (Amount in INR million)	As at September 30, 2015 (Amount in INR million)	Penalty & Default
		Period of 12 Months	10.9% p.a	/ loan and future receivables therefrom, and investments in pass through certificates.	and 4 Yearly instalments, based on the terms of the respective loans	decided by the bank at the time of prepayment				
5	Central Bank of India	48 Months with a Moratorium period of 12 Months	10.45% p.a.	Earmarked specific receivables to the extent of 110% of the loan amount	6 Half-yearly instalments and 12 Equal quarterly instalments based on the terms of the respective loans	As per the terms and conditions decided by the bank at the time of prepayment	Two-Six	4,000.00	1,500.00	Nil
6	Union Bank of India	42 - 48 Months with a Moratorium period between 6 months to 12 Months	10.35% p.a. to 10.50% p.a.	Charge on Specific Receivables with security coverage of 1.11 times the outstanding facility amount	12 Equal quarterly instalments and 6 Equal Half-yearly instalments based on the terms of the respective loans	As per the terms and conditions decided by the bank at the time of prepayment	Two-Twelve	6,000.00	3,666.67	Nil
7	Bank of Baroda	54 Months including a Moratorium period between 6 to 12 Months	10.40% p.a to 10.50% p.a	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	8 Half-yearly instalments	0.50 % p.a. of amount prepaid with a cap of 2%	Two-Eight	8,000.00	4,898.25	Nil

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

S.No	Bank Name	Tenor (in months)	Interest rate as of date	Security	Repayment Terms	Prepayment	No. of instalments outstanding as on September 30, 2015	Original sanctioned (Amount in INR million)	As at September 30, 2015 (Amount in INR million)	Penalty & Default
8	Syndicate Bank	48 months with a moratorium period of 12 Months	10.35% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	6 Half-yearly instalments	As per the terms and conditions decided by the bank at the time of prepayment	Three-Six	3,000.00	2,499.90	Nil
9	Corporation Bank	48 months with a moratorium period of 12 Months	10.90% p.a.	Specific receivables with minimum asset cover of 1.10 times	6 half-yearly instalments	Waived, if prior notice of 30 days is served	Three	1,500.00	750.00	Nil
10	Kotak Mahindra Bank Limited	54 Months with a Moratorium period of 6 Months	10.75% p.a.	Receivables with 1.1 times security cover	48 Equal Monthly instalments	As per the terms and conditions decided by the bank at the time of prepayment	Seventeen - Forty Three	1,000.00	678.01	Nil
11	IDBI Bank Limited	36 months with a Moratorium period of 6 months	10% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	10 Quarterly instalments	As per the terms and conditions decided by the bank at the time of prepayment	Six	1,500.00	900.00	Nil

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

S.No	Bank Name	Tenor (in months)	Interest rate as of date	Security	Repayment Terms	Prepayment	No. of instalments outstanding as on September 30, 2015	Original sanctioned (Amount in INR million)	As at September 30, 2015 (Amount in INR million)	Penalty & Default
12	DCB Bank Limited	37 Months with one month moratorium	10.85% p.a	Specific receivables covering 110% of the exposure	36 Monthly instalments	2% on outstanding or amount prepaid subject to minimum of Rs.10,000/-	Twenty Five	1,000.00	694.15	Nil
13	The Federal Bank Limited	36 Months	10.50% p.a	Specific charge on the present and future reeivables of the company, with margin of 10%.	12 Quarterly instalments	2% of the limit or O/s whichever is higher	Twelve	500.00	500.00	Nil
14	ICICI Bank Limited	51 Months with a moratorium period of 9 Months	10.35% p.a	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	14 Quarterly instalments	As per the terms and conditions decided by the bank at the time of prepayment	Fourteen	2,000.00	250.00	Nil
15	State Bank of India	36 Months - 48 Months with a moratorium period ranging from 12 Months - 24 Months	10.20% p.a to 10.95% p.a	Exclusive Charge on Company's receivables of stock and assets	4 - 5 Half Yearly instalments depending on the terms of the respective loans	2% of amount prepaid	Two - Five	12,000.00	7,500.00	Nil

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

c. Details of cash credit and working capital demand loan from banks

S.No	Bank Name	Tenor (in months)	Current Interest rate	Security	Repayment Terms	Pre-payment	Original Sanctioned (Amount In million)	As at September 30, 2015 (Amount In million)	Penalty & Default
1	HDFC Bank Limited	12 Months subject to renewal	10% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	On Demand in case of Cash Credit and Upto 180 days in case of working capital demand loan	As per the terms and conditions decided by the bank at the time of prepayment	500.00	418.44	Nil
2	Vijaya Bank	12 Months subject to renewal	10.90% p.a.	Exclusive first charge on specific identified receivables	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	500.00	404.71	Nil
3	Union Bank of India	12 Months subject to renewal	10.15% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	500.00	164.39	Nil
4	Canara Bank	12 Months subject to renewal	10.30% p.a.	Exclusive first charge on specific identified receivables	On Demand	No penalty	2,000.00	525.85	Nil

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

S.No	Bank Name	Tenor (in months)	Current Interest rate	Security	Repayment Terms	Pre-payment	Original Sanctioned (Amount In million)	As at September 30, 2015 (Amount In million)	Penalty & Default
5	The Federal Bank Limited	12 Months subject to renewal	9.93% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	1,000.00	542.21	Nil
6	Kotak Mahindra Bank Limited	12 Months subject to renewal	9.50% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	500.00	1.24	Nil
7	ICICI Bank Limited	12 Months subject to renewal	10% p.a.	Specific receivables at an asset cover 1.1 times	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	750.00	1,134.52	Nil
8	Central Bank of India	12 Months subject to renewal	10.20% p.a.	Exclusive first charge on specific identified receivables to the extent of 110% of the loan amount	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	500.00	458.96	Nil
9	State Bank of India	12 Months subject to renewal	12.05% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	2,500.00	336.50	Nil

HINDUJA LEYLAND FINANCE LIMITED

Annexure – VI

Notes to Restated Standalone Financial Information

Note 24: Restated Standalone Statement of principal terms of secured borrowings outstanding as at 30 September 2015

S.No	Bank Name	Tenor (in months)	Current Interest rate	Security	Repayment Terms	Pre-payment	Original Sanctioned (Amount In million)	As at September 30, 2015 (Amount In million)	Penalty & Default
10	Axis Bank Limited	12 Months subject to renewal	9.75% p.a.	Exclusive first charge on specific identified receivables with a cover of 1.1 times.	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	500.00	383.50	Nil

FINANCIAL STATEMENTS

Examination report on Restated Consolidated Financial Information

The Board of Directors
Hinduja Leyland Finance Limited
Plot No 27, SP, Developed Plot
SIPCOT Industrial Estate
Guindy
Chennai – 600 032

Dear Sirs

1 We have examined the attached Restated Consolidated Financial Information of Hinduja Leyland Finance Limited ("the Company"), and its subsidiary and associate (hereinafter together with the Company referred to as the "Group'), comprising Restated Consolidated Summary Statement of Assets and Liabilities, Restated Consolidated Summary Statement of Profit and Loss, Restated Consolidated Summary Statement of Cash Flows, together with the annexures and notes thereto and other financial information explained in Paragraph 6 below, as approved by the Board of Directors of the Company, prepared by the management of the Company in terms of the requirements of Section 26 of the Companies Act, 2013 ('the Act') read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the extent applicable, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the 'SEBI Regulations'), the 'Guidance Note on 'Reports in Company's Prospectus (Revised)' issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable ('Guidance Note'), and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 1 October 2015, in connection with the proposed initial public offering of equity shares of the Company.

2 The above Restated Consolidated Financial Information has been extracted by the Management from the Company's consolidated financial statements as at and for the six months period ended 30 September 2015 prepared in accordance with accounting principles generally accepted in India at the relevant time and which have been approved by the Board of Directors. Given that the Company incorporated a subsidiary company on April 15, 2015, the Restated Consolidated Financial Information has been presented for the six months period ended September 30, 2015.

3 We did not audit the financial statements of the Company's associate which was audited by M/s. Sri Sesha and Ravi and accordingly reliance has been placed on the financial statements audited by them.

4 In accordance with the requirements of Section 26 of the Act read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations, and the Guidance Note and in terms of our engagement agreed with you, we further report that:

a) The Restated Consolidated Summary Statement of Assets and Liabilities of the Company as at 30 September 2015 examined by us, as set out in Annexure I to this report, read with the basis of preparation and significant accounting policies in Annexure V and notes to restated consolidated financial information in Annexure VI, are after making such adjustments and regroupings as in our opinion were appropriate and more fully described in the Summary Statement of adjustments to Audited Consolidated Financial Statements enclosed as Annexure IV to this report.

b) The Restated Consolidated Summary Statement of Profit and Loss of the Company for the six months period ended 30 September 2015 as set out in Annexure II to this report, read with the basis of preparation and significant accounting policies in Annexure V and notes to restated consolidated financial information in Annexure VI, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Summary Statement of adjustments to Audited Consolidated Financial Statements enclosed as Annexure IV to this report.

c) The Restated Consolidated Summary Statement of Cash Flows of the Company for the six months period ended 30 September 2015 as set out in Annexure III to this report read with the basis of preparation and significant accounting policies in Annexure V and notes to restated consolidated financial information in Annexure VI, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Summary Statement of adjustments to Audited Consolidated Financial Statements enclosed as Annexure IV to this report.

d) For our examination of the Restated Consolidated Financial Information, we have relied on the financial statements of the Company's associate listed in paragraph 3 above, which was audited by the respective auditor, and whose audit report have been furnished to us and our opinion in so far as it relates to the amounts included in the Restated Consolidated Summary Statement of Assets and Liabilities, the Restated Consolidated Summary Statement of Profit and Loss and the Restated Consolidated Summary Statement of Cash Flows are based solely on the audit reports of such auditors.

5 Based on the above, we are of the opinion that the Restated Consolidated Financial Information have been made after incorporating:

i) adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policy for the reporting period based on the policies adopted by the Company as at 30 September 2015;

ii) adjustments for prior period and other material amounts in the respective financial period to which they relate;

iii) and do not contain any extra-ordinary items that need to be disclosed separately in the restated consolidated financial information and any qualifications requiring adjustments.

6 We have also examined the following other financial information as set out in the Annexure prepared by the management of the Company and approved by the Board of Directors, as at and for the six months period ended 30 September 2015. The financial statements of the Company's associate, audited by other auditor for the respective period have been relied upon by us.

i) Restated Consolidated Statement of Share Capital, included in Note 1 to Annexure VI;
ii) Restated Consolidated Statement of Reserves and Surplus, included in Note 2 to Annexure VI;
iii) Restated Consolidated Statement of Long-Term Borrowings, included in Note 3 to Annexure VI;
iv) Restated Consolidated Statement of Other Long Term Liabilities and Long-Term Provisions, included in Note 4 to Annexure VI;
v) Restated Consolidated Statement of Short-term borrowings, Trade Payables, Other Current Liabilities and Short-Term Provisions, included in Note 5 to Annexure VI;
vi) Restated Consolidated Statement of Fixed assets, included in Note 6 to Annexure VI;
vii) Restated Consolidated Statement of Non-Current Investments, included in Note 7 to Annexure VI;
viii) Restated Consolidated Statement of Deferred tax assets, included in Note 8 to Annexure VI;
ix) Restated Consolidated Statement of Long term loans and advances, included in Note 9 to Annexure VI;
x) Restated Consolidated Statement of Other non-current assets, included in Note 10 to Annexure VI;
xi) Restated Consolidated Statement of Current investments, included in Note 11 to Annexure VI;
xii) Restated Consolidated Statement of Cash and Bank balances, included in Note 12 to Annexure VI;
xiii) Restated Consolidated Statement of Short-term loans and advances, and other current assets, included in Note 13 to Annexure VI;
xiv) Restated Consolidated Statement of Revenue from Operations and other operating income, included in Note 14 to Annexure VI;
xv) Restated Consolidated Statement of Employee benefit expense, Finance cost, Provisions and write off and other expenses, included in Note 15 to Annexure VI;
xvi) Restated Consolidated Statement of commitments and contingencies, included in Note 16 to Annexure VI;
xvii) Restated Consolidated Statement of Related Party Transactions as per Accounting Standard 18 on related party disclosures specified u/s 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014, included in Note 17 to Annexure VI;
xviii) Restated Consolidated Statement of Employee Benefit-Gratuity Benefit Plan, included in Note 18 to Annexure VI;

xix) Restated Consolidated Statement of Statement of Provisions and Loan Losses, included in Note 19 to Annexure VI;
xx) Restated Consolidated Statement of Accounting Ratios, included in Note 20 to Annexure VI;
xxi) Restated Consolidated Statement of Capitalisation, included in Note 21 to Annexure VI;
xxii) Restated Consolidated Statement of tax shelter, included in Note 22 to Annexure VI;
xxiii) Restated Consolidated Statement of dividend, included in Note 23 to Annexure VI; and
xxiv) Restated consolidated statement of principal terms of secured borrowings outstanding as at 30 September 2015, included in Note 24 to Annexure VI;

7 We have not audited or reviewed any financial statements of the Company as of any date or for any period subsequent to 30 September 2015. Accordingly, we express no opinion on the financial position, results of the operations or cash flow of the Company as of any date or for any period subsequent to 30 September 2015.

8 In our opinion, the above restated consolidated financial information contained in Annexure I to VI of this report read along with the basis of preparation and significant accounting policies and Notes to the Restated Consolidated Financial Information (Refer Annexure V) are prepared after making adjustments and regrouping (Refer Annexure IV) as considered appropriate and have been prepared in accordance with Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, to the extent applicable, SEBI Regulations and the Guidance note issued in this regard by ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

9 This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by other firms of Chartered Accountants, nor should this report be construed as an opinion on any of the financial statements referred to herein.

10 We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11 Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of Equity Shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

F*or* **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No: 101248W/W-100022

S Sethuraman
Partner
Membership No: 203491
Chennai
March 23, 2016

HINDUJA LEYLAND FINANCE LIMITED

Annexure I: Restated Consolidated Summary Statement of Assets and Liabilities

(INR in Million except share data and as stated)

	Particulars	Annexure Reference	As at 30 September 2015
	Equity and liabilities		
(1)	**Shareholders' funds**		
	Share capital	Note 1 of Annexure VI	3,786.92
	Reserves and surplus	Note 2 of Annexure VI	5,935.17
			9,722.09
(2)	**Non-current liabilities**		
	Long-term borrowings	Note 3 of Annexure VI	41,297.02
	Other long- term liabilities	Note 4A of Annexure VI	285.04
	Long-term provisions	Note 4B of Annexure VI	210.70
			41,792.76
(3)	**Current liabilities**		
	Short-term borrowings	Note 5 A of Annexure VI	6,576.95
	Trade payables	Note 5 B of Annexure VI	4.64
	Other current liabilities	Note 5 C of Annexure VI	15,575.38
	Short-term provisions	Note 5 D of Annexure VI	716.40
			22,873.37
	Total		**74,388.22**
	Assets		
(4)	**Non-current assets**		
	Fixed assets		
	Tangible assets	Note 6 of Annexure VI	409.36
	Intangible assets	Note 6 of Annexure VI	3.89
	Capital work-in-progress		13.13
			426.38
	Non-current investments	Note 7 of Annexure VI	1,175.24
	Deferred tax assets (net)	Note 8 of Annexure VI	359.76
	Long-term loans and advances	Note 9 of Annexure VI	38,447.18
	Other non-current assets	Note 10 of Annexure VI	1,093.32
			41,501.88
(5)	**Current assets**		
	Current investments	Note 11 of Annexure VI	2,752.91
	Cash and bank balances	Note 12 of Annexure VI	1,042.68
	Short-term loans and advances	Note 13A of Annexure VI	27,461.35
	Other current assets	Note 13 B of Annexure VI	1,629.40
			32,886.34
	Total		**74,388.22**

Note

The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, Basis of Preparation and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure II: Restated Consolidated Summary Statement of Profit and Loss

(INR in Million except share data and as stated)

	Particulars	**Annexure Reference**	**For the period from 1 April 2015 to 30 September 2015**
A	**Revenue**		
	Revenue from operations and other operating income	Note 14 of Annexure VI	5,217.83
	Total revenue		**5,217.83**
B	**Expenses**		
	Employee benefits expense	Note 15 A of Annexure VI	223.12
	Finance costs	Note 15 B of Annexure VI	2,827.91
	Depreciation and amortisation expenses	Note 6 of Annexure VI	16.44
	Provisions and write-off	Note 15 C of Annexure VI	713.52
	Other expenses	Note 15 D of Annexure VI	474.69
	Total expenses		**4,255.68**
C	**Share of profit of equity accounted investee (net of tax)**		**2.80**
	Profit before tax (A - B + C)		**964.97**
	Less: Tax Expenses		
	- Current tax		421.97
	- Deferred tax (credit)/ charge		(95.87)
	Total		**326.10**
	Profit after tax, as restated		**638.87**

Note

The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, Basis of Preparation and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure III - Restated Consolidated Summary Statement of Cash Flows

(INR in Million except share data and as stated)

Particulars		**For the period from 1 April 2015 to 30 September 2015**
A. Cash flows from operating activities		
Profit before tax		964.97
Adjustments for:		
Share of profit of equity accounted investee (net of tax)		(2.80)
Depreciation and amortisation		16.44
Loss on sale of repossessed assets		340.86
Contingent provision against standard assets		74.29
Provision for non-performing assets		221.32
Bad debts written off		77.03
Stock compensation expenses		4.93
Provision for compensated absence		0.27
Provision for gratuity		0.56
Provision for employee incentive		6.32
Operating cash flow before working capital changes		**1,704.19**
Adjustments for:		
(Increase) / decrease in loan to customers (excluding repossessed assets)		(12,687.88)
(Increase) / decrease in repossessed assets		(767.58)
(Increase) / decrease in loans and advances and current and non-current assets		(1,310.53)
Increase / (decrease) in current, non- current liabilities and provisions		7.87
Cash flows (used in) operating activities		**(13,053.93)**
Taxes paid (net)		(449.38)
Net cash (used in) operating activities	**(A)**	**(13,503.30)**
B. Cash flows from investing activities		
Investment in pass through securities (net)		638.71
Investment in redeemable non convertible debentures		(267.29)
Purchase of fixed assets (tangible and intangible fixed assets) including capital work in progress and capital advances		(111.18)
Net cash from investing activities	**(B)**	**260.24**
C. Cash flows from financing activities		
Proceeds from issue of equity shares including securities premium (net)		6.07
Proceeds from borrowings		18,749.99
Repayments of borrowings		(5,265.04)
Proceeds from working capital loan/ cash credit (net)		74.71
Net cash from financing activities	**(C)**	**13,565.73**
Net increase in cash and cash equivalents	**(A + B + C)**	**322.65**
Cash and cash equivalents at the beginning of the period		720.03
Cash and cash equivalents at the end of the period		**1,042.68**

HINDUJA LEYLAND FINANCE LIMITED

Annexure III - Restated Consolidated Summary Statement of Cash Flows

Notes

(INR in Million except share data and as stated)

Components of cash and cash equivalents	**For the period ended 30 September 2015**
Cash and cheques on hand	434.81
Balance with banks	
-in current accounts	458.08
-in deposits account	149.79
Total	**1,042.68**

The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, Basis of Preparation and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

The cash flow statement has been prepared in accordance with "Indirect Method" as set out in the Accounting Standard (AS) - 3 on 'Cash Flow Statements', as notified under section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014.

Annexure IV: Summary Statement of adjustments to Audited Consolidated Financial Statements

The summary of results of restatements made in the audited consolidated financial statements for the six month period ended September 30, 2015 and its impact on the profit/ (loss) of the Group is as follows:

(INR. in Million)

Particulars	**For the period from 1 April 2015 to 30 September 2015**
Net profit after tax as per audited consolidated financial statements	**642.60**
A. Adjustments due to changes in accounting policies etc (refer note I):	
(Decrease)/Increase due to change from upfront recognition to deferral and consequent amortisation in respect of loan origination costs and income.	(3.74)
(Decrease)/Increase due to change from upfront recognition to deferral and consequent amortisation in respect of processing fees incurred on term loans.	(1.91)
Total adjustments	**(5.65)**
Tax impact on restated adjustments	1.92
Net profit after tax, as restated	**638.87**

Note:

The above statement should necessarily be read with the Restated Consolidated Summary Statement of Assets and Liabilities, Restated Consolidated Summary Statement of Profit and Loss and Restated Consolidated Summary Statement of Cash Flows and Basis of preparation and significant accounting policies as appearing in Annexure I, II, III and V respectively and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure IV: Summary Statement of adjustments to Audited Consolidated Financial Statements (Continued)

Pursuant to the incorporation of a subsidiary (Hinduja Housing Finance Limited) in April 2015, the Company has for the first time prepared consolidated financial statements for the six months period ended September 30, 2015 for the purposes of inclusion in the Draft Red Herring Prospectus.

I. Change in accounting policies etc

a. In respect of loan origination costs and income

Effective April 1, 2014, the Company changed its accounting policy of recognizing the loan origination cost and income from upfront recognition to deferral and consequent amortisation thereof over the tenure of the loan. Accordingly the respective income and costs has been restated to reflect consistent accounting policies. The prepaid expenses and the income received in advance (as the case may be) has changed correspondingly.

b. In respect of processing fees on term loan

Effective April 1, 2013, the Company changed its accounting policy of recognizing the processing fees on term loans from upfront recognition to deferral and consequent amortisation thereof over the tenure of the loan. Accordingly the processing fee has been restated to reflect consistent accounting policies. The prepaid expenses has changed correspondingly.

c. Tax impact of the adjustments

Tax impact (including deferred tax related) on adjustments relating to restatement of the consolidated financial statements have been adjusted in the period. The current taxes provided in the six month period ended September 30, 2015 are on an estimated basis.

IV. Other audit qualifications and other remarks / comments in the Annexure to the Auditor's report which do not require any corrective adjustments in the Restated Consolidated Financial Information

In addition to the audit opinion on the financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor’s Report) Order 2015 ('CARO'), issued by the Central Government in terms of Sub-Section 11 of Section 143 of the Companies Act, 2013 for the year ended March 31, 2015 and the Companies (Auditor’s Report) Order 2003, as amended, ('CARO') issued by the Central Government in terms sub-section (4A) of section 227 of the Companies Act, 1956 for the years ended March 31, 2014, 2013, 2012 and 2011. Certain statements/ comments included in the audit opinion on the financial statements and CARO of the Company and subsidiary (as applicable), which do not require any adjustments in the Restated Consolidated Financial Information, are reproduced below in respect of the financial statements presented:

<u>Hinduja Leyland Finance Limited :-</u>

A. Other audit qualifications and other remarks / comments in the Companies (Auditor’s Report) Order 2015 ('CARO'), issued by the Central Government in terms of Sub-Section 11 of Section 143 of the Companies Act, 2013, which do not require any corrective adjustments in the financial information, are as follows:

<u>Financial year : 2014-15</u>
Clause 7(b) CARO:
According to the information and explanations given to us, there are no dues in respect of Income tax or Sales tax or Wealth tax or Service tax or duty of customs or duty of excise or value added tax or cess that have not been deposited with the appropriate authorities on account of any

Name of the statute	Nature of the due
Rajasthan VAT Act, 2003	Value added tax

* Amount paid under protest: Rs.3.71

HINDUJA LEYLAND FINANCE LIMITED

Notes on adjustments for Restated Consolidated Summary Statements

I. Change in accounting policies etc

Clause 12 of CARO:
According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit, except in respect of loans pertaining to vehicle finance aggregating to INR 38.02 lakhs which were identified by the management and reported to Reserve Bank of India. As at March 31, 2015, the above amount has been provided for/ written off in the statement of profit and loss.

B. Other audit qualifications and other remarks / comments in the Companies (Auditor's Report) Order 2003, as amended, ('CARO') issued by the Central Government in terms sub-section (4A) of section 227 of the Companies Act, 1956, which do not require any corrective adjustments in the financial information, are as follows:

Financial year: 2013-14

Clause 21 of CARO:
According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit, except in respect of loans pertaining to commercial finance aggregating to INR 65.77 lakhs which were identified by the management and reported to Reserve Bank of India. As at March 31, 2014, the above amount has been provided for/ written off in the statement of profit and loss.

Financial year: 2010-11

Clause 21 of CARO:
Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that a case of fraud of INR 34.20 lakhs was noticed by the Company during the year. The Company has initiated legal action. The amount involved as aforesaid has been fully provided for.

HINDUJA LEYLAND FINANCE LIMITED

Annexure IV: Basis of preparation and significant accounting policies

1 Background

Hinduja Leyland Finance Limited ("the Company") incorporated and headquartered in Chennai, India is a non-banking finance company engaged in providing asset finance. The Company is a systemically important non deposit taking Non- Banking Finance Company (ND-NBFC) as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Subsidiary and associate of the Company are listed below:

Name of the Company	Percentage holding
Subsidiary Company	
Hinduja Housing Finance Limited (incorporated on April 15, 2015)	100%
Associate Company	
HLF Services Limited	45.90%

Liabilities of the Company as at 30 September 2015, the related Restated Consolidated Summary Statement of Profit and Loss and the related Restated Consolidated Summary Statement of Cash Flows for the six month period ended 30 September 2015, the Summary Statement of Adjustments to Audited Consolidated Financial Statements, Basis of Preparation and Significant Accounting Policies and Notes to Restated Consolidated Financial Information. The Restated Consolidated Financial Information have been specifically prepared for inclusion in the document to be filed by the Company with the Securities Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offering ('IPO') of equity shares of the Company (referred as the "Issue").

The Restated Consolidated Financial Information have been prepared to comply in all material respects with the requirements of Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013 ('the Act'); and the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 ('the SEBI Regulations') notified by SEBI on August 26, 2009, as amended from time to time. As noted above, given that the Company incorporated a subsidiary company on April 15, 2015, the information in respect of assets and liabilities and profit and loss of the group have been presented for the six months period ended

These Restated Consolidated Financial Information were approved by the Board of Directors of the Company in their meeting held on March 23, 2016.

Principles of consolidation

The Restated Consolidated Financial Information has been prepared in the following basis:

a. The financial statements of the Company and its subsidiary company have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating the intra group balances and intra group transactions as per Accounting Standard 21 – Consolidated Financial Statements (AS 21). Investment in subsidiary is eliminated and difference between cost of investment over the net assets on the date of the investment in subsidary is recognised as goodwill/ capital reserve, as the case may be.

b. Investments in associate companies where the Company holds 20% or more of equity are accounted using the equity method of accounting in accordance with AS-23 “Accounting for Investment in Associates in Consolidated Financial Statements” ('AS 23'), where it is able to exercise significant influence over the operating and financial policies of the investee. The Company accounts for its share in the change of the net assets of the associate after elimination of the unrealised profits or losses resulting from transactions between the Company and its associate, as applicable, to the extent of its share through the statement of profit and loss based on the available information.

HINDUJA LEYLAND FINANCE LIMITED

Annexure IV: Basis of preparation and significant accounting policies

1 Background

c. If, under the equity method, the Company's share of losses of an associate equals or exceeds the carrying amount of the investment, the Company discontinues recognising its share of further losses and the investment is reported at Nil Value. Additional losses are provided for to the extent that the Company has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the Company has guaranteed or to which the Company is otherwise committed. If the associate subsequently reports profits, the Company resumes including its share of those profits only after its share of the profits equals the share of net losses that have not been recognised.

d. Goodwill on consolidation represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary as on the date of investment. Goodwill on consolidated is not amortised but is tested for impairment on each balance sheet date and impairment losses are recognised.

e. As far as possible, the Restated Consolidated Financial Information are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

f. The financial statement of the entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent Company.

g. Investments other than in subsidiary and associate are accounted as per the Accounting Standard 13 - "Accounting for Investments".

2 Basis of preparation

These Restated Consolidated Financial Information have been prepared by applying the necessary adjustments to the consolidated financial statements (financial statements) of the Group. The Restated Consolidated Financial Information contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI Regulations:

(a) Adjustments for audit qualification requiring corrective adjustment in the financial statements;

(b) Adjustments for the material amounts to which they relate;

(c) Adjustments for previous years identified and adjusted in arriving at the profits of the period to which they relate irrespective of the period in which the event triggering the profit or loss occurred;

(d) Adjustment to the profits or losses of the earlier periods and of the period in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these periods;

(e) Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited Consolidated financial statements of the Company as at and for the six months period ended 30 September 2015 and the requirements of the SEBI Regulations;

(f) The resultant impact of tax due to the aforesaid adjustments.

The consolidated financial statements are prepared and presented under the historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP'), the requirements of the Companies Act, 2013, including the Accounting Standards as prescribed by Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014), to the extent applicable and conform to the statutory requirements, circulars and guidelines issued by the RBI from time to time to the extent they have an impact on the financial statements and current practices prevailing in India.

Annexure IV: Basis of preparation and significant accounting policies

All assets and liabilities have been classified as current or non-current as per the normal operating cycle of Company and other criteria as set out in the Schedule III to the Companies Act, 2013. Based on the nature of products / services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, Company have ascertained their operating cycle as 12 months for the purpose of current non current classification of assets and liabilities.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, disclosure of contingent liabilities as on the date of the financial statements and the reported income and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

b. Loan to customers

Loan to customers include assets given on finance / loan and amounts paid for acquiring financial assets from other Banks / NBFCs. Loan to customers represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due and is net of amounts securitised / assigned and includes advances under such agreements.

c. Revenue recognition

i) Interest / finance income from loans to customers included in revenue from operations represents interest income arrived at based on internal rate of return method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

ii) Income on securitisation / assignment In respect of transfer of financial assets by way of securitisation or bilateral assignments, the said assets are de-recognized upon contractual transfer thereof, and transfer of substantial risks and rewards to the purchaser. The gain arising on transfer of financial assets by way of securitisation or bilateral assignments, if received in cash, is amortised over the tenure of the related financial assets, and if received by way of excess interest spread, is recognised based on the contractual accrual of the same. Loss on sale, if any, is charged to statement of profit and loss immediately at the time the sale is effected.

iii) Processing and service fee pertaining to loan origination is amortised over the tenure of the loan.

iv) Interest on fixed deposits, pass-through securities and debentures is recognised on an accrual basis.

d. Provisioning for Non-Performing Assets (NPA) and Doubtful Debts

NPA including loans and advances and receivables are identified as bad / doubtful based on the duration of the delinquency. NPA provisions are made based on the management’s assessment of the degree of impairment and the level of provisioning meets the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, as amended by Reserve Bank of India from time to time (together referred to as 'Prudential norms') for the period. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

Housing loans are classified as per National Housing Bank (NHB) guidelines, into performing assets and Non-Performing Assets (NPA). Further NPA are classified into sub-standard, doubtful and loss assets, and provision is made based on NHB guidelines. Additional provisions are made against specific NPA over and above as stated in NHB guidelines, if in the opinion of management higher provision is necessary.

e. Provisions for standard assets

Provisions for standard assets are made as per the Prudential norms, as applicable from time to time. Such provision is disclosed as "contingency provision on standard assets" under the financial statement caption "long term provisions". The group maintains general provisions for standard assets as per NHB guidelines as regards its subsidiary.

f Fixed assets, intangible assets and capital work in progress

Fixed assets are carried at cost less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses incurred in relation to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

Intangible assets are recorded at the consideration paid for acquisition / development and licensing less accumulated amortisation.

g Depreciation and amortization

Depreciation on fixed assets is provided using the straight line method over the estimated useful life of each asset as determined by the management. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable.

Pursuant to this policy, the useful life of the assets is estimated at:

Asset description	**Useful life**
Building	20 years
Furniture and Fitting	8 years
Vehicles	5 years
Office equipment	5 years
Servers and computers (included in office equipment)	3 - 5 years
Improvement on leased premises	Primary lease period or three years whichever is earlier.

Assets individually costing less than or equal to INR 5000/- are fully depreciated in the year of acquisition. The Company has estimated a Nil residual value at the end of the useful life for all block of assets.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Intangible assets are amortised over their estimated useful lives, not exceeding five years, on a straight line basis, commencing from the date the asset is available to the Company for its use.

h. Impairment

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

i. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments".

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investment.

Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the statement of profit and loss.

j. Repossessed assets

Repossessed assets are value at lower of amounts due from the customer or net realisable value.

k Employee benefits

i) Provident fund

Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the statement of profit and loss.

ii) Gratuity

The Group's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at 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.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

iii) Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

iv) Employee stock option

The intrinsic value i.e. excess of fair value of shares, at the date of grant of options under the Employee Stock Option Scheme of the Company, over the exercise price is regarded as employee compensation. This is recognised on a straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

l. Loan origination costs

Sourcing expenses, brokerage, commission, service provider incentives etc. paid for loan origination are charged to expense over the tenure of the loan and included under other expenses - Sourcing expenses.

m. Provision

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. is recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

n. Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in statement of profit or loss.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

o. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

p. Transactions in foreign currencies

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.
Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

q. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred

r. Operating leases

Lease payments for assets taken on an operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

s. Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, net profit after tax attributable to the equity shareholders for the period and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

In computing diluted earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.

t. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

u. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

v. Segment reporting

The Company is engaged in the business of financing and related activities. Further, the Company does not have any separate geographic segments other than India. There are no separate reportable segments as per AS 17 (Segment Reporting).

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 1: Share Capital

(INR in Million except share data and as stated)

Particulars	As at 30 September 2015	
	Number of shares	Amount
Authorised		
Equity shares of INR 10/- each	435,000,000	4,350.00
0.0001% Compulsorily convertible cumulative participating preference shares of INR 37.58/- each	50,000,000	1,879.08
		6,229.08
Issued, subscribed and fully paid up		
Equity shares of INR 10/- each	378,691,619	3,786.92
Total		**3,786.92**

a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period

(INR in Million except share data and as stated)

Particulars	As at 30 September 2015	
	Number of shares	Amount
i) Equity shares of INR 10/- each		
At the beginning of the period	378,217,619	3,782.18
Add : Issued during the period	474,000	4.74
Outstanding at the end of the period	**378,691,619**	**3,786.92**

b) Terms/ rights attached to equity shares

The Company has a single class of equity shares having face value of INR 10/- each. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. Each holder of the equity share is entitled to one vote per share.

c) Terms/ rights attached to 0.0001% Compulsorily Convertible Cumulative Participating Preference Shares

0.0001% CCCPPS having a face value of INR 37.58/- each, were issued on 1 August 2013. Each CCCPPS is convertible into not more than 1.09371055 equity shares. CCCPPS are treated pari passu with equity shares on all voting matters. The holders shall be entitied to 0.0001% dividend and a proportionate dividend on an as converted basis. No CCCPPS are outstanding as at beginning and end of the period.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 1: Share Capital (Continued)

d) Shares held by holding/ ultimate holding company and/ or their Subsidiaries/ Associates:

Particulars	As at 30 September 2015	
	Number of shares	%
Equity shares		
Ashok Leyland Limited (refer note below)	217,499,800	57.43%

Note : During the financial year ended 31 March 2014, Ashley Investments Limited and Ashley Holdings Limited were amalgamated with Ashley Services Limited, which was in-turn amalgamated with Ashok Leyland Limited. The Company became a subsidiary of Ashok Leyland Limited which is held/ promoted by Hinduja Automotive Limited ("HAL"). HAL is held by Machen Holdings S.A. ("Machaen"), which in turn is a subsidiary of Machaen Development Corporation ("MDC"). Amas Holdings S.P.F is the holding company of MDC.

e) Particulars of shareholders holding more than 5% shares of a class of shares

Particulars	As at 30 September 2015	
	Number of shares	%
i) Equity shares of INR 10/- each		
Ashok Leyland Limited	217,499,800	57.43%
IndusInd International Holdings Limited	74,500,000	19.67%
Everfin Holdings	53,217,619	14.05%
Hinduja Ventures Limited	19,888,890	5.25%

f) Shares reserved for issue under employee stock option plan

Particulars	As at 30 September 2015	
	Number of shares	Amount
Under the Employee stock option scheme, 2013 at an exercise price as determined by the Nomination and Remuneration Committee	19,906,191	199.06

g) Employee stock option

During the financial year 2013-14, the Company granted certain stock options to its employees. The employee stock options granted entitle the employees to purchase equity shares at an exercise price either at INR 10/ per option or fair value at the date of the grant as determined by the Nomination and Remuneration Committee at the date of grant. Options to employees are usually granted with a four-year ratable vesting. The options would need to be exercised within a 3 year period from the date of vesting. The options vest on a graded basis - 20% at the end of one year of service from grant date, 20% at the end of two years of service from grant date, 30% at the end of three years of service from grant date and 30% at the end of four years from grant date.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 1: Share Capital (Continued)

The Company measures the compensation cost relating to the stock option using the intrinsic value method. The compensation cost is amortised over the vesting period of the stock option. The Company has accounted for the Employee stock options granted as per 'The Guidance Note on Employee Share Based Payments, issued by The Institute of Chartered Accountants of India.

The assumption used in the computation of fair value of the grant date:

Assumptions	Measurement
Expected volatility	0.00%
Expected dividends	0.00%
Risk-free interest rate (based on government bonds)	8.00%
Expected life	4 years

Share based payment expense

The expense recognised during the period under the intrinsic value method:

(INR in Million)

Particulars	For the period ended 30 September 2015
Share based payment expense:	
Total expense recognised in 'employee benefits'	4.93

The movements in the options under the plan are set out below:

Particulars	For the period ended 30 September 2015	
	No. of Options	Weighted average exercise price (INR in Million)
Outstanding at beginning of the period	2,825,000	15.28
Add: Granted during the period	-	-
Less: Forfeited during the period	20,000	27.95
Less: Exercised during the period	474,000	12.80
Less: Expired during the period	-	-
Outstanding at the end of the period	**2,331,000**	**15.67**

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 1: Share Capital (Continued)

Had the compensation cost for the options been recognised based on the fair value at the date of grant in accordance with Black Scholes' model, the proforma amounts of the Group's net profit and earnings per share would have been as follows:

(INR in Million)

Particulars	**For the period ended 30 September 2015**
Net profit as restated	638.87
Add: Employee compensation expense as per intrinsic value method	4.93
Less: Employee stock option compensation expense as per fair value	(6.43)
Adjusted proforma net profit after tax	**637.37**
Basic EPS per share as reported (INR)	1.69
Basic EPS per share as proforma (INR)	1.68

Notes:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 2: Reserves and Surplus

(INR in Million)

Particulars	**As at 30 September 2015**
A. Securities premium account	
At the beginning of the period	1,437.60
Add: Premium received on equity shares	1.36
Add: Transferred from Employee Stock option outstanding account	7.18
Less: Expenses incurred in connection with the issue of shares	-
At the end of the period	**1,446.14**
B. Employee Stock option outstanding account	
At the beginning of the period	17.38
Add : Employee compensation expense for the period	4.93
Less: Transferred to securities premium account/ share capital on exercise of stock options	(7.18)
At the end of the period	**15.13**
C. Statutory reserve	
(See note 3 below)	
At the beginning of the period	790.05
Add: Transfer from surplus in statement of profit and loss	127.96
At the end of the period	**918.01**
D. Surplus in the Statement of Profit and Loss	
At the beginning of the period	3,044.98
Profit for the period	638.87
Less: Transfer to statutory reserve	(127.96)
Net surplus in the statement of profit and loss	**3,555.89**
Total (A+B+C+D)	**5,935.17**

Notes:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

3) Hinduja Leyland Finance Limited and Hinduja Housing Finance Limited has created a statutory reserve at the rate of 20% of profit after tax as per Section 45-IC of Reserve Bank of India Act, 1934 and Section 29C of National Housing Bank Act, 1987 respectively.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 3: Long-term Borrowings

(INR in Million)

Particulars	As at 30 September 2015
Long-term borrowings	
Secured	
Redeemable non-convertible debentures	22,000.00
Term loans from banks	16,288.84
Vehicle loans	8.18
Unsecured	
Dues to promoters/ group companies/ related parties	-
Dues to others	
Subordinated redeemable non-convertible debentures	3,000.00
Total	**41,297.02**

Details of Redeemable Non-Convertible Debentures (Also refer note 24):

(INR in Million)

Coupon Rate	Particulars	As at 30 September 2015
A. 10.50% - 10.70%	Secured	9,000
B. 9.75% - 10.55%	Secured	13,000
12.00% - 12.40%	Unsecured - Subordinated Debt	3,000
		25,000
Less: Current maturities		-
Total		**25,000**
No. of Units issued		**No. of units**
Secured redeemable non-convertible debentures (A)		7,200
Secured redeemable non-convertible debentures (B)		13,000
Unsecured subordinated redeemable non convertible debentures		3,000

Details of Term loans from banks (Also refer note 24):

(INR in Million)

Coupon Rate	Tenure (in months)	As at 30 September 2015
Base rate*+0.25%p.a. to Base rate*+1.55%p.a.	36 to 60	30,239.86
		30,239.86
Less: Current maturities of long-term borrowings		13,951.02
Total		**16,288.84**

* Base rate of respective banks

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 3: Long-term Borrowings (Continued)

Details of Vehicle loans:

(INR in Million)

Coupon Rate	Tenure (in months)	As at 30 September 2015
10.50% to 10.75%	48 months	12.56
		12.56
Less: Current maturities of long-term borrowings		4.38
Total		**8.18**

Notes for the long-term borrowings outstanding as at the period ended 30 September 2015:

1) The Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favor of trustees and in addition to specific assets by pari passu charge on hypothecation of loan receivables with a security cover of 110% as per the terms of issue.

a) Out of 7,200 debentures
i) 1,200 debentures were issued with a face value of INR 2,500,000/-. These debentures carry interest rates at 10.50% p.a. and the redemption period is 3 years.
ii) 6,000 debentures were issued with a face value of INR 1,000,000/-. These debentures carry interest rates ranging from 10.50% p.a. to 10.70% p.a. and the redemption period is 3 to 5 years.

b) 13,000 debentures were issued with a face value of INR 1,000,000/-. These debentures carry interest rates ranging from 9.75% p.a. to 10.55% p.a. and the redemption period is 3 to 5 years.

2) Subordinated redeemable non convertible debentures were issued with a face value of INR 1,000,000/-. These debentures carry interest rates ranging from 12% p.a. to 12.40% p.a. and the redemption period is 5 to 7 years.

3) Term loans from banks are secured by hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.

4) Vehicle loans amounting to INR 12.56 millions are repayable in monthly installments over a period of 4 years. Term loans related to vehicles owned are secured against these vehicles.

5) The Company has not defaulted in the repayment of dues to debenture holders or banks.

6) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

7) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consoidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 4: Other Long-term liabilities and Long-term Provisions

A. Other Long-term liabilities

(INR in Million)

Particulars	As at 30 September 2015
Income received in advance	285.04
Total	**285.04**

B Long-term provisions

(INR in Million)

Particulars	As at 30 September 2015
Contingency provision on standard assets	206.30
Provision for employee benefits	
- Gratuity (refer Note 18 of Annexure VI)	-
- Compensated absences	4.40
Total	**210.70**

Notes:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

Note 5: Short-term borrowings, Trade Payables, Other Current Liabilities and Short-Term Provisions

A. Short-term borrowings

(INR in Million)

Particulars	As at 30 September 2015
Secured	
Cash credit and working capital demand loan from banks	4,370.32
Unsecured	
Dues to promoters/ group companies/ related parties	-
Dues to others	
Commercial Papers	2,206.63
Total	**6,576.95**

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 5: Short-term borrowings, Trade Payables, Other Current Liabilities and Short-Term Provisions (Continued)

Details of Short term Borrowings (Also refer note 24):

(INR in Million)

Coupon Rate	Security	Tenure (in months)	As at 30 September 2015
Base rate*+0.05%p.a. to Base rate*+2.30%p.a.	Secured	NA	4,370.32
7.97%	Unsecured	2 to 3 months	2,206.63

* Base rate of respective banks

Notes for the short-term borrowings outstanding as at the period ended 30 September 2015:

Cash credit and working capital demand loans from banks are secured by pari passu charge on receivables other than those that are specifically charged in favour of the lenders.

B Trade payables

(INR in Million)

Particulars	As at 30 September 2015
Dues to micro enterprises and small enterprises *	-
Dues to creditors other than micro enterprises and small enterprises	4.64
Total	**4.64**

* Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 02 October 2006, certain disclosures are required to be made relating to dues to micro, small and medium enterprises (MSME). On the basis of the information and records available with the Management, none of the Group's suppliers are covered under the MSMED and accordingly, disclosure of information relating to principal, interest accruals and payments are not applicable.

C Other current liabilities

(INR in Million)

Particulars	As at 30 September 2015
Current maturities of Long-Term Borrowings	
Term loans from banks	13,951.02
Vehicle loan	4.38
Interest accrued but not due on borrowings	829.74
Security deposits	0.45
Income received in advance	274.07
Dues to	
Assignees towards collections in assigned assets	443.09
Employees	6.32
Statutory authorities	29.96
Others	36.35
Total	**15,575.38**

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 5: Short-term borrowings, Trade Payables, Other Current Liabilities and Short-Term Provisions (Continued)

D Short -term provisions

(INR in Million)

Particulars	As at 30 September 2015
Provision for non-performing assets	710.55
Provision for employee benefits:	
- Gratuity (refer Note 18 of Annexure VI)	5.20
- Compensated absences	0.65
Total	**716.40**

Notes:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 6: Tangible and Intangible Fixed assets

(a) Six months period ended 30 September 2015

(INR in Million)

	Gross block				**Accumulated depreciation and amortisation**				**Net block**
	As at 1 April 2015	**Additions during the period**	**Deductions/ adjustments during the period**	**As at 30 September 2015**	**As at 1 April 2015**	**Charge for the period**	**Deductions during the period**	**As at 30 September 2015**	**As at 30 September 2015**
Tangible fixed assets									
Freehold land	156.56	48.83	-	205.39	-	-	-	-	205.39
Buildings	86.14	1.36	-	87.50	7.15	2.05	-	9.20	78.30
Leasehold improvements	14.78	2.21	-	16.99	11.11	0.75	-	11.86	5.13
Furnitures and fittings	60.00	1.45	-	61.45	20.21	3.05	-	23.26	38.19
Vehicles	43.40	14.72	-	58.12	12.86	3.65	-	16.51	41.61
Office equipment	83.34	13.16	-	96.50	49.42	6.34	-	55.76	40.74
Total (A)	**444.22**	**81.73**	**-**	**525.95**	**100.75**	**15.84**	**-**	**116.59**	**409.36**
Intangible fixed assets									
Software	7.87	0.46	-	8.33	3.84	0.60	-	4.44	3.89
Total (B)	**7.87**	**0.46**	**-**	**8.33**	**3.84**	**0.60**	**-**	**4.44**	**3.89**
Grand total (A+B)	**452.09**	**82.19**	**-**	**534.28**	**104.59**	**16.44**	**-**	**121.03**	**413.25**

Notes:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 7: Non current Investments

(INR in Million)

Particulars	**As at 30 September 2015**
Unquoted investments (valued at cost, unless stated otherwise)	
Investment in associate	
HLF Services Limited	8.39
(22,950 equity shares of Rs. 10 each, fully paid up)	
Other investments: unquoted	
Investment in debentures *(redeemable, non-convertible)*	
Annapurna Microfinance Private Limited	60.00
Arohan Financial Services Private Limited	43.75
Asirvad Microfinance Private Limited	17.50
Chaitanya India Fin Credit Private Limited	37.50
Disha Microfin Private Limited	50.00
Fusion Microfinance Private Limited	47.50
Future Financial Service Limited	70.00
Grama Vidiyal Micro Finance Limited	92.50
Intrepid Finance And Leasing Private Limited	95.00
M Power Microfinance Private Limited	37.50
Pahal Financial Services Private Limited	87.50
Pudhuaaru Financial Services Private Limited	68.75
Saija Finance Private Limited	95.00
Satin Creditcare Network Limited	17.50
Sonata Finance Private Limited	37.50
Suryoday Microfinance Private Limited	20.00
SV Credit Line Private Limited	17.50
Investments in pass-through securities	
Anahita IFMR Capital 2014 Series A1	11.34
Nephthys SBL IFMR Capital 2014 Series A1	8.15
Olorun SBL IFMR Capital 2015 Series A1	18.84
Astraea SBL IFMR Capital 2015 Series A2	46.72
Maximus SBL IFMR Capital 2015 Series A1	10.23
Golani SBL IFMR Capital 2015 Series A1	58.77
Mosec Aragorn IFMR Capital 2015 Series A1	0.99
Comus IFMR Capital 2015 Series A1	30.58
Techne SBL IFMR Capital 2015 Series-A1	86.23
Total	**1,175.24**

Details of equity accounted associate: 45.90% stake in HLF Services Limited

(i) Cost of investment (including Goodwill of INR NIL Value) on consolidation	0.23
(ii) Share of profits	8.16
Total	8.39
Aggregate book value of unquoted investment in associate	8.39

Notes:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 7: Non current Investments (Continued)

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

3) The details as to the face value and the units have been presented in Note 11 of Annexure VI.

Note 8: Deferred Tax Assets

(INR in Million)

Particulars	As at
	30 September 2015
Deferred tax assets	
Contingency provision against standard assets	70.12
Provision against non performing assets	241.52
Provision for employee benefits	3.46
Others	55.84
Deferred tax liability	
Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation as per books	11.18
	359.76

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

Note 9: Long-term Loans and Advances

(INR in Million)

Particulars	As at
	30 September 2015
Loan to customers	
Secured, considered good	37,397.72
Secured, considered doubtful	330.41
Unsecured, considered doubtful	117.73
	37,845.86
Others	
Unsecured, considered good	
Prepaid expenses	368.92
Capital advances	18.68
Security deposit	35.75
Accrued income on assigned contracts	70.11
Advance tax (net of provision of tax)	107.86
	601.32
Total	**38,447.18**

HINDUJA LEYLAND FINANCE LIMITED

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Notes to Restated Consolidated Financial Information

Note 9: Long-term Loans and Advances (Continued)

Notes:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

Note 10: Other Non-Current Assets

(INR in Million)

Particulars	**As at**
	30 September 2015
Bank deposits held as security (Cash collateral towards securitisation / assignment of receivables)	1,093.32
Total	**1,093.32**

Note:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

Note 11: Current Investments

(INR in Millions)

Particulars	**Face Value (INR in Million)**	**As at 30 September 2015**	
		Numbers of shares / units	**Amount**
In debentures (redeemable; non convertible and unquoted investments)			
(Lower of cost and fair value)			
Arohan Financial Services Private Limited	0.50	90	13.13
Suryoday Microfinance Private Limited	0.50	90	15.75
SV Credit Line Private Limited	0.50	54	11.81
Indian School Finance Company Private Limited	0.50	80	9.04
Asirvad Microfinance Private Limited	0.50	90	7.88
Future Financial Service Limited	0.50	90	13.13
Pahal Financial Services Private Limited	0.50	108	13.13
Disha Microfin Private Limited	0.50	81	11.67
Intrepid Finance And Leasing Private Limited	0.50	71	9.19
Annapurna Microfinance Private Limited	0.50	63	13.13

HINDUJA LEYLAND FINANCE LIMITED

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Notes to Restated Consolidated Financial Information

Note 11: Current Investments (Continued)

(INR in Millions)

Particulars	Face Value (INR in Million)	As at 30 September 2015	
		Numbers of shares / units	Amount
Annapurna Microfinance Private Limited	1.00	260	130.00
Arohan Financial Services Private Limited	1.00	250	125.00
Asirvad Microfinance Private Limited	1.00	205	97.08
Chaitanya India Fin Credit Private Limited	1.00	175	81.25
Disha Microfin Private Limited	1.00	200	100.00
Fusion Micro Finance Private Limited	1.00	308	146.67
Future Financial Service Limited	1.00	260	130.00
Grama Vidiyal Micro Finance Limited	1.00	374	180.00
Intrepid Finance And Leasing Private Limited	1.00	265	132.50
M Power Microfinance Private Limited	1.00	170	79.17
Pahal Financial Services Private Limited	1.00	250	125.00
Pudhuaar Financial Services Private Limited	1.00	350	166.67
Sahayog Microfinance Limited	1.00	54	22.50
Saija Finance Private Limited	1.00	220	110.00
Satin Creditcare Network Limited	1.00	229	107.08
Sonata Finance Private Limited	1.00	265	122.92
Suryoday Microfinance Private Limited	1.00	160	80.00
SV Credit Line Private Limited	1.00	140	70.00
Investments in pass-through securities			
SBL Mosec I IFMR Capital Series A1		177,313,410	42.57
Euterpe IFMR Capital 2014 Series A2		81,549,059	33.24
Anahita IFMR Capital 2014 Series A1		113,455,224	34.79
Erdre IFMR Capital 2014 Series A2		23,969,427	23.97
Mosec Rhea 2014 IFMR Capital Series A2		677,010	20.31
Nephthys SBL IFMR Capital 2014 Series A1		30,800,000	8.11
Euphrosyne IFMR Capital 2015 Series A2		11,482	50.10
Olorun SBL IFMR Capital 2015 Series A1		2,742,587	135.53
Astraea SBL IFMR Capital 2015 Series A2		23,371,631	-
Comus IFMR Capital 2015 Series A1		926,701	-
Maximus SBL IFMR Capital 2015 Series A1		45,000,000	25.44
Chrysothemis IFMR Capital 2014 Series A2		5,159,039	20.64
Mosec Boreas 2015 IFMR Capital Series A2		1,086,637	59.77
Golani SBL IFMR Capital 2015 Series A1		8,401,526	15.31
IFMR Capital Mosec Aragorn 2015 Series A1		548,997	128.01
Techne SBL IFMR Capital 2015 Series-A1		221,327	31.42
Total			**2,752.91**

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Notes to Restated Consolidated Financial Information

Note 11: Current Investments (Continued)

Notes:
1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

3) The units mentioned in the above table is inclusive of both current and non-current portions.

Note 12: Cash and Bank Balances (Continued)

(INR in Million)

Particulars	As at 30 September 2015
Cash and cash equivalents	
Cash and cheques on hand	434.81
Balances with banks	
- in current accounts	458.08
- in deposits accounts (with original maturity of 3 months or less)	149.79
Total	**1,042.68**
Bank deposits held as security (grouped under other non-current assets)	1,093.32

Note:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

Note 13: Short-term Loans and Advances and Other Current Assets

A. Short-term loans and advances

(INR in Million)

Particulars	As at 30 September 2015
Loan to customers	
Secured, considered good	20,346.16
Secured, considered doubtful	3,140.59
Unsecured, considered doubtful	215.58
Unsecured, considered good	66.11
Dealer trade advances (secured, considered good)	2,986.38

HINDUJA LEYLAND FINANCE LIMITED

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Notes to Restated Consolidated Financial Information

Note 13: Short-term Loans and Advances and Other Current Assets (Continued)

A. Short-term loans and advances

(INR in Million)

Particulars	**As at 30 September 2015**
To parties other than related parties (unsecured ; considered good)	
Prepaid expenses	328.70
Balance with government authorities	14.74
Security deposits	15.94
Advances to employees	7.13
Other advances	162.91
To related parties (unsecured, Considered Good)	
Dues from HLF Services Limited	177.11
Total	**27,461.35**

B. Other current assets

(INR in Million)

Particulars	**As at 30 September 2015**
Repossessed assets (at realisable value)	1,559.57
Interest accrued on investment in debentures	12.90
Interest accrued on investment in pass through securities	2.73
Interest accrued on deposits placed as cash collateral	47.23
Others	6.97
Total	**1,629.40**

Notes:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Assets and Liabilities of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 14: Revenue from Operations and other operating income

(INR in Million)

Particulars	**For the period from 1 April 2015 to 30 September 2015**
Revenue from operations	
Interest or finance income	4,443.30
Other operating income	
Processing and service charges	151.07
Documentation charge	25.68
Other charges	220.75
Interest on fixed deposits	44.33
Interest on investment in pass through securities	60.46
Interest on investment in debentures	164.77
Bad debts recovered	107.49
	774.55
Total	**5,217.85**

Notes:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Profit and loss of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policies as appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 15: Employee benefit expense, Finance cost, Provisions and write off and other expenses

A. Employee benefit expense

(INR in Million)

Particulars	For the period from 1 April 2015 to 30 September 2015
Salaries, allowances and incentives	205.35
Stock compensation expenses	4.93
Contribution to provident fund and other fund	9.11
Staff welfare expenses	3.73
Total	**223.12**

B. Finance costs

(INR in Million)

Particulars	For the period from 1 April 2015 to 30 September 2015
Interest on:	
Term loans	1,452.33
Subordinated redeemable non convertible debentures	186.35
Redeemable non-convertible debentures	869.49
Cash credit or working capital demand loans	297.30
Processing fees	22.44
Total	**2,827.91**

C Provisions and Write off

(INR in Million)

Particulars	For the period from 1 April 2015 to 30 September 2015
Loss on sale of repossessed assets	340.86
Provision for non performing assets and contingency provision against standard assets	295.63
Bad debts written off	77.03
Total	**713.52**

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 15: Employee benefit expense, Finance cost, Provisions and write off and other expenses (Continued)

D. Other expenses

(INR in Million)

Particulars	**For the period from 1 April 2015 to 30 September 2015**
Service provider fees	149.83
Travelling and conveyance	30.39
Rent	30.30
Communication expenses	17.43
Sourcing Expenses	116.39
Legal and professional charges	27.54
Office maintenance	29.05
Printing and stationery	11.74
Rates and taxes	4.50
Bank charges	15.53
Meeting and conference expenses	3.46
Electricity Charges	7.53
Insurance	5.89
Sitting fees to directors	0.63
Documentation charges	17.88
Other expenses	6.60
Total	**474.69**

Notes:

1) The figures disclosed above are based on the Restated Consolidated Summary statements of Profit and loss of the Group.

2) The above statement should necessarily be read with the Summary Statement of adjustments to Audited Consolidated Financial Statements as appearing in Annexure IV, basis of preparation and significant accounting policiesas appearing in Annexure V and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

Note 16: Commitments and Contingencies

(INR in Million)

Particulars	**As at 30 September 2015**
Claims not acknowledged as dues: Value Added Taxes from various states (amounts deposited under protest bank guarantee provided against the same)	12.00
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	4.78

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 17: Related Party Transactions

A) Name of Related Parties and Nature of Relationship

List of related parties	As at 30 September 2015
Holding Company	Ashok Leyland Limited*
Subsidiary Company (incorporated in April 2015)	Hinduja Housing Finance Limited
Associate Company	HLF Services Limited
Key Management Personnel (KMP)	S Nagarajan, Managing Director

* Also refer Note 1 to Annexure VI

B) Details of transactions with related parties:

(INR in Million)

Transaction	Name ofthe Related Party	For the period from 1 April 2015 to 30 September 2015
Salaries and allowances *	S Nagarajan	11.72
Service Provider Fee	HLF Services Limited	149.83
Other operating income	HLF Services Limited	97.67
	Ashok Leyland Limited	1.02

* As the future liabilities of gratuity and compensated absences are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the key managerial personnel is not ascertainable separately and therefore not included above.

C) Details of balances due from related parties:

(INR in Million)

Particulars	Name ofthe Related Party	As at 30 September 2015
Amounts due from	HLF Services Limited	177.11

HINDUJA LEYLAND FINANCE LIMITED

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Notes to Restated Consolidated Financial Information

Note 18: Employee Benefit – Gratuity Benefit Plan

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet.

(INR in Million)

Particulars	As at 30 September 2015
Fair value of plan assets	6.20
Present value of obligations	11.40
Asset / (Liability) recognised in the Balance Sheet	**(5.20)**
Classification into current and non-current:	
Current	(5.20)
Non-current	-

Movement in present values of defined benefit obligations

(INR in Million)

Particulars	As at 30 September 2015
Defined benefit obligation at the beginning of the period	10.42
Current service cost	2.22
Interest cost	0.40
Actuarial (gains) / losses	(1.64)
Benefits paid by the plan	-
Defined benefit obligation at the end of period	11.40

Movement in fair value of plan assets

(INR in Million)

Particulars	As at 30 September 2015
Fair value of plan assets at the beginning of the period	6.08
Contributions paid into the plan	-
Benefits paid by the plan	-
Expected return on plan assets	0.24
Actuarial (losses) / gains	(0.12)
Fair value of plan assets at the end of period	6.20

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 18: Employee Benefit – Gratuity Benefit Plan (Continued)

Expense recognised in the statement of profit or loss

(INR in Million)

Particulars	For the period from 1 April 2015 to 30 September 2015
Current service cost	2.22
Interest on obligation	0.40
Expected return on plan assets	(0.24)
Net actuarial (gain) / loss recognised in the period / year	(1.53)
Total	**0.85**

Actuarial assumptions

Particulars	For the period from 1 April 2015 to 30 September 2015
Discount rate	7.75%
Estimated rate of return on plan assets	8.00%
Attrition rate	16.00%
Future salary increases	12.00%
Retirement age (in years)	58

Note 19: Provisions and Loan Losses

Movement in provision for Standard Assets and Non-Performing Assets

(INR in Million)

S. No.	Particulars	For the period from 1 April 2015 to 30 September 2015
a.	**Opening balance**	
	Contingent provision for standard assets	131.99
	Provision for non-performing assets	489.23
b.	**Additional provisions**	
	Contingent provision for standard assets	74.31
	Provision for non-performing assets	221.32
c.	**Utilisation / Reversal**	
	Contingent provision for standard assets	-
	Provision for non-performing assets	-
d.	**Closing balance**	
	Contingent provision for standard assets	206.30
	Provision for non-performing assets	710.55

HINDUJA LEYLAND FINANCE LIMITED

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Notes to Restated Consolidated Financial Information

Note 20: Statement of Accounting Ratios
(As restated) **(INR in Million)**

Particulars	As at and for the period from 1 April 2015 to 30 September 2015
Net Worth (A)	9,722.09
Restated Profit after tax (B)	638.87
Weighted average number of equity shares outstanding during the period	
- For basic earnings per share (C)	378,342,630
Effect of dilutive potential equity shares	
Employee stock options	138,933
- For diluted earnings per share (D)	378,481,563
Earnings Per Share INR. 10 each	
- Basic Earnings per share (Rs.) (E = B/C)	1.69
- Diluted Earnings per share (Rs.) (F = B/D)	1.69
	(Not annualised)
Return on net worth (%) (G = B/A)	6.57%
Weighted average number of equity shares outstanding during the period (H)	378,342,630
Net asset value per share INR 10 each (I = A/H)	25.70

Notes:

1. The above ratios are calculated as under:

a) Basic earnings per share = Net profit after tax, as restated attributable to shareholders / Weighted average number of shares outstanding for the year / period.

b) Diluted earnings per share = Net profit after tax, as restated / Weighted average number of diluted equity shares outstanding during the year / period.

c) Return of networth (%) = Net profit after tax, as restated / Networth as restated as at year or period end.

d) Net asset value per share (Rs.) = Networth as restated / Number of equity shares as at year or period end.

2. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year / period adjusted by the number of equity shares issued during the year / period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year / period.

3. Networth, as restated is = Paid up share capital + Reserves and surplus, as restated [including Securities premium account, Employee stock option outstanding account, statutory reserve and surplus in statement of profit and loss]

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 20: Statement of Accounting Ratios (Continued)

4. Earnings per share calculations are in accordance with Accounting Standard 20-Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended.

5. The above statement should be read with Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV and Basis of preparation and significant accounting policies as appearing in Annexure V.

Note 21: Statement of Capitalisation

(INR in Million)

Particulars	**Pre-issue as at 30 September2015**	**As Adjusted for issue**
		(Refer note 2 below)
Debt		
Short-term borrowings (refer Note 5 A of Annexure VI)	6,576.95	[.]
Long-term borrowings (refer Note 3 of Annexure VI) - (A)	55,252.42	[.]
Total debt - (B)	**61,829.37**	
Shareholder's funds (Equity)		
Share capital (refer Note 1 of Annexure VI)	3,786.92	[.]
Reserves and surplus (refer Note 2 of Annexure VI)	5,935.17	[.]
Total shareholder's funds - (C)	**9,722.09**	
Total Debt/ Equity ratio (B/C)	**6.36**	[.]
Long Term Debt/ Equity ratio (A/C)	**5.68**	[.]

Notes:

1) The above statement should be read with Summary Statement of adjustments to Audited Standalone Financial Statements as appearing in Annexure IV and Basis of preparation and significant accounting policies as appearing in Annexure V
2) The corresponding post IPO capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.
3) Short term borrowings are considered as borrowings due within 12 months.
4) Long term borrowings are considered as borrowings other than Short term borrowings, as defined above and also includes the current maturities of long term borrowings.

Note 22: Statement of Tax Shelter

(INR in Million)

Particulars	**30 September 2015**
Restated profit before tax	964.97
Tax Rate	33.99%
Tax thereon at the above rate	327.99
Tax permanent differences	(1.89)
Tax timing differences	95.87
Total tax expense	**421.97**
Current tax	421.97
Total tax expense	**421.97**

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Note 23: Restated Standalone Summary Statement of Dividend

(INR in Million)

Particulars	For the period from 1 April 15 to 30 September 2015
Equity share capital	3,786.92
Dividend on equity share capital	
0.0001% Compulsorily convertible cumulative participating preference share capital	
Dividend on 0.0001% Compulsorily convertible cumulative participating preference shares	

Note:

The Company has not paid any Dividend for the above years / period.

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

Statement of principal terms of secured borrowings outstanding as at 30 September 2015

a. Details of redeemable non-convertible debentures

S. No	Trustee name	Type of the instrument	Tenor (in months)	Interest rate	Security	Repayment terms	Loan amount as at September 30, 2015 (Amount in INR million)
1.	IDBI Trusteeship Services Ltd	NCD I	36 Months	10.50% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable at the end of the tenor	3,000.00
2.	IDBI Trusteeship Services Ltd	NCD II	36 Months	10.70% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable at the end of the tenor	2,500.00
3.	IDBI Trusteeship Services Ltd	NCD III	60 Months	10.65% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable in the ratio 30:40:30 at the end of 3, 4 and 5 years from the date of issue (Feb 16, 2015), respectively	2,500.00

S. No	Trustee name	Type of the instrument	Tenor (in months)	Interest rate	Security	Repayment terms	Loan amount as at September 30, 2015 (Amount in INR million)
4.	IDBI Trusteeship Services Ltd	NCD IV	36 Months	10.50% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable at the end of the tenor	1,000.00
5.	IDBI Trusteeship Services Ltd	NCD V	60 Months	10.50% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable at the end of the tenor	5,000.00
6.	IDBI Trusteeship Services Ltd	NCD V	60 Months	9.75% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	Redeemable at the end of the tenor	5,000.00

S. No	Trustee name	Type of the instrument	Tenor (in months)	Interest rate	Security	Repayment terms	Loan amount as at September 30, 2015 (Amount in INR million)
7.	IDBI Trusteeship Services Ltd	NCD V	36 - 60 Months	10.55% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	INR 250 million redeemable at the end of 3 year from the date of issue (June 29, 2015) INR 250 million redeemable at the end of 4 years from the date of issue INR 250 million Redeemable at the end of 5 years from the date of issue	750.00
8.	IDBI Trusteeship Services Ltd	NCD V	36 - 60 Months	10.55% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	INR 410 million redeemable at the end of 3 years from the date of issue (July 13, 2015) INR 420 million redeemable at the end of 4 years from the date of issue INR 420 million redeemable at the end of 5 years from the date of issue	1,250.00

S. No	Trustee name	Type of the instrument	Tenor (in months)	Interest rate	Security	Repayment terms	Loan amount as at September 30, 2015 (Amount in INR million)
9.	IDBI Trusteeship Services Ltd	NCD V	36 - 60 Months	10.55% p.a.	Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees and in addition to specific assets by pari passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.	INR 330 million redeemable at the end of 3 years from the date of issue (August 14, 2015) INR 330 million redeemable at the end of 4 years from the date of issue INR 340 million redeemable at the end of 5 years from the date of issue	1,000.00

HINDUJA LEYLAND FINANCE LIMITED

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Notes to Restated Consolidated Financial Information

b. Details of term loans from banks

S. No	Bank Name	Tenor (in months)	Interest rate as of date	Security	Repayment Terms	Prepayment	No. of instalments outstanding as on September 30, 2015	Original sanctioned (Amount in INR million)	As at September 30, 2015 (Amount in INR million)	Penalty & Default
1	Axis Bank Limited	39 months with moratorium of 9 months	10.10% p.a	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	10 Equal Quarterly instalments	As per the terms and conditions decided by the bank at the time of prepayment	Eight	1,500.00	1,200.00	Nil
2	Canara Bank	41 months with a moratorium period of 11 Months	10.80% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	5 Equal Half Yearly instalments	2% penalty for prepayment. Penalty waiver if repaid with a 30 day notice out of internal generation	Two	3,000.00	1,200.00	Nil
3	HDFC Bank Limited	36 - 48 Months	9.65% p.a to 10.55% p.a	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	Quarterly	As per the terms and conditions decided by the bank at the time of prepayment	Seven - Ten	3,300.00	2,781.25	Nil
4	Vijaya Bank	60 Months with a Moratorium Period of 12 Months	9.9% p.a to 10.9% p.a	Hypothecation of designated assets on finance / loan and future receivables therefrom, and	6 - 8 Half-yearly instalments and 4 Yearly instalments, based on the	As per the terms and conditions decided by the bank at the	One - Five	3,000.00	1,221.63	Nil

HINDUJA LEYLAND FINANCE LIMITED

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Notes to Restated Consolidated Financial Information

S. No	Bank Name	Tenor (in months)	Interest rate as of date	Security	Repayment Terms	Prepayment	No. of instalments outstanding as on September 30, 2015	Original sanctioned (Amount in INR million)	As at September 30, 2015 (Amount in INR million)	Penalty & Default
				investments in pass through certificates.	terms of the respective loans	time of prepayment				
5	Central Bank of India	48 Months with a Moratorium period of 12 Months	10.45% p.a.	Earmarked specific receivables to the extent of 110% of the loan amount	6 Half-yearly instalments and 12 Equal quarterly instalments based on the terms of the respective loans	As per the terms and conditions decided by the bank at the time of prepayment	Two-Six	4,000.00	1,500.00	Nil
6	Union Bank of India	42 - 48 Months with a Moratorium period between 6 months to 12 Months	10.35% p.a. to 10.50% p.a.	Charge on Specific Receivables with security coverage of 1.11 times the outstanding facility amount	12 Equal quarterly instalments and 6 Equal Half-yearly instalments based on the terms of the respective loans	As per the terms and conditions decided by the bank at the time of prepayment	Two-Twelve	6,000.00	3,666.67	Nil
7	Bank of Baroda	54 Months including a Moratorium period between 6 to 12 Months	10.40% p.a to 10.50% p.a	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	8 Half-yearly instalments	0.50 % p.a. of amount prepaid with a cap of 2%	Two-Eight	8,000.00	4,898.25	Nil
8	Syndicate Bank	48 months with a moratorium	10.35% p.a.	Hypothecation of designated assets on finance / loan and future	6 Half-yearly instalments	As per the terms and conditions	Three-Six	3,000.00	2,499.90	Nil

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

S. No	Bank Name	Tenor (in months)	Interest rate as of date	Security	Repayment Terms	Prepayment	No. of instalments outstanding as on September 30, 2015	Original sanctioned (Amount in INR million)	As at September 30, 2015 (Amount in INR million)	Penalty & Default
		period of 12 Months		receivables therefrom, and investments in pass through certificates.		decided by the bank at the time of prepayment				
9	Corporation Bank	48 months with a moratorium period of 12 Months	10.90% p.a.	Specific receivables with minimum asset cover of 1.10 times	6 half-yearly instalments	Waived, if prior notice of 30 days is served	Three	1,500.00	750.00	Nil
10	Kotak Mahindra Bank Limited	54 Months with a Moratorium period of 6 Months	10.75% p.a.	Receivables with 1.1 times security cover	48 Equal Monthly instalments	As per the terms and conditions decided by the bank at the time of prepayment	Seventeen - Forty Three	1,000.00	678.01	Nil
11	IDBI Bank Limited	36 months with a Moratorium period of 6 months	10% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	10 Quarterly instalments	As per the terms and conditions decided by the bank at the time of prepayment	Six	1,500.00	900.00	Nil
12	DCB Bank Limited	37 Months with one month moratorium	10.85% p.a	Specific receivables covering 110% of the exposure	36 Monthly instalments	2% on outstanding or amount prepaid subject to	Twenty Five	1,000.00	694.15	Nil

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

S. No	Bank Name	Tenor (in months)	Interest rate as of date	Security	Repayment Terms	Prepayment	No. of instalments outstanding as on September 30, 2015	Original sanctioned (Amount in INR million)	As at September 30, 2015 (Amount in INR million)	Penalty & Default
						minimum of Rs.10,000/-				
13	The Federal Bank Limited	36 Months	10.50% p.a	Specific charge on the present and future receivables of the company, with margin of 10%.	12 quarterly instalments	2% of the limit or O/s whichever is higher	Twelve	500.00	500.00	Nil
14	ICICI Bank Limited	51 Months with a moratorium period of 9 Months	10.35% p.a	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	14 quarterly instalments	As per the terms and conditions decided by the bank at the time of prepayment	Fourteen	2,000.00	250.00	Nil
15	State Bank of India	36 Months - 48 Months with a moratorium period ranging from 12 Months - 24 Months	10.20% p.a to 10.95% p.a	Exclusive Charge on Company's receivables of stock and assets	4 - 5 Half Yearly instalments depending on the terms of the respective loans	2% of amount prepaid	Two - Five	12,000.00	7,500.00	Nil

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

c. Details of cash credit and working capital demand loan from banks

S.No	Bank Name	Tenor (in months)	Current Interest rate	Security	Repayment Terms	Pre-payment	Original Sanctioned (Amount In million)	As at September 30, 2015 (Amount In million)	Penalty & Default
1	HDFC Bank Limited	12 Months subject to renewal	10% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	On Demand in case of Cash Credit and Upto 180 days in case of working capital demand loan	As per the terms and conditions decided by the bank at the time of prepayment	500.00	418.44	Nil
2	Vijaya Bank	12 Months subject to renewal	10.90% p.a.	Exclusive first charge on specific identified receivables	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	500.00	404.71	Nil
3	Union Bank of India	12 Months subject to renewal	10.15% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	500.00	164.39	Nil
4	Canara Bank	12 Months subject to renewal	10.30% p.a.	Exclusive first charge on specific identified receivables	On Demand	No penalty	2,000.00	525.85	Nil
5	The Federal Bank Limited	12 Months	9.93% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom,	On Demand	As per the terms and conditions decided by the	1,000.00	542.21	Nil

HINDUJA LEYLAND FINANCE LIMITED

Annexure - VI

Notes to Restated Consolidated Financial Information

S.No	Bank Name	Tenor (in months)	Current Interest rate	Security	Repayment Terms	Pre-payment	Original Sanctioned (Amount In million)	As at September 30, 2015 (Amount In million)	Penalty & Default
		subject to renewal		and investments in pass through certificates.		bank at the time of prepayment			
6	Kotak Mahindra Bank Limited	12 Months subject to renewal	9.50% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	500.00	1.24	Nil
7	ICICI Bank Limited	12 Months subject to renewal	10% p.a.	Specific receivables at an asset cover 1.1 times	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	750.00	1,134.52	Nil
8	Central Bank of India	12 Months subject to renewal	10.20% p.a.	Exclusive first charge on specific identified receivables to the extent of 110% of the loan amount	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	500.00	458.96	Nil
9	State Bank of India	12 Months subject to renewal	12.05% p.a.	Hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates.	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	2,500.00	336.50	Nil
10	Axis Bank Limited	12 Months subject to renewal	9.75% p.a.	Exclusive first charge on specific identified receivables with a cover of 1.1 times.	On Demand	As per the terms and conditions decided by the bank at the time of prepayment	500.00	383.50	Nil

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Consolidated Financial Information and Restated Standalone Financial Information beginning on page 310 and 227, prepared in accordance with the Companies Act, Indian GAAP and the SEBI Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section "**Financial Statements**" beginning on page 224.*

*Until Fiscal 2015, our Company did not have any subsidiaries and no consolidated financial statements were prepared. In September 2015, we received a certificate to commence our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance Limited. However, the housing finance business is a new business and as of September 30, 2015, did not have a significant impact on our consolidated financial information. Unless otherwise indicated, the financial information included herein are based on our Restated Standalone Financial Information for Fiscal 2011, Fiscal 2012, Fiscal 2013, Fiscal 2014 and Fiscal 2015 and Restated Consolidated Financial Information as of and for the six months ended September 30, 2015, included in this Draft Red Herring Prospectus. For further details, see "**Financial Information**" beginning on page 224.*

Unless the context otherwise requires, in this section, references to "we", "us", "our", or "Company" refers to Hinduja Leyland Finance Limited on a standalone basis other than with respect to the six months ended September 30, 2015, when it refers to Hinduja Leyland Finance Limited on a consolidated basis.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial information to those of U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices.

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "**Risk Factors**" on page 17.*

Overview

We are one of the leading vehicle finance NBFCs in India (*Source: ICRA - Retail NBFC and HFC Credit Report, 2016)* with a focus on urban and semi-urban markets. We provide retail finance through a wide range of vehicle financing products. Our assets under management ("**AUM**") have at a CAGR of 54.37% from ₹11,778.48 million as of March 31, 2011 to ₹66,882.64 million as of March 31, 2015.

We finance a wide range of commercial and personal vehicles, which include medium and heavy commercial vehicles ("**MHCVs**"), light commercial vehicles ("**LCVs**"), small commercial vehicles ("**SCVs**"), cars, multi-utility vehicles, three wheelers, and two wheelers, as well as various kinds of used vehicles. Loans for commercial and personal vehicles represented 80.61% of our AUM as of September 30, 2015. Our vehicle finance business has a diversified customer base comprising of First Time Buyers, Captive Users, Retail Operators, Strategic and Large Fleet Owners, Small Truck Owners ("**STOs**"), and self-employed individuals, who are largely based in urban and semi-urban locations.

We also finance tractors and construction equipment, and provide loans against property ("**LAP**"), which together represented 4.10% of our AUM as of September 30, 2015. In September 2015, we received a certificate to commence our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance Limited, which focuses on providing finance for affordable housing loans.

We are promoted by Ashok Leyland Limited ("**ALL**") and Hinduja Power Limited. We are a part of the Hinduja group which is a diversified global business group with a track record of growing business in several industries. We leverage our relationship with ALL¸ which is the second largest carrier in the MHCV segment in India *(Source: IAI Report, 2015)*, to source customers and expand our operational network. As of September 30, 2015, loans for vehicles and construction equipment manufactured by ALL represented 47.24% of our total AUM.

We have established an expansive operational network within five years of commencing operations. As of December 31, 2015, our operations included 317 branch offices and 1,550 Business Locations spread across 22 States and two Union Territories across India. Out of our total 1,550 Business Locations we have categorized 867 Business Locations as urban, 637 Business Locations as semi-urban and 46 Business Locations as rural based on the Census 2001 conducted by the Census Organization of India.

We have entered into preferred financier arrangements with various motor vehicle OEMs to provide financing for their vehicles, and work closely with their respective dealer network to provide our vehicle finance products to their customer base.

The following table sets forth certain information relating to our operations and financial performance in the periods specified:

Particulars	**Fiscal**					**Six month period ended September 30, 2015**
	2011#	**2012#**	**2013#**	**2014#**	**2015#**	
Business Locations (as of period end)	257	427	584	1,073	1,446	1,550**
Employees* (as of period end)	259	1,200	2,351	2,652	2,770	2,616**
Loan Accounts (as of period end)	34,118	93,423	188,097	288,979	441,855	505,094**
Average AUM (as of period end)	5,889.24	21,122.90	32,454.44	37,909.57	54,130.11	73,241.87
AUM Growth (%)	N.A	158.67%	13.04%	20.14%	61.64%	19.02%
Disbursements (₹in million)	11,957.20	20,681.55	20,878.01	25,097.63	51,108.71	27,768.37
Disbursement Growth (%)	N.A	72.96%	0.95%	20.21%	103.64%	N.A
Total Income (₹in million)	958.93	3,273.84	4,970.61	6,415.30	8,217.92	5,217.85
Net Profit (₹in million)	247.74	838.31	867.18	780.57	1,109.29	638.87
Net Interest Margin (%) #	28.51%	15.40%	12.87%	12.66%	11.41%	4.18%

***Employees include outsourced employees of HLF Services Limited who are engaged by the Company exclusively for its operations.**

 # Net Interest Margin represents the ratio of the Net Interest Income to the (Weighted Average On-book Assets) in the relevant year/ period.

 # The financial information included in this table for Fiscal 2011, 2012, 2013, 2014 and 2015 is derived from the Restated Standalone Financial Information and for the six months ended September 30, 2015 is derived from the Restated Consolidated Financial Information for the relevant period.

*** As of December 31, 2015, we had 1,550 Business Locations, 2,692 employees including 832 full-time employees and 1,860 outsourced employees of HLF Services Limited and 516,653 loan accounts.*

Our capital adequacy ratio, or CAR, was 19.67% as of March 31, 2015 and 17.05% as of September 30, 2015, compared to the RBI stipulated minimum requirement of 15.00%.

As of September 30, 2015, our long-term bank facilities, commercial paper issuances, non-convertible debentures and sub-ordinated debt are rated as A+, A1+, A+ and A+, respectively, by CARE. For further information, see "***Our Business– Our Credit Ratings***."

Significant Factors Affecting Our Results of Operations and Financial Condition

Our results of operations are dependent on our ability to offer and sell to our target customers relevant lending and other financial products on competitive terms, as well as to increase our customer base for our existing and new products. As of September 30, 2015, almost all of our income was from loans for commercial and personal vehicles. We also make investments in debt instruments and receivables portfolio with an underlying exposure to asset finance and microfinance to supplement interest income from our vehicle finance business. The majority of our expenses comprise interest expense on working capital and term loans from banks and other financial institutions, as well as borrowings through debt instruments including non-convertible debentures, subordinated debt and commercial paper.

Our financial results will be influenced by the macroeconomic factors relating to growth in the Indian economy in general and in particular the continued growth of the commercial vehicle sector. We are also vulnerable to volatility in interest rates in India and to regulatory changes relating to NBFCs. Our business is subject to various other risks and uncertainties, including those discussed in "***Risk Factors***" on page 17. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our results of operations.

Geographic reach

Over the years, the growth in our AUM has been driven by the expansion of our operational network. Our operational network increased from 584 Business Locations as of March 31, 2013 to 1,446 Business Locations as of March 31, 2015, and to 1,550 Business Locations as of December 31, 2015. In this period, we have significantly expanded our operations in Andhra Pradesh, Gujarat, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Rajasthan, Tamil Nadu, Odisha, West Bengal and Uttar Pradesh.

We have entered into preferred financier arrangements with various motor vehicle OEMs to provide financing for their vehicles, and work closely with their respective dealer network to provide our vehicle finance products to their customer base. Our ability to maintain and expand our operational network in a cost effective and efficient manner, and our ability to serve as a preferred finance provider to a number of motor vehicle OEMs and their dealers will continue to have a direct impact on our results of operations and financial condition.

Growth in our customer base

Our financial performance is directly impacted by the number of customers. The total number of loan accounts has increased from 34,118 as of March 31, 2011 to 441,855 as of March 31, 2015. Our total revenue increased at a CAGR of 71.10%, from ₹ 958.93 million in Fiscal 2011 to ₹ 8,217.92 million in Fiscal 2015, while net profit increased at a CAGR of 45.47%, from ₹ 247.74 million in Fiscal 2011 to ₹ 1,109.29 million in Fiscal 2015. In the six months ended September 30, 2015, our total revenue was ₹ 5,214.38 million and net profit was ₹ 634.59 million. We have achieved consistent growth in AUM of 13.04%, 20.14%, and 61.64% in Fiscal 2013, Fiscal 2014 and Fiscal 2015, respectively and we recorded interest income of ₹ 4,453.14 million, ₹ 5,737.70 million and ₹ 6,917.17 million, respectively, in such periods. The increase in customer base directly impacts growth in our interest income depending on the nature of customer and loan availed. Conversely, prepayments of loans y our customers could have an adverse impact on our revenues. Acquisition of new customers and retention of existing customers is critical for the growth of our customer base and will directly impact our results of operations and financial condition.

Productivity levels of our operational network

Our results of operations are dependent upon the productivity levels of our network of Business Locations and employees. The productivity levels of our operational network may vary according to the stage of operation of a Business Location and the number of customers that Business Location is able to serve. The revenue growth in a Business Location is dependent on various factors, including the level of customer traffic, the quality of employees and their marketing efforts, the growth rate of the local economy, and local market specific demand for particular kinds of commercial and personal vehicles. Revenue from a particular Business Location typically increases following the first year of operation, as the Business Location develops a customer base. For further information on productivity ratios relating to our operational network, see "***Selected Statistical Information***" beginning on page 78.

In Fiscal 2014 and 2015, we substantially increased our operational network by adding 862 new Business Locations to our 584 Business Locations as of March 31, 2013. In Fiscal 2014 and 2015, as our operational network increased at a rate greater than our AUM, our Closing AUM per Average Business Location and our Disbursements per Average Business Location decreased in such periods. We believe the benefits of our expansive operational network will continue to improve future productivity efficiencies as we achieve economies of scale. Our future results of operations will also depend on how rapidly a new Business Location is able to generate and increase revenues. For further information relating to our operational network strategies, see "***Our Business – Competitive Strengths - Continue to streamline our operational network and improve operating efficiencies***" on page 160.

Diversification of asset portfolio, customer segments and revenue streams

We believe that our financial performance is linked to our ability to provide diversified financing products to existing and new customers, in our existing and new business lines. We believe that the diversification of our asset portfolio, customer segments and revenue streams is a key component of our growth strategy. In the past we have strategically improved the diversity of our asset portfolio to cater to various asset classes and customer segments. For example, we have launched the two wheeler financing business to diversify our AUM portfolio, and have added diverse revenue streams with varying repayment cycles.

In Fiscal 2013, we purchased debt instruments and portfolio of receivables which have an underlying exposure to asset finance or microfinance, and in Fiscal 2014 we launched our LAP business to diversify our collateral mix from vehicles to include property. For further information on the changes in the asset portfolio comprising our AUM, see "***Selected Statistical Information***" beginning on page 78.

We intend to improve the diversity of our asset portfolio by diversifying the mix of vehicles financed by us, introduction of new financial products, and providing finance for diverse asset classes, including, for example, affordable housing, LAP and construction equipment finance. If successfully implemented, such diversification strategy may mitigate certain business concentration risks, including fluctuating revenue streams as a result of macroeconomic or industry specific factors that affect any particular asset class.

In addition, any changes in the relative mix of assets financed by us will affect our profitability. The two-wheeler, three-wheeler and used vehicle financing products involve relatively higher net interest margins compared to financing products for other kinds of vehicles, and industry sources indicate that demand for these vehicle classes is expected to increase at relatively higher rates compared to the demand for other vehicle classes. We continue to focus on increasing our two-wheeler, three-wheeler and used vehicle businesses as a proportion of our total AUM. Our revenues and profitability will continue to be affected as we promote new financing products and alter our asset portfolio mix as a result of implementation of our growth strategies, market conditions, customer demand and other macroeconomic and industry related factors.

Performance of our housing finance business

We commenced our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance, which was registered with NHB as an HFC in September 2015. Our housing finance business will be subject to NHB regulations and we will be required, among other matters, to institutionalize procedures and policies for an HFC; maintain asset quality to comply with standards applicable to an HFC; make capital investment in information technology platform catering to our HFC business; implement protocols for management of credit risk, market risk and operational risk; ensure compliance of our housing finance products with applicable NHB and other regulatory guidelines; and recruit experienced personnel for management of our housing finance business.

While we believe that entering into housing finance segment will support our asset portfolio diversification strategy as well as our growth and expansion plans, the success of our housing finance business is subject to various factors and uncertainties, including changes in economic conditions, our ability to attract new customers, competition with other affordable housing finance companies, unanticipated regulatory developments and diversion of management resources. Since we have no operating history in the housing finance business, our results of operations will also depend on our ability to manage our housing finance business as well as control risks associated with it.

Availability of cost effective funding sources and interest rate volatility

The availability of cost-effective funding sources affects our results of operations. Term loans from banks were our primary source of financing between Fiscal 2011 and Fiscal 2015. We have subsequently diversified our funding sources, and have reduced our dependence on term loans from .banks. Funding from non-convertible debentures represented 40.43% of our total borrowings (standalone) as of September 30, 2015, reflecting a significant increase from 24.87% and 1.19% of our total borrowings (standalone) as of March 31, 2015 and March 31, 2014, respectively.

We believe that we have been able to maintain a relatively stable cost of borrowing as a result of our effective fund raising and treasury management. We have also securitized some of our future receivables and sold a part of our loan portfolio to augment our liquidity position.

Our results of operations are significantly dependent upon the level of our net interest income, the difference between our interest income and finance costs. Interest income is the largest component of our total revenues, and represented 89.59%, 89.44%, 84.17% and 85.16% of our total revenues in Fiscal 2013, 2014, 2015 and in the six months ended September 30, 2015, respectively. Similarly, finance costs represents a significant majority of our expenses and in Fiscal 2013, 2014 and 2015 and in the six month period ended September 30, 2015, finance costs represented 46.02%, 44.90%, 49.04% of our total revenue on a standalone basis and 54.20% of our total revenue on a consolidated basis respectively.

Our net interest income is affected by our interest expense, which is dependent on our borrowings and associated interest rates. Our total outstanding borrowings increased by 101.00% from ₹ 24,046.44 million as of March 31, 2013 to ₹ 48,269.71 million as of March 31, 2015, while finance costs on term loans, subordinated redeemable non-convertible debentures and cash credit or working capital demand loans increased by 76.00% from ₹ 2,287.50 million in Fiscal 2013 to ₹ 4,029.91 million in Fiscal 2015. As of September 30, 2015, we had total outstanding borrowings of ₹ 61,829.37 million, while finance costs were ₹ 2,827.91 million in the six months ended September 30, 2015.

Net interest margin is an important parameter across our business. For further information on our net interest margins, cost of borrowing, yield, and spread, see "***Selected Statistical Information***" beginning on page 78. Any adverse change to net interest margins, yield or cost of borrowing will have a significant impact on our results of operations.

Our costs of borrowings depend on various external factors, including Indian and global credit markets and, in particular, interest rate movements and adequate liquidity in the debt markets. Internal factors that may impact our cost of borrowing include changes in our credit ratings, available credit limits and access to the securitization market. Changes in RBI repo rates could affect the interest rates paid on interest-bearing liabilities in various ways, particularly for our housing finance business. Adverse conditions in the global and Indian economy resulting from economic dislocations or liquidity disruptions may adversely affect availability of credit, and decreased liquidity may lead to an increase in interest rates. Interest rates have a substantial effect on our cost of funding, our business volume and our profit margin. In our housing finance business, declining interest rates may lead to increased prepayments and repricing of our loans as borrowers seek to take advantage of the more attractive interest rate environment to reduce their borrowing costs. Declining interest rates also may lead to a greater demand for additional borrowings as business owners seek to take advantage of lower interest rates, resulting an increase in volume of financing business. Conversely, when interest rates rise, there are typically less prepayments and less pressure to reprice loans; there is also less demand for new funds, resulting in a decrease in volume of financing business. In a rising interest rate scenario, our profit margin is therefore primarily dependent on our ability to attract new business, either through existing customers or new customers, than it is in a declining interest rate scenario. If we are not successful in increasing the volume of our business in such a scenario, our profit margin may deteriorate. In addition, changes in interest rates also affect the interest rates we pay on our interest-bearing liabilities. As there are varying maturity periods applicable to our interest-bearing assets and interest-bearing liabilities, a change in interest rates may result in an increase in interest expense relative to interest income leading to a reduction in our net interest income.

Credit quality, provisions and write-offs

Our NPA level is a function of our credit quality, which is further dependent upon our recovery mechanisms and credit appraisal processes. The credit quality of our loans directly affects our results of operations, as the quality of our loan portfolio determines our ability to reduce the risk of losses from loan impairment. With the growth of our business, our ability to manage the credit quality of our loans will be a key driver to our results of operations, as quality loans help reduce the risk of losses from loan impairment and write-offs. We maintain credit quality based on verification of risk profile of borrower, source of repayment and the underlying collateral.

The following table illustrates our asset quality ratios as of the dates indicated:

(₹ in million, except percentages)

	As of March 31,#			As of September 30, 2015#
	2013	2014	2015	
NPAs	800.40	1,242.22	2,372.91	3,804.31
Gross NPA / AUM (%)	2.32%	3.00%	3.55%	4.71%
Net NPAs / AUM (%)	2.02%	2.49%	2.82%	3.87%

The financial information used in this table for Fiscal 2013, 2014 and 2015 is derived from the Restated Standalone Financial Information and for the six months ended September 30, 2015 is derived from the Restated Consolidated Financial Information.

We make provisions for our substandard, doubtful and loss assets in compliance with RBI or NHB regulations, as applicable, and we believe that our current provisions for NPAs are adequate to cover identified losses in our asset portfolio. However, in accordance with the RBI notification on "Revised Regulatory Framework for NBFCs" dated November 10, 2014 and the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 of March 27, 2015, the asset classification norms require us to advance the classification of certain overdue assets as NPAs. For example, assets other than lease rental and hire-purchase assets will be required to be classified as NPAs if they remain overdue for five months in Fiscal 2016, four months in Fiscal 2017 and three months in Fiscal 2018. Accordingly, we are currently complying with the revised regulations for Fiscal 2016, and since April 2015, assets other than lease rental and hire-purchase assets are classified as NPAs if they remain overdue for five months, i.e. 150 days. We will continue to comply with the regulations as in effect for Fiscal 2016 and Fiscal 2017 as well. For further information, see "***Key Regulations and Policies in India***" on page 171. Under such revised classification, our NPAs are expected to increase in such periods in a manner that is disproportionate to the growth of our business and AUM. In addition, any increase in the level of final credit losses or an inability to maintain our asset quality may adversely affect our NPA levels and require us to increase our provisions and write-offs.

Significant Accounting Policies

Our restated consolidated financial information have been prepared in accordance with Indian GAAP to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 / Companies Act, 1956, as applicable. The restated consolidated financial information has been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial information are consistent across the quarter and across all five years.

Our Company and our subsidiary Hinduja Housing Finance are NBFCs. Our Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for the respective category of Non-Banking Finance Company. Our subsidiary, Hinduja Housing Finance Limited, which is registered as a housing finance company, follows the guidelines issued by the NHB.

Use of Estimates

The preparation of financial information in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial information and the reported income and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

Loans to Customers

Loans to customers include assets given on finance / loan and amounts paid for acquiring financial assets from other Banks / NBFCs. Loans to customers represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due and are net of amounts securitized / assigned and includes advances under such agreements.

Revenue Recognition

- Interest / finance income from loans to customers included in revenue from operations represents interest income arrived at based on the internal rate of return method. Interest / finance income is recognized as it accrues on a time proportion basis, taking into account the amount outstanding and the applicable rate, except in the case of non-performing assets (NPA) where it is recognized upon realization.
- In respect of transfer of financial assets by way of securitization or bilateral assignments, the said assets are de-recognized upon contractual transfer thereof, and transfer of substantial risks and rewards to the purchaser. The gain arising on transfer of financial assets by way of securitization or bilateral assignments, if received in cash, is amortized over the tenure of the related financial assets, and if received by way of excess interest spread, is recognized based on the contractual accrual of the same. Loss on sale, if any, is charged to statement of profit and loss immediately at the time the sale is effected.
- Sourcing expenses, brokerage, commission, stamp charges and service provider incentives paid for loan origination are charged to expense over the tenure of the loan. Processing and service fee income pertaining to loan origination is amortized over the tenure of the loan.
- Interest on fixed deposits, pass-through securities and debentures is recognized on an accrual basis.

Provisioning for Non-Performing Assets and Doubtful Debts (NPA)

NPA including loans and advances and receivables are identified as bad or doubtful based on the duration of the delinquency. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning meets the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (upto March 31, 2014) and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (from April 1, 2014), as amended by Reserve Bank of India from time to time (together referred to as "**Prudential Norms**") for the period. These provisioning norms are considered the minimum guidelines and additional provisions are made based on perceived credit risk where necessary.

Housing loans are classified as per NHB guidelines, into performing assets and NPAs. Further NPAs are classified into sub-standard, doubtful and loss assets, and provision is made based on NHB guidelines.

Provisions for Standard Assets

Provisions for standard assets are made as per the Prudential Norms. Such provision is disclosed as "contingency provision on standard assets" under the financial statement caption "long term provisions".

Fixed Assets, Intangible Assets and Capital Work in Progress

Fixed assets are carried at cost less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses incurred in relation to the acquisition and installation of the respective assets. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress. Intangible assets are recorded at the consideration paid for acquisition / development and licensing less accumulated amortization.

Depreciation and Amortization

Depreciation on fixed assets is provided using the straight line method over the estimated useful life of each asset as determined by the management. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable. Pursuant to this policy, the useful life of the assets is estimated at:

Asset Description	Useful Life
Building	20 years
Furniture and Fittings	8 years
Vehicles	5 years
Office equipment	5 years
Servers and computers (included in office equipment)	3 - 5 years
Improvement on leased premises	Primary lease period or three years whichever is earlier

Assets that individually cost less than or equal to ₹ 5,000 are fully depreciated in the year of acquisition. Our Company has estimated a nil residual value at the end of the useful life for all block of assets. Depreciation is calculated on a *prorata* basis from the date of installation till the date the assets are sold or disposed of. Intangible assets are amortized over their estimated useful lives, not exceeding five years, on a straight line basis, commencing from the date the asset is available to the Company for its use.

Impairment

Our Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, our Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

Investments

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under ‘current assets’ as “current portion of long term investments”.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investment.

Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the statement of profit and loss.

Repossessed Assets

Repossessed assets are valued at net realizable value.

Employee Benefits

Provident fund

Contributions paid / payable to the recognized provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss.

Gratuity

Our Company's gratuity benefit scheme is a defined benefit plan. Our Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at 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. Actuarial gains and losses are recognized immediately in the statement of profit and loss.

Compensated absences

The employees of our Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense of non-accumulating compensated absences is recognized in the period in which the absences occur.

Employee stock option schemes

The intrinsic value i.e. excess of fair value of shares, at the date of grant of options under the Employee Stock Option Scheme of our Company, over the exercise price is regarded as employee compensation. This is recognized on a straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

Loan Origination Costs

Sourcing expenses, brokerage, commission, service provider incentives etc. paid for loan origination are charged to expense over the tenure of the loan.

Provision

A provision is recognized if, as a result of a past event, our Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. is recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

Income Taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in statement of profit or loss.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum Alternative Tax ("**MAT**") under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Contingent Liabilities and Contingent Assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial information. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

Transactions in Foreign Currencies

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

Borrowing Costs

Interest on borrowing is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing.

Operating Leases

Lease payments for assets taken on an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

Principal Components of Income and Expenditure

Income

Revenue from Operations

Revenue from operations primarily includes revenue from interest or finance income and other operating income.

Other operating income includes processing fees and service charges, documentation charges, other charges, interest on fixed deposits, interest on investment in pass through securities, and interest on investment in debentures.

Upfront / processing fees relating to loan origination income is collected at the time of loan disbursement for the vehicle and LAP assets and as per applicable accounting policies, these charges are amortized over the tenure of the loans.

Documentation charges relate to the stamping and loan documentation related charges for the loans disbursed.

Investment in pass through securities and debentures represent the interest income recognised on an accrual basis on the investments made in such instruments.

Expenditure

Total expenditure includes (i) employee benefits expense, (ii) finance cost, (iii) depreciation and amortization expense, (iv) provisions and write off and (v) other expenses.

Employee Benefits Expense

Employee benefits expense includes (i) salaries, allowances and incentives, (ii) stock compensation expense, (iii) contribution to provident fund and other fund, and (iv) staff welfare expenses relating to our employees. Costs related to personnel sourced through our Associate Company, which represents the significant majority of our personnel costs, are however not reflected under employee benefit expenses, but are reflected as service provider fees under the category other expenses.

Finance Costs

Finance costs include interest expense on (i) term loans, (ii) subordinated redeemable non-convertible debentures, (iii) cash credit or working capital demand loans, and (iv) processing fees.

Depreciation and Amortization Expense

Depreciation represents depreciation on our fixed assets including freehold land, buildings, leasehold improvements, furniture and fittings, vehicle, and office equipment.

Provisions and Write offs

Provisions and write offs includes loss on sale of repo assets, provision for non-performing assets and contingency provision against standard assets and bad debts written off.

Other Expenses

Service provider fees, reflecting costs related to personnel sourced through our Associate company HLF Services Limited, represents a significant portion of other expenses. Other expenses also include travelling and conveyance expenses, rent, communication expenses, sourcing expenses, legal and professional charges, office maintenance, printing and stationery, rates and taxes, bank charges, shared services expenses, meeting and conference expenses, electricity charges, insurance, sitting fees paid to directors, documentation charges and miscellaneous other expenses.

Results of Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

	Fiscal 2011#		Fiscal 2012#		Fiscal 2013#		Fiscal 2014#		Fiscal 2015#		Six months ended September 30, 2015#	
	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)
Revenue												
Revenue from operations	958.93	100.00%	3,273.84	100.00%	4,970.61	100.00%	6,415.30	100.00%	8,217.92	100.00%	5,217.85	100.00%
Total revenue	**958.93**	**100.00%**	**3,273.84**	**100.00%**	**4,970.61**	**100.00%**	**6,415.30**	**100.00%**	**8,217.92**	**100.00%**	**5,217.85**	**100.00%**
Expenses												
Employee benefits expense	88.63	9.24%	140.06	4.28%	204.95	4.12%	295.22	4.60%	397.69	4.84%	223.12	4.28%
Finance costs	340.00	35.46%	1,432.21	43.75%	2,287.50	46.02%	2,880.63	44.90%	4,029.91	49.04%	2,827.91	54.20%
Depreciation and amortisation expenses	3.03	0.32%	7.70	0.24%	15.42	0.31%	34.06	0.53%	44.22	0.54%	16.44	0.32%
Provisions and write-off	45.86	4.78%	213.17	6.51%	647.93	13.04%	1,365.92	21.29%	1,347.84	16.40%	713.52	13.67%
Other expenses	109.93	11.46%	238.78	7.29%	519.45	10.45%	669.63	10.44%	755.11	9.19%	474.69473.38	9.10%
Total expenses	**587.45**	**61.26%**	**2,031.92**	**62.07%**	**3,675.25**	**73.94%**	**5,245.46**	**81.76%**	**6,574.77**	**80.01%**	**4,2554.68**	**81.56%**
Share of profit of equity accounted investee (net of tax)	-	-	-	-	-	-	-	-	-	-	2.80	0.05%
Profit before tax	**371.48**	**38.74%**	**1,241.92**	**37.93%**	**1,295.36**	**26.06%**	**1,169.84**	**18.24%**	**1,643.15**	**19.99%**	**964**960**.97**	**18.49%**
Less: Tax Expenses												
- Current tax	139.72	14.57%	414.93	12.67%	474.07	9.54%	454.42	7.08%	652.86	7.94%	421.97	8.09%
- Deferred tax (credit)/ charge	(15.98)	(1.67)%	(11.32)	(0.35)%	(45.89)	(0.92)%	(65.15)	(1.02)%	(119.00)	(1.45)%	(95.87)	-1.84%
Total	**123.74**	**12.90%**	**403.61**	**12.33%**	**428.18**	**8.61%**	**389.27**	**6.07%**	**533.86**	**6.50%**	**326.10**	**6.25%**
Profit after tax, as restated	**247.74**	**25.84%**	**838.31**	**25.61%**	**867.18**	**17.45%**	**780.57**	**12.17%**	**1,109.29**	**13.50%**	**638.87**	**12.24%**

 # The financial information used in this table for Fiscal 2011, 2012, 2013, 2014 and 2015 has been derived from the Restated Standalone Financial Information and for the six months ended September 30, 2015 has been derived from the Restated Consolidated Financial Information.

Six Months ended September 30, 2015 (Restated Consolidated Financial Information)

Until Fiscal 2015, our Company did not have any subsidiaries and no consolidated financial statements were prepared. In September 2015, we received a certificate to commence our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance Limited. However, the housing finance business is a new business and as of September 30, 2015, did not have a significant impact on our consolidated financial information. The discussion below on our financial performance as of and for the six months ended September 30, 2015 are based on our Restated Consolidated Financial Information as of and for the six months ended September 30, 2015, included in this Draft Red Herring Prospectus.

Total revenues were ₹ 5,217.85 million in the six months ended September 30, 2015. Our AUM increased by 19.22% from ₹ 62,893.40 million as of March 31, 2015 to ₹ 74,983.84 million as of September 30, 2015, while total number of loan accounts increased from 441,855 as of March 31, 2015 to 505,094 as of September 30, 2015.

We expanded our operational network from 1,446 Business Locations of as March 31, 2015 to 1,550 Business Locations as of September 30, 2015. Total number of employees, including employees outsourced from HLF Services Limited, decreased from 2,770 to 2,616 as of September 30, 2015, primarily attributable to operational efficiencies and an increase in marketing agents.

Interest or finance income in the six months ended September 30, 2015 was ₹ 4,443.30 million and represented 85.16% of our total revenues in such period. Other operating income was ₹ 774.53 million in the six months ended September 30, 2015 and represented 14.84% of our total revenues in such period. The following table sets forth certain information relating to our total revenues in such period:

Revenue from Operations	Six Months ended September 30, 2015	
	Revenue from Operations	Percentage of Total Revenue from Operations
	(₹ million)	(%)
Revenue from operations		
Interest or finance income	4,443.30	**85.16%**
Other operating income		
Service charges	151.07	**2.90%**
Documentation charge	25.68	**0.49%**
Other charges	220.75	**4.23%**
Interest on fixed deposits	44.33	**0.85%**
Interest on investment in pass through securities	60.46	**1.16%**
Interest on investment in debentures	164.77	**3.16%**
Bad debts recovered	107.49	**2.06%**
Total other operating income	**774.55**	**14.84%**
Total revenue	**5,217.85**	100.00%

Interest or finance income in the six months ended September 30, 2015 was ₹ 4,443.30 million, while total other operating income in such period was ₹ 774.55 million. In the six months ended September 30, 2015 service charges was ₹ 151.07 million, other charges was ₹ 220.75 million, interest on investment in debentures was ₹ 164.77 million, while interest income on investment in pass through securities was ₹ 60.46 million. Bad debts recovered in the six months ended September 30, 2015 were ₹ 107.49 million.

Expenditure

Total expenditure was ₹ 4,255.68 million in the six months ended September 30, 2015, primarily on account of finance costs, employee benefits expenses, other expenses and provisions and write offs. The following table sets forth certain information relating to our expenditure items expressed as a percentage of revenue from operations in the six months ended September 30, 2015:

	Six Months ended September 30, 2015	
	Amount	**Percentage of Total Revenue from Operations**
	(₹ million)	**(%)**
Employee benefits expense	223.12	4.28%
Finance costs	2,827.91	54.20%
Depreciation and amortisation expenses	16.44	0.32%
Provisions and write-off	713.52	13.67%
Other expenses	474.69	9.10%
Total expenses	**4,255.68**	**81.56%**

Employee Benefit Expenses

Employee benefits expenses was ₹ 223.12 million in the six months ended September 30, 2015, including salaries, allowances and incentives of ₹ 205.35 million, stock compensation expenses of ₹ 4.93 million, contribution to provident fund and other fund of ₹ 9.11 million, and staff welfare expenses of ₹ 3.73 million.

Finance Costs

Finance costs were ₹ 2,827.91 million in the six months ended September 30, 2015. In the six months ended September 30, 2015, interest expense on term loans was ₹ 1,452.33 million, interest on subordinated redeemable non-convertible debentures was ₹ 186.35 million, interest on redeemable non-convertible debentures was ₹ 869.49 million, cash credit or working capital demand loans was ₹ 297.30 million and processing fees was ₹ 22.44 million.

Average Debt as a percentage of Average Net Worth increased from 456.31% as of March 31, 2015 to 586.28% as of September 30, 2015, and our cost of borrowing was 10.27% (on an annualized basis) in the six months ended September 30, 2015 compared to 10.39% in Fiscal 2015.

Depreciation and Amortization Expenses

Depreciation and amortization expenses was ₹ 16.44 million in the six months ended September 30, 2015, primarily relating to furniture and fittings, vehicles and office equipment.

Provisions and Write-Offs

Provisions and write-offs were ₹ 713.52 million in the six months ended September 30, 2015, and included loss on sale of repo assets of ₹ 340.86 million, provision for NPAs and contingency provision against standard assets of ₹ 295.63 million and bad debt written off of ₹ 77. 03 million. Gross NPAs and Net NPAs as a percentage of On-Book Assets were 5.09% and 4.14%, respectively, as of September 30, 2015 compared to 3.93% and 3.12%, respectively, as of March 31, 2015.

Other Expenses

Other expenses were ₹ 474.69 million in the six month period ended September 30, 2015. Service provider fees, which primarily represents the cost of personnel sourced from HLF Services Limited, was ₹ 149.83 million. In the six months ended September 30, 2015, travelling and conveyance expenses was ₹ 30.39 million, rent was ₹ 30.30 million, sourcing expenses was ₹ 116.39 million, legal and professional charges was ₹ 27.54 million and office maintenance expenses was ₹ 29.05million.

Profit before Tax

Profit before tax was ₹ 964.97 million in the six months ended September 30, 2015.

Tax Expense

Tax expense was ₹ 326.10 million in the six months ended September 30, 2015. Current tax was ₹ 421.97million, while there was a deferred tax credit of ₹ 95.87 million.

Profit for the Period

Following adjustments for net tax expense, restated profit in the six months ended September 30, 2015 was ₹ 638.87 million.

Fiscal 2015 compared to Fiscal 2014 (Restated Standalone Financial Information)

Until Fiscal 2015, our Company did not have any subsidiaries and no consolidated financial statements were prepared. In September 2015, we received a certificate to commence our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance. The discussion below on our financial performance in Fiscal 2014 and Fiscal 2015 are based on our Restated Standalone Financial Information for Fiscal 2014 and Fiscal 2015 included in this Draft Red Herring Prospectus.

Revenue

Total revenue increased by 28.10% from ₹ 6,415.30 million in Fiscal 2014 to ₹ 8,217.92 million in Fiscal 2015. AUM increased by 55.26% from ₹ 40,507.87 million as of March 31, 2014 to ₹ 62,893.40 million as of March 31, 2015, while total number of loan accounts increased from 288,979 as of March 31, 2014 to 441,855 as of March 31, 2015, primarily resulting from the growth in the two-wheeler vehicle financing business.

Our operational network increased significantly from 642 Business Locations of as March 31, 2014 to 1,125 Business Locations as of March 31, 2015, reflecting additional Business Locations established across our markets in India which enabled us to further grow our business and AUM. Total number of full-time employees increased from 640 as of March 31, 2014 to 838 as of March 31, 2015 as we expanded our business operations. In addition, we engaged 1,932 personnel sourced from HLF Services Limited as of March 31, 2015, compared to 2,014 personnel as of March 31, 2014.

Interest or finance income was ₹ 6,917.17 million in Fiscal 2015, and represented 84.17% of our total revenues. Other operating income was ₹ 1,300.75 million and represented 15.83% of our total revenues. The following table sets forth certain information relating to our total revenues in the periods specified:

Revenue from Operations	**Fiscal 2014**		**Fiscal 2015**	
	Revenue from Operations	**Percentage of Total Revenue from Operations**	**Revenue from Operations**	**Percentage of Total Revenue from Operations**
	(₹ million)	**(%)**	**(₹ million)**	**(%)**
Interest or finance income	5,737.70	88.94%	6,917.17	84.17%
Other operating income				
Processing and service charges	160.55	2.50%	238.91	2.91%
Documentation charge	54.32	0.85%	62.53	0.76%
Other charges	217.43	3.39%	549.25	6.68%
Interest on fixed deposits	185.35	2.89%	139.67	1.70%
Interest on investment in pass through securities	29.95	0.47%	95.52	1.16%
Interest on investment in debentures	1.4	0.02%	208.47	2.54%
Profit on sale of investment	-	-	1.31	0.02%
Bad debts recovered	28.6	0.45%	5.09	0.06%
Total other operating income	**677.6**	**10.56%**	**1,300.75**	**15.83%**
Total revenue	**6,415.30**	**100.00%**	**8,217.92**	**100.00%**

Interest or finance income increased by 20.56% from ₹ 5,737.70 million in Fiscal 2014 to ₹ 6,917.17 million in Fiscal 2015 and represented 89.44% and 84.17% of our revenue from operations in Fiscal 2014 and Fiscal 2015, respectively. Total other operating income increased by 91.96% from ₹ 677.60 million in Fiscal 2014 to ₹ 1300.75 million in Fiscal 2015 and represented 10.56% and 15.83% of our total revenue from operations in Fiscal 2014 and Fiscal 2015, respectively. The increase in interest or finance income and the increase in other operating income reflected the general growth of our vehicle finance business, with an increase in the number of Business Locations across India. There was also an increase in the number of loan accounts from that as of March 31, 2015, which was principally contributed by an increase in two-wheeler vehicle finance business.

Processing and service charges increased by 48.81% from ₹ 160.55 million in Fiscal 2014 to ₹ 238.91 million in Fiscal 2015. Other charges increased by 152.61% from ₹ 217.43 million in Fiscal 2014 to ₹ 549.25 million in Fiscal 2015. Interest income on pass through securities increased by 218.93% from ₹ 29.95 million in Fiscal 2014 to ₹ 95.52 million in Fiscal 2015. Our interest income on investment on debentures significantly increased from ₹ 1.40 million in Fiscal 2014 to ₹ 208.47 million in Fiscal 2015, while interest on fixed deposit decreased from ₹ 185.35 million in Fiscal 2014 to ₹ 139.67 million in Fiscal 2015 and bad debts recovered also decreased from ₹ 28.60 million in Fiscal 2014 to ₹ 5.09 million in Fiscal 2015.

Expenditure

Total expenses increased by 25.34% from ₹ 5,245.46 million in Fiscal 2014 to ₹ 6,574.77 million in Fiscal 2015, primarily on account of an increase in finance costs.

	Fiscal 2014		Fiscal 2015	
	Amount	Percentage of Total Revenue from Operations	Amount	Percentage of Total Revenue from Operations
	(₹ million)	(%)	(₹ million)	(%)
Employee benefits expense	295.22	4.60%	397.69	4.84%
Finance costs	2,880.63	44.90%	4,029.91	49.04%
Depreciation and amortisation expenses	34.06	0.53%	44.22	0.54%
Provisions and write-off	1,365.92	21.29%	1,347.84	16.40%
Other expenses	669.63	10.44%	755.11	9.19%
Total expenses	5,245.46	81.76%	6,574.77	80.01%

Employee Benefit Expenses

Employee benefits expenses increased by 34.71% from ₹ 295.22 million in Fiscal 2014 to ₹ 397.69 million in Fiscal 2015, primarily resulting from an increase in our number of employees. As a percentage of total revenue from operations, employee benefit expenses remained relatively steady at 4.60%and 4.84% in Fiscal 2014 and Fiscal 2015, respectively.

Salaries increased by 27.74% from ₹ 277.14 million in Fiscal 2014 to ₹ 354.03 million in Fiscal 2015 while contribution to provident and other funds increased by 44.57% from ₹ 12.94 million in Fiscal 2014 to ₹ 18.71 million in Fiscal 2015. In addition, stock compensation expense increased significantly from ₹ 0.28 million in Fiscal 2014 to ₹ 17.10 million in Fiscal 2015 on account of the difference between the fair market value and the allotment value for the Equity Shares allotted to our senior management.

Finance Costs

Finance costs increased by 39.90% from ₹ 2,880.63 million in Fiscal 2014 to ₹ 4,029.91 million in Fiscal 2015, reflecting our increased indebtedness. Average Debt as a percentage of Average Net Worth increased from 406.56% as of March 31, 2014 to 456.31% as of March 31, 2015. In Fiscal 2015, we raised additional funding from secured redeemable non-convertible debentures with lower borrowing costs compared to that of term loans, resulting in our cost of borrowing decreasing from 10.79% in Fiscal 2014 to 10.39% in Fiscal 2015.

Interest on term loans increased from ₹ 2,240.19 million in Fiscal 2014 to ₹ 2,685.50 million in Fiscal 2015. There was a significant increase in interest on unsecured subordinated redeemable non-convertible debentures of 5,396.10%, from ₹ 5.64 million in Fiscal 2014 to ₹ 309.98 million in Fiscal 2015 as we focused on the debt capital markets as a funding source.

Cash credit or working capital demand loans decreased by 7.62% from ₹ 616.78 million in Fiscal 2014 to ₹ 569.78 million in Fiscal 2015 due to issuance of commercial papers in Fiscal 2015. Processing fee increased by 36.18%from ₹ 18.02 million in Fiscal 2014 to ₹ 24.54 million in Fiscal 2015.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 29.83% from ₹ 34.06 million in Fiscal 2014 to ₹ 44.22 million in Fiscal 2015, reflecting investments in infrastructure and additional equipment required for our growing operations.

Provisions and Write-Offs

Provisions and write-offs decreased by 1.32% from ₹ 1,365.92 million in Fiscal 2014 to ₹ 1,347.84 million in Fiscal 2015. Loss on repossessed contracts was ₹ 944.96 million in Fiscal 2015, compared to ₹ 1,126.08 million in Fiscal 2014, while provisions for NPA and contingency provision against standard assets was ₹ 328.37 million in Fiscal 2015 compared to ₹ 124.84 in Fiscal 2014. Bad debts written off was ₹ 74.51 million in Fiscal 2015 compared to ₹ 115.00 million in Fiscal 2014.

Gross NPAs and Net NPAs as a percentage of On-Book Assets were 3.93% and 3.12%, respectively, in Fiscal 2015, compared to 3.48% and 2.88%, respectively, in Fiscal 2014.

Other Expenses

Other expenses increased by 12.77% from ₹ 669.63 million in Fiscal 2014 to ₹ 755.11 million in Fiscal 2015. Although there was a decrease in service provider fee, this was offset by an increase in travelling and conveyance fee and rent costs as we expanded our operational network across India. Service provider fees decreased by 8.5% from ₹ 327.78 million in Fiscal 2014 to ₹ 299.92 million in Fiscal 2015 due to a decrease in number of personnel sourced through HLF Service Limited for our operations. However, travelling and conveyance fee increased by 49.85% from ₹ 29.79 million in Fiscal 2014 to ₹ 44.64 million in Fiscal 2015 due to an increase in number of Business Locations and the periodic on-site reviews required to be made by the operations team. In addition, communication expenses also increased from ₹ 30.59 million in Fiscal 2014 to ₹ 40.06 million in Fiscal 2015, and rental expenses increased by 18.41% from ₹ 41.34 million in Fiscal 2014 to ₹ 48.95 million in Fiscal 2015. We expanded our operational network from 642 Business Locations as of March 31, 2014 to 1,125 Business Locations as of March 31, 2015.

In addition, there was a significant increase in sourcing expenses related to commissions paid for referrals to marketing agents. Sourcing expenses increased by 77.07% from ₹ 77.47 million in Fiscal 2014 to ₹ 137.18 million in Fiscal 2015 as we developed a large team of marketing agents for procurement of new customers across our various business segments.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 1,643.15 million in Fiscal 2015 compared to ₹ 1,169.84 million in Fiscal 2014.

Tax Expense

Current tax expenses increased by 43.67% from ₹ 454.42 million in Fiscal 2014 to ₹ 652.86 million in Fiscal 2015, while there was a deferred tax credit of ₹ 65.15 million in Fiscal 2014 compared to ₹ 119.00 million in Fiscal 2015.

Profit for the Period

For the reasons discussed above, and following adjustments for net tax expense, restated profit in Fiscal 2015 was ₹ 1,109.29 million compared to ₹ 780.57 million in Fiscal 2014.

Fiscal 2014 compared to Fiscal 2013 (Restated Standalone Financial Information)

Until Fiscal 2015, our Company did not have any subsidiaries and no consolidated financial statements were prepared. In September 2015, we received a certificate to commence our housing finance business through our wholly owned subsidiary, Hinduja Housing Finance. The discussion below on our financial performance in Fiscal 2013 and Fiscal 2014 are therefore based on our Restated Standalone Financial Information for Fiscal 2013 and Fiscal 2014 included in this Draft Red Herring Prospectus.

Revenue

Total income increased by 29.06% from ₹ 4,970.61 million in Fiscal 2013 to ₹ 6,415.30 million in Fiscal 2014. AUM increased 20.14% from ₹ 34,441.55 million as of March 31, 2013 to ₹ 41,377.58 million as of March 31, 2014, while total number of loan accounts increased from 188,097 as of March 31, 2013 to 288,979 as of March 31, 2014.

Our operational network increased significantly from 584 Business Locations of as March 31, 2013 to 1,073 Business Locations as of March 31, 2014, reflecting additional Business Locations established across our markets in India. The number of full-time employees increased from 515 as of March 31, 2013 to 640 as of March 31, 2014 as we expanded our business operations. In addition, we engaged 2,012 personnel sourced from HLF Services Limited as of March 31, 2014, compared to 1,836 personnel as of March 31, 2013.

Interest or finance income was ₹ 5,737.70 million in Fiscal 2014, and represented 89.44% of our total revenue. Other operating income was ₹ 677.6 million and represented 10.56% of our total revenues. The following table sets forth certain information relating to our total revenues in the periods specified:

Revenue from Operations	Fiscal 2013		Fiscal 2014	
	Revenue from Operations	Percentage of Total Revenue from Operations	Revenue from Operations	Percentage of Total Revenue from Operations
	(₹ million)	(%)	(₹ million)	(%)
Interest or finance income	4,453.14	89.59%	5,737.70	89.44%
Other operating income				
Processing and service charges	97.62	1.96%	160.55	2.50%
Documentation charge	42.6	0.86%	54.32	0.85%
Other charges	226.19	4.55%	217.43	3.39%
Interest on fixed deposits	151.06	3.04%	185.35	2.89%
Interest on investment in pass through securities	-	-	29.95	0.47%
Interest on investment in debentures	-	-	1.4	0.02%
Profit on sale of investment	-	-	-	-
Bad debts recovered	-	-	28.6	0.45%
Total other operating income	517.47	10.41%	677.6	10.56%
Total revenue	4,970.61	100.00%	6,415.30	100.00%

Interest or finance income increased by 28.85%, from ₹ 4,453.14 million in Fiscal 2013 to ₹ 5,737.70 million in Fiscal 2014 and represented 89.59% and 89.44% of our revenue from operations in Fiscal 2013 and Fiscal 2014, respectively. Other operating income increased by 30.94%, from ₹ 517.47 million in Fiscal 2013 to ₹677.6 million in Fiscal 2014 and represented 10.41%and 10.56% of our total revenue from operations in Fiscal 2013 and Fiscal 2014, respectively. The increase in interest or finance income and the increase in other operating income reflected the general growth of our vehicle finance business, with an increase in the number of Business Locations across India.

Processing and service charges increased from ₹ 97.62 million in Fiscal 2013 to ₹ 160.55 million in Fiscal 2014. Interest income on pass through securities increased to ₹ 29.95 million in Fiscal 2014 from nil in Fiscal 2013, while interest income on investment in debentures increased to ₹ 1.40 million in Fiscal 2014 from nil in Fiscal 2013. Other charges however decreased from ₹ 226.19 million in Fiscal 2013 to ₹ 217.43 million in Fiscal 2014.

Expenses

Total expenses increased by 42.72%, from ₹ 3,675.25 million in Fiscal 2013 to ₹ 5, 245.46 million in Fiscal 2014, primarily on account of significant increases in provisions and write offs and finance costs as well as, to a lesser extent, due to an increase in employee benefits expenses. As a percentage of revenue from operations, provisions and write offs increased from 13.04% in Fiscal 2013 to 21.29% in Fiscal 2014, and employee benefit expenses increased from 4.12% in Fiscal 2013 to 4.60% in Fiscal 2014. Although finance costs increased in Fiscal 2014 compared to that in Fiscal 2013, as a percentage of revenue from operations, finance costs decreased from 46.02% in Fiscal 2013 to 44.90% in Fiscal 2014. Other expenses and depreciation and amortisation expenses remained relatively steady.

	Fiscal 2013		Fiscal 2014	
	Amount	**Percentage of Total Revenue from Operations**	**Amount**	**Percentage of Total Revenue from Operations**
	(₹ million)	**(%)**	**(₹ million)**	**(%)**
Employee benefits expense	204.95	4.12%	295.22	4.60%
Finance costs	2,287.50	46.02%	2,880.63	44.90%
Depreciation and amortization expenses	15.42	0.31%	34.06	0.53%
Provisions and write-off	647.93	13.04%	1,365.92	21.29%
Other expenses	519.45	10.45%	669.63	10.44%
Total expenses	**3,675.25**	**73.94%**	**5,245.46**	**81.76%**

Employee Benefit Expenses

Employee benefits expenses increased by 44.04%, from ₹ 204.95 million in Fiscal 2013 to ₹ 295.22 million in Fiscal 2014, primarily resulting from an increase in the number of full-time employees as we expanded our operations into additional markets. As a percentage of revenue from operations, employee benefit expenses were 4.12% and 4.60% in Fiscal 2013 and Fiscal 2014, respectively.

Salaries increased by 44.19%, from ₹ 192.21 million in Fiscal 2013 to ₹ 277.14 million in Fiscal 2014 while contribution to provident and other funds increased by 34.37%, from ₹ 9.63 million in Fiscal 2013 to ₹ 12.94 million in Fiscal 2014. Stock compensation expense was ₹ 0.28 million in Fiscal 2014 while there was no such expense in Fiscal 2013.

Finance Costs

Finance costs increased by 25.93% from ₹ 2,287.50 million in Fiscal 2013 to ₹ 2,880.63 million in Fiscal 2014 reflecting our increased indebtedness and growing operations. Average Debt as a percentage of Average Net Worth decreased from 418.95% as of March 31, 2013 to 406.56% as of March 31, 2014, although our cost of borrowing decreased from 11.48% in Fiscal 2013 to 10.79% in Fiscal 2014.

The increase in finance costs was primarily on account of an increase in interest payments for term loans, which increased by 32.29%, from ₹ 1,693.41 million as of March 31, 2013 to ₹ 2,240.19 million as of March 31, 2014. Cost on unsecured subordinated redeemable non-convertible debentures was ₹ 5.64 million in Fiscal 2014, while we did not incur any such cost in Fiscal 2013.

Cash credit or working capital demand loans increased by 7.12%, from ₹ 575.78 million in Fiscal 2013 to ₹ 616.78 million in Fiscal 2014, while processing fee decreased by 1.58%, from ₹ 18. 31 million in Fiscal 2013 to ₹ 18.02 million in Fiscal 2014.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 120.88%, from ₹ 15.42 million in Fiscal 2013 to ₹ 34.06 million in Fiscal 2014, reflecting significant investment in infrastructure and equipment for our growing operations.

Provisions and Write-Offs

Provisions and write-offs increased by 110.81%, from ₹ 647.93 million in Fiscal 2013 to ₹ 1,365.92 million in Fiscal 2014. Loss on repossessed contracts was ₹ 1,126.08 million in Fiscal 2014 compared to ₹ 514.91 million in Fiscal 2013. Provisions for NPA and contingency provision against standard assets was ₹ 124.84 million in Fiscal 2014 compared to ₹ 96.16 million in Fiscal 2013. Bad debts written off also increased from ₹ 36.86 million in Fiscal 2013 to ₹ 115.00 million in Fiscal 2014. These wereprimarily on account of inconducive market conditions and lesser freight earnings.

Gross NPAs and Net NPAs as a percentage of On-Book Assets were 3.48% and 2.88%, respectively, in Fiscal 2014, while they were 2.94% and 2.55%, respectively, in Fiscal 2013.

Other Expenses

Other expenses increased by 28.91%, from ₹ 519.45 million in Fiscal 2013 to ₹ 669.63 million in Fiscal 2014. The increase in other expenses was due an increase in service provider fees, which increased by 30.44%, from ₹ 251.29 million in Fiscal 2013 to ₹ 327.78 million in Fiscal 2014 as we engaged additional personnel from HLF Service Limited. In addition, office maintenance expense increased by 60.47%, from ₹ 18.72 million in Fiscal 2013 to ₹ 30.04 million in Fiscal 2014, while communication expenses increased by 32.14% from ₹ 23.15 million in Fiscal 2013 to ₹ 30.59 million in Fiscal 2014. Rental expenses increased by 25.88% from ₹ 32.84 million in Fiscal 2013 to ₹ 41.34 million in Fiscal 2014 as we expanded our operational network from 559 Business Locations as of March 31, 2013 to 642 Business Locations as of March 31, 2014. Sourcing expenses also increased by 47.53%, from ₹ 52.51 million in Fiscal 2013 to ₹ 77.47 million in Fiscal 2014, as we expanded our marketing agent team.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 1,295.36 million in Fiscal 2013 compared to ₹ 1,169.84 million in Fiscal 2014.

Tax Expense

Current tax expenses decreased by 4.14%, from ₹ 474.07 million in Fiscal 2013 to ₹ 454.42 million in Fiscal 2014, while there was a deferred tax credit of ₹ 65.15 million in Fiscal 2014 compared to ₹ 45.89 million in Fiscal 2013.

Profit for the Period

For the reasons discussed above, and following adjustments for net tax expense, restated profit was ₹ 780.57 million in Fiscal 2014, compared to ₹ 867.18 million compared to in Fiscal 2013.

Financial Position

As of September 30, 2015, our net worth (on a consolidated basis) was ₹ 9,722.09 million. Our net worth (on a standalone basis) increased by 14.09%, from ₹ 7,940.44 million as of March 31, 2014 to ₹ 9,066.83 million as of March 31, 2015.

Assets

The following table sets forth the principal components of our assets as of the dates specified:

(₹ in million)

Assets	As of March 31,			As of September 30, 2015#
	2013#	2014#	2015#	
Non-Current Assets				
Fixed Assets	116.97	338.24	347.50	426.38
- Tangible Assets	114.18	333.82	343.47	409.36
- Intangible Assets	2.79	3.32	4.03	3.89

Assets	As of March 31,			As of September 30, 2015[#]
	2013[#]	2014[#]	2015[#]	
- Capital Work in Progress	-	1.10	-	13.13
Non-current investments	0.23	408.08	1,445.91	1,175.24
Deferred tax asset (Net)	79.74	144.88	263.88	359.76
Long term loans and advances	15,585.96	16,518.72	31,861.09	38,447.18
Other non-current assets	1,941.37	2,280.56	1,093.32	1,093.32
Total Non-Current Assets	17,724.27	19,690.48	35,011.70	41,501.88
Current Assets				
Current investments	-	900.07	2,845.51	2,752.91
Cash and Bank Balances	719.27	457.15	720.03	1,042.68
Short term loans and advances	10,754.42	16,101.19	20,117.36	27,461.35
Other current assets	864.85	1,303.59	1,169.04	1,629.40
Total Current Assets	12,338.54	18,762.00	24,851.94	32,886.34
Total Assets	30,062.81	38,452.48	59,863.64	74,388.22

[#] *The financial information used in this table for Fiscal 2013, 2014 and 2015 has been derived from the Restated Standalone Financial Information and for the six months ended September 30, 2015 has been derived from the Restated Consolidated Financial Information.*

As of September 30, 2015, we had total assets (on a consolidated basis) of ₹ 74,388.22 million. As of March 31, 2015, we had total assets (on a standalone basis) of ₹ 59,863.64 million, compared to ₹ 38,452.48 million as of March 31, 2014, and ₹ 30,062.81 million as of March 31, 2013, all on a standalone basis. The significant increase in total assets was primarily on account of the significant growth in our loan portfolio resulting from the increase in the number of Business Locations and our customers as we expanded our operations.

Fixed Assets

As of September 30, 2015, we had fixed assets (on a consolidated basis) of ₹ 426.38 million. As of March 31, 2015, 2014 and 2013, we had fixed assets (on a standalone basis) of ₹ 347.50 million, ₹ 338.24 million and ₹ 116.97 million, respectively. The increase in fixed assets in Fiscal 2015 was principally on account of the increase in our freehold land and new furniture and fittings.

Non-Current Investments

As of September 30, 2015, we had non-current investment (on a consolidated basis) of ₹ 1,175.24 million. As of March 31, 2015, 2014 and 2013 we had non-current investment (on a standalone basis) of ₹ 1,445.91 million, ₹ 408.08 million and ₹ 0.23 million, respectively. The significant increase in non-current investment in Fiscal 2015 was primarily on account of additional investments in debentures of several microfinance companies and investments in pass through securities.

Long Term Loans and Advances

Long term loans and advances (on a consolidated basis) aggregated ₹ 38,447.18 million as of September 30, 2015. Long term loans and advances (on a standalone basis) were ₹ 31,861.09 million, ₹ 16,518.72 million and ₹ 15,585.96 million as of March 31, 2015, 2014 and 2013, respectively. The increase in long term loans and advances primarily reflected the growth in our business and increase in our AUM.

Current Assets

Current Investments

Current investments (on a consolidated basis) aggregated to ₹ 2,752.91 million as of September 30, 2015. Current investments (on a standalone basis) aggregated ₹ 2,845.51 million and ₹ 900.07 million as of March

31, 2015 and 2014, respectively. We did not have any current investments as of March 31, 2013. The significant increase in current investments was primarily on account of investments in debentures.

Cash and Bank Balances

As of September 30, 2015, cash and cash equivalents (on a consolidated basis) was ₹ 1,042.68 million. Cash and bank balances consist of cash on hand and cash in the bank. As of March 31, 2015, cash and cash equivalents (on a standalone basis) aggregated to ₹ 720.03 million, compared to ₹ 457.15 million and ₹ 719.27 million as of March 31, 2013 and 2014, respectively.

Short Term Loans and Advances

Short term loans and advances was ₹ 27,461.35 million as of September 30, 2015 (on a consolidated basis). As of March 31, 2015, 2014 and 2013, short term loans and advances (on a standalone basis) aggregated to ₹ 20,117.36 million, ₹ 16,101.19 million and ₹ 10,754.42 million, respectively. Short term loans and advances comprises secured and unsecured loans.

Other Current Assets

Other current assets aggregated to ₹ 1,629.40 million as of September 30, 2015 (on a consolidated basis). As of March 31, 2015, 2014 and 2013, other current assets (on a standalone basis) was ₹ 1,169.04 million, ₹ 1,303.59 million and ₹ 864.85 million, respectively. Other current assets comprises interest accrued on investment in debentures, pass-through securities, loan against property, inventory funding and interest accrued on deposits placed as cash collateral.

Liabilities and Provisions

The following table sets forth the principal components of our liabilities as of the dates specified:

(₹ in million)

Liabilities	As of March 31,			As of September 30, 2015#
	2013#	2014#	2015#	
Non-Current Liabilities				
- Long term borrowings	11,810.01	14,628.86	29,802. 64	41,297.02
- Other long term borrowings	105.44	173.24	364.54	285.04
- Long term provisions	64.90	82.78	136.34	210.70
Total Non-Current Liabilities	11,980.35	14,884.88	30,303.52	41,792.76
Current Liabilities				
- Short term borrowings	4,459.43	5,686.25	6,502.24	6,576.95
- Trade payables	29.58	14.42	27.54	4.64
- Other current liabilities	8,293.18	9,709.26	13,469.21	15,575.38
- Short term provisions	110.46	217.23	494.30	716.40
Total Current Liabilities	12,892.65	15,627.16	20,493.29	22,873.37

 # The financial information used in this table for Fiscal 2013, 2014 and 2015 has been derived from the Restated Standalone Financial Information and for the six months ended September 30, 2015 has been derived from the Restated Consolidated Financial Information.

Non-Current Liabilities

Our total non-current liabilities (on a consolidated basis) aggregated ₹ 41,792.76 million as of September 30, 2015. Non-current liabilities comprise long term borrowings, which represented our unsecured subordinated redeemable non-convertible debentures, secured redeemable non-convertible debentures, term loans from banks and vehicle loans. Total non-current liabilities (on a standalone basis) increased by 103.59% from ₹ 14,884.88 million as of March 31, 2014 to ₹ 30,303.52 million as of March 31, 2015. Such increase in total non-current liabilities was primarily due to our secured long term borrowing in the form of term loans and secured redeemable non-convertible debentures. Total non-current liabilities (on a standalone basis) as of March 31, 2013 were ₹ 11,980.35 million.

Current Liabilities

Total current liabilities (on a consolidated basis) were ₹ 22,873.37 million as of September 30, 2015. Total current liabilities (on a standalone basis) increased by 31.14%, from ₹ 15,627.16 million as of March 31, 2014 to ₹ 20,493.29 million as of March 31, 2015, while it was ₹ 12,892.65 million as of March 31, 2013. Short term borrowings (on a standalone basis) increased by 14.35%, from ₹ 5,686.25 million as of March 31, 2014 to ₹ 6,502.24 million as of March 31, 2015, primarily on account of our borrowings in the form of commercial papers. Short term borrowings were ₹ 4,459.43 million as of March 31, 2013. Trade payables (on a standalone basis) were ₹ 29.58 million, ₹ 14.42 million and ₹ 27.54 million as of March 31, 2013, 2014 and 2015, respectively. Other current liabilities (on a standalone basis) were ₹ 8,293.18 million, ₹ 9,709.26 million and ₹ 13,469.21 million as of March 31, 2013, 2014 and 2015 respectively. The increase was primarily due to interest accrued but which was not due on our borrowings and income received in advance.

Provisions

Long term provisions (on a consolidated basis) were ₹ 210.70 million as of September 30, 2015. Long term provisions comprise contingent provisions for standard assets and provisions for employee benefits including gratuity and compensated absences. Long term provisions (on a standalone basis) were ₹ 136.34 million, ₹ 82.78 million and ₹ 64.90 million as of March 31, 2015, 2014 and 2013, respectively. The increase in long term provisions primarily resulted from an increase in provision for standard assets.

Short term provisions (on a consolidated basis) were ₹ 716.40 million as of September 30, 2015. Short term provisions comprises provision for compensated absences for employees, gratuity and provision for non-performing assets. Provision for non-performing assets (on a standalone basis) were ₹ 110.46 million, ₹ 217.23 million, and ₹ 494.30 million as of March 31, 2013, 2014 and 2015, respectively.

Shareholders' Equity

As of September 30, 2015, shareholders' equity was ₹ 9,722.09 million, representing 13.07% of our total assets. As of March 31, 2015, shareholders' equity was ₹ 9,066.83 million, representing 15.15% of our total assets. Shareholders' equity increased by 14.19%, from ₹ 7,940.44 million as of March 31, 2014 to ₹ 9,066.83 million as of March 31, 2015. Shareholders' equity increased by 53.00%, from ₹ 5,189.81 million as of March 31, 2013 to ₹ 7,940.44 million as of March 31, 2014. Shareholders' equity represented 17.26% of our total assets as of March 31, 2013.

Liquidity and Capital Resources

The purpose of the liquidity management function is to ensure that we have adequate liquidity to extend loans to our customers across our various financing products, to repay principal, interest on our borrowings and to fund our working capital requirements and other operating expenses and taxes. We endeavour to diversify our sources of capital. We have funded the growth in our operations and loan portfolio through equity issuances, debt securities, loans with various maturities raised from banks and other entities and the assignment of loans. We have funded the growth in our operations and loan portfolio through equity issuances, debt securities, loans with various maturities raised from banks and other entities and the assignment of loans. In the six month period ended September 30, 2015, we received an aggregate ₹ 13,565.71 million from these sources, and as of September 30, 2015, cash used in our operations in our operations of ₹ 13,505.56 million. In Fiscal 2015, we received an aggregate ₹ 18,933.54 million from these sources, and as of March 31, 2015, cash used in our operations of ₹ 16,823.57 million. Based upon our current level of expenditures, we believe our current working capital, together with cash flows from operating activities and the proceeds from the offerings contemplated herein, will be adequate to meet our anticipated cash requirements for capital expenditures and working capital for at least the next 12 months.

We actively manage our liquidity and capital position by raising funds on a continuous basis on terms that, we believe, are favorable to us. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by short term and long term borrowings from banks and other financial institutions, debentures, retained earnings and proceeds from assignments of loans. All our loan agreements and debentures contain a number of covenants including financial covenants. In addition, some loans may contain provisions which allow the lender, at its discretion to call for repayment of the loan at short notice and/or require us to prepay on a pari passu basis if any other loan is being repaid. Such covenants, if acted upon, may have an impact on our liquidity.

Cash Flows

The following table sets forth certain information relating to our cash flows in the periods indicated:

(₹ in million)

Particulars	Fiscal			Six month period ended September 30, 2015#
	2013#	2014#	2015#	
Net cash generated from/(used in) operating activities	(7,783.39)	(5,779.03)	(16,823.57)	(13,503.30)
Net cash generated from/(used in) investing activities	(93.09)	(1,744.64)	(1,847.09)	260.24
Net cash generated from/ (used in) the financing activities	8,238.20	7,261.55	18,933.54	13,565.71
Net increase/(decrease) in cash and cash equivalents	361.72	(262.12)	262.88	322.65

The financial information used in this table for Fiscal 2013, 2014 and 2015 has been derived from the Restated Standalone Financial Information and for the six month period ended September 30, 2015 has been derived from the Restated Consolidated Financial Information.

Operating Activities

Net cash used in operating activities was ₹ 13,503.30 million in the six months ended September 30, 2015 and net profit before tax was ₹ 964.97 million. The difference was primarily attributable to changes in working capital and adjustments for increase in loan to customers ("**LTC**") (excluding repossessed assets) of ₹ 12,687.88 million, increase in repossessed assets of ₹ 767.58 million and increase in loans and advances and current assets and non-current assets of ₹ 1,310.53 million.

Net cash used in operating activities was ₹ 16,823.57 million in Fiscal 2015, and net profit before tax was ₹ 1,643.15 million. The difference was primarily attributable to changes in working capital and adjustments for increase in LTC (excluding repossessed assets) of ₹ 17,858.37 million, increase in repossessed assets of ₹ 816.98 million, increase in loans and advances of ₹ 1,558.89 million as well as taxes paid of ₹ 664.52 million.

Net cash used in operating activities was ₹ 5,779.03 million in Fiscal 2014, but net profit before tax was ₹ 1,169.84 million. The difference was primarily attributable to changes in working capital and adjustments for increase in LTC (excluding repossessed assets) of ₹ 5,524.91 million, increase in repossessed assets of ₹ 1,541.79 million, increase in loans and advances of ₹ 1,048.59 million as well as taxes paid of ₹ 456.28 million.

Net cash used in operating activities was ₹ 7,783.39 million in Fiscal 2013, but net profit before tax was ₹ 1,295.36 million. The difference was primarily attributable to changes in working capital and adjustments for increase in LTC (excluding repossessed assets) of ₹ 9,590.94 million, increase in repossessed assets of ₹ 1,028.48 million, decrease in current and non-current liabilities as well as provisions of ₹ 32.34 million as well as taxes paid of ₹ 505.22 million. This was partly off-set by decrease in our loans and advances and current assets of ₹ 1,401.53 million.

Investing Activities

Net cash generated from investing activities was ₹ 260.24 million in the six month period ended September 30, 2015, primarily from investments in pass through securities of ₹ 638.71 million. This was partly offset by our investment in redeemable non-convertible debentures of ₹ 267.29 million.

Net cash used in investing activities was ₹ 1,847.09 million in Fiscal 2015, primarily on account of investment in pass through securities of ₹ 331.86 million and investment in redeemable non-convertible debentures of ₹ 2,651.41 million. We also purchased fixed assets (tangible and intangible fixed assets) worth of ₹ 51. 06 million.

Net cash used in investing activities was ₹ 1,744.64 million in Fiscal 2014, primarily on account of investment in pass through securities and redeemable non-convertible debentures and investment in subsidiaries of ₹ 1,207.92 million and ₹ 100.00 million, respectively. We also made bank deposits of ₹ 339.19 million as per RBI Guidelines as cash collateral for the assignment of loans as well as purchased fixed assets (tangible and intangible fixed assets) of ₹ 97.53 million.

Net cash used in investing activities was ₹ 93.09 million in Fiscal 2013, primarily on account of purchase of fixed assets of ₹ 94.59 million and returns from our bank deposits of ₹ 1.5 million.

Financing Activities

Net cash generated from financing activities in the six month period ended September 30, 2015 was ₹ 13,565.71 million on a consolidated basis, on account of our borrowings of ₹ 18,749.97 million. This was partly offset by repayment made by us of ₹ 5,265.04 million of our borrowings.

Net cash generated from financing activities in Fiscal 2015 was ₹ 18,933.54 million on account of proceeds from borrowings of ₹ 27,699.97 million and proceeds from working capital loans of ₹ 815.99 million. This was partly offset by repayments of ₹ 9,582.42 million of our borrowings.

Net cash generated from financing activities in Fiscal 2014 was ₹ 7,261.55 million on account of proceeds from equity shares including securities premium of ₹ 169.78 million, proceeds from issue of compulsorily convertible cumulative participative preference shares of ₹ 1,800.00 million, proceeds from borrowing of ₹ 11,298.22 million and proceeds from working capital loan of ₹ 1,226.82 million. This was partly offset by repayments of our borrowings of ₹ 7,233.27 million.

Net cash generated from financing activities in Fiscal 2013 was ₹ 8,238.20 million on account of proceeds from borrowings of ₹ 13,082.98 million and proceeds from working capital loans of ₹ 896.24 million. This was partly offset by repayments of our borrowings of ₹ 5,741.02 million.

Indebtedness

As of December 31, 2015, we had long term borrowings of ₹ 60,456.27 million and short term borrowings of ₹ 7,268.08 million on a standalone basis. As of March 31, 2015, we had long term borrowings of ₹ 29,802 million and short term borrowings of ₹ 6,502.24 million. Please see "***Financial Indebtedness***" on page 388 for further information.

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. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business. Specifically, we require consent for change in our capital structure, change in our shareholding pattern and conversion into a public limited company.

Commitments

The following table sets forth certain information relating to future payments due under known commitments as of September 30, 2015 on a consolidated basis:

Particulars	Amount (₹ in million)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	4.78

Securitization/ Assignment Arrangements

As of March 31, 2013, 2014 and 2015, off book assets represents by securitized/assigned assets was at ₹ 7,199.36

million, ₹ 7,264.57 million and ₹ 6,975.10 million, respectively on a standalone basis, and as of September 30, 2015, off book assets represented by securitized assigned assets was at ₹ 4,903.80 million on a consolidated basis.

Particulars	2012	2013	2014	2015	Six month period ended September 30, 2015
Total number of loan assets (contracts) securitized / assigned	27,224.00	4,967.00	10,660.00	8,144.00	4,119.00
Total book value of loan assets (contracts) securitized / assigned	8,298.97	2,762.51	4,974.50	4,975.08	2,013.26
Sale consideration received	8,416.95	2,758.53	4,974.50	4,682.01	1,811.93
Gain (Loss) on account of securitization / assignment to be amortised over the tenor of the underlying asset	117.98	(3.98)	-	-	-
Bank Deposits provided as Collateral for Credit Enhancements	1,942.86	1,941.36	2,280.56	1,093.32	1,093.32

The financial information used in this table for Fiscal 2011, 2012, 2013, 2014 and 2015 is derived from the Restated Standalone Financial Information and for the six month period ended September 30, 2015 is derived from the Restated Consolidated Financial Information.

Contingent Liabilities

The following table sets forth certain information relating to our contingent liabilities not provided for as of September 30, 2015 on a consolidated basis:

Particulars	Amount (₹ in million)
Value added tax	12.00
Total	12.00

For further information, see our Restated Consolidated Financial Information on page 310. Except as disclosed in our Restated Consolidated Financial Information or elsewhere in this Draft Red Herring Prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Capital Expenditures

In the six month period ended September 30, 2015, our capital expenditure (fixed assets) was ₹ 82.19 million on a consolidated basis. In Fiscal 2013, 2014 and 2015, our capital expenditure was ₹ 94.60 million, ₹ 254.23 million and ₹ 54.58 million, respectively, on a standalone basis. The following table sets forth our capital expenditures in the six month period ended September 30, 2015 and in Fiscal 2013, 2014 and 2015:

	Fiscal			Six month period ended September 30, 2015#
	2013#	2014#	2015#	
Tangible Assets	114.18	333.82	343.47	409.36
Intangible Assets	2.79	3.32	4.03	3.89
Capital Work in Progress	-	1.10	-	13.13
Closing Balance	**116.97**	**338.24**	**347.50**	**426.38**

The financial information used in this table for Fiscal 2013, 2014 and 2015 is derived from the Restated Standalone Financial Information and for the six month period ended September 30, 2015 is derived from the Restated Consolidated Financial Information.

Related Party Transactions

We enter into various transactions with related parties in the ordinary course of business. These transactions principally include loans and advances, sale and purchase of fixed assets, managerial remuneration and rental payments. For further information relating to our related party transactions, see Annexure VI to our Restated Consolidated Financial Information on page 324.

Changes in Accounting Policies

In Fiscal 2014, we changed our accounting policy for recognizing the loan origination cost and income from upfront recognition to deferral and the consequent amortisation thereof over the tenure of the loan. In Fiscal 2013, we changed our accounting policy for recognizing processing fees on term loans from upfront recognition to deferral and the consequent amortisation thereof over the tenure of the loan. From Fiscal 2013, in respect of bilateral assignments excess interest spread is recognised from collection basis to accrual basis over the tenure of the underlying asset. For the purpose of the Restated Consolidated Financial Information and Restated Standalone Financial Information, these changes in accounting policies have been appropriately adjusted in the respective years to which the transactions relate to and the tax impact (including deferred tax related) on adjustments relating to restatement of the consolidated financial statements have been adjusted in the respective period.

Quantitative and Qualitative Disclosures about Market Risk

Credit Risk

We are exposed to credit risk on amounts owed to us by our customers. If our customers do not pay us promptly, or at all, it may impact our working capital cycle and/or we may have to make provisions for or write-off on such amounts.

Interest Rate Risk

Interest rates for borrowings have been volatile in India in recent periods. Our current debt facilities may carry interest at variable rates as well as fixed rates. Although we may in the future engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Liquidity Risk

Liquidity risk arises from the absence of liquid resources, when funding loans, and repaying borrowings. This could be due to a decline in the expected collection, or our inability to raise adequate resources at an appropriate price. This risk may be minimized through a mix of strategies, including the maintenance of back up bank credit lines and following a forward-looking borrowing program based on projected loans and maturing obligations.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Significant Economic Changes that Materially affect or are likely to affect Income from Continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in "***Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors Affecting our Results of Operations***" and the uncertainties described in the section titled "***Risk Factors***" beginning on pages 362 and 17, respectively.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "***Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors Affecting our Results of Operations***" and the uncertainties described in the section titled "***Risk Factors***" beginning on beginning on pages 362 and 17. To our knowledge, except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future Relationship between Cost and Income

Other than as described in the sections "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 17, 155 and 360 respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

Segment Reporting

Other than as disclosed in our Restated Consolidated Financial Information beginning on page 310, we do not follow any other segment reporting. See Annexure VI of our Restated Consolidated Financial Information.

Publicly Announced New Products or Business Segments / Material increases in Revenue due to Increased Disbursements and Introduction of New Products

Our wholly-owned subsidiary, Hinduja Housing Finance, has recently commenced the housing finance business. For more information, see "***Our Business***" on page 155.

Significant Dependence on Single or Few Customers

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

Seasonality of Business

Our business operations and the financial services industry in general may be affected by seasonal trends in the Indian economy. Generally, the period from October to March is the peak period in India for retail economic activity. This increased, or seasonal, activity is the result of several holiday periods, improved weather conditions and crop harvests. We generally experience higher volumes of business during this period. Any significant event such as unforeseen floods, earthquakes, political instabilities, epidemics or economic slowdowns during this peak season may adversely affect our results of operations. In these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced**.**

Competitive Condition

We operate in a competitive environment. Please refer to the sections "***Our Business***", "***Industry Overview***" and "***Risk Factors***" on pages 155, 127 and 17, respectively for further information on our industry and competition.

Significant Developments after September 30, 2015 that May Affect our Future Results of Operations

Except as disclosed in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial information disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

Pursuant to a resolution passed by our shareholders in the EGM held on May 8, 2015, the Board has been authorised to borrow sums of money for the purposes of our Company, with or without security, upon such terms and conditions as the Board may think fit, which, together with the monies borrowed by our Company (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed the amount of ₹100,000 million, over and above the aggregate of the paid-up share capital and free reserves of our Company.

A. Borrowings of our Company

As of December 31, 2015, our Company has total outstanding secured borrowings amounting to ₹ 63,524.35 million. As at December 31, 2015, our Company has unsecured borrowings represented by total outstanding subordinated redeemable non-convertible debentures of ₹ 4,200 million.

Set forth below is a summary of our aggregate borrowings (both fund based and non-fund based) as of December 31, 2015:

(₹ in million)

Category of borrowing	Sanctioned amount (₹ million)	Outstanding amount as on December 31, 2015 (₹ million)
A. Fund Based borrowings		
Term Loans		
Secured	58,000	36,744.74
Unsecured	-	-
Redeemable Non-Convertible debentures		
Secured	22,000	19,500
Unsecured	4,200	4,200
Working capital loans		
Secured	9,250	7,268.08
Unsecured	-	-
Commercial Papers		
Unsecured	-	-
Vehicle Loans		
Secured	11.52	11.52
Total	**93,461.52**	**67,724.35**
B. Non-Fund Based borrowings		
Bank guarantees	-	-
LCs	-	-

B. Borrowings of Hinduja Housing Finance Limited

Our subsidiary, Hinduja Housing Finance Limited was incorporated on April 15, 2015. HHFL does not have any outstanding secured and unsecured borrowings as of December 31, 2015.

HHFL has recently received a sanction of cash credit facilities aggregating upto ₹ 750 million and term loan facilities aggregating upto ₹ 4,750 million. HHFL intends to avail term loan facilities aggregating up to ₹ 500 million before March 31, 2016.

Principal terms of the borrowings availed of by us:

1. ***Interest:*** In terms of the loans availed of by us, the interest rate is typically base rate plus basis points as specified by a given lender.

2. ***Tenor:*** The tenor of the working capital limits typically ranges from nine months to 60 months and three to five years for a term loan.

3. ***Security:*** In terms of our secured borrowings, we are typically required to create security by way of hypothecation of book debts; designated assets on finance; loan and future receivables; and investments in pass-through certificates, charge on stock and movable fixed assets of our Company. There may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. *Re-payment:* Working capital facilities are typically repayable on maturity date. Some of our lenders typically have a right to modify or cancel the facilities without prior notice and require immediate repayment of all outstanding amounts. The repayment period for our term loan is in equal monthly, quarterly, half yearly instalments.

5. *Covenants:* Borrowing arrangements entered into by our Company typically contain certain covenants to be fulfilled by our Company, including:

a) Submission of financial statements to our lenders, within a specified period;

b) Notification to our lenders upon entering into any amalgamation, consolidation, demerger, merger and upon breach of any of the covenants of the borrowing arrangements;

c) Refraining from changing our Fiscal end from the date we have currently adopted, refraining from selling, letting out, transferring or disposing off all or substantial part of our assets without prior written consent of our lender and refraining from declaring dividends or distributing profits except where the instalments of principal and interest payable to a particular lender is being paid regularly and there are no irregularities in relation thereto;

d) Compliance of the financial covenants including in relation to maintenance of minimum net debt to EBITDA ratio, minimum tangible net worth, minimum fixed asset cover and maximum net gearing; and

e) Our Company cannot, without the prior approval of the lender, among other things, (i) effect any change in its capital structure or shareholding pattern; (ii) enter into any merger, consolidation, re-organisation, scheme of arrangement or compromise between our Company and its creditors or shareholders or if our Company effects any scheme of amalgamation or reconstruction; (iii) divert funds for purposes other than the sanctioned purpose; (iv) change our management structure or control of our Company; (iv) amend our constitutional documents.

6. *Events of Default:* Borrowing arrangements entered into by our Company contain standard events of default, including:

a) Change in constitution of our Company which would in the opinion of the lender would adversely affect the interest of the bank;

b) Cross defaults;

c) Material adverse change to the business, assets or condition of our Company which is likely to have a material adverse effect on the financial condition of our Company; and

d) Breach of the obligations under any term of the relevant agreement or any other borrowing agreement entered into by our Company.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

SECTION VI – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings involving our Company, Subsidiary, Directors, Promoters or Group Company; (ii) actions taken by statutory or regulatory authorities against our Company, Subsidiary, Directors, Promoters or Group Company; and (iii) outstanding claims involving our Company, Subsidiary, Directors, Promoters or Group Company for any direct and indirect tax liabilities; (iv) no inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company or Subsidiary during the last five years immediately preceding the year of this Draft Red Herring Prospectus, (v) no fines imposed on or compounding of offences by our Company or Subsidiary; (vi) prosecutions filed (whether pending or not); fines imposed or compounding of offences for our Company and Subsidiary, in the last five years immediately preceding the year of this Draft Red Herring Prospectus; (vii) litigation or legal action against our Promoters by any ministry or Government department or statutory authority during the last five years immediately preceding this Draft Red Herring Prospectus; (viii) no material frauds committed against our Company, in each case in the five years preceding the date of this Draft Red Herring Prospectus; (ix) outstanding dues to creditors of our Company as determined to be material by our Company's Board of Directors in accordance with the SEBI ICDR Regulations; (x) outstanding material civil litigation involving our Company, Group Company and Directors and any other litigation involving our Company, Group Company and Directors, whose outcome may adversely impact our Company; and (xi) dues to small scale undertaking and other creditors. Further, there have been no proceedings initiated against our Company for economic offences, defaults in respect of dues payable dues.

Details of other legal proceedings, determined to be material by our Board of Directors pursuant to their resolution dated February 12, 2016 and currently pending involving our Company are set forth below. Pursuant to the SEBI ICDR Regulations, for the purposes of disclosure, all other pending litigation involving our Company, Subsidiary, Directors, Promoters and Group Company, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if the claim by or against the entity or person in any such pending matter has a potential financial liability of at least ₹ 50 million, which is about 0.55% of the Net worth of our Company for Fiscal 2015.

I. Litigation involving our Company

A. Outstanding criminal litigation involving our Company

(i) Criminal proceedings against our Company

a. A writ petition was filed before the High Court at Allahabad, Lucknow Bench, by Mr. Ram Ujagir Mishra against, the District Magistrate, Amethi, Superintendant of Police, district – Amethi and the branch manager of the Sultanpur branch of our Company. The petitioner alleged that he was unable to deposit more than three instalments aggregating to approximately ₹ 2.3 million, as he had been ill, and that our Company had allegedly illegally seized his vehicle on June 20, 2013 and all documents in relation thereto, without giving the petitioner any prior notice. The Petitioner further stated that he had filed the writ petition as the concerned police authorities had refused to lodge a first information report ("**FIR**") against our Company and the concerned employees. The police authorities and the District Magistrate, Amethi, had also refused to take cognisance of the matter. The matter was admitted by the High Court, Lucknow Bench, with directions by an order to the Amethi police to take appropriate action against our Company in case it was found that our Company forcibly seized the vehicle from the petitioner. An FIR in relation to the matter has been submitted before the High Court, Lucknow Bench and our Company has also filed a written statement in relation thereto. The vehicle is presently in the custody of our Company and the matter is pending adjudication before the Allahabad High Court.

b. A customer, Mr. L. Roson Sharma, has filed a criminal complaint no. (593/2014) before the Chief Judicial Magistrate, Silchar, Assam alleging criminal breach of trust, cheating and misappropriation of funds against, among others, the Managing Director of our Company, the former chairman of our Company and one of our former employees, on the ground that, among other things, a cheque for ₹ 0.19 million, handed to the former employee was encashed by the former employee and was not credited to the customer's loan account and a further sum of ₹ 0.32 million paid in cash by the customer on January 7, 2012 was allegedly misappropriated by the former employee and was not credited to the customer's loan account. The complaint also alleges that our Company illegally repossessed and sold the vehicle, subsequently notifying the customer for defaulting on the loan repayment. An FIR dated February 12, 2014 has also been filed by the customer against the former employee, our Managing Director and our former chairman. Our Company has obtained absolute bail for our employee, our Managing Director and the former chairman. We have also filed criminal petition no. (641/2014) filed on August 12, 2014, before the Guwahati High Court, to quash the FIR and criminal proceedings initiated against us under section 482 of the Code of Criminal Procedure, 1973 ("**CrPC**"). The total amount involved in the matter is ₹ 0.51 million.

c. Our Company and one of our employees have been made party to criminal complaint no. (5050/2014) initiated before the additional chief metropolitan magistrate - III, Kanpur, by a third party, against one of our customers, Mr. Ram Krishna Tripathi, for not issuing a receipt after receiving the funds, for non-receipt of funds by the third party from our customer pursuant to the bouncing of a cheque due to non-availability of funds in the customer's account. We have filed criminal miscellaneous application no. (15622/2015) under section 482 of the CrPC to quash the criminal proceedings initiated against us. The High Court of Allahabad has allowed our criminal miscellaneous application and also ordered that no coercive action be taken against us until the next date of listing. The matter is currently pending listing.

d. A criminal complaint has been filed before the Additional Chief Judicial Magistrate/ Additional Civil Judge, 1st, Faizabad, by a customer, Mr. Ehrah Khan, against, among other persons, our Company, our Managing Director and our COO, in relation to, among other things, alleged unlawful seizure and repossession of vehicles and non-issuance of receipt for money paid to an employee at one of our Company's branch offices.

e. A criminal complaint (106/2014) has been filed before the Chief Judicial Magistrate, Bongaigaon, by a customer, Mr. Safiul Hoque, against, among other persons, certain employees of our Company, in relation to unlawful seizure of a vehicle, criminal breach of trust, misappropriation of property, criminal intimation and theft. The matter is currently pending before the District Judge, Bongaigaon.

f. An FIR (50/14) dated March 15, 2014, has been filed by a customer, Mr. Ranendra Mushahary, against one of our employees Company, for the alleged repossession and sale of two of his vehicles and allegedly creating false documents by misusing blank papers signed by the customer at the time of obtaining a loan from our Company. The matter is currently pending.

g. A criminal complaint no. (1337/2014) was filed before the Judicial First Class Magistrate Court, Changanachery against one of our employees, by a customer, Mr. Aneesh Kumar, alleging unlawful repossession and cheating. The High Court of Kerala, granted an interim stay on all proceedings in the matter from time to time and subsequently disposed of the criminal miscellaneous application (9005/2015) filed by us. The matter is currently pending before the Judicial First Class Magistrate Court, Changanachery.

h. Criminal complaint no. (25/2015), filed by the State of Kerala, against one of our employees, currently pending before the Chief Judicial Magistrate, Pathanamthitta, for alleged violation of the provisions of the Kerala Money Lender's Act and Kerala Prohibition of Charging Exorbitant Interest Act. The High Court of Kerala by order dated July 17, 2015, directed the investigating officer to file an affidavit explaining the allegations made in the criminal complaint and further granted an interim stay on all proceedings in the matter pending the filing of the affidavit.

i. Criminal complaint no. (2931/2014) was filed against one of our employees and our Company by a customer, Bulbul Hussain Barbhuiya, alleging that our employee did not credit the payment collected from the customer to the customer's account. The case is pending investigation and the Court of Additional Sessions Judge, Silchar while disposing of the criminal miscellaneous case no. (156/2015), granted anticipatory bail to our employee.

j. Criminal complaint no. (1241/2015) was filed against one of our employees and our Company, by a customer, Mr. Sahid Ahmed Khan, alleging that our employee did not credit the payment collected from the customer to the customer's account and that the employee has misappropriated funds. The matter is currently pending before the Chief Judicial Magistrate, Silchar.

k. Criminal complaint no. (617/2015) filed against one of our employees and our Company, by a customer, Mr. Kabir Ahmed, alleging unlawful repossession. The Court of ADM, Cachar by its order dated June 17, 2015 directed the recovery and return of the vehicle to the customer. Pursuant to a criminal revision petition no. (133/2015) filed by us in the matter, the Court of Sessions Judge, Cachar, has ordered a stay on the operation of its order. The matter is currently pending.

l. A criminal complaint (11/2013) was filed before the Judicial Magistrate, Silchar, Cachar by a customer, Mr. Dhirendra Singh Chatri, against one of our employees and our Company for alleged unlawful repossession of the customer's vehicle, harassment and causing a loss of ₹ 0.5 million to the customer. The matter is currently pending before the Court of Judicial Magistrate 1st Class/Munseef-2, Silchar, Cachar.

m. An FIR (62/12) dated March 14, 2012, has been filed by the attorney of one of our customers, Mr. Mantu Naskar, against two of our employees for alleged unlawful and forceful repossession of the customer's vehicles and for assaulting the customer. A charge sheet no. (67/2012) dated March 31, 2012 has been filed before the additional chief judicial magistrate, Chandernagore. The matter is currently pending.

(ii) *Criminal proceedings by our Company*

a. Our Company has filed nine criminal complaints against location managers/collection executives of some of its branch offices located in the States of Gujarat, Tamil Nadu, Orissa, Andhra Pradesh, East Assam and Kerala, for committing fraud and misappropriation of funds aggregating to ₹ 15.66 million. Our Company has filed FIRs against the accused in each of the seven complaints and investigation is under progress for each of these complaints.

b. There are 861 cases filed by our Company against various entities across the country under the provisions of the Negotiable Instruments Act, 1881. All these matters have been filed in order to recover sums due to our Company for which cheques issued in favour of our Company were dishonoured. The total value involved in all these matters is approximately ₹ 199 million.

c. Additionally, there are 94 matters filed by our Company against various parties across India, including criminal complaints and criminal appeals filed by our Company and pending at various levels of adjudication before various courts and tribunals. These cases typically pertain to cheating and criminal breach of trust.

B. Outstanding Civil litigation involving our Company

There are no outstanding cases pertaining to the recovery of possession of hypothecated vehicles, injunctions against seizure of hypothecated vehicles, suits filed by customers declaring themselves as insolvent or any civil, consumer or arbitration cases initiated by or against our Company which involves a pecuniary liability of ₹ 50 million or more nor any outstanding litigation wherein monetary liability is not quantifiable, whose outcome would have a bearing on the operations or performance of our Company.

C. Pending action by statutory or regulatory authorities against our Company

As of the date of this Draft Red Herring Prospectus, there is no pending action by statutory or regulatory authorities against our Company.

D. Tax proceedings against our Company

(i) Direct tax proceedings

There is one income tax proceeding pending against our Company in relation to payment of fees to the RoC for increase in authorised share capital for assessment year 2012-2013 and the total financial implication on our Company is ₹ 7.62 million.

(ii) Indirect Tax Proceedings

There are six indirect tax proceedings pending against our Company, before various adjudicating authorities of Odisha, Rajasthan and Andhra Pradesh, in relation to, among other things, value added tax on sale of motor vehicles, and the total financial implication on our Company pursuant to such claims is ₹ 12.81 million.

E. Proceedings initiated against our Company for economic offences

As of the date of this Draft Red Herring Prospectus, there are no proceedings initiated against our Company for any economic offences.

F. Default and non – payment of statutory dues

Except as stated in "***Financial Information***" on page 224, our Company does not have any statutory dues and has not made any defaults or committed any acts involving non-payments of its statutory dues.

G. Material frauds against our Company

Details of material frauds committed against our Company in the five years preceding the date of this Draft Red Herring Prospectus are as follows:

(₹ in million)

S. No.	Period of Occurrence	Amount Involved	Brief Description	Action Taken by our Company
1.	Fiscal 2015	3.80	Fraud in respect of loans pertaining to vehicle finance	Reported to the RBI
2.	Fiscal 2014	6.57	Fraud in respect of loans pertaining to vehicle finance	Reported to the RBI
3.	Fiscal 2013	13.49	Fraud in respect of loans pertaining to vehicle finance	Reported to the RBI
4.	Fiscal 2011	3.42	Fraud in respect of loans pertaining to vehicle finance	Company initiated legal action

H. Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 against our Company in the last five years, and no prosecution has been filed, or fines imposed, or compounding done by our Company under the Companies Act, 2013 or the Companies Act, 1956 in the last five years.

I. Outstanding dues to small scale undertakings or any other creditors

As of September 30, 2015, our Company had creditors, to whom a total amount of ₹ 4.64 million was outstanding. There were no material creditors to whom an amount exceeding ₹ 10 million is outstanding, as determined to be material by our Board of Directors. For further details, see www.hindujaleylandfinance.com.

Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, www.hindujaleylandfinance.com, would be doing so at their own risk.

J. Outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company

There are no outstanding litigation, suits, criminal or civil proceedings, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule V of the Companies Act, 2013, show cause notices or legal notices against any other person or company whose outcome could affect the operation or finances of our Company or have a material adverse effect on the position of our Company.

II. Litigation involving our Subsidiary

Hinduja Housing Finance Limited ("HHFL")

There are no outstanding civil, criminal or tax proceedings initiated by or against HHFL. There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956, against HHFL since incorporation, and no prosecution has been filed, or fines imposed, or compounding done by HHFL under the Companies Act, 2013 or the Companies Act, 1956, since incorporation. Further, there are no pending actions by statutory or regulatory authorities against HHFL.

III. Litigation involving our Directors

1. Litigation involving Mr. S. Nagarajan

A. Outstanding criminal litigation involving Mr. S. Nagarajan

Criminal proceedings against Mr. S. Nagarajan

For details see "***– Criminal proceedings against our Company***" page 390.

Other than as disclosed above, there are no criminal proceedings against any of the Directors.

B. Pending action by statutory or regulatory authorities against the Directors

There are no pending actions initiated by statutory or regulatory authorities against the Directors.

C. Tax proceedings against the Directors

Direct tax proceedings

There are no income tax proceedings pending against any of the Directors.

Indirect Tax Proceedings

There are no indirect tax proceedings against any of the Directors.

D. Other material outstanding litigation involving the Directors

There are no material outstanding litigation involving the Directors.

IV. Litigation involving our Promoters

In addition to outstanding criminal proceedings involving our Promoters, all outstanding litigation involving our Promoters, where the aggregate amount involved exceeds ₹ 50 million, has been disclosed below in this section.

1. Litigation involving ALL

A. Outstanding criminal litigation involving ALL

Criminal proceedings against ALL

CBI has initiated criminal proceedings by special case no. (18/2011) against five employees of ALL. It is alleged that these employees were engaged in criminal conspiracy along with representatives of the Technical Directorate, Central Institute of Road Transport, Pune to fabricate the laboratory testing report of plywood used in manufacture of buses supplied to the Delhi Transport Corporation. A charge sheet has been filed against these employees before the Special Judge, Pune, for alleged criminal conspiracy, cheating and forgery.

Criminal proceedings by ALL

There are four cases filed by ALL against R.A. Powergen across the country under the provisions of the Negotiable Instruments Act, 1881. All these matters have been filed in order to recover sums due to ALL for which cheques issued in favour of ALL were dishonoured. The total value involved in all these matters is approximately ₹ 25.81 million.

B. Pending action by statutory or regulatory authorities against ALL

Nil

C. Tax proceedings against ALL

Direct tax proceedings

There are 21 direct tax proceedings pending against ALL and the total financial implication on ALL pursuant to such claims is ₹ 2,343.01 million.

Indirect Tax Proceedings

There are 129 notices pertaining to various indirect tax issues such as disallowance of cenvat credit, demand for duty clearances, denial of exemption for clearances and disallowance and denial of service tax credit, which have been issued against ALL and are pending before various adjudicating authorities. The total financial implication on ALL pursuant to such claims is ₹ 986.90 million.

D. Other material outstanding litigation involving ALL

Civil Proceedings against ALL

1. Tam Tam Pedda Guruva Reddy has filed a complaint (U.T.P.E. No. 81 of 2001) before the Competition Appellate Tribunal, New Delhi against ALL alleging that ALL had misrepresented to the complainant and provided defective vehicles. This complaint was originally filed before the MRTP Commission alleging that ALL has been indulging in unfair trade practices under the MRTP Act, 1969.The complainant subsequently filed an application for amendment of the petition to enhance the claim amount to ₹ 1,196.2 million and simple interest at the rate of 24% per annum on all claims towards the unproductive 40 vehicles purchased. The complaint is currently pending before the Competition Appellate Tribunal, New Delhi.

2. A claim under miscellaneous civil application no. (858/2015) has been filed by an ex dealer, NS Auto, Nagpur, against ALL, to obtain an injunction against ALL seeking *inter alia* to have ALL furnish a security of ₹ 200 million. The case is pending before the Nagpur District Court. Presently the matter is

pending before the Civil Court at Nagpur. NS Auto, Nagpur has also filed another miscellaneous civil application no. (1069/2015) before the Nagpur bench of the Bombay High Court for appointment of arbitrators for the resolution of disputes between itself and ALL.

Civil proceedings by ALL

ALL has initiated arbitration proceedings against the Delhi Transport Corporation with a monetary claim amounting to ₹ 4,450.28 million. The Delhi Transport Corporation has filed a counter claim amounting to ₹ 1,367.54 million against ALL. The matter is currently sub-judice before the arbitral tribunal.

E. Litigation or legal action by the Government of India or any statutory authority in last five years

1. On February 3, 2011, the MCA conducted an inspection in connection with corporate compliance by ALL. The MCA noted certain violations of the Companies Act, 1956, including delays in share allotments in certain of ALL's joint ventures and delays in the filing of certain statutory forms and reporting certain events to the MCA, and certain related party transactions entered into without requisite government approval. ALL responded to the inspection report, pursuant to which the MCA, by its letter dated November 19, 2013, without imposing any penalty, directed ALL to ensure compliance with the Companies Act in future.

2. The Deputy Collector, Ahmedabad had issued notices to ALL, claiming a deficit stamp duty (under the Bombay Stamp Act, 1958) of ₹ 85.71 million pertaining to registration of two debenture trust deeds by ALL. ALL had filed two special civil applications before the Gujarat High Court, against the show cause notices issued by the Deputy Collector, Ahmedabad. The Gujarat High Court, by a common order dated February 23, 2010, decided the matter in favour of ALL.

Except as stated above, there has been no inquiry, inspection or investigations initiated or conducted against ALL under the Companies Act, 2013 or any previous company law in the last five years. Further, there have not been any prosecutions filed (whether pending or not), fines imposed, compounding of offences under the Companies Act, 2013 or any previous company law, in the last five years.

2. Litigation involving HPL

A. Outstanding criminal litigation involving HPL

(i) Criminal proceedings against HPL

Nil

(ii) Criminal proceedings by HPL

Nil

B. Pending action by statutory or regulatory authorities against HPL

Nil

C. Tax proceedings against HPL

Direct tax proceedings

Nil

Indirect Tax Proceedings

Nil

D. Other material outstanding litigation involving HPL

Nil

V. Litigation involving our Group Company

E. Outstanding criminal litigation involving HLF Services Limited

(i) Criminal proceedings against HLF Services Limited

Nil

(ii) Criminal proceedings by HLF Services Limited

Nil

F. Pending action by statutory or regulatory authorities against HLF Services Limited

Nil

G. Tax proceedings against HLF Services Limited

Direct tax proceedings

Nil

Indirect Tax Proceedings

Nil

H. Other material outstanding litigation involving HLF Services Limited

Nil

Material developments since the last balance sheet date

To our knowledge, no circumstances have arisen since September 30, 2015, the date of the last Restated Financial Information disclosed in this Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect, our operations or profitability taken as a whole, the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

Except as stated in "***Management's Discussion and Analysis of Financial Condition and Results of Operation – Significant Developments after September 30, 2015, that may affect our future results of operations***" on page 387, there is no development subsequent to September 30, 2015, that is expected to have a material impact on our reserves, profits, earnings per share and book value.

GOVERNMENT AND OTHER APPROVALS

On the basis of the list of material approvals provided below, our Company can undertake the Offer and our Company and our Subsidiary can undertake each of their respective current business activities and other than as stated below, no further approvals from any regulatory authority are required to undertake the Offer or continue such business activities. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus.

I. APPROVALS IN RELATION TO THE OFFER

See "***Other Regulatory and Statutory Disclosures – Authority for the Offer***" on page 400 for approvals and authorizations in relation to the Offer.

II. APPROVALS FOR OUR COMPANY

A. Material licenses and approvals obtained by our Company

We require various approvals to carry on our business in India. We have received the following major Government and other approvals pertaining to our business:

a. Incorporation Details

(i) Certificate of incorporation dated November 12, 2008 issued to our Company by the RoC.

(ii) Certificate of commencement of business dated March 4, 2009 issued to our Company by the RoC.

b. Regulatory Approvals

(i) Certificate of registration (No. N-07-00782) dated March 22, 2010 under section 45 IA of RBI Act, 1934 from the RBI to commence/ carry on the business of a non-banking financial institution without accepting public deposits. Further, the RBI has classified our Company as an asset finance company and has issued a certificate of registration (No. N-07.00782) dated May 12, 2014, under Section 45IA of RBI Act, 1934 to carry on the business of non-banking financial institution - Asset Finance Company.

"*The company is having a valid Certificate of Registration dated March 22, 2010, issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/discharge of liabilities by the company.*"

c. Approvals from Tax Authorities

(i) The permanent account number of our Company is AACCH1807P.

(ii) The tax deduction account number of our Company is CHEH04494A.

(iii) The service tax registration number of our Company is AACCH1807PSD001.

(iv) The TIN number of our Company is 08732115333.

(v) Our Company has several branches in various states falling under the respective profession tax legislations. Accordingly, our Company has obtained various licenses and registrations including professional tax which are required to operate our branches. Certain approvals / licenses may have lapsed in their normal course and our Company has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications. Further, our Company applies for/obtains VAT and TIN registrations for its branches in various states (wherever required) in its normal course of business.

d. Other Approvals

(i) Letter dated September 5, 2015 from the Employees' Provident Fund Organization, Regional Office, Chennai, with respect to applicability of the EPF Act to our Company and allotting EPF Code number of TBTAM0062329000 to our Company.

(ii) Our Company has obtained registrations in the normal course of business for its branches across various states in India under the applicable shops and establishments laws, employees' provident fund organisation and trade license legislations. Certain licenses may have lapsed under their normal course and our Company has either made an application to the appropriate authorities for fresh registrations or renewal of existing registrations or is in the process of making such applications.

III. APPROVALS FOR OUR SUBSIDIARY

Hinduja Housing Finance Limited ("HHFL")

A. Material licenses and approvals obtained by HHFL

a. Incorporation Details

(i) Certificate of incorporation dated April 15, 2015 issued to HHFL by the RoC.

b. Regulatory Approvals

(i) Certificate of Registration (No. 09.0129.15) dated September 30, 2015, under Section 29A of the National Housing Bank Act, 1987 from the National Housing Board to commence/carry on the business of a housing financial institution, without accepting public deposits.

c. Approvals from Tax Authorities

(i) The permanent account number of HHFL is AADCH6010R

(ii) The tax deduction account number of HHFL is CHEH05921G.

d. Other Approvals

As of the date of filing of this Draft Red Herring Prospectus and HHFL is yet to apply for its service tax registration number, professional tax registration number, registration under the EPF Act. HHFL will apply for registration under applicable shops and establishments laws, trade license registrations, if applicable, as and when required.

For more information on our intellectual property registrations, see "***Business – Intellectual Property***" on page 170.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

Our Board has, pursuant to its resolution dated February 12, 2016, authorized the Offer, subject to the approval of the Equity Shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013. Our Equity Shareholders have, pursuant to a resolution dated March 23, 2016 under Section 62(1)(c) of the Companies Act, authorized the Offer.

Approvals from the Investor Selling Shareholder

The Investor Selling Shareholder has, by a board resolution dated December 7, 2015, approved the transfer of upto 26,608,810 of Equity Shares held by the Investor Selling Shareholder in the Company, pursuant to the Offer for Sale.

The Investor Selling Shareholder has confirmed that the Equity Shares held by it in our Company and proposed to be offered by it in the Offer for Sale, have been held for a continuous period of at least one year prior to the filing of this Draft Red Herring Prospectus and are, accordingly, eligible for being offered in accordance with Regulation 26(6) of the SEBI ICDR Regulations.

In-principle Listing Approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI, the RBI or Governmental Authorities

None of our Company, our Promoters, members of our Promoter Group, our Directors, Group Company, entities in control of our Promoters and persons in control of our Company are or have been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority. Neither our Promoters, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI or any other governmental authorities.

The Investor Selling Shareholder confirms that it and its persons in control have not been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors are in any manner associated with the securities market and there is or has been no action taken by SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

Neither our Company, nor any of our Promoters, nor our Group Company, nor our Directors, are or have been identified as wilful defaulters by the RBI or any other governmental authorities.

The Investor Selling Shareholder confirms that it has not been identified as a wilful defaulter by the RBI or any other governmental authority. There are no violations of securities laws committed by the Investor Selling Shareholder in the past, and no such proceedings are currently pending against it.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 26(1) of the SEBI ICDR Regulations, as set forth below:

- our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each) of which not more than 50% of net tangible assets are monetary assets;

- our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on a restated and consolidated basis during the three most profitable years out of the immediately preceding five years;

- our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);

- the aggregate size of the proposed Offer and all previous issues made in the same Fiscal is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding Fiscal; and

- our Company has not changed its name during the last one year.

Our Company's pre-tax operating profit, net worth and net tangible assets derived from the restated financial information included in this Draft Red Herring Prospectus as of, and for the last five years ended, March 31, 2015 are set forth below:

(₹ *in million*)

Particulars	Fiscal				
	2015	2014	2013	2012	2011
Net tangible assets, as restated	57,904.50	37,145.84	29,163.23	20,880.25	11,432.72
Pre-tax operating profit, as restated	1,687.37	1,203.90	1,310.78	1,249.62	374.51
Net worth, as restated	9,066.83	7,940.44	5,189.81	4,322.63	2,484.32

Source: Audited Restated Standalone Financial Information, summary balance sheet, as restated and statement of profit and loss, as restated of our Company, as of and for the respective periods.

(i) 'Net tangible assets' means the sum of all net assets (including capital work in progress) of our Company excluding intangible assets (as defined in Accounting Standard 26) and deferred tax assets.

(ii) 'Pre-tax operating profit/(loss)' has been defined as restated profit/(loss) before tax excluding restated other income.

(iii) 'Net worth' has been defined as Equity Share capital plus reserves and surplus (including, security premium, general reserve, foreign currency translation reserve, stock option outstanding and surplus/ (deficit) in Statement of Profit and Loss).

Fiscals 2015, 2014 and 2013 are the three most profitable years out of the immediately preceding five Fiscals in terms of our Restated Financial Information.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000, failing which the entire application monies shall be refunded forthwith. The Investor Selling Shareholder shall not be liable to reimburse any expenses towards refund or any interest thereon, unless the failure or default or delay, as the case maybe, is solely on account of the Investor Selling Shareholder in relation to the Offer for Sale Shares.

Our Company is in compliance with conditions specified in Regulation 4(2) of the SEBI ICDR Regulations to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED, SBI CAPITAL MARKETS LIMITED AND YES SECURITIES INDIA LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE

REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, BEING AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED, SBI CAPITAL MARKETS LIMITED AND YES SECURITIES INDIA LIMITED, HAVE FURNISHED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA A DUE DILIGENCE CERTIFICATE DATED MARCH 29, 2016, WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

   A. **THIS DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

   B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., FRAMED/ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   C. **THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA AND UNTIL DATE SUCH REGISTRATION IS VALID;**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – <u>NOTED FOR COMPLIANCE</u>;**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM**

PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THIS DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS DRAFT RED HERRING PROSPECTUS - <u>COMPLIED WITH AND NOTED FOR COMPLIANCE;</u>

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS – <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>;**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION WILL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER – <u>NOT APPLICABLE</u>;**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION - <u>COMPLIED WITH</u>;**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE INVESTOR SELLING SHAREHOLDER SPECIFICALLY CONTAINS THIS CONDITION – <u>NOTED FOR COMPLIANCE</u>; <u>ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013</u>**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS THAT THE BIDDERS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – <u>NOT APPLICABLE</u>. <u>UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER WILL BE ISSUED IN DEMATERIALISED FORM ONLY</u>;**

11. **WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS:**

    a. **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**

    b. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER - NOTED FOR COMPLIANCE;**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.;**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THIS DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY;**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR;**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS CERTIFIED BY N. VENKATARAMAN & CO., CHARTERED ACCOUNTANTS (FIRM REGISTRATION NUMBER: 013764S) PURSUANT TO ITS CERTIFICATE DATED MARCH 29, 2016;**

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE). – NOT APPLICABLE.**

The filing of this Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Draft Red Herring Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the RHP with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26 and 32 of the Companies Act, 2013.

Price Information of Past Issues handled by the BRLMs

1. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Cap*

S. No.	Issue name	Issue size (₹ in million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % Change in closing price, (% change in closing benchmark) - 30th calendar day from listing	+/- % Change in closing price, (% change in closing benchmark) - 90th calendar day from listing	+/- % Change in closing price, (% change in closing benchmark) - 180th calendar day from listing
1.	Narayana Hrudayalaya Limited	6,130.82	250	06-Jan-16	291.00	+28.76% [-4.35]	-	-
2.	Alkem Laboratories Limited[1]	13,477.64	1,050	23-Dec-15	1,380.00	+30.34% [-7.49]	+28.60% [-2.06]	-
3.	Coffee Day Enterprises Ltd	11,500.00	328	02-Nov-15	317.00	-21.42% [-1.19]	-20.76% [-6.15	-
4.	Pennar Engineered Building Systems Limited	1,561.90	178	10-Sept-15	177.95	-5.93% [+5.16%]	-11.26% [-1.11%]	-17.39% [-3.89%]
5.	Navkar Corporation Limited	6,000.00	155	9-Sept-15	152.00	+0.97% [+3.97%]	+26.00% [-0.68%]	+6.29% [-4.26%]
6.	Syngene International Limited	5,500.00	250	11-Aug-15	295.00	+36.00% [-7.61%]	+44.90% [-6.47%]	+57.20% [-12.70%]
7.	UFO Moviez India Limited	6,000.00	625	14-May-15	600.00	-11.68% [-2.93%]	-3.18% [+2.90%]	-18.27% [-3.76%]
8.	Inox Wind Limited[2]	10,205.30	325	9-Apr-15	400.00	+28.54% [-6.68%]	+42.42% [-3.05%]	+11.20% [-7.51%]
9.	Monte Carlo Fashions Limited	3,504.30	645	19-Dec-14	584.00	-26.20% [+3.96%]	-23.57% [+5.60%]	-20.88% [-2.16%]

Source: www.nseindia.com
[1]*Price for eligible employees was ₹ 950.00 per equity share.*
[2]*Price for retail individual bidders and eligible employees was ₹ 310.00 per equity share.*

Notes:
a. The CNX NIFTY is considered as the Benchmark Index.
b. Price on NSE is considered for all of the above calculations.
c. In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.
d. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. *Summary statement of price information of past issues handled by Axis Cap*

Financial year	Total no. of IPOs	Total funds raised (₹ in million)	Nos. of IPOs trading at discount – as on 30th calendar day from listing			Nos. of IPOs trading at premium – as on 30th calendar day from listing			Nos. of IPOs trading at discount – as on 180th calendar day from listing			Nos. of IPOs trading at premium – 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2015-2016*	8	60,375.66	0	0	3	0	4	1	0	0	2	1	0	2
2014-2015	1	3,504.30	0	1	0	0	0	0	0	0	1	0	0	0
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

3. *Price information of past issues handled by I-Sec*

S. No.	Issue name	Issue size (₹ in million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % Change in closing price, (% change in closing benchmark) - 30th calendar day from listing	+/- % Change in closing price, (% change in closing benchmark) - 90th calendar day from listing	+/- % Change in closing price, (% change in closing benchmark) - 180th calendar day from listing
1.	Shemaroo Entertainment Limited	1,200.00	170.00 (1)	01-Oct-14	180.00	-5.74%, [+2.81%]	-5.88%, [+3.79%]	+5.85%, [+6.88%]
2.	Wonderla Holidays Limited	1,812.50	125.00	09-May-14	160.00	+72.92% [+11.60%]	+78.96%, [+11.86%]	+162.32%, [+21.57%]
3.	VRL Logistics Limited	4,678.78	205.00	30-Apr-15	288.00	+50.90%, [+3.08%]	+85.49%, [+1.90%]	+100.90%, [+0.97%]
4.	PNC Infratech Limited	4,884.41	378.00	26-May-15	387.00	+0.32%, [+0.26%]	+14.66%, [-6.36%]	+42.72% [-5.88%]
5.	Manpasand Beverages Limited	4,000.00	320.00	09-Jul-15	300.00	+23.20%, [+2.83%]	+36.53%, [-2.11%]	+58.34%, [-6.45%]
6.	Sadbhav Infrastructure Project Limited	4,916.57	103.00	16-Sep-15	111.00	-2.28%, [+3.55%]	-5.63, [-3.15]	-14.56%, [-4.56%]
7.	Teamlease Services Limited	4,236.77	850.00	12-Feb-16	860.00	15.34%, [+7.99%]	-	-
8.	Quick Heal Technologies Limited	4,512.53	321.00	18-Feb-16	305.00	-31.56%, [+5.74%]	-	-

(1) Discount of ₹ 17 per equity share offered to retail investors. All calculations are based on offer price of ₹ 170.00 per equity share.

Notes:

1. *All data sourced from www.nseindia.com*
2. *Benchmark index considered is NIFTY*
3. *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day.*

4. *Summary statement of price information of past issues handled by I-Sec*

Financial year	Total no. of IPOs	Total funds raised (₹ in million)	Nos. of IPOs trading at discount – as on 30th calendar day from listing			Nos. of IPOs trading at premium – as on 30th calendar day from listing			Nos. of IPOs trading at discount – as on 180th calendar day from listing			Nos. of IPOs trading at premium – 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2015-16	6	27,229.06	-	1	1	1	-	3	-	-	1	2	1	-

Financial year	Total no. of IPOs	Total funds raised (₹ in million)	Nos. of IPOs trading at discount – as on 30th calendar day from listing			Nos. of IPOs trading at premium – as on 30th calendar day from listing			Nos. of IPOs trading at discount – as on 180th calendar day from listing			Nos. of IPOs trading at premium – 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2014-15	2	3,012.50	-	-	1	1	-	-	-	-	-	1	-	-
2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note:

Details provided above are as of March 29, 2016.

5. Price information of past issues handled by SBICAPS

S. No.	Issue name	Issue size (₹ in million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % Change in closing price, (% change in closing benchmark) - 30th calendar day from listing	+/- % Change in closing price, (% change in closing benchmark) - 90th calendar day from listing	+/- % Change in closing price, (% change in closing benchmark) - 180th calendar day from listing
1.	Repco Home Finance Limited	2,702.32	172.00[(1)]	April 1, 2013	159.95	-0.64% [+3.96%]	+44.24% [+3.41%]	+41.19% [+2.26%]
2.	Monte Carlo Fashions Limited	3,504.30	645.00	December 19, 2014	585.00	-26.53% [+3.25%]	-23.37% [+4.57%]	-21.01% [-2.50%]
3.	Navkar Corporation Limited	6,000.00	155.00	September 9, 2015	152.00	+0.71% [+4.38%]	+25.81% [-0.74%]	+6.13% [-4.12%]
4.	Prabhat Dairy Limited	3,561.88	115.00	September 21, 2015	115.00	+11.78% [+3.57%]	+30.83% [-1.79%]	-5.48% [-4.67%]
5.	Precision Camshafts Limited	4,101.90	186.00	February 08, 2016	163.10	-14.68% [+1.53%]	NA	NA

Note: The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the next trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day. The Designated Exchange for the issue has been considered for the price and other details.

[(1)] Issue price for employees was Rs.156.00

6. Summary statement of price information of past issues handled by SBICAPS

Financial year	Total no. of IPOs	Total funds raised (₹ in million)	Nos. of IPOs trading at discount – as on 30th calendar day from listing			Nos. of IPOs trading at premium – as on 30th calendar day from listing			Nos. of IPOs trading at discount – as on 180th calendar day from listing			Nos. of IPOs trading at premium – 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2013-14	1	2,702.32	0	0	1	0	0	0	0	0	0	0	1	0
2014-15	1	3,504.30	0	1	0	0	0	0	0	0	1	0	0	0
2015-16	3	13,663.78	0	0	1	0	0	2	0	0	1	0	0	1

Note: The 30th and 180th calendar day computation includes the listing day. If the 30th and 180th calendar day is a trading holiday, the next trading day is considered for the computation.

7. Price information of past issues handled by YES Securities

S. No.	Issue name	Issue size (₹ in million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % Change in closing price, (% change in closing benchmark) - 30th calendar day from listing	+/- % Change in closing price, (% change in closing benchmark) - 90th calendar day from listing	+/- % Change in closing price, (% change in closing benchmark) - 180th calendar day from listing
1.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

8. *Summary statement of price information of past issues handled by YES Securities*

Financial year	Total no. of IPOs	Total funds raised (₹ in million)	Nos. of IPOs trading at discount – as on 30th calendar day from listing			Nos. of IPOs trading at premium – as on 30th calendar day from listing			Nos. of IPOs trading at discount – as on 180th calendar day from listing			Nos. of IPOs trading at premium – 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2014-2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2013-2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2012-2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Track records of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, see the websites of the BRLMs, mentioned below.

BRLMs	Website
Axis Cap	http://www.axiscapital.co.in
I-Sec	http://www.icicisecurities.com
SBICAPS	www.sbicaps.com
YES Securities	www.yesinvest.in

Caution – Disclaimer from our Company, our Directors, the Investor Selling Shareholder and the BRLMs

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.hindujaleylandfinance.com, or the respective websites of our Promoters and Promoter Group and Group Company, would be doing so at his or her own risk. The Investor Selling Shareholder, its directors, affiliates, associates and officers accept no responsibility for any statements or undertakings made other than those which are specifically "confirmed" or "undertaken" by the Investor Selling Shareholder in relation to it and/or to the Equity Shares offered by the Investor Selling Shareholder through the Offer for Sale.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement, entered into by and among the BRLMs, the Investor Selling Shareholder and our Company, and the Underwriting Agreement to be entered into by and among the Underwriters, the Investor Selling Shareholder and our Company.

All information shall be made available by our Company and the BRLMs to the Bidders and public at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company, the Investor Selling Shareholder nor any member of the Syndicate shall be liable to the Bidders for any failure in uploading the Bids, due to faults in any software or hardware system, or otherwise.

The BRLMs and their respective associates may engage in transactions with, and perform services for our Company, the Investor Selling Shareholder and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or the Investor Selling Shareholder or their respective affiliates or associates for which they have received, and may in future receive compensation.

Bidders that bid in the Offer will be required to confirm, and will be deemed to have represented to our Company, our Promoters, Promoter Group, Group Company, the Investor Selling Shareholder, the Underwriters and their respective group companies, directors, officers, agents, affiliates and representatives, severally and not jointly, that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares, and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, our Promoters, Promoter Group, Group Company, the Investor Selling Shareholder, the Underwriters and their respective group companies, directors, officers, agents, affiliates and representatives, severally and not jointly, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, other corporate bodies and societies registered under the applicable law in India and authorized to invest in equity shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorized under their constitution to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act, 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible NRIs, AIFs, FPIs and QIBs. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Chennai, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of the Investor Selling Shareholder from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares Allotted in the Offer have not been and will not be registered under the U.S. Securities Act, 1933 ("U.S. Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States. Accordingly, such Equity Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable law of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable law of such jurisdiction.

Bidders are advised to ensure that any single bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The disclaimer clause as intimated by NSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporate Finance Department, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed, will be delivered for registration to the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration to the RoC situated at the address mentioned below.

The Registrar of Companies, Chennai
Block No.6,B Wing 2nd Floor
Shastri Bhawan 26, Haddows Road
Chennai 600 034, India

Listing

Application has been made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares being offered and sold in the Offer and [●] is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by the Stock Exchanges, our Company and the Investor Selling Shareholder shall forthwith repay, without interest, all monies received from the Bidders in reliance of the Red Herring Prospectus as required by applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. In this regard, it is clarified that the Investor Selling Shareholder shall not be liable to pay interest for any delay, unless such delay has been caused solely by such Investor Selling Shareholder in relation to their respective proportion of the Offered Shares.

If Allotment does not occur within six Working Days from the Bid/Offer Closing Date, or within such timeline as prescribed by SEBI, we shall repay without interest all monies received from bidders within the timelines prescribed under applicable law, failing which, we, as well as our Directors, who would be officers in default, shall, jointly and severally, be liable to repay that money with interest at the rate of 15% p.a. for the period of delay.

Consents

Consents in writing of (a) the Investor Selling Shareholder, our Directors, our company secretary and compliance officer, our CFO, the Auditors, the legal counsels, the Bankers to our Company, the Bankers to the Offer, lenders (where such consent is required), industry sources, customers/other third parties (where names of such customers/third parties have been disclosed); and (b) the BRLMs, the Syndicate Members and the Registrar to the Offer to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC.

Our Company has received written consent from, M/s B S R & Co. LLP, Chartered Accountants, our Auditors, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Auditor on the Restated Standalone Financial Information and on the Restated Consolidated Financial Information, each dated March 23, 2016 and the statement of tax benefits dated March 23, 2016 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Expert Opinion

Except for the report of our Auditor on the Restated Financial Information and the statement of tax benefits included in this Draft Red Herring Prospectus, on pages 224 and 124, respectively, our Company has not obtained any expert opinion.

Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses, legal fees and listing fees. For details of Offer expenses, see "***Objects of the Offer***" on page 118.

Fees, Brokerage and Selling Commission

The total fees payable to the BRLMs and Syndicate Members (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the engagement letter with the BRLMs, between our Company, the Investor Selling Shareholder and the BRLMs, copies of which shall be made available for inspection at our Registered Office, from 10.00 am to 4.00 p.m. on Working Days from the date of filing the Red Herring Prospectus until the Bid/Offer Closing Date.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer, including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, preparation of refund data on magnetic tape and printing of bulk mailing register, will be as per the agreement dated March 29, 2016, entered into by and among our Company, the Investor Selling Shareholder and the Registrar to the Offer, a copy of which shall be made available for inspection at our Registered Office, from 10.00 am to 4.00 p.m. on Working Days from the date of filing the Red Herring Prospectus until the Bid/Offer Closing Date.

IPO Grading

Our Company shall not be appointing an IPO grading agency for the Offer.

Particulars Regarding Public or Rights Issues During the Last Five Years

There have been no public issues undertaken by our Company during the five years immediately preceding the date of this Draft Red Herring Prospectus. Further, except as disclosed in "***Capital Structure***" on page 102, there have been no rights issues undertaken by our Company during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares, since the incorporation of our Company.

Previous Issues Otherwise than for Cash

Our Company has not issued any Equity Shares for consideration otherwise than for cash.

Capital Issues in the Preceding Three Years by our Company, listed group companies and our Subsidiary/Associate Company

Except as disclosed in "***Capital Structure***" on page 102, there have been no capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus by our Company, our Subsidiary or our Associate Company. Neither our Subsidiary nor our Group Company is listed on any stock exchange in India or overseas as of the date of this Draft Red Herring Prospectus.

Performance *vis-à-vis* Objects

Except as disclosed below, our Company has not undertaken any rights issues in the 10 years immediately preceding the date of this Draft Red Herring Prospectus:

S. No.	Date	Number of Equity Shares offered	Number of Equity Shares allotted	Issue Price (₹)
1.	March 5, 2009	1,950,000	1,950,000	10
2.	May 15, 2009	500,000	500,000	10
3.	January 18, 2010	1,000,000	1,000,000	10
4.	February 24, 2010	1,500,000	1,500,000	10
5.	March 30, 2010	10,000,000	10,000,000	10
6.	July 31, 2010	60,000,000	60,000,000	10
7.	February 28, 2011	100,000,000	100,000,000	10
8.	September 30, 2011	100,000,000	100,000,000	10

Our Company has met the objects mentioned in the respective offer documents of the last three rights issues undertaken by our Company in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

Further, our Company has not undertaken any public issues in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis- à-vis Objects: Last issue of our Subsidiary or Associate Company or listed group company

HHFL and HSL have not made any public or rights issues in the 10 years immediately preceding the date of this Draft Red Herring Prospectus. Our Company does not have any listed goup company as of the date of this Draft Red Herring Prospectus.

Outstanding Debentures, Bonds or Redeemable Preference Shares

Our Company does not have any outstanding bonds or redeemable preference shares, as of the date of this Draft Red Herring Prospectus. Further, our Company has secured and unsecured outstanding debentures aggregating to ₹ 23,700 million. For details, see "***Financial Indebtedness***" on page 388.

Partly Paid-Up Shares

As of the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares, the Equity Shares are not listed on any stock exchange as of the date of this Draft Red Herring Prospectus. Accordingly, no stock market data is available for the Equity Shares.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expenses) will be as per the Syndicate Agreement, a copy of which will be available for inspection at our Registered Office. For details of the Offer expenses, see "***Objects of the Offer***" on page 118.

Commission payable to SCSBs and Registered Brokers

For details of the commission payable to SCSBs and Registered Brokers, see "***Objects of the Offer***" on page 118.

Mechanism for Redressal of Investor Grievances by our Company

The agreement by and among the Registrar to the Offer, the Investor Selling Shareholder and our Company, provides for retention of records with the Registrar to the Offer for a minimum period of three years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable investors to approach the Registrar to the Offer for redressal of their grievances.

Bidders may contact the BRLMs for any complaint pertaining to the Offer. All grievances in relation to the Offer, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary with whom the ASBA Form/the Bid cum Application Form was submitted, as applicable, quoting the full name of the sole or first Bidder, Bid cum Application Form number, address of the Bidder, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the Book Running Lead Manager where the Bid cum Application Form was submitted by the Anchor Investor. Further, the Bidder shall enclose the Acknowledgment Slip/application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

Disposal of Investor Grievances by our Company

We estimate that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. S. Ramasamy, Company Secretary, as the Compliance Officer. He may be contacted in case of any pre-Offer or post-Offer related problems, at the address set forth hereunder.

Mr. S. Ramasamy
27-A, Developed Industrial Estate
Guindy
Chennai 600 032, Tamil Nadu, India
Tel: +91 44 3925 2527
Fax: +91 44 3925 2553
E-mail: compliance@hindujaleylandfinance.com

Further, our Board has constituted a Stakeholders' Relationship Committee comprising our Directors, Ms. Bhumika Batra, chairperson, Mr. S. Nagarajan and Mr. Sudhanshu Tripathi, which is responsible for redressal of grievances of the security holders of our Company. For more information, see "***Our Management***" on page 193.

Changes in Auditors

At the annual general meeting of our Company held on July 1, 2013, B S R and Associates was appointed as the Auditors pursuant to resignation of M/s SNB Associates. Subsequently, M/s B S R & Co. LLP took over the audit of our Company from B S R and Associates.

Capitalization of Reserves or Profits

Our Company has not capitalized its reserves or profits at any time during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII – OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares Allotted in the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRR, the SCRA, our Memorandum of Association, our Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable law, guidelines, rules, notifications and regulations relating to the issue and sale of capital and listing and trading of securities, issued from time to time, by SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable or such other conditions as may be prescribed by SEBI, RBI and/or other regulatory authority while granting its approval for the Offer.

The Offer comprises of a Fresh Issue and an Offer for Sale by the Investor Selling Shareholder. Subject to applicable law, all fees and expenses relating to the Offer shall be borne in the proportion mutually agreed between the Company and the Investor Selling Shareholder, by our Company in the first instance, provided that on successful completion of the Offer, the Investor Selling Shareholder shall reimburse our Company for any expenses incurred by our Company on behalf of the Investor Selling Shareholder.

Ranking of Equity Shares

The Equity Shares Allotted in the Offer will be subject to the Companies Act, SEBI Listing Regulations, and our Memorandum of Association and Articles of Association and will rank *pari passu* with the existing Equity Shares, including in respect of dividends and other corporate benefits, if any, declared by our Company on any record date after the date of Allotment. For more information, see "***Provisions of the Articles of Association***" on page 469.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our Equity Shareholders, as per the Companies Act, the SEBI Listing Regulations, our Memorandum of Association and Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. For more information, see "***Dividend Policy***" and "***Provisions of the Articles of Association***" on page 223 and 469, respectively.

Face Value and Price Band

The face value of each Equity Share is ₹ 10 and the Offer Price is [●]. The Anchor Investor Offer Price is [●]. At any given point of time there will be only one denomination for the Equity Shares.

The Price Band and the minimum Bid lot and the Retail Discount, if any, will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, and published by our Company at least five Working Days prior to the Bid/Offer Opening Date, in [●] edition of [●] (a widely circulated English national daily newspaper), [●] edition of [●] (a widely circulated Hindi national daily newspaper), and [●] edition of [●] (a widely circulated Tamil newspaper), Tamil being the regional language in the place where our Registered Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Price Band, along with the relevant financial ratios calculated at the floor Price and at the Cap Price shall be pre-filled in the Bid-cum-Application Forms available at the website of the Stock Exchanges.

Compliance with the SEBI ICDR Regulations

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable law and our Articles of Association, the Equity Shareholders will have the following rights:

- right to receive dividend, if declared;

- right to attend general meetings and exercise voting powers, unless prohibited by law;

- right to vote on a poll either in person or by proxy or e-voting;

- right to receive offers for rights shares and be allotted bonus shares, if announced;

- right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;

- right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and

- such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see "***Provisions of the Articles of Association***" on page 469.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares will be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialized form. Our Company has entered into the following agreements with the respective Depositories and Integrated Enterprises (India) Limited:

- agreement dated November 29, 2012, by and among NSDL, our Company and Integrated Enterprises (India) Limited; and

- agreement dated September 28, 2015, by and among CDSL, our Company and Integrated Enterprises (India) Limited.

Our Company may enter into a tripartite agreement with the respective Depositories and the Registrar to the Offer prior to the filing of the Red Herring Prospectus with RoC.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of [●] Equity Shares. For the Basis of Allotment, see "***Offer Procedure***" on page 423.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint holders, with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities in Mumbai.

Nomination Facility

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or in the case of joint Bidders, the joint Bidders jointly, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Further, any person who becomes a nominee in accordance with Section 72 of the Companies Act, 2013, will, on production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at, any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders wish to change their nominations, they are advised to inform their respective Depository Participants.

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer for Sale. If our Company does not receive (i) minimum subscription of 90% of the Fresh Issue; and (ii) subscription in the Offer equivalent to the minimum number of securities specified under Rule 19(2) of the SCRR, including through devolvement to the Underwriters, as applicable, we shall forthwith refund the entire subscription amount received within such timeline as prescribed by SEBI, failing which, we, as well as our Directors, who would be officers in default, shall, jointly and severally, be liable to repay such amounts with interest at the rate of 15% *p.a*. This is further subject to compliance with Regulation 19(2)(b) of the SCRR. Further in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom Equity Shares are Allotted in the Offer will be not less than 1,000. In case of any under-subscription in the Offer, after meeting the minimum subscription of 90% of the Fresh Issue, the balance subscription in the Offer will be first met through the Equity Shares offered pursuant to the Offer for Sale and then the balance part of Fresh Issue shares.

Further, our Company and the Investor Selling Shareholder, in consultation with the BRLMs, severally and not jointly, reserves the right not to proceed with the Offer for any reason at any time after the Bid/Offer Opening Date, but before Allotment.

The Investor Selling Shareholder shall reimburse to our Company any expense incurred by our Company on behalf of the Investor Selling Shareholder with regard to refunds, interest for delays, etc., for the Equity Shares being offered in the Offer in proportion to the Equity Shares contributed by the Investor Selling Shareholder to the Offer. For avoidance of doubt, subject to applicable law, the Investor Selling Shareholder shall not be responsible to pay interest for any delay, unless such delay has been caused solely by the Investor Selling Shareholder.

Arrangement for Disposal of Odd Lots

Since the market lot for our Equity Shares is one, there are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of pre-Offer equity shareholding, minimum Promoters' contribution and Anchor Investor lock-in in the Offer, as detailed in *"**Capital Structure**"* on page 102 and as provided in our Articles as detailed in "***Provisions of the Articles of Association***" on page 469, there are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares to successful Bidders will only be in dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

OFFER STRUCTURE

The Offer is of up to [●] Equity Shares, at an Offer Price of ₹ [●] per Equity Share for cash, including a premium of ₹ [●] per Equity Share, aggregating up to ₹ [●] million and is being made through the Book Building Process. The Offer comprises a Fresh Issue of up to [●] Equity Shares, aggregating up to ₹ 5,000 million, by our Company and an Offer for Sale of up to 26,608,810 Equity Shares, aggregating up to ₹ [●] million, by the Investor Selling Shareholder. The Offer shall constitute [●]% of the post-Offer paid up Equity Share capital of our Company.

Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, is considering a Pre-IPO Placement of up to 26,000,000 Equity Shares for cash consideration aggregating up to ₹ 2,000 million, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of at least such percentage of Equity Shares as is equivalent to a value of ₹ [●] million (calculated at the Offer Price) being offered to the public.

The Offer is being made through the Book Building Process.

	QIBs*	**NIIs**	**RIIs**
Number of Equity Shares available for allocation**	[●] Equity Shares, or Offer less allocation to NIIs and RIIs	Not less than [●] Equity Shares or Offer less allocation to QIBs and RIIs	Not less than [●] Equity Shares or Offer less allocation to QIBs and NIIs
Percentage of Offer size available for allocation	50% of the Offer will be available for allocation to QIBs. However, 5% of the QIB Portion, excluding the Anchor Investor Portion, will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs	Not less than 15% of the Offer or Offer less allocation to QIBs and RIIs	Not less than 35% of the Offer or the Offer less allocation to QIBs and NIIs
Basis of Allotment if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares will be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares will be available for allocation on a proportionate basis to QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Allotment to each RII shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For more information, see "***Offer Procedure***" on page 423.
Mode of Bidding	Through ASBA process only (other than Anchor Investors)	Through ASBA process only	Through ASBA process only
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000

	QIBs*	NIIs	RIIs
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		[●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Retail Portion
Trading Lot	One Equity Share		
Who can Apply***	Public financial institutions specified in Section 2(72) of the Companies Act, 2013, FPIs (other than Category III FPIs), scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, FVCIs, AIFs, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions societies and trusts and any Category III FPIs registered with SEBI, which is a foreign corporate or foreign individual for Equity Shares such that the Bid Amount exceeds ₹ 200,000 in value	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000 in value
Terms of Payment#	***In case of Anchor Investors:*** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids ***In case of all other Bidders***: Full Bid Amount shall be blocked by the SCSBs in the bank account of the Bidders (other than Anchor Investors) that is specified in the Bid cum Application Form at the time of the submission of the Bid cum Application Form##		

** Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹100.00 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100.00 million but up to ₹2,500.00 million, subject to a minimum Allotment of ₹50.00 million per Anchor Investor, and (iii) in case of allocation above ₹2,500 million, a minimum of 5 and a maximum of 15 Anchor Investors are allowed for allocation of up to ₹2,500 million and an additional 10 such investors for every additional ₹2,500 million or part thereof will be permitted, subject to minimum allotment of ₹50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹100.00 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above Anchor Investor Offer Price.*

*** The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957, as amended ("**SCRR**"), in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third is to be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to RIIs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*

****If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

 # Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms.

Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Form. Any balance amount payable by the Anchor Investors, due to a difference between the Anchor Investor Offer Price and the Bid Amount paid by the Anchor Investors, shall be payable by the Anchor Investors within two Working Days of the Bid/Offer Closing Date.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Investor Selling Shareholder, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Retail Discount

The Retail Discount, if any, will be offered to RIIs at the time of making a Bid. RIIs bidding at a price within the Price Band can make payment at the Bid Amount (which will be less Retail Discount) at the time of making a Bid. RIIs bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Retail Discount, at the time of making a Bid. RIIs must ensure that the Bid Amount does not exceed ₹ 200,000 see "***Offer Procedure***" on page 423.

Withdrawal of the Offer

Our Company and/or the Investor Selling Shareholder, in consultation with the BRLMs, severally and not jointly, reserve the right not to proceed with the entire or a portion of the Offer at any time after the Bid/ Offer Opening Date but before Allotment. If our Company and/or the Investor Selling Shareholder withdraw the Offer, our Company will issue a public notice within two days of the Bid/Offer Closing Date or such time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and/or the Investor Selling Shareholder withdraw the Offer, either severally or jointly or whole or in part, after the Bid/ Offer Closing Date and thereafter determine that they will proceed with a public offering of the Equity Shares, a fresh draft red herring prospectus will be filed with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within six Working Days of the Bid Closing Date; and (ii) final RoC approval of the Prospectus.

Bid/Offer Programme

BID/OFFER OPENS ON*	[●]
BID/OFFER CLOSES ON**	
(FOR QIBS)**	[●]
(FOR ALL OTHER BIDDERS)	[●]
FINALISATION OF BASIS OF ALLOTMENT	[●]
INITIATION OF REFUNDS FOR ANCHOR INVESTORS/UNBLOCKING OF FUNDS	[●]
CREDIT OF EQUITY SHARES TO DEMAT ACCOUNTS OF THE ALLOTTEES	[●]
COMMENCEMENT OF TRADING	[●]

** Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*
*** Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations.*

This timetable, other than the Bid/Offer Opening and Closing Dates, is indicative in nature and does not constitute any obligation or liability on our Company, the Investor Selling Shareholder or the members

of the Syndicate. While we will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Offer Closing Date, the timetable may be subject to change for various reasons, including extension of the Bid/Offer Period by our Company and the Investor Selling Shareholder due to revision of the Price Band or delays in receipt of final listing and trading approvals from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("IST")
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders

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On Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Monday to Friday (excluding any public holiday). None among our Company or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/ Offer Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and by indicating the change on the websites of the Designated Intermediaries. However, in case of revision in the Price Band, the Bid Lot shall remain the same.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 notified by SEBI ("**General Information Document**") included below under section titled " – **Part B - General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs.*

Our Company, the Investor Selling Shareholder and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR and in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, of which at least one-third will be available for allocation to domestic Mutual Funds. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer will be available for allocation to RIIs in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and the Investor Selling Shareholder in consultation with the BRLM and the Designated Stock Exchange, on a proportionate basis, subject to applicable law.

Bid cum Application Form

Copies of the Bid cum Application Form and the abridged prospectus will be available with the members of the Syndicate, the Designated Intermediaries at relevant Bidding Centers, at our Registered Office and at our Corporate Office. The Bid cum Application Forms will also be available for download on the websites of the Stock Exchanges.

Bidders must compulsorily use the ASBA process to participate in the Offer. However, Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Bids by Anchor Investor) must provide bank account details and authorisation by the ASBA bank holder to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected. Further, such Bidders shall ensure that the Bids are submitted at the Bidding centres only on Bid cum Application Forms bearing the stamp of a Designated Intermediary (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms not bearing such specified stamp maybe liable for rejection.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including Eligible NRIs, FIIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Category), FPI or FVCIs or FPIs, registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors**	White

** Excluding electronic Bid cum Application Forms*

***Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.]*

Who can Bid?

The following persons are eligible to invest in the Equity Shares:

(i) Mutual Funds registered with SEBI. Bids by asset management companies or custodians of Mutual Funds should clearly indicate the name of the concerned scheme for which the Bid is submitted;
(ii) Venture Capital Funds and AIFs registered with SEBI;
(iii) Foreign Venture Capital Investors registered with SEBI;
(iv) FPI registered with SEBI, provided that any Foreign Institutional Investor ("**FII**") who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 ("**SEBI FII Regulations**");
(v) Public financial institutions as defined under Section 2(72) of the Companies Act, 2013;
(vi) Indian financial institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI and the SEBI ICDR Regulations and other laws as applicable);
(vii) Scheduled commercial banks;
(viii) State Industrial Development Corporations;
(ix) Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
(x) Insurance companies registered with IRDA;
(xi) Provident funds and pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitutional documents to hold and invest in equity shares;
(xii) National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
(xiii) Insurance funds set up and managed by the army, navy or air force of the Union of India or by the Department of Posts, India;
(xiv) NRIs on a repatriation basis or on a non-repatriation basis, subject to the applicable law;
(xv) Companies, corporate bodies and trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under the respective constitutions to hold and invest in equity shares;
(xvi) Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
(xvii) Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
(xviii) Hindu Undivided Families or HUFs, in the individual name of the Karta;
(xix) Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
(xx) Multilateral and bilateral development financial institutions; and
(xxi) Any other person eligible to Bid in the Offer under applicable law.

Also see "- ***General Information Document for Investing in Public Issues - Category of Investors Eligible to Participate in an Issue***".

Participation by associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase in the Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the

Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds sponsored by entities related to the BRLMs, the BRLMs and any persons related to the BRLMs cannot apply in the Offer under the Anchor Investor Portion.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company and the Investor Selling Shareholder, severally and not jointly, reserve the right to reject any Bid without assigning any reason therefor. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment.

Eligible NRIs bidding on repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to the Non-Resident External Account ("**NRE Account**") or Foreign Currency Non Resident (Bank) Account ("**FCNR Account**") maintained with authorised dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000 ("**Authorised Dealer**"). Eligible NRIs bidding on repatriation basis are advised to use the Bid cum Application Form for Non-Residents (white in colour), accompanied by a bank certificate confirming that the payment has been made by debiting the NRE or FCNR Account, as the case may be.

Eligible NRIs bidding on non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as the Non-Resident Ordinary Rupee Account ("**NRO Account**"). Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for Residents (blue in colour).

Bids by FPI

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2014 ("**SEBI FPI Regulations**"), investment in the Equity Shares by a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) shall be below 10% of our post-Offer Equity Share capital.

Any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in this Offer, until the expiry of its registration with SEBI as an FII or a sub-account, or if it has obtained a certificate of registration as an FPI, whichever is earlier. FIIs can participate in this Offer in accordance with Schedule 2 of the FEMA

Regulations. An FII shall not be eligible to invest as an FII after registering as a PFI under the SEBI PFI Regulations.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company and the Investor Selling Shareholder, severally and not jointly, reserve the right to reject any Bid without assigning any reason. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company and the Investor Selling Shareholder, severally and not jointly, reserve the right to reject any Bid without assigning any reason.

In accordance with foreign investment limits applicable to our Company, currently, the total foreign investment including FPI investment is permitted up to 100% of our total issued capital. Pursuant to resolutions passed by our Board on February 12, 2016, and by our shareholders in the EGM held on March 23, 2016, our total foreign investment including FPI investment have been permitted up to 49% of our total issued capital by our Company.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

Bids by SEBI registered Venture Capital Funds, AIFs and Foreign Venture Capital Investors

The SEBI VCF Regulations and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder, severally and not jointly, reserve the right to reject any Bid without assigning any reason therefor.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Investor Selling Shareholder, severally and not jointly, reserve the right to reject any Bid without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation

Act, 1949 (the "**Banking Regulation Act**"), and Master Circular – Para-banking Activities dated July 1, 2015 is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, the Company and the Investor Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the "**IRDA Investment Regulations**"), based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs (including FIIs), Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Investor Selling Shareholder in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and thwe Investor Selling Shareholder in consultation with the BRLMs may deem fit.

Bids by Anchor Investors

For details in relation to Bids by Anchor Investors, see the section entitled "***Offer Procedure – Part B – General Information Document for Investing in Public Issues***" on page 433.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable law, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder, severally and not jointly, reserve the right to reject any Bid, without assigning any reason therefor.

The above information is given for the benefit of the Bidders. Our Company, the Investor Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable law or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of [●], (a widely circulated English national newspaper), all editions of [●] (a widely circulated Hindi national newspaper) and in the [●] edition of [●] (a widely circulated Tamil newspaper, Tamil being the regional language of Chennai), where the Registered and Corporate Offices of our Company are located.

General Instructions

***Dos*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre;

6. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form. If the first applicant is not the account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form;

7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

8. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

9. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;

10. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTAs (at the Designated RTA Locations) or CDPs (at the Designated CDP Locations);

11. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

12. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

13. Ensure that the Demographic Details are updated, true and correct in all respects;

14. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

15. Ensure that the category and the investor status is indicated;

16. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;

17. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

18. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

19. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;

20. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

21. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not submit the Bid cum Application Forms to any non-SCSB bank, our Company or the Investor Selling Shareholder;

6. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

7. Do not Bid at Cut-off Price (for Bids by QIBs and NIIs);

8. Do not Instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

9. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by RIIs);

10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable law or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

11. Do not submit the General Index Register number instead of the PAN;

12. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;

13. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

14. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

15. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

16. Do not submit more than five Bid cum Application Forms per ASBA Account; and

17. Anchor Investors should not bid through the ASBA process.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Anchor Escrow Account

Our Company and the Investor Selling Shareholder in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. The payment instruments for payment into the Anchor Escrow Account for Anchor Investors should be drawn in favor of:

(i) In case of resident Anchor Investors: "[●]"

(ii) In case of non-resident Anchor Investors: "[●]"

Undertakings by our Company

Our Company undertakes the following:

(i) That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

(ii) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date;

(iii) That in case of Anchor Investors where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six Working Days from the Bid/ Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(iv) That no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;

(v) That if our Company or the Investor Selling Shareholder do not proceed with the Offer after the Bid/Offer Closing Date, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

(vi) That if our Company and the Investor Selling Shareholder withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event our Company or the Investor Selling Shareholder subsequently decides to proceed with the Offer;

(vii) That the allotment of securities/refund confirmation to Eligible NRIs shall be dispatched within specified time;

(viii) That adequate arrangements shall be made to collect all Bid cum Application Forms while finalizing the basis of allotment; and

(ix) That our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Promoters have authorized the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Undertakings by the Investor Selling Shareholder

(i) The Equity Shares offered pursuant to the Offer for Sale have been held by the Investor Selling Shareholder for a period of at least one year prior to the date of this Draft Red Herring Prospectus, are free and clear of any liens or encumbrances and, to the extent that the Equity Shares being offered have resulted from a bonus issue, the bonus issue has been on equity shares held for a period of at least one year prior to the filing of this Draft Red Herring Prospectus and has been issued out of free reserves and share premium existing in the book as at March 31, 2015;

(ii) The Investor Selling Shareholder is the legal and beneficial owner of and has full title to the Investor Offered Shares;

(iii) The Investor Selling Shareholder will not have recourse to the proceeds of the Offer for Sale, until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;

(iv) The Investor Selling Shareholder will not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered in the Offer for Sale; and

(v) The Investor Selling Shareholder will take all such steps as may be required to ensure that the Equity Shares being sold by them in the Offer for Sale are available for transfer in the Offer for Sale.

Utilization of Net Proceeds

Our Board certifies that:

(i) details of all monies utilised out of the Fresh Issue referred to in sub item (i) shall be disclosed and continue to be disclosed until the time any part of the Net proceeds remains unutilised, under an appropriate separate head in the balance-sheet of the Issuer indicating the purpose for which such monies had been utilised; and

(ii) details of all unutilised monies out of the Fresh Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

Our Company and the Investor Selling Shareholder, respectively, declare that all monies received from the Fresh Issue and the Offer for Sale shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

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PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Offers. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, and on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("**RHP**")/Prospectus filed by the Issuer with the RoC. Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Offer and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see "*Glossary and Abbreviations*".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable law for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Offer Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Offer ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the RoC.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities. Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

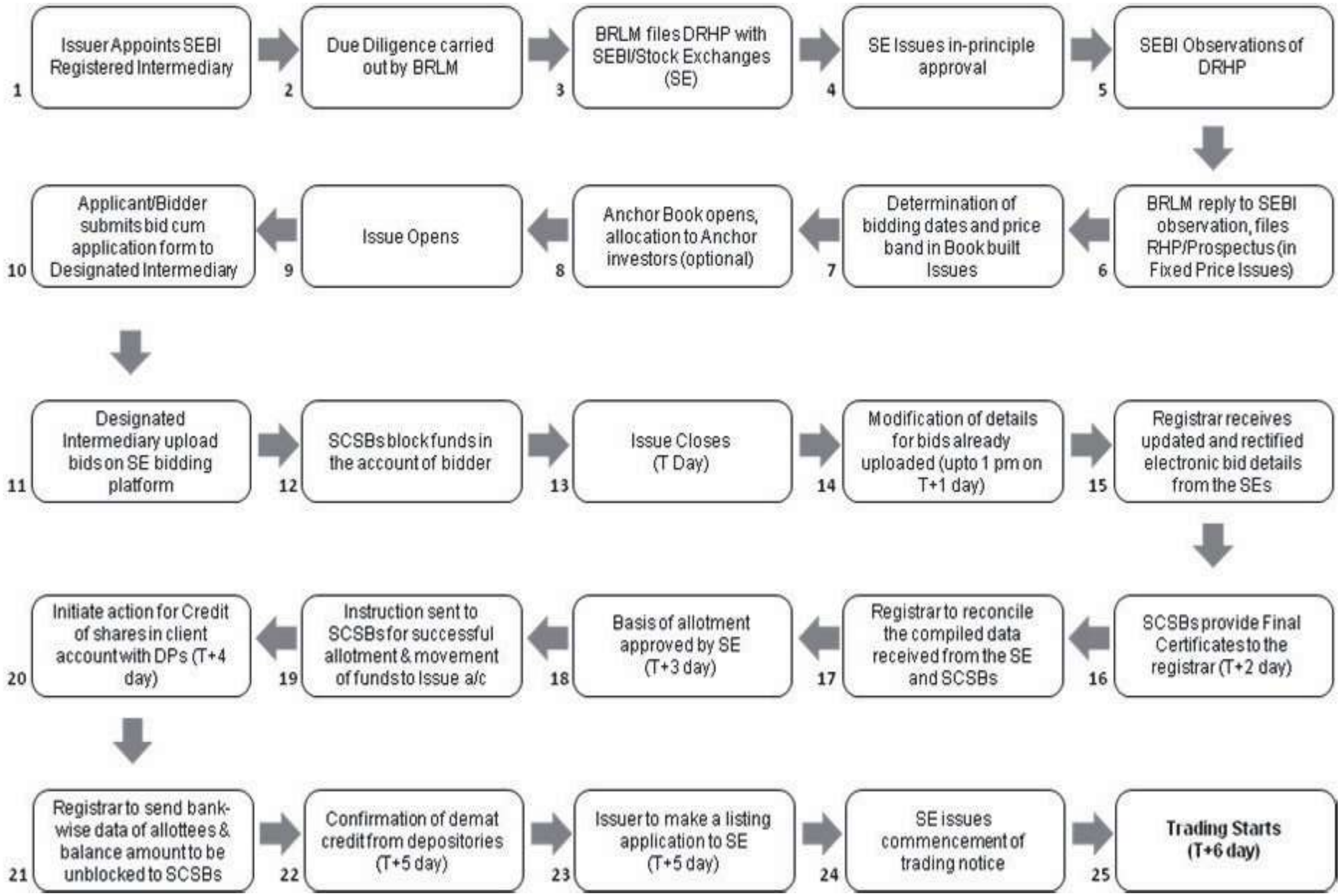
In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

- In case of Offer other than Book Built Issue (Fixed Price Issue) the process at the below mentioned steps shall be read as:

  i. Step 7: Determination of Offer Date and Price
  ii. Step 10: Applicant submits Bid cum Application Form with the Designated Intermediary
  iii. Step11: SCSB uploads ASBA Application details in Stock Exchange Platform.


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchanges (SE)
4 SE Issues in-principle approval
5 SEBI Observations of DRHP
6 BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits bid cum application form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
12 SCSBs block funds in the account of bidder
13 Issue Closes (T Day)
14 Modification of details for bids already uploaded (upto 1 pm on T+1 day)
15 Registrar receives updated and rectified electronic bid details from the SEs
16 SCSBs provide Final Certificates to the registrar (T+2 day)
17 Registrar to reconcile the compiled data received from the SE and SCSBs
18 Basis of allotment approved by SE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20 Initiate action for Credit of shares in client account with DPs (T+4 day)
21 Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22 Confirmation of demat credit from depositories (T+5 day)
23 Issuer to make a listing application to SE (T+5 day)
24 SE issues commencement of trading notice
25 Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);

- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);

- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;

- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;

- QIBs;

- NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable law;

- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);

- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;

- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals Bidding only under the Non Institutional Investors ("**NIIs**") category;

- FPIs other than Category III foreign portfolio investors, Bidding under the QIBs category;

- FPIs which are Category III foreign portfolio investors, Bidding under the NIIs category;

- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;

- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;

- Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and

- As per the existing regulations, OCBs are not allowed to participate in an Offer.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) earing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the Application Form bearing the stamp of an SCSB as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB) FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) and Bidders/Applicants Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in accordance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

Application Form – For Residents

TEAR HERE

COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No. ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			"Cut-off" (Please ✔ tick)
		Bid Price	Retail Discount	Net Price	
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS — PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date :	3)	

TEAR HERE

LOGO

XYZ LIMITED
INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch		Stamp & Signature of SCSB Branch
ASBA Bank A/c No.			
Received from Mr./Ms.			
Telephone / Mobile	Email		

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.
Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Application Form – For Non – Residents*

*This is an indicative form; the application form for non-residents has not yet been notified by SEBI

TEAR HERE

COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

Address : .... Contact Details: .... CIN No ....

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	8 7 6 5 4 3 2 1	Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

- NRI — Non-Resident Indian(s) (Repatriation basis)
- FII — FII or Sub-account not a Corporate/Foreign Individual
- FIISA — FII Sub-account Corporate/Individual
- FVCI — Foreign Venture Capital Investor
- FPI — Foreign Portfolio Investors
- OTH — Others (Please Specify)________

7. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date : __________	3)	

TEAR HERE

LOGO

XYZ LIMITED

INITIAL PUBLIC ISSUE - NR

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

Amount paid (₹ in figures) Bank & Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile Email

Stamp & Signature of SCSB Branch

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications (including letters notifying the unblocking of the bank accounts of Bidders/Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who:*

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

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

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

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 **FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for any correspondence(s) related to an Offer.

(d) Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 FIELD NUMBER 4: BID OPTIONS

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details Bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1. **Maximum and Minimum Bid Size**

1. The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

2. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount), then such Bid may be rejected if it is at the Cut-off Price.

3. For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

4. Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at Cut-off Price.

5. RIIs may revise or withdraw their Bids until the Bid/Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the price) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.

6. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

7. For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the price) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

8. A Bid cannot be submitted for more than the Offer size.

9. The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable law.

10. The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional Bids from the Bidder and may not be cumulated. After determination of the Offer Price, the number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e))

4.1.4.2. **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as Bids made by them in the Offer portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5: CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIIs, NIIs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one- third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked based on the authorisation provided in the Bid cum Application Form. If the Discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bid Amount for RIIs who Bid at Cut-off Price shall be blocked based on the Cap Price.

(c) All Bidders (except Anchor Investors) can participate in the Offer only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, cheques or demand drafts, through money order or through postal order.

4.1.7.1. **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

(b) Payments should be made either by RTGS or NEFT.

(c) The Anchor Escrow Bank shall maintain the monies in the Anchor Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2. **Payment instructions for Bidders (other than Anchor Investors)**

(a) Bidders may submit the Bid cum Application Form either

i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form; or

ii. in physical mode to any Designated Intermediary.

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified Locations. Bidders should also note that Bid cum Application Forms submitted to the Syndicate at the Specified Locations may not be accepted by the member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

(g) Bidders bidding through a Registered Broker, RTA or CDP should note that Bid cum Application Forms submitted to them may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers, RTA or CDP, as the case may be, to deposit Bid cum Application Forms.

(h) Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such Bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

4.1.7.3. **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may block an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/ Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

(a) Bidders should ensure that they receive the Acknowledgement Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the Bid cum Application Form. Applicants should ensure that they receive the acknowledgment duly signed and stamped by a SCSB, for submission of the Application Form.

(b) All communications in connection with Bids made in the Offer may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

(c) The following details (as applicable) should be quoted while making any queries -

i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application;

ii. name and address of the Designated Intermediary, where the Bid was submitted;

iii. In case of Bids other than from Anchor Investors, ASBA Account number in which the amount equivalent to the Bid Amount was blocked; or

iv. In case of Anchor Investor Bids, the unique transaction reference (UTR) number and the name of the relevant bank thereof.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

(a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RIIs may revise their Bids or withdraw their Bids till the Bid/Offer Close Date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

COMMON BID REVISION FORM | **XYZ LIMITED - INITIAL PUBLIC ISSUE - R** Address : .... Contact Details: .... CIN No.............. | **FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS**

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

TEAR HERE

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✔ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

OLD BID

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✔ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

REVISED BID

6. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THE BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date :	3)	

TEAR HERE

LOGO

XYZ LIMITED
BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

REVISED BID

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

REVISED BID

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

ASBA Bank A/c No.
Bank & Branch

Acknowledgement Slip for Bidder

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1. **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2. **FIELD 4 AND 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked in case of Bidders.

4.2.3. **FIELD 6: PAYMENT DETAILS**

(a) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

4.2.4. **FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1. **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2. **FIELD 4: PRICE, APPLICATION QUANTITY AND AMOUNT**

(a) The Issuer may mention Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Lead Manager to the Offer (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Offer size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable law.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

4.3.1. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

4.3.2. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Offer portion in public category.

ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3. **FIELD NUMBER 5: CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIIs, individual applicants other than RIIs and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4. **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5. **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use ASBA for applying in the Issue.

(b) Application Amount cannot be paid in cash, through money order, cheques or demand drafts or through postal order or through stock invest.

4.3.5.1. **Payment instructions for Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

4.3.5.2. **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

4.3.5.3. **Discount** (if applicable)

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

4.3.6. **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS AND ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 and 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/REVISION FORM/APPLICATION FORM

4.4.1. **Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	To the Book Running Lead Managers at the Specified Locations mentioned in the Bid cum Application Form
All Applications (other than Anchor Investors)	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTAs at the Designated RTA Locations or the CDPs at the Designated C DP Locations (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

5.1. SUBMISSION OF BIDS

(a) During the Bid/Offer Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.

(b) In case of Bidders/Applicants (excluding NIIs and QIBs) Bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).

(c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2. ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

5.3. BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

5.4. WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until Bid/Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5. REJECTION AND RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:

i. the Bids accepted by the Designated Intermediaries;

ii. the Bids uploaded by the Designated Intermediaries; and

iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject Bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All Bids by QIBs, NIIs and RIIs Bids can be rejected on technical grounds listed herein.

5.5.1. GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications by OCBs;

(c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted along with the Bid cum application form/Application Form;

(e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(g) PAN not mentioned in the Bid cum Application Form/Application Form, except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(h) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(i) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(j) Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;

(k) Bids/Applications at Cut-off Price by NIIs and QIBs;

(l) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(m) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(n) Submission of more than five Bid cum Application Forms/Application Form as through a single ASBA Account;

(o) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(p) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(q) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(r) Bank account mentioned in the Bid cum Application Form not being an account maintained with an SCSB. Inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;

(s) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Anchor Escrow Accounts as per final certificate from the Escrow Collection Banks;

(t) Where no confirmation is received from SCSB for blocking of funds;

(u) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

(v) Bids/Applications submitted to Designated Intermediaries at locations other than Bidding Centres, under the ASBA process, submitted to the Anchor Escrow Bank (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;

(w) Bids/Applications not uploaded on the terminals of the Stock Exchanges; and

(x) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6. BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.

(b) Under-subscription in any category (except QIB Category) is allowed to be met with spill- over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should *note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 20 to ₹ 24 per share, Offer size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding ("**Alternate Book Building Process**").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple Bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Offer. As the Offer Price is mentioned in the Fixed Price Offer therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("**ASBA Account**"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1. ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("**Maximum RII Allottees**"). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2. ALLOTMENT TO NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3. ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer

Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4. ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the issuer in consultation with the Investor Selling Shareholder and the BRLMs, subject to compliance with the following requirements:

i. not more than 60% of the QIB Category will be allocated to Anchor Investors;

ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;

- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum Allotment of ₹ 5 crores per such Anchor Investor; and

- a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 250 crores, and an additional 10 Anchor Investors for every additional ₹ 250 crores or part thereof, subject to minimum Allotment of ₹5 crores per such Anchor Investor.

(b) An Anchor Investor shall make an application of a value of at least ₹ 100 million in the Offer.

(c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(d) **In the event that the Offer Price is higher than the Anchor Investor Offer Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(e) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5. BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6. DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Anchor Escrow Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Anchor Escrow Accounts, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Offer. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Offer Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within six Working Days from the Bid/Offer Close Date.

SECTION 8: INTEREST AND REFUNDS

8.1. COMPLETION OF FORMALITIES FOR LISTING AND COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may give instructions for credit to Equity Shares the beneficiary account with CDPs, and dispatch the Allotment Advice within six Working Days of the Bid/Offer Closing Date.

8.2. GROUNDS FOR REFUND

8.2.1. NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.

If such money is not refunded to the Bidders within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2. NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, as applicable, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. This is further subject to the compliance with Regulation 19(2)(b) of the SCRR. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay or unblock the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of prescribed time period under applicable law, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3. MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4. IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3. MODE OF REFUND

(a) **In case of Bids/Applications (other than Anchor Investors):** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.

(b) **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund advices for all amounts payable to unsuccessful Anchor Investors.

(c) In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories, the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Anchor Escrow Bank, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds to Anchor Investors shall be credited only to the bank account from which the Bid Amount was remitted to the Anchor Escrow Bank.

8.3.1. Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

(a) **NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine- digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and

(d) **RTGS**—Anchor Investors having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds ₹ 0.2 million, shall be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Anchor Investor's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("**IFSC**"). Charges, if any, levied by the Anchor Escrow Bank for the same would be borne by our Company and the Investor Selling Shareholder. Charges, if any, levied by the Anchor Investor's bank receiving the credit would be borne by the Anchor Investor.

Please note that refunds through the above mentioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Anchor Escrow Bank.

For details of levy of charges, if any, for any of the above methods including bank charges, etc., Anchor Investors may refer to RHP/Prospectus.

8.4. INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum if Allotment is not made in accordance with timelines prescribes under applicable law.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A QIB, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Anchor Escrow Account	Account opened with the Anchor Collection Bank and in whose favour the Anchor Investors may transfer money through NEFT or RTGS in respect of the Bid Amount when submitting a Bid
Anchor Escrow Bank	Refer to definition of Banker(s) to the Offer
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount /ASBA	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/Applicant
Banker(s) to the Offer/Anchor Escrow Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Anchor Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer

Term	Description
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Period
Bid cum Application Form	An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Bidder/Applicant	Any prospective investor who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price

Term	Description
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the Bid cum Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Anchor Escrow Bank from the Anchor Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries /Collecting Agent	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the Bid cum Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Manager(s), the Anchor Escrow Bank and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Bidder on the terms and conditions thereof
Equity Shares	Equity Shares of the Issuer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable law in India
Fixed Price Issue/Fixed Price Process/Fixed Price	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering

Term	Description
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RII Allottees	The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Investor Selling Shareholder
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information

Term	Description
Public Issue Account	An account opened with the Banker to the Offer to receive monies from the Anchor Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations
RIIs	Retail individual bidder who applies or Bids for a value of not more than ₹200,000 (including HUFs applying through their karta and eligible NRIs) and does not include NRIs other than Eligible NRIs.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or Bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies, Chennai , Tamil Nadu
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with the SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges/SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of Bid cum Application Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus

Term	Description
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days, other than Sunday or a public holiday on which commercial banks are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, "Working Days" shall mean all days, excluding Saturdays, Sundays and public holidays, as notified by SEBI. For the purpose of the time period between the Bid Closing Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days excluding second and fourth Saturdays, Sundays and bank holidays in India, in accordance with SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010 and notification F. No.4/1/7/2015-IR dated August 20, 2015 issued by the Department of Financial Services, Ministry of Finance, Government of India

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India, the FDI Policy as defined below and FEMA. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), issued Circular 1 of 2015 ("**Circular 1 of 2015**"), which with effect from May 12, 2015, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on May 12, 2015. However, Press Note 4 of 2015 (dated April 24, 2015) regarding policy on foreign investment in pension section continues to remain effective. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Circular 1 of 2015 will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("**FDI**") policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI and the RBI.

As per the existing policy of the Government of India, OCBs cannot participate in the Offer.

Foreign investment into an Indian company, engaged only in the activity of investing in the capital of other Indian companies, will require prior Government/FIPB approval, regardless of the amount or extent of foreign investment. Foreign investment into NBFCs, carrying on activities approved for FDI, will be subject to the conditions specified in paragraph 6.2.18.8 of the FDI Policy.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs"; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs"), in reliance on Rule 144A under the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act, and (b) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

SECTION VIII – PROVISIONS OF THE ARTICLES OF ASSOCIATION

The Articles of Association of the Company comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. In" case of inconsistency or contradiction, conflict or overlap between Part I and Part II, the provisions of Part II shall be applicable. However, Part II shall automatically terminate and cease to have any force and effect from the date of listing and trading of shares of the Company on a stock exchange in India subsequent to an initial public offering of the Equity Shares of the Company without any further action by the Company or by the shareholders.

PART I

1. CONSTITUTION OF THE COMPANY

a) The regulations contained in Table "F" of schedule I to the Companies Act, 2013 shall apply to the Company only in so far as the same are not provided for or are not inconsistent with these Articles.

b) The regulations for the management of the company and for the observance of the members thereof and their representatives shall be such as are contained in these Articles subject however to the exercise of the statutory powers of the company in respect of repeal, additions, alterations, substitution, modifications and variations thereto by special resolution as prescribed by the Companies Act, 2013.

2. INTERPRETATION

A. DEFINITIONS

In the interpretation of these Articles the following words and expressions shall have the following meanings unless repugnant to the subject or context.

a. "**Act**" means the (i) Companies Act, 2013 and the Rules (including any amendments, modification(s) or re-enactment thereof, for the time being in force) and clarifications issued thereunder to the extent in force pursuant to the notification of the Notified Sections; and (ii) Companies Act, 1956, and the rules thereunder, to the extent that such provisions have not been superseded by the Companies Act, 2013 or de-notified, as the case may be.

b. "**ADRs**" shall mean American Depository Receipts representing ADSs.

c. **"Annual General Meeting**" shall mean a General Meeting of the holders of Equity Shares held in accordance with the applicable provisions of the Act.

d. **"ADSs"** shall mean American Depository Shares, each of which represents a certain number of Equity Shares.

e. **"Articles"** shall mean these Articles of Association as adopted or as from time to time altered in accordance with the provisions of these Articles and Act.

f. **"Auditors"** shall mean and include those persons appointed as such for the time being by the company.

g. **"Board"** shall mean the board of directors of the company, as constituted from time to time, in accordance with law and the provisions of these Articles.

h. **"Board Meeting"** shall mean any meeting of the Board, as convened from time to time and any adjournment thereof, in accordance with law and the provisions of these Articles.

i. **"Beneficial Owner"** shall mean beneficial owner as defined in Clause (a) of subsection (1) of section 2 of the Depositories Act.

j. **"Capital" or "Share Capital"** shall mean the share capital for the time being, raised or authorised to be raised for the purpose of the Company.

k. **"Chairman"** shall mean such person as is nominated or appointed in accordance with Article 40 herein below.

l. **"Companies Act, 1956"** shall mean the Companies Act, 1956 (Act I of 1956), as may be in force for the time being.

m. **"Company" or "this company"** shall mean **HINDUJA LEYLAND FINANCE LIMITED.**

n. **"Committees"** shall have the meaning ascribed to such term in Article 77.

o. **"Debenture"** shall include debenture stock, bonds, and any other securities of the Company, whether constituting a charge on the assets of the Company or not.

p. **"Depositories Act"** shall mean The Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof.

q. **"Depository"** shall mean a Depository as defined in Clause (e) of sub-section (1) of section 2 of the Depositories Act.

r. **"Director"** shall mean any director of the company, including alternate directors, independent directors and nominee directors appointed in accordance with law and the provisions of these Articles.

s. **"Dividend"** shall include interim dividends.

t. "**Equity Share Capital**" shall mean the total issued and paid-up equity share capital of the Company, calculated on a Fully Diluted Basis.

u. "**Equity Shares**" shall mean fully paid-up equity shares of the Company having a par value of INR 10 (Rupees Ten only) per equity share, and one vote per equity share or any other issued Share Capital of the Company that is reclassified, reorganized, reconstituted or converted into equity shares.

v. **"Executor"** or **"Administrator"** shall mean a person who has obtained probate or letters of administration, as the case may be, from a court of competent jurisdiction and shall include the holder of a succession certificate authorizing the holder thereof to negotiate or transfer the Equity Share or Equity Shares of the deceased Shareholder and shall also include the holder of a certificate granted by the Administrator-General appointed under the Administrator Generals Act, 1963.

w. **"Extraordinary General Meeting"** shall mean an extraordinary general meeting of the holders of Equity Shares duly called and constituted in accordance with the provisions of the Act;

x. "**Financial Year**" shall mean any fiscal year of the Company, beginning on April 1 of each calendar year and ending on March 31 of the following calendar year.

y. "**Fully Diluted Basis**" shall mean, in reference to any calculation, that the calculation should be made in relation to the equity share capital of any Person, assuming that all outstanding convertible preference shares or debentures, options, warrants and other equity securities convertible into or exercisable or exchangeable for equity shares of that Person (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged to the maximum number of equity shares possible under the terms thereof.

z. **"GDRs"** shall mean the registered Global Depositary Receipts, representing GDSs.

aa. **"GDSs**" shall mean the Global Depository Shares, each of which represents a certain number of Equity Shares.

bb. **"General Meeting"** shall mean a meeting of holders of Equity Shares and any adjournment thereof.

cc. "**Independent Director**" shall mean an independent director as defined under the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

dd. **"India"** shall mean the Republic of India.

ee. **"Law"** shall mean all applicable provisions of all (i) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, circulars, ordinances or orders of any governmental authority and SEBI, (ii) governmental approvals, (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any governmental authority, (iv) rules of any stock exchanges, (v) international treaties, conventions and protocols, and (vi) Indian GAAP or any other generally accepted accounting principles.

ff. "**Listing Agreement**" means the agreement entered into with the stock exchanges in India, on which a company's shares are listed.

gg. "**Managing Director**" shall have the meaning assigned to it under the Act.

hh. "**MCA**" shall mean the Ministry of Corporate Affairs, Government of India.

ii. "**Memorandum**" shall mean the memorandum of association of the Company, as amended from time to time.

jj. "**Notified Sections**" shall mean the sections of the Companies Act, 2013 that have been notified by the Ministry of Corporate Affairs, Government of India, and are currently in effect.

kk. **"Office"** shall mean the registered office for the time being of the Company.

ll. **"Officer"** shall have the meaning assigned thereto by Section 2(59) of the Act.

mm. **"Ordinary Resolution**" shall have the meaning assigned thereto by Section 114 of the Act.

nn. "**Paid up**" shall include the amount credited as paid up.

oo. "**Person**" shall mean any natural person, sole proprietorship, partnership, company, body corporate, governmental authority, joint venture, trust, association or other entity (whether registered or not and whether or not having separate legal personality).

pp. "**Promoters**" shall mean Ashok Leyland Limited and Hinduja Power Limited

qq. "**Register of Members**" shall mean the register of shareholders to be kept pursuant to Section 88 of the Act.

rr. "**Registrar**" shall mean the Registrar of Companies, from time to time having jurisdiction over the Company.

ss. "**Rules**" shall mean the rules made under the Act and notified from time to time.

tt. "**Seal**" shall mean the common seal(s) for the time being of the Company.

uu. "**SEBI**" shall mean the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992.

vv. **"Secretary"** shall mean a company secretary within the meaning of clause (c) of sub-section (1) of Section 2 of the Company Secretaries Act, 1980 and includes any other individual possessing the prescribed qualifications and appointed to perform the duties which may be performed by a secretary under the Act and any other administrative duties.

ww. "**Securities**" shall mean the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956.

xx. “**Shareholder**” shall mean any shareholder of the Company, from time to time.

yy. “**Shareholders’ Meeting**” shall mean any meeting of the Shareholders of the Company, including Annual General Meetings as well as Extraordinary General Meetings of the Shareholders of the Company, convened from time to time in accordance with Law and the provisions of these Articles.

zz. **“Special Resolution”** shall have the meaning assigned to it under Section 114 of the Act.

aaa. **“Transfer”** shall mean (i) any, direct or indirect, transfer or other disposition of any shares, securities (including convertible securities), or voting interests or any interest therein, including, without limitation, by operation of Law, by court order, by judicial process, or by foreclosure, levy or attachment; (ii) any, direct or indirect, sale, assignment, gift, donation, redemption, conversion or other disposition of such shares, securities (including convertible securities) or voting interests or any interest therein, pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of such shares, securities (including convertible securities) or voting interests or any interest therein passes from one Person to another Person or to the same Person in a different legal capacity, whether or not for value; (iii) the granting of any security interest or encumbrance in, or extending or attaching to, such shares, securities (including convertible securities) or voting interests or any interest therein, and the word “**Transferred**” shall be construed accordingly.

bbb. “**Tribunal**” shall mean the National Company Law Tribunal constitutes under section 408 of the Act.

B. CONSTRUCTION

In these Articles (unless the context requires otherwise):

(i) References to a Party shall, where the context permits, include such Party’s respective successors, legal heirs and permitted assigns.

(ii) The descriptive headings of Articles are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content thereof and shall not be used to interpret the provisions of these Articles and shall not affect the construction of these Articles.

(iii) References to articles and sub-articles are references to Articles and Sub-articles of and to these Articles unless otherwise stated and references to these Articles include references to the articles and Sub-articles herein.

(iv) Words importing the singular include the plural and vice versa, pronouns importing a gender include each of the masculine, feminine and neuter genders, and where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.

(v) Wherever the words “include,” “includes,” or “including” is used in these Articles, such words shall be deemed to be followed by the words “without limitation”.

(vi) The terms “hereof”, “herein”, “hereto”, “hereunder” or similar expressions used in these Articles mean and refer to these Articles and not to any particular Article of these Articles, unless expressly stated otherwise.

(vii) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of such period is not a Business Day; and whenever any payment is to be made or action to be taken under these Articles is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

(viii) A reference to a Party being liable to another Party, or to liability, includes, but is not limited to, any liability in equity, contract or tort (including negligence).

(ix) Reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions.

(x) References to any particular number or percentage of securities of a Person (whether on a Fully Diluted Basis or otherwise) shall be adjusted for any form of restructuring of the share capital of that Person, including without limitation, consolidation or subdivision or splitting of its shares, issue of bonus shares, issue of shares in a scheme of arrangement (including amalgamation or de-merger) and reclassification of equity shares or variation of rights into other kinds of securities.

(xi) References made to any provision of the Act shall be construed as meaning and including the references to the rules and regulations made in relation to the same by the MCA. The applicable provisions of the Companies Act, 1956 shall cease to have effect from the date on which the corresponding provisions under the Act have been notified.

(xii) In the event any of the provisions of the Articles are contrary to the provisions of the Act and the Rules, the provisions of the Act and Rules will prevail.

3. EXPRESSIONS IN THE ACT AND THESE ARTICLES

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

5. BRANCH OFFICES

The Company shall have the power to establish one or more branch offices, in addition to the Office, in such places at its Board may deem fit.

6. PREFERENCE SHARES

(a) **Redeemable Preference Shares**

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have the power to issue on a cumulative or non-cumulative basis, preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

(b) **Convertible Redeemable Preference Shares**

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have power to issue on a cumulative or non-cumulative basis convertible redeemable preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such shares into such Securities on such terms as they may deem fit.

7. PROVISIONS IN CASE OF PREFERENCE SHARES.

Upon the issue of preference shares pursuant to Article 6 above, the following provisions shall apply:

(a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;

(b) No such shares shall be redeemed unless they are fully paid;

(c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's securities premium account, before the shares are redeemed;

(d) Where any such shares are proposed to be redeemed out of the profits of the Company, there shall, out of such profits, be transferred, a sum equal to the nominal amount of the shares to be redeemed, to a reserve, to be called the "**Capital Redemption Reserve Account**" and the applicable provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided by Section 55 of the Act, apply as if the Capital Redemption Reserve Account were paid up Share Capital of the Company;

(e) The redemption of preference shares under this Article by the Company shall not be taken as reduction of Share Capital;

(f) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up un-issued shares of the Company to be issued to the Shareholders as fully paid bonus shares; and

(g) Whenever the Company shall redeem any redeemable preference shares or cumulative convertible redeemable preference shares, the Company shall, within 30 (thirty) days thereafter, give notice thereof to the Registrar of Companies as required by Section 64 of the Act.

8. ADRS/GDRS

The Company shall, subject to the applicable provisions of the Act, compliance with all Laws and the consent of the Board, have the power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board.

9. PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST

The Board of Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof, as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, not exceeding, unless the Company in a general meeting shall otherwise direct, 12% (twelve percent) per annum, as the member paying such sum in advance and the Directors agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

10. ALTERATION OF SHARE CAPITAL

Subject to these Articles and Section 61 of the Act, the Company may, by Ordinary Resolution in General Meeting from time to time, alter the conditions of its Memorandum as follows, that is to say, it may:

(a) increase its Share Capital by such amount as it thinks expedient;

(b) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner.

(c) convert all or any of its fully Paid up shares into stock and reconvert that stock into fully Paid up shares of any denomination

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

(f) Where shares are converted into stock:

i. the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that the Board of Directors may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

ii. the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

iii. such of the Articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those Articles shall include “stock” and “stock-holder” respectively.

(g) The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law:

i. its share capital;

ii. any capital redemption reserve account; or

iii. any share premium account.

11. REDUCTION OF SHARE CAPITAL

The Company may, subject to the applicable provisions of the Act, from time to time, reduce its Capital, any capital redemption reserve account and the securities premium account in any manner for the time being authorized by Law. This Article is not to derogate any power the Company would have under Law, if it were omitted.

12. POWER OF COMPANY TO PURCHASE ITS OWN SECURITIES

Pursuant to a resolution of the Board, the Company may purchase its own Equity Shares or other Securities, as may be specified by the MCA, by way of a buy-back arrangement, in accordance with Sections 68, 69 and 70 of the Act, the Rules and subject to compliance with Law.

13. POWER TO MODIFY RIGHTS

Where, the Capital, is divided (unless otherwise provided by the terms of issue of the shares of that class) into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Companies Act, 2013 and Law, and whether or not the Company is being wound up, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is affected with consent in writing and by way of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class. Subject to Section 107(2) of the Companies Act, 1956 and Law, all provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.

14. REGISTERS TO BE MAINTAINED BY THE COMPANY

(a) The Company shall, in terms of the provisions of Section 88 of the Act, cause to be kept the following registers in terms of the applicable provisions of the Act

(i) A Register of Members indicating separately for each class of Equity Shares and preference shares held by each Shareholder residing in or outside India;

(ii) A register of Debenture holders; and

(iii) A register of any other security holders.

(b) The Company shall also be entitled to keep in any country outside India, a part of the registers referred above, called "foreign register" containing names and particulars of the Shareholders, Debenture holders or holders of other Securities or beneficial owners residing outside India.

(c) The registers mentioned in this Article shall be kept and maintained in the manner prescribed under the Companies (Management and Administration) Rules, 2014.

15. SHARES AND SHARE CERTIFICATES

(a) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

(b) A duplicate certificate of shares may be issued, if such certificate:

i. is proved to have been lost or destroyed; or

ii. has been defaced, mutilated or torn and is surrendered to the Company.

(c) The Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the depository and/or to offer its fresh shares in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(d) A certificate, issued under the common seal of the Company, specifying the shares held by any Person shall be *prima facie* evidence of the title of the Person to such shares. Where the shares are held in depository form, the record of depository shall be the *prima facie* evidence of the interest of the beneficial owner.

(e) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees two for each certificate) as the Directors shall prescribe. Provided that, no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with the applicable provisions of the Act and Law.

(f) The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.

(g) When a new share certificate has been issued in pursuance of sub-article (e) of this Article, it shall be in the form and manner stated under the Companies (Share Capital and Debentures) Rules, 2014.

(h) Where a new share certificate has been issued in pursuance of sub-articles (e) or (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates maintained in the form and manner specified under the Companies (Share Capital and Debentures) Rules, 2014.

(i) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine–numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may authorize for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(j) The Secretary shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates including the blank forms of the share certificate referred to in sub-article (i) of this Article.

(k) All books referred to in sub-article (j) of this Article, shall be preserved in the manner specified in the Companies (Share Capital and Debentures) Rules, 2014.

(l) The details in relation to any renewal or duplicate share certificates shall be entered into the register of renewed and duplicate share certificates, as prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

(m) If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at meetings and the transfer of shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares, and for all incidents thereof according to these Articles.

(n) Except as ordered by a court of competent jurisdiction or as may be required by Law, the Company shall be entitled to treat the Shareholder whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any 2 (two) or more Persons or the survivor or survivors of them.

16. SHARES AT THE DISPOSAL OF THE DIRECTORS

Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to the compliance with the provision of section 53 of the Act) and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting.

17. LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two (2) months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one (1) month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one (1) certificate and delivery of a certificate of shares to one (1) of several joint holders shall be sufficient delivery to all such holders.

18. TERM OF ISSUE OF DEBENTURES

Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at a general meeting, appointment of Directors and otherwise. Debentures with a right of conversion into or allotment of shares shall be issued only with consent of the Company in a general meeting by special resolution.

19. UNDERWRITING AND BROKERAGE

(a) Subject to the applicable provisions of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscription, (whether absolutely or conditionally), for any shares or Debentures in the Company in accordance with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

(b) The Company may also, on any issue of shares or Debentures, pay such brokerage as may be lawful.

20. CALLS

(a) Subject to the provisions of Section 49 of the Act, the Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Shareholders in respect of all money unpaid on the shares held by them respectively and each Shareholder shall pay the amount of every call so made on him to the Person or Persons and Shareholders and at the times and places appointed by the Board. A call may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in the General Meeting.

(b) 30 (thirty) days' notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call, the Board may by notice in writing to the Shareholders revoke the same.

(c) The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call and thereupon the call shall be deemed to have been made on the date so determined and if no date is determined, the call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by the Shareholders whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board. A call may be revoked or postponed at the discretion of the Board.

(d) The joint holder of a share shall be jointly and severally liable to pay all installments and calls due in respect thereof.

(e) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Shareholders who, from residence at a distance or other cause the Board may deem fairly entitled to such extension; but no Shareholders shall be entitled to such extension save as a matter of grace and favour.

(f) If any Shareholder or allottee fails to pay the whole or any part of any call or installment, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Shareholder.

(g) Any sum, which by the terms of issue of a share or otherwise, becomes payable on allotment or at any fixed date or by installments at a fixed time whether on account of the nominal value of the share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.

(h) On the trial or hearing of any action or suit brought by the Company against any Shareholder or his legal representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Shareholder in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares; that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Shareholder or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

(i) Neither a judgment nor a decree in favour of the Company for calls or other money due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Shareholder to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

(j) The Board may, if it thinks fit (subject to the provisions of Section 50 of the Act) agree to and receive from any Shareholder willing to advance the same, the whole or any part of the money due upon the shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares in respect of which such advance has been made, the Company may pay interest, as the Shareholder paying such sum in advance and the Board agree upon, provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(k) No Shareholder shall be entitled to voting rights in respect of the money(ies) so paid by him until the same would but for such payment, become presently payable.

(l) The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company.

21. COMPANY'S LIEN:

i. On shares:

(a) The Company shall have a first and paramount lien:

(i) on every share (not being a fully paid share), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share;

(ii) on all shares (not being fully paid shares) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company

Provided that the Board may, at any time, declare any shares wholly or in part to be exempt from the provisions of this Article.

(b) Company's lien, if any, on the shares, shall extend to all Dividends payable and bonuses declared from time to time in respect of such shares.

(c) Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The fully paid up shares shall be free from all lien and that in case of partly paid shares, the Company's lien shall be restricted to moneys called or payable at a fixed price in respect of such shares.

(d) For the purpose of enforcing such lien, the Board may sell the shares, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their Shareholders to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the Person entitled to the shares at the date of the sale.

(e) No Shareholder shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

ii. On Debentures:

(a) The Company shall have a first and paramount lien:

(i) on every Debenture (not being a fully paid Debenture), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that Debenture;

(ii) on all Debentures (not being fully paid Debentures) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company

Provided that the Board may, at any time, declare any Debentures wholly or in part to be exempt from the provisions of this Article.

(b) Company's lien, if any, on the Debentures, shall extend to all interest and premium payable in respect of such Debentures.

(c) Unless otherwise agreed, the registration of a transfer of Debentures shall operate as a waiver of the Company's lien, if any, on such Debentures. The fully paid up Debentures shall be free from all lien and that in case of partly paid Debentures, the

Company's lien shall be restricted to money called or payable at a fixed price in respect of such Debentures.

(d) For the purpose of enforcing such lien, the Board may sell the Debentures, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Debentures and may authorize the debenture trustee acting as trustee for the holders of Debentures or one of the holder of Debentures to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Debentures be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Debenture or the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Debentures before the sale) be paid to the Person entitled to the Debentures at the date of the sale.

(e) No holder of Debentures shall exercise any voting right in respect of any Debentures registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

22. FORFEITURE OF SHARES

(a) If any Shareholder fails to pay any call or installment or any part thereof or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other money remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his legal representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

(b) The notice shall name a day, (not being less than 14 (fourteen) days from the date of the notice), and a place or places on or before which such call or installment orsuch part or other money as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or installment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

(c) If the requirements of any such notice as aforesaid are not be complied with, any share in respect of which such notice has been given, may at any time, thereafter before payment of all calls, installments, other money due in respect thereof, interest and expenses as required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all

Dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture subject to the applicable provisions of the Act. There shall be no forfeiture of unclaimed Dividends before the claim becomes barred by Law.

(d) When any share shall have been so forfeited, notice of the forfeiture shall be given to the Shareholder on whose name it stood immediately prior to the forfeiture or if any of his legal representatives or to any of the Persons entitled to the shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

(e) Any share so forfeited shall be deemed to be the property of the Company and may be sold; re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.

(f) Any Shareholder whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses and other money owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce, (if it thinks fit), payment thereof as if it were a new call made at the date of forfeiture.

(g) The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

(h) A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the shares.

(i) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

(j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

(k) The Board may, at any time, before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

23. FURTHER ISSUE OF SHARE CAPITAL

(a) Where at any time, after the expiry of 2 (two) years from the formation of the Company or at any time after the expiry of 1 (one) year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, the Company proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(i) to persons who, at the date of the offer, are holders of Equity Shares of the Company in proportion, as nearly as circumstances admit, to the paid up Share Capital on those shares by sending a letter of offer subject to the following conditions, namely:-

a. the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

b. the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person; and the notice referred to in clause a. above shall contain a statement of this right;

c. after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Shareholders and the Company;

(ii) to employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under Law; or

(iii) to any persons, if it is authorised by a Special Resolution, whether or not those Persons include the Persons referred to in clause (i) or clause (ii) above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to the Rules.

Notwithstanding anything contained in sub-clause (a) hereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (i) hereof) in any manner whatsoever

(a) If a special resolution to that effect is passed by the Company in a general meeting, or

(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

Nothing in sub-clause (a) (1) (c) hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or

(b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares in the Company.

Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debenture or the raising of loan by a special resolution passed by the Company in general meeting.

24. TRANSFER AND TRANSMISSION OF SHARES

(a) The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.

(b) In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.

(c) (i) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act.

(ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.

(d) Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

(e) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a vernacular newspaper and in an English newspaper having wide circulation in the city, town or village in which the Office of the Company is situated, and publishing the notice on the website as may be notified by the Central Government and on the website of the Company, to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding 30 (thirty) days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.

(f) Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may, refuse to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Shareholder in the Company. The Company shall, within 30 (thirty) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal.

Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

(g) Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.

(h) Subject to the provisions of these Articles, any transfer of shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scripts of any small denominations or, to consider a proposal for transfer of shares comprised in a share certificate to several Shareholders, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

(i) In case of the death of any one or more Shareholders named in the Register of Members as the joint-holders of any shares, the survivors shall be the only Shareholder or Shareholders recognized by the Company as having any title to or interest in such shares, but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other Person.

(j) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint-holders), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 24(a) of these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.

(k) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind, except fully paid shares through a legal guardian.

(l) Subject to the provisions of Articles, any Person becoming entitled to shares in consequence of the death, lunacy, bankruptcy of any Shareholder or Shareholders, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

(m) A Person becoming entitled to a share by reason of the death or insolvency of a Shareholder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Shareholder in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares, and if such notice is not complied with within 90 (ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the shares until the requirements of the notice have been complied with.

(n) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the Dividends in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such Dividends to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.

In case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.

(o) The instrument of transfer of share shall be in writing and all provisions of Section 56 of the Act (and any statutory modification thereof for the time being) shall be duly complied with in respect of all transfers of shares and the registration thereof.

(p) Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with a properly stamped and executed instrument of transfer in accordance with the provisions of Section 56 of the Act.

(q) No fee shall be payable to the Company, in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.

(r) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

(s) There shall be a common form of transfer in accordance with the Act and Rules.

(t) The provision of these Articles shall subject to the applicable provisions of the Act, the Rules and any requirements of Law. Such provisions shall mutatis mutandis apply to the transfer or transmission by operation of Law to other Securities of the Company.

25. COMPANY’S LIEN ON SHARES / DEBENTURES

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien, if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

26. DEMATERIALIZATION OF SECURITIES

(a) Dematerialization:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(b) Subject to the applicable provisions of the Act, either the Company or the investor may exercise an option to issue, dematerialize, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act.

(c) Notwithstanding anything contained in these Articles to the contrary, in the event the Securities of the Company are dematerialized, the Company shall issue appropriate instructions to the Depository not to Transfer the Securities of any Shareholder except in accordance with these Articles. The Company shall cause the Promoters to direct the respective Depository participants not to accept any instruction slip or delivery slip or other authorisation for Transfer in contravention of these Articles.

(d) If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(e) Securities in Depositories to be in fungible form:

All Securities held by a Depository shall be dematerialized and be held in fungible form. Nothing contained in Sections 88, 89 and 186 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(f) Rights of Depositories & Beneficial Owners:

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(iii) Every person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Shareholder of the Company.

(iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(g) Except as ordered by a court of competent jurisdiction or as may be required by Law required and subject to the applicable provisions of the Act, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the Beneficial Owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(h) Register and Index of Beneficial Owners:

The Company shall cause to be kept a register and index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by Law including any form of electronic media.

The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a register resident in that state or country.

(i) Cancellation of Certificates upon surrender by Person:

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.

(j) Service of Documents:

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(k) Transfer of Securities:

(i) Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(ii) In the case of transfer or transmission of shares or other marketable Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(l) Allotment of Securities dealt with in a Depository:

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(m) Certificate Number and other details of Securities in Depository:

Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(n) Register and Index of Beneficial Owners:

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Shareholders and Security-holders for the purposes of these Articles.

(o) Provisions of Articles to apply to Shares held in Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

(p) Depository to furnish information:

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by Law and the Company in that behalf.

(q) Option to opt out in respect of any such Security:

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

(r) Overriding effect of this Article:

Provisions of this Article will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles.

27. NOMINATION BY SECURITIES HOLDERS

a) Every holder of Securities of the Company may, at any time, nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as his nominee in whom the Securities of the Company held by him shall vest in the event of his death.

b) Where the Securities of the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as their nominee in whom all the rights in the Securities Company shall vest in the event of death of all the joint holders.

c) Notwithstanding anything contained in any other Law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the Securities of the Company, where a nomination made in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, purports to confer on any Person the right to vest the Securities of the Company, the nominee shall, on the death of the holder of Securities of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in Securities of the holder or, as the case may be, of all the joint holders, in relation to such Securities of the Company to the exclusion of all other Persons, unless the nomination is varied or cancelled in the prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014.

d) Where the nominee is a minor, the holder of the Securities concerned, can make the nomination to appoint in prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014, any Person to become entitled to the Securities of the Company in the event of his death, during the minority.

e) The transmission of Securities of the Company by the holders of such Securities and transfer in case of nomination shall be subject to and in accordance with the provisions of the Companies (Share Capital and Debentures) Rules, 2014.

28. NOMINATION FOR FIXED DEPOSITS

A depositor (who shall be the member of the Company) may, at any time, make a nomination and the provisions of Section 72 of the Act shall, as far as may be, apply to the nominations made in relation to the deposits made subject to the provisions of the Rules as may be prescribed in this regard.

29. NOMINATION IN CERTAIN OTHER CASES

Subject to the applicable provisions of the Act and these Articles, any person becoming entitled to Securities in consequence of the death, lunacy, bankruptcy or insolvency of any holder of Securities, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Securities or elect to have some Person nominated by him and approved by the Board registered as such holder; provided nevertheless that, if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Securities.

30. COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 17 of the Act shall be sent by the Company to every Shareholder at his request within 7 (seven) days of the request on payment of such sum as prescribed under the Companies (Incorporation) Rules, 2014.

31. BORROWING POWERS

(a) Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board:

(i) accept or renew deposits from Shareholders;

(ii) borrow money by way of issuance of Debentures;

(iii) borrow money otherwise than on Debentures;

(iv) accept deposits from Shareholders either in advance of calls or otherwise; and

(v) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

Provided, however, that where the money to be borrowed together with the money already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such money without the consent of the Company by way of a Special Resolution in a General Meeting.

(b) Subject to the provisions of these Articles, the payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture–stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present and future. Provided however that the Board shall not, except with the consent of the Company by way of a Special Resolution in General Meeting mortgage, charge or otherwise encumber, the Company's uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.

(c) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.

(d) Subject to the applicable provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Shareholders in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorize the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the Shareholders in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall *mutatis mutandis* apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.

(e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company; and shall cause the requirements of the relevant provisions of the Act in that behalf to be duly complied with within the time prescribed under the Act or such extensions thereof as may be permitted under the Act, as the case may be, so far as they are required to be complied with by the Board.

(f) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board from time to time.

(g) The Company shall also comply with the provisions of the Companies (Registration of Charges) Rules, 2014 in relation to the creation and registration of aforesaid charges by the Company.

32. SHARE WARRANTS

(a) The Company may issue share warrants subject to, and in accordance with, the provisions of Sections 114 and 115 of the Companies Act, 1956; and accordingly the Board may in its discretion, with respect to any Share which is fully Paid-up, on application in writing signed by the Persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the Person signing the application, and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

(b) (i) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a Shareholder at any meeting held after the expiry of 2 (two) clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposited warrant.

(ii) Not more than one person shall be recognised as depositor of the share warrant.

(iii) The Company shall, on 2 (two) days' written notice, return the deposited share warrant to the depositor.

(c) (i) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Shareholder at a meeting of the Company, or be entitled to receive any notices from the Company.

(ii) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the Shareholder included in the warrant, and he shall be a Shareholder of the Company.

(d) The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

(e) The provisions contained under this Article shall cease to have effect post the notification of section 465 of the Act which shall repeal the provisions of Companies Act, 1956.

33. CONVERSION OF SHARES INTO STOCK AND RECONVERSION

(a) The Company in General Meeting may, by Ordinary Resolution, convert any Paid-up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interests, in the same manner and subject to the same regulations as those subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may, by an Ordinary Resolution, at any time reconvert any stock into Paid-up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal account from which the stock arose.

(b) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose, but no such privileges or advantages, (except participation in the Dividends and profits of the Company and in the assets on winding-up), shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

34. ANNUAL GENERAL MEETING

In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one Annual General Meeting and the date of the next. All General Meetings other than Annual General Meetings shall be Extraordinary General Meetings.

35. WHEN ANNUAL GENERAL MEETING TO BE HELD

Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96(1) of the Act to extend the time within which any Annual General Meeting may be held.

36. VENUE, DAY AND TIME FOR HOLDING ANNUAL GENERAL MEETING

(a) Every Annual General Meeting shall be called during business hours, that is, between 9 A.M. and 6 P.M. on a day that is not a national holiday, and shall be held at the Office of the Company or at some other place within the city, town or village in which the Office of the Company is situated, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting.

(b) Every Shareholder of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the Directors' Report and Audited Statement of Accounts, Auditors' Report, (if not already incorporated in the Audited Statement of Accounts), the proxy Register with proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same to the concerned Registrar of Companies, in accordance with Sections 92 and 137 of the Act. The Directors are also entitled to attend the Annual General Meeting.

37. NOTICE OF GENERAL MEETINGS

(a) Number of days' notice of General Meeting to be given:

A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode, excluding the day on which notice is served or deemed to be served (i.e., on expiry of 48 (forty eight) hours after the letter containing the same is posted). However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95% (ninety five percent) of the Shareholders entitled to vote at that meeting.

The notice of every meeting shall be given to:

(a) every Shareholder, legal representative of any deceased Shareholder or the assignee of an insolvent member of the Company,

(b) Auditor or Auditors of the Company, and

(c) all Directors.

(b) Notice of meeting to specify place, etc., and to contain statement of business:

Notice of every meeting of the Company shall specify the place, date, day and hour of the meeting, and shall contain a statement of the business to be transacted thereat shall be given in the manner prescribed under Section 102 of the Act.

(c) Contents and manner of service of notice and Persons on whom it is to be served:

Every notice may be served by the Company on any Shareholder thereof either personally or by sending it by post to their/its registered address in India and if there be no registered address in India, to the address supplied by the Shareholder to the Company for giving the notice to the Shareholder.

(d) Special Business:

Subject to the applicable provisions of the Act, where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2% (two percent) of the paid up share capital of that other company. All business transacted at any meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 102 of the Act shall be deemed to be special.

(e) Resolution requiring Special Notice:

With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 115 of the Act.

(f) Notice of Adjourned Meeting when necessary:

When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting in accordance with the applicable provisions of the Act.

(g) Notice when not necessary:

Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(h) The notice of the General Meeting shall comply with the provisions of Companies (Management and Administration) Rules, 2014.

38. REQUISITION OF EXTRAORDINARY GENERAL MEETING

(a) The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition received from such number of Shareholders who hold, on the date of receipt of the requisition, not less than one-tenth of such of the Paid up Share Capital of the Company as on that date carries the right of voting and such meeting shall be held at the Office or at such place and at such time as the Board thinks fit.

(b) Any valid requisition so made by Shareholders must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

(c) Upon the receipt of any such valid requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within 21 (twenty-one) days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than 45 (forty-five) days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the Paid up Share Capital held by all of them or not less than one-tenth of such of the Paid-up Share Capital of the Company as is referred to in

Section 100 of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

(d) Any meeting called under the foregoing sub-articles by the requisitionists, shall be called in the same manner, as nearly as possible, as that in which a meeting is to be called by the Board.

(e) The accidental omission to give any such notice as aforesaid to any of the Shareholders, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

(f) No General Meeting, Annual or Extraordinary, shall be competent to enter into, discuss or transact any business which has not been mentioned in the notice or notices by which it was convened.

(g) The Extraordinary General Meeting called under this article shall be subject to and in accordance with the provisions contained under the Companies (Management and Administration) Rules, 2014.

39. NO BUSINESS TO BE TRANSACTED IN GENERAL MEETING IF QUORUM IS NOT PRESENT

The quorum for the Shareholders' Meeting shall be in accordance with Section 103 of the Act. Subject to the provisions of Section 103(2) of the Act, if such a quorum is not present within half an hour from the time set for the Shareholders' Meeting, the Shareholders' Meeting shall be adjourned to the same time and place or to such other date and such other time and place as the Board may determine and the agenda for the adjourned Shareholders' Meeting shall remain the same. If at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.

40. CHAIRMAN OF THE GENERAL MEETING

The Chairman of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then the Directors present shall elect one of them as Chairman. If no Director is present or if all the Directors present decline to take the Chair, then the Shareholders present shall elect one of their member to be the Chairman of the meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the Chair is vacant.

41. CHAIRMAN CAN ADJOURN THE GENERAL MEETING

The Chairman may, with the consent given in the meeting at which a quorum is present (and if so directed by the meeting) adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

42. QUESTIONS AT GENERAL MEETING HOW DECIDED

(a) At any General Meeting, a resolution put to the vote of the General Meeting shall, unless a poll is demanded, be decided by a show of hands. Before or on the declaration of the result of the voting on any resolution by a show of hands, a poll may be carried out in accordance with the applicable provisions of the Act or the voting is carried out electronically. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, of passing of such resolution or otherwise.

(b) In the case of equal votes, the Chairman shall both on a show of hands and at a poll, (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Shareholder.

(c) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situate and either by a show of hands or by ballot or by postal ballot, as the Chairman shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the decision of the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.

(d) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Shareholder, (not being an officer or employee of the Company), present at the meeting provided such a Shareholder is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

(e) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment, shall be taken at the meeting forthwith. A poll demanded on any other question shall be taken at such time not later than 48 hours from the time of demand, as the Chairman of the meeting directs.

(f) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

(g) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.

(h) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

43. PASSING RESOLUTIONS BY POSTAL BALLOT

(a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, as amended, or other Law required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, as amended from time.

44. VOTES OF MEMBERS

(a) No Shareholder shall be entitled to vote either personally or by proxy at any General Meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

(b) No member shall be entitled to vote at a General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

(c) Subject to the provisions of these Articles, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the Capital of the Company, every Shareholder not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands, every Shareholder present in person shall have one vote and upon a poll, the voting right of such Shareholder present, either in person or by proxy, shall be in proportion to his share of the Paid Up

Share Capital of the Company held alone or jointly with any other Person or Persons.

Provided however, if any Shareholder holding Preference shares be present at any meeting of the Company, save as provided in Section 47(2) of the Act, he shall have a right to vote only on resolutions placed before the Meeting, which directly affect the rights attached to his preference shares.

(d) On a poll taken at a meeting of the Company, a Shareholder entitled to more than one vote, or his proxy, or any other Person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.

(e) A Shareholder of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through a committee or through his legal guardian; and any such committee or guardian may, on a poll vote by proxy. If any Shareholder be a minor his vote in respect of his Share(s) shall be exercised by his guardian(s), who may be selected (in case of dispute) by the Chairman of the meeting.

(f) If there be joint registered holders of any shares, any one of such Persons may vote at any meeting or may appoint another Person, (whether a Shareholder or not) as his proxy in respect of such shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint-holders be present at any meeting, then one of the said Persons so present whose name stands higher in the Register of Members shall alone be entitled to speak and to vote in respect of such shares, but the other joint- holders shall be entitled to be present at the meeting. Several Executors or Administrators of a deceased Shareholder in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

(g) Subject to the provision of these Articles, votes may be given personally or by an attorney or by proxy. A body corporate, whether or not a Company within the meaning of the Act, being a Shareholder may vote either by a proxy or by a representative duly authorised in accordance with Section 113 of the Act and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Shareholder.

(h) Any Person entitled to transfer any shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to such shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

(i) Every proxy, (whether a Shareholder or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a meeting.

(j) An instrument of proxy may appoint a proxy either for (i) the purposes of a particular meeting (as specified in the instrument) or (ii) for any adjournment thereof or (iii) it may appoint a proxy for the purposes of every meeting of the Company, or (iv) of every meeting to be held before a date specified in the instrument for every adjournment of any such meeting.

(k) A Shareholder present by proxy shall be entitled to vote only on a poll.

(l) An instrument appointing a proxy and a power of attorney or other authority (including by way of a Board Resolution, (if any),) under which it is signed or a notarially certified copy of that power or authority or resolution as the case may be, shall be deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the Person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. An attorney shall not be entitled to vote unless the power of attorney or other instrument or resolution as the case may be appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the meeting at which the attorney proposes to vote, or is deposited at the Office of the Company not less than forty-eight hours before the time fixed for such meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may, by notice in writing addressed to the Shareholder or the attorney, given at least 48 (forty eight) hours before the meeting, require him to produce the original power of attorney or authority or resolution as the case may be and unless the same is deposited with the Company not less than forty-eight hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting unless the Board in their absolute discretion excuse such non-production and deposit.

(m) Every instrument of proxy whether for a specified meeting or otherwise should, as far as circumstances admit, be in any of the forms set out in the Companies (Management and Administration) Rules, 2014.

(n) If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.

(o) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the meeting.

(p) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

(q) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.

(i) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 (thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

(ii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 (thirty) days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.

(iii) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(iv) The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(v) All appointments of Directors of the Company made at any meeting aforesaid shall be included in the minutes of the meeting.

(vi) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.

(vii) Any such Minutes shall be evidence of the proceedings recorded therein.

(viii) The book containing the Minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Shareholder without charge.

(ix) The Company shall cause minutes to be duly entered in books provided for the purpose of:

a) the names of the Directors and Alternate Directors present at each General Meeting;

b) all Resolutions and proceedings of General Meeting.

(r) The Shareholders shall vote (whether in person or by proxy) all of the shares owned or held on record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board, appointed as a Director of the Company under Sections 152 and 164(1) of the Act in accordance with these Articles.

(s) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

(t) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote.

(u) The Shareholders shall exercise their voting rights as shareholders of the Company to ensure that the Act or these Articles are implemented and acted upon by the Shareholders, and by the Company and to prevent the taking of any action by the Company or by any Shareholder, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

(v) Any corporation which is a Shareholder of the Company may, by resolution of the Board or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual Shareholder in the Company (including the right to vote by proxy).

(w) The Company shall also provide e-voting facility to the Shareholders of the Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014 or any other Law, if applicable to the Company.

45. DIRECTORS

Subject to the applicable provisions of the Act, the number of Directors of the Company shall not be less than 3 (three) and not more than 15 (fifteen). The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board shall have an optimum combination of executive and Independent Directors with at least 1 (one) woman Director, as may be prescribed by Law from time to time.

46. CHAIRMAN OF THE BOARD OF DIRECTORS

(a) The members of the Board shall elect any one of them as the Chairman of the Board. The Chairman shall preside at all meetings of the Board and the General Meeting of the Company. The Chairman shall have a casting vote in the event of a tie.

(b) If for any reason the Chairman is not present at the meeting or is unwilling to act as Chairman, the members of the Board shall appoint any one of the remaining Directors as the Chairman.

47. APPOINTMENT OF ALTERNATE DIRECTORS

Subject to Section 161 of the Act, any Director (hereinafter called "**the Original Director**") shall be entitled to nominate an alternate director (subject to such person being acceptable to the Chairman) (the

"**Alternate Director**") to act for him during his absence for a period of not less than 3 (three) months from India. The Board may appoint such a person as an Alternate Director to act for a Director during the Original Director's absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State. If the term of the office of the Original Director is determined before he so returns to the State, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

48. CASUAL VACANCY AND ADDITIONAL DIRECTORS

Subject to the applicable provisions of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any qualified Person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under Article 45**.** Any Person so appointed as an addition shall hold office only up to the earlier of the date of the next Annual General Meeting or at the last date on which the Annual General Meeting should have been held but shall be eligible for appointment by the Company as a Director at that meeting subject to the applicable provisions of the Act.

49. DEBENTURE DIRECTORS

If it is provided by a trust deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any Person/lender or Persons/lenders shall have power to nominate a Director of the Company, then in the case of any and every such issue of Debentures, the Person/lender or Persons/lenders having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to a Debenture Director. A Debenture Director may be removed from office at any time by the Person/lender or Persons/lenders in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain ancillary provisions as may be arranged between the Company and the trustees and all such provisions shall have effect notwithstanding any other provisions contained herein.

50. INDEPENDENT DIRECTORS

The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable. Further, the appointment of such Independent Directors shall be in terms of the aforesaid provisions of Law and subject to the requirements prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

51. EQUAL POWER TO DIRECTOR

Except as otherwise provided in these Articles, all the Directors of the Company shall have in all matters, equal rights and privileges and shall be subject to equal obligations and duties in respect of the affairs of the Company.

52. NOMINEE DIRECTORS

Whenever the Board enters into a contract with any lenders for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board shall have, subject to the provisions of Section 152 of the Act the power to agree that such lenders shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the common loan agreement/ facility agreement. The nominee director representing lenders shall not be required to hold qualification shares and not be liable to retire by rotation. The Directors may also agree that any such Director, or Directors may be removed from time to time by the lenders entitled to appoint or nominate them and such lenders may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatsoever. The nominee director shall hold office only so long as any monies remain owed by the Company to such lenders.

The nominee director shall be entitled to all the rights and privileges of other Directors including the sitting fees and expenses as payable to other Directors but, if any other fees, commission, monies or remuneration in any form are payable to the Directors, the fees, commission, monies and remuneration in relation to such nominee director shall accrue to the lenders and the same shall accordingly be paid by the Company directly to the lenders.

Provided that if any such nominee director is an officer of any of the lenders, the sittings fees in relation to such nominee director shall also accrue to the lenders concerned and the same shall accordingly be paid by the Company directly to that lenders.

Any expenditure that may be incurred by the lenders or the nominee director in connection with the appointment or directorship shall be borne by the Company.

The nominee director so appointed shall be a member of the project management sub-committee, audit sub-committee and other sub-committees of the Board, if so desired by the lenders.

The nominee director shall be entitled to receive all notices, agenda, etc. and to attend all general meetings and Board meetings and meetings of any committee(s) of the Board of which he is a member and to receive all notices, agenda and minutes, etc. of the said meeting.

If at any time, the nominee director is not able to attend a meeting of Board or any of its committees, of which he is a member, the lenders may depute an observer to attend the meeting. The expenses incurred by the lenders in this connection shall be borne by the Company.

53. NO QUALIFICATION SHARES FOR DIRECTORS

A Director shall not be required to hold any qualification shares of the Company.

54. REMUNERATION OF DIRECTORS

(a) Subject to the applicable provisions of the Act, the Rules, Law, a Managing Director or Managing Directors, and any other Director/s who is/are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.

(b) Subject to the applicable provisions of the Act, a Director (other than a Managing Director or an executive Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the central government from time to time for each meeting of the Board or any Committee thereof attended by him.

(c) The remuneration payable to each Director for every meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 197 of the Act.

(d) All fees/compensation to be paid to non-executive Directors including Independent Directors shall be as fixed by the Board and shall require the prior approval of the Shareholders in a General meeting. Such approval shall also specify the limits for the maximum number of stock options that can be granted to a non-executive Director, in any financial year, and in aggregate. However, such prior approval of the Shareholders shall not be required in relation to the payment of sitting fees to non-executive Directors if the same is made within the prescribed limits under the Act for payment of sitting fees with approval of Central Government. Notwithstanding anything contained in this article, the Independent Directors shall not be eligible to receive any stock options.

55. SPECIAL REMUNERATION FOR EXTRA SERVICES RENDERED BY A DIRECTOR

If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board. Such remuneration may either be in addition, to or in substitution for his remuneration otherwise provided, subject to the applicable provisions of the Act.

56. TRAVEL EXPENSES OF DIRECTORS

The Board may allow and pay to any Director, who is not a bona fide resident of the place where the meetings of the Board/Committee meetings are ordinarily held; and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for travelling, lodging and/ or other expenses, in addition to his fee for attending such Board / Committee meetings as above specified; and if any Director be called upon to go or reside out of his ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed travelling and other expenses incurred in connection with the business of the Company in accordance with the provisions of the Act.

57. CONTINUING DIRECTORS

The continuing Directors may act notwithstanding any vacancy in their body, but if, and so long as their number is reduced below the minimum number fixed by Article 45 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose.

58. VACATION OF OFFICE BY DIRECTOR

(a) Subject to relevant provisions of Sections 167 and 188 of the Act, the office of a Director, shall *ipso facto* be vacated if:

(i) he is found to be of unsound mind by a court of competent jurisdiction; or

(ii) he applies to be adjudicated an insolvent; or

(iii) he is adjudged an insolvent; or

(iv) he is convicted by a court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than 6 (six) months; or

(v) he fails to pay any calls made on him in respect of shares of the Company held by him whether alone or jointly with others, within 6 (six) months from the date fixed for the payment of such call, unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or

(vi) he absents himself from 3 (three) consecutive meetings of the Board or from all Meetings of the Board for a continuous period of 3 (three) months, whichever is longer, without obtaining leave of absence from the Board; or

(vii) he, (whether by himself or by any Person for his benefit or on his account), or any firm in which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company, in contravention of Section 185 of the Act; or

(viii) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or

(ix) he acts in contravention of Section 184 of the Act; or

(x) he becomes disqualified by an order of the court under Section 203 of the Companies Act, 1956; or

(xi) he is removed in pursuance of Section 169 of the Act; or

(xii) he is disqualified under Section 164 of the Act.

Subject to the applicable provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Board and such resignation shall become effective upon its acceptance by the Board.

59. RELATED PARTY TRANSACTIONS

(a) Except with the consent of the Board or the Shareholders, as may be required in terms of the provisions of section 188 of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014, no company shall enter into any contract or arrangement with a 'related party' with respect to: :

i. sale, purchase or supply of any goods or materials;

ii. selling or otherwise disposing of, or buying, property of any kind;

iii. leasing of property of any kind;

iv. availing or rendering of any services;

v. appointment of any agent for purchase or sale of goods, materials, services or property;

vi. such Director's or its relative's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

vii. underwriting the subscription of any securities or derivatives thereof, of the company:

without the consent of the Shareholders by way of a Special Resolution in accordance with Section 188 of the Act.

(b) no Shareholder of the Company shall vote on such Special Resolution, to approve any contract or arrangement which may be entered into by the Company, if such Shareholder is a related party.

(c) nothing in this Article shall apply to any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis.

(d) The Director, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

(e) The terms "office of profit" and "arm's length basis" shall have the meaning ascribed to them under Section 188 of the Act.

(f) The term 'related party' shall have the same meaning as ascribed to it under the Companies Act, 2013.

(g) The compliance of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be made for the aforesaid contracts and arrangements.

60. DISCLOSURE OF INTEREST

(a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184 of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together holds or hold not more than 2% (two percent) of the Paid-up Share Capital in the other company or the Company as the case may be. A general notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but may be renewed for a further period of one Financial Year at a time by a fresh notice given in the last month of the Financial Year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(b) No Director shall as a Director, take any part in the discussion of, vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangements; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however that nothing herein contained shall apply to:-

(i) any contract or indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;

(ii) any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Director consists solely,

1. in his being –

I. a director of such company, and

II. the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by this Company, or

2. in his being a member holding not more than 2% (two percent) of its Paid-up Share Capital.

Subject to the provisions of Section 188 of the Act and other applicable provisions, if any, of the Act, any Director of the Company, any partner or relative of such Director, any firm in which such Director or a relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.

(c) The Company shall keep a Register in accordance with Section 189 of the Act and shall within the time specified therein enter therein such of the particulars as may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 60(a). The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and extracts may be taken therefrom and copies thereof may be required by any Shareholder of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 94 of the Act shall apply accordingly.

(d) A Director may be or become a Director of any Company promoted by the Company, or on which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as director or shareholder of such Company except in so far as Section 188 or Section 197 of the Act as may be applicable.

61. ONE-THIRD OF DIRECTORS TO RETIRE EVERY YEAR

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the managing Director or whole-time Director(s), appointed or the Directors appointed as a Debenture Director, or the Directors appointed as Independent Director(s) under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

62. PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP

(a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless:-

(i) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;

(ii) retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so reappointed;

(iii) he is not qualified or is disqualified for appointment; or

(iv) a resolution whether special or ordinary is required for the appointment or reappointment by virtue of any applicable provisions of the Act.

63. COMPANY MAY INCREASE OR REDUCE THE NUMBER OF DIRECTORS.

Subject to Article 45 and Sections 149, 152 and 164 of the Act, the Company may, by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may, (subject to the provisions of Section 169 of the Act), remove any Director before the expiration of his period of office and appoint another qualified in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

64. REGISTER OF DIRECTORS ETC.

(a) The Company shall keep at its Office, a Register containing the particulars of its Directors, Managing Directors, Manager, Secretaries and other Persons mentioned in Section 170 of the Act and shall otherwise comply with the provisions of the said Section in all respects.

(b) The Company shall in respect of each of its Directors also keep at its Office a Register, as required by Section 170 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

65. DISCLOSURE BY DIRECTOR OF APPOINTMENT TO ANY OTHER BODY CORPORATE.

Every Director shall in accordance with the provisions of Companies (Meeting of Board and its Powers) Rules, 2014 shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals by giving a notice in accordance with such rules.

66. MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Subject to the provisions of Section 203 of the Act and of these Articles, the Board shall have the power to appoint from time to time any full time employee of the Company as Managing Director/ whole time director or executive director or manager of the Company. The Managing Director(s) or the whole time director(s) manager or executive director(s), as the case may be, so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the applicable provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or the whole time director(s) or manager or executive director(s), as the case may be, all the powers vested in the Board generally. The remuneration of a Managing Director/ whole time director or executive director or manager may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all those modes or any other mode not expressly prohibited by the Act.

67. PROVISIONS TO WHICH MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER ARE SUBJECT

Notwithstanding anything contained herein, a Managing Director(s) / whole time director(s) / executive director(s) / manager shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of a Director he shall ipso facto and immediately cease to be a Managing Director(s) / whole time director(s) / executive director(s) / manager, and if he ceases to hold the office of a Managing Director(s) / whole time director(s) / executive director(s)/ manager he shall ipso facto and immediately cease to be a Director.

68. REMUNERATION OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

The remuneration of the Managing Director(s) / whole time director(s) / executive director(s) / manager shall (subject to Sections 196, 197 and 203 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission or profits of the Company or by participation in such profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

69. POWER AND DUTIES OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director(s)/ whole time director(s) / executive director(s)/ manager(s) in the manner as deemed fit by the Board and subject to the applicable provisions of the Act, and these Articles, the Board may by resolution vest any such Managing Director(s)/ whole time director(s) / executive director(s)/ manager with such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to the applicable provisions of the Act, and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

70. POWER TO BE EXERCISED BY THE BOARD ONLY BY MEETING

The Board shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolutions passed at the meeting of the Board: -

(a) to make calls on Shareholders in respect of money unpaid on their shares;

(b) to authorise buy-back of securities under Section 68 of the Act;

(c) to issue securities, including debentures, whether in or outside India;

(d) to borrow money(ies);

(e) to invest the funds of the Company;

(f) to grant loans or give guarantee or provide security in respect of loans;

(g) to approve financial statements and the Board's report;

(h) to diversify the business of the Company;

(i) to approve amalgamation, merger or reconstruction;

(j) to take over a company or acquire a controlling or substantial stake in another company;

(k) fees/ compensation payable to non-executive directors including independent directors of the Company; and

(l) any other matter which may be prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.

The Board may, by a resolution passed at a meeting, delegate to any Committee of Directors, the Managing Director, or to any person permitted by Law the powers specified in sub clauses (d) to (f) above.

The aforesaid powers shall be exercised in accordance with the provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and shall be subject to the provisions of section 180 of the Act.

In terms of Section 180 of the Act, the Board may exercise the following powers subject to receipt of consent by the Company by way of a Special Resolution:

(a) to sell, lease or otherwise dispose of the whole or substantial part of the undertaking of the Company;

(b) to borrow money; and

(c) any such other matter as may be prescribed under the Act and other applicable provisions of Law.

71. MAKING LIABILITY OF DIRECTORS UNLIMITED

The Company may, by Special Resolution in a General Meeting, alter its Memorandum of Association so as to render unlimited the liability of its Directors or of any Director or manager, in accordance with Section 323 of the Companies Act, 1956.

72. PROCEEDINGS OF THE BOARD OF DIRECTORS

(a) Board Meetings shall be held at least once in every 3 (three) month period and there shall be at least 4 (four) Board Meetings in any calendar year and there should not be a gap of more than 120 (one hundred twenty) days between two consecutive Board Meetings. Meetings shall be held in Chennai, or such a place as may be decided by the Board.

(b) The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, such matters as provided under the Companies (Meetings of Board and its Powers) Rules, 2014 shall not be dealt with in a meeting through video conferencing or other audio visual means. Any meeting of the Board held through video conferencing or other audio visual means shall only be held in accordance with the Companies (Meetings of Board and its Powers) Rules, 2014.

(c) The Company Secretary or any Director shall, as and when directed by the Chairman convene a meeting of the Board by giving a notice in writing to every Director in accordance with the provisions of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014.

(d) The Board may meet either at the Office of the Company, or at any other location in India or outside India as the Chairman may determine.

(e) At least 7 (seven) days' notice of every meeting of the Board shall be given in writing to every

Director for the time being at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any emergency as directed by the Chairman or the Managing Director or the Executive Director, as the case may be, subject to the presence of 1 (one) Independent Director in the said meeting. If an Independent Director is not present in the said meeting, then decisions taken at the said meeting shall be circulated to all the Directors and shall be final only upon ratification by one independent Director. Such notice or shorter notice may be sent by post or by fax or e-mail depending upon the circumstances.

(f) At any Board Meeting, each Director may exercise 1 (one) vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted Board Meeting.

73. QUORUM FOR BOARD MEETING

(a) Quorum for Board Meetings

Subject to the provisions of Section 174 of the Act, the quorum for each Board Meeting shall be one-third of its total strength and the presence of Directors by video conferencing or by other audio visual means shall also be counted for the purposes of calculating quorum.

If any duly convened Board Meeting cannot be held for want of a quorum, then such a meeting shall automatically stand adjourned for 7 (seven) days after the original meeting at the same time and place, or if that day is a national holiday, on the succeeding day which is not a public holiday to the same time and place. Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed to by all the Directors in accordance with the provisions of the Act.

(b) If in the event of a quorum once again not being available at such an adjourned meeting, the Directors present shall constitute the quorum and may transact business for which the meeting has been called.

74. QUESTIONS AT THE BOARD MEETINGS HOW DECIDED

(a) Questions arising at any meeting of the Board, other than as specified in these Articles and the Act, if any, shall be decided by a majority vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

(b) No regulation made by the Company in General Meeting, shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

75. ELECTION OF CHAIRMAN OF BOARD

(a) The Board may elect a chairman of its meeting and determine the period for which he is to hold office.

(b) If no such chairman is elected, or at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the chairman of the meeting.

76. POWERS OF THE BOARD

Subject to the applicable provisions of the Act, these Articles and other applicable provisions of Law: -

(a) The Board shall be entitled to exercise all such power and to do all such acts and things as the Company is authorised to exercise and do under the applicable provisions of the Act or by the memorandum and articles of association of the Company.

(b) The Board is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

(c) Provided that the Board shall not, except with the consent of the Company by a Special Resolution:-

i. Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. The term 'undertaking' and the expression 'substantially the whole of the undertaking' shall have the meaning ascribed to them under the provisions of Section 180 of the Act;

ii. Remit, or give time for repayment of, any debt due by a Director;

iii. Invest otherwise than in trust securities the amount of compensation received by the Company as a result of any merger or amalgamation; and

iv. Borrow money(ies) where the money(ies) to be borrowed together with the money(ies) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of businesses), will exceed the aggregate of the paid-up capital of the Company and its free reserves.

77. COMMITTEES AND DELEGATION BY THE BOARD

(a) The Company shall constitute such Committees as may be required under the Act, applicable provisions of Law and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 179 of the Act, delegate any of its powers to the Managing Director(s), the executive director(s) or manager or the chief executive officer of the Company. The Managing Director(s), the executive director(s) or the manager or the chief executive officer(s) as aforesaid shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effect as if done by the Board.

(b) Subject to the applicable provisions of the Act, the requirements of Law and these Articles, the Board may delegate any of its powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes. Every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

(c) The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under the last preceding Article.

(d) The Board of the Company shall in accordance with the provisions of the Companies (Meetings of the Board and its Powers) Rules, 2014 or any other Law and the provisions of the Listing Agreement, form such committees as may be required under such rules in the manner specified therein, if the same are applicable to the Company.

78. ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING INFORMAL APPOINTMENT

All acts undertaken at any meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director . Provided that nothing in this Article shall be deemed to give validity to the acts undertaken by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

79. PASSING OF RESOLUTION BY CIRCULATION

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft form, together with the necessary papers, if any, to all the Directors, or members of the Committee, as the case may be, at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be provided under the Companies (Meetings of Board and its Powers) Rules, 2014 and has been approved by majority of Directors or members, who are entitled to vote on the resolution. However, in case one-third of the total number of Directors for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

A resolution mentioned above shall be noted at a subsequent meeting of the Board or the Committee thereof, as the case may be, and made part of the minutes of such meeting.

80. MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE BOARD

(a) The Company shall prepare minutes of each Board Meeting and the entries thereof in books kept for that purpose with their pages consecutively numbered. Such minutes shall contain a fair and correct summary of the proceedings conducted at the Board Meeting.

(b) The Company shall circulate the minutes of the meeting to each Director within 7 (seven) Business Days after the Board Meeting.

(c) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(d) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(e) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat and shall also contain: -

(i) all appointments of Officers;

(ii) the names of the Directors present at each meeting of the Board;

(iii) all resolutions and proceedings of the meetings of the Board; and

(iv) the names of the Directors, if any, dissenting from, or not concurring in, any resolution passed by the Board.

(f) Nothing contained in sub Articles (a) to (e) above shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting: -

(i) is or could reasonably be regarded as defamatory of any person;

(ii) is irrelevant or immaterial to the proceedings; or

(iii) is detrimental to the interests of the Company.

(g) The Chairman shall exercise absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in sub Article (f) above.

(h) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

(i) The minutes kept and recorded under this Article shall also comply with the provisions of Secretarial Standard 3 issued by the Institute of Company Secretaries of India constituted under the Company Secretaries Act, 1980 and approved as such by the Central Government and applicable provisions of the Act and Law.

81. REGISTER OF CHARGES

The Directors shall cause a proper register to be kept, in accordance with the applicable provisions of the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the applicable provisions of the Act in regard to the registration of mortgages and charges therein specified.

82. CHARGE OF UNCALLED CAPITAL

Where any uncalled capital of the Company is charged as security or other security is created on such uncalled capital, the Directors may authorize, subject to the applicable provisions of the Act and these Articles, making calls on the Shareholders in respect of such uncalled capital in trust for the person in whose favour such charge is executed.

83. SUBSEQUENT ASSIGNS OF UNCALLED CAPITAL

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

84. CHARGE IN FAVOUR OF DIRECTOR FOR INDEMNITY

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed, any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

85. OFFICERS

(a) The Company shall have its own professional management and such officers shall be appointed from time to time as designated by its Board. The officers of the Company shall serve at the discretion of the Board.

(b) The officers of the Company shall be responsible for the implementation of the decisions of the Board, subject to the authority and directions of the Board and shall conduct the day to day business of the Company.

(c) The officers of the Company shall be the Persons in charge of and responsible to the Company for the conduct of the business of the Company and shall be concerned and responsible to ensure full and due compliance with all statutory laws, rules and regulations as are required to be complied with by the Company and/or by the Board of the Company.

(d) Qualified experienced managerial and marketing executives and other officers shall be appointed for the operation and conduct of the business of the Company.

(e) The Board shall appoint with the approval of the Chairman, the President and/or Chief Executive Officer and/or Chief Operating Officer of the Company, as well as persons who will be appointed to the posts of senior executive management.

86. THE SECRETARY

(a) Subject to the provisions of Section 203 of the Act, the Board may, from time to time, appoint any individual as Secretary of the Company to perform such functions, which by the Act or these

Articles for the time being of the Company are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to him by the Board. The Board may confer upon the Secretary so appointed any powers and duties as are not by the Act or by these Articles required to be exercised by the Board and may from time to time revoke, withdraw, alter or vary all or any of them. The Board may also at any time appoint some individual (who need not be the Secretary), to maintain the Registers required to be kept by the Company.

(b) The Secretary shall be an individual responsible to ensure that there shall be no default, non-compliance, failure, refusal or contravention of any of the applicable provisions of the Act, or any rules, regulations or directions which the Company is required to conform to or which the Board of the Company are required to conform to and shall be designated as such and be the officer in default.

87. DIRECTORS' & OFFICERS' LIABILITY INSURANCE

Subject to the provisions of the Act and Law, the Company shall procure, at its own cost, comprehensive directors and officers liability insurance for each Director which shall not form a part of the remuneration payable to the Directors in the circumstances described under Section 197 of the Act: -

(a) on terms approved by the Board;

(b) which includes each Director as a policyholder;

(c) is from an internationally recognised insurer approved by the Board; and

(d) for a coverage for claims of an amount as may be decided by the Board, from time to time.

88. SEAL

(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board, previously given.

(b) The Company shall also be at liberty to have an official Seal(s) in accordance with Section 50 of the Companies Act, 1956, for use in any territory, district or place outside India.

(c) Every deed or other instrument to which the Seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney, be signed by (i) 2 (two) Directors or (ii) by 1 (one) Director and the Secretary or (iii) by 1 (one) Director and any other person as may be authorised by the Board for that purpose.

89. ACCOUNTS

(a) The Company shall prepare and keep at the Office books of accounts or other relevant books and papers and financial statements for every financial year which give a true and fair view of the state of affairs of the Company, including its branch office or offices, if any, and explain the transactions effected both at the Office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting.

(b) Where the Board decides to keep all or any of the books of account at any place other than the Office, the Company shall, within 7 (seven) days of the decision, file with the Registrar, a notice in writing giving the full address of that other place. The Company may also keep such books of accounts or other relevant papers in electronic mode in accordance with the provisions of the Act.

(c) The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year.

(d) When the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to dates at intervals of not more than three months, are sent by the branch office to the Company at its office or at the other place in India, at which the Company's books of account are kept as aforesaid.

(e) No Shareholder (not being a Director) shall have any right of inspecting any account or books or documents of the Company except specified under the Act and Law.

(f) In accordance with the provisions of the Act, along with the financial statements laid before the Shareholders, there shall be laid a 'Board's report' which shall include:

i. the extract of the annual return as provided under sub-section (3) of Section 92 of the Act;

ii. number of meetings of the Board;

iii. Directors' responsibility statement as per the provisions of Section 134 (5) of the Act;

iv. a statement on declaration given by Independent Directors under sub-section (6) of Section 149 of the Act;

v. in the event applicable, as specified under sub-section (1) of Section 178 of the Act, Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Act;

vi. explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made-

1. by the auditor in his report; and

2. by the company secretary in practice in his secretarial audit report;

vii. particulars of loans, guarantees or investments under Section 186 of the Act;

viii. particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 in the prescribed form;

ix. the state of the company's affairs;

x. the amounts, if any, which it proposes to carry to any reserves;

xi. the amount, if any, which it recommends should be paid by way of Dividends;

xii. material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;

xiii. the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;

xiv. a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;

xv. the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;

xvi. in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors; and

xvii. such other matters as may be prescribed under the Law, from time to time.

(g) All the aforesaid books shall give a fair and true view of the affairs of the Company or its branch office, as the case may be, with respect to the matters herein and explain its transactions.

90. AUDIT AND AUDITORS

(a) Auditors shall be appointed and their rights and duties shall be regulated in accordance with Sections 139 to 147 of the Act and as specified under Law.

(b) Every account of the Company when audited shall be approved by a General Meeting and shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected, and henceforth shall be conclusive.

(c) Every balance sheet and profit and loss account shall be audited by one or more Auditors to be appointed as hereinafter set out.

(d) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within 7 (seven) days.

(e) Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy and fix the remuneration to be paid to him by the Company for his services.

(f) The Company shall within 7 (seven) days of the Central Government's power under sub clause (b) becoming exercisable, give notice of that fact to the Government.

(g) The Directors may fill any casual vacancy in the office of an Auditor but while any such vacancy continues, the remaining auditors (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.

(h) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by a Shareholder to the Company not less than 14 (fourteen) days before the meeting in accordance with Section 115 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the Shareholders in accordance with provisions of Section 115 of the Act and all the other provision of Section 140 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring auditor shall not be re-appointed.

(i) The persons qualified for appointment as Auditors shall be only those referred to in Section 141 of the Act.

(j) None of the persons mentioned in Section 141 of the Act as are not qualified for appointment as auditors shall be appointed as Auditors of the Company.

91. AUDIT OF BRANCH OFFICES

The Company shall comply with the applicable provisions of the Act and the Companies (Audit and Auditor) Rules, 2014 in relation to the audit of the accounts of branch offices of the Company.

92. REMUNERATION OF AUDITORS

The remuneration of the Auditors shall be fixed by the Company as authorized in General Meeting from time to time in accordance with the provisions of the Act and the Companies (Audit and Auditor) Rules, 2014.

93. DOCUMENTS AND NOTICES

(a) A document or notice may be given or served by the Company to or on any Shareholder whether having his registered address within or outside India either personally or by sending it by post to him to his registered address.

(b) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a Shareholder has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due or by cable or telegram and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall be deemed to be effected unless it is sent in the manner intimated by the Shareholder. Such service shall be deemed to have effected in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted or after a telegram has been dispatched and in any case, at the time at which the letter would be delivered in the ordinary course of post or the cable or telegram would be transmitted in the ordinary course.

(c) A document or notice may be given or served by the Company to or on the joint-holders of a Share by giving or serving the document or notice to or on the joint-holder named first in the Register of Members in respect of the Share.

(d) Every person, who by operation of Law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which previous to his name and address being entered on the register of Shareholders, shall have been duly served on or given to the Person from whom he derives his title to such Share.

(e) Any document or notice to be given or served by the Company may be signed by a Director or the Secretary or some Person duly authorised by the Board for such purpose and the signature thereto may be written, printed, photostat or lithographed.

(f) All documents or notices to be given or served by Shareholders on or to the Company or to any officer thereof shall be served or given by sending the same to the Company or officer at the Office by post under a certificate of posting or by registered post or by leaving it at the Office.

(g) Where a Document is sent by electronic mail, service thereof shall be deemed to be effected properly, where a member has registered his electronic mail address with the Company and has intimated the Company that documents should be sent to his registered email address, without acknowledgement due. Provided that the Company, shall provide each member an opportunity to register his email address and change therein from time to time with the Company or the concerned depository. The Company shall fulfill all conditions required by Law, in this regard.

94. SHAREHOLDERS TO NOTIFY ADDRESS IN INDIA

Each registered Shareholder from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

95. SERVICE ON MEMBERS HAVING NO REGISTERED ADDRESS

If a Shareholder does not have registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighbourhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

96. SERVICE ON PERSONS ACQUIRING SHARES ON DEATH OR INSOLVENCY OF SHAREHOLDERS

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a Shareholders by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

97. PERSONS ENTITLED TO NOTICE OF GENERAL MEETINGS

Subject to the applicable provisions of the Act and these Articles, notice of General Meeting shall be given:

(i) To the Shareholders of the Company as provided by these Articles.

(ii) To the persons entitled to a share in consequence of the death or insolvency of a Shareholder.

(iii) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any Shareholder of the Company.

98. NOTICE BY ADVERTISEMENT

Subject to the applicable provisions of the Act, any document required to be served or sent by the Company on or to the Shareholders, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Office is situated.

99. DIVIDEND POLICY

(a) The profits of the Company, subject to any special rights relating thereto being created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the Shareholders in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the shares held by them respectively. Provided always that, (subject as aforesaid), any Capital Paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.

(b) Subject to the provisions of Section 123 of the Act the Company in General Meeting may declare Dividends, to be paid to Shareholders according to their respective rights and interests in the profits. No Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may, declare a smaller Dividend, and may fix the time for payments not exceeding 30 (thirty) days from the declaration thereof.

(c) (i) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Actor out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both provided that: -

1. if the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a Dividend for any Financial Year provide for such depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years, and
2. if the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Section 123 of the Actor against both.

(ii) The declaration of the Board as to the amount of the net profits shall be conclusive.

(d) The Board may, from time to time, pay to the Shareholders such interim Dividend as in their judgment the position of the Company justifies.

(e) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall carry interest, but shall not in respect thereof confer a right Dividend or to participate in profits.

(i) Subject to the rights of Persons, if any, entitled to shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any shares in the Company, Dividends may be declared and paid according to the amount of the shares.

(ii) No amount paid or credited as paid on shares in advance of calls shall be treated for the purpose of this regulation as paid on shares.

(iii) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid, but if any shares are issued on terms providing that it shall rank for Dividend as from a particular date such shares shall rank for Dividend accordingly.

(f) Subject to the applicable provisions of the Act and these Articles, the Board may retain the Dividends payable upon shares in respect of any Person, until such Person shall have become a Shareholder, in respect of such shares or until such shares shall have been duly transferred to him.

(g) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other money(ies) payable in respect of such shares.

(h) Subject to the applicable provisions of the Act, no Shareholder shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any such Shareholder all sums of money so due from him to the Company.

(i) Subject to Section 126 of the Act, a transfer of shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.

(j) Unless otherwise directed any Dividend may be paid by cheque or warrant or by a pay slip or receipt (having the force of a cheque or warrant) and sent by post or courier or by any other legally permissible means to the registered address of the Shareholder or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any Dividend lost to a Shareholder or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If 2 (two) or more Persons are registered as joint-holders of any Share(s) any one of them can give effectual receipts for any money(ies) payable in respect thereof. Several Executors or Administrators of a deceased Shareholder in whose sole name any Share stands shall for the purposes of this Article be deemed to be joint-holders thereof.

(k) No unpaid Dividend shall bear interest as against the Company.

(l) Any General Meeting declaring a Dividend may on the recommendation of the Board, make a call on the Shareholders of such amount as the Meeting fixes, but so that the call on each Shareholder shall not exceed the Dividend payable to him, and so that the call will be made payable at the same time as the Dividend; and the Dividend may, if so arranged as between the Company and the Shareholders, be set-off against such calls.

(m) Notwithstanding anything contained in this Article, the dividend policy of the Company shall be governed by the applicable provisions of the Act and Law.

(n) The Company may pay dividends on shares in proportion to the amount paid-up on each Share in accordance with Section 51 of the Act.

100. UNPAID OR UNCLAIMED DIVIDEND

(a) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration, transfer the total amount of dividend, which remained unpaid or unclaimed within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days to a special account to be opened by the Company in that behalf in any scheduled bank to be called the "Unpaid Dividend of Hinduja Leyland Finance Limited".

(b) Any money so transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 125 of the Act, viz. "Investors Education and Protection Fund".

(c) No unpaid or unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by Law.

101. CAPITALIZATION OF PROFITS

The Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the Company's profit and loss account or otherwise, as available for distribution, and

(b) that such sum be accordingly set free from distribution in the manner specified herein below in sub-article (iii) as amongst the Shareholders who would have been entitled thereto, if distributed by way of Dividends and in the same proportions.

(c) The sum aforesaid shall not be paid in cash but shall be applied either in or towards:

(i) paying up any amounts for the time being unpaid on any shares held by such Shareholders respectively;

(ii) paying up in full, un-issued shares of the Company to be allotted, distributed and credited as fully Paid up, to and amongst such Shareholders in the proportions aforesaid; or

(iii) partly in the way specified in sub-article (i) and partly in the way specified in sub-article (ii).

(d) A share premium account may be applied as per Section 52 of the Act, and a capital redemption reserve account may, duly be applied in paying up of unissued shares to be issued to Shareholders of the Company as fully paid bonus shares.

102. RESOLUTION FOR CAPITALISATION OF RESERVES AND ISSUE OF FRACTIONAL CERTIFICATE

(a) The Board shall give effect to a Resolution passed by the Company in pursuance of this regulation.

(b) Whenever such a Resolution as aforesaid shall have been passed, the Board shall:

(i) make all appropriation and applications of undivided profits (resolved to be capitalized thereby), and all allotments and issues of fully paid shares or Securities, if any; and

(ii) generally do all acts and things required to give effect thereto.

(c) The Board shall have full power:

i. to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and

ii. to authorize any person, on behalf of all the Shareholders entitled thereto, to enter into an agreement with the Company providing for the allotment to such Shareholders, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any parts of the amounts remaining unpaid on the shares.

(d) Any agreement made under such authority shall be effective and binding on all such shareholders.

103. DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP

(a) If the company shall be wound up , the Liquidator may, with the sanction of a special Resolution of the company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

104. DIRECTOR'S AND OTHER'S RIGHTS TO INDEMNITY

Subject to the provisions of Section 197 of the Act, every Director, Manager and other officer or employee of the company shall be indemnified by the company against any liability incurred by him and it shall be the duty of the Directors to pay out the funds of the company all costs, losses and expenses which any director, Manager, officer or employee may incur or become liable to by reason of any contact entered into by him on behalf of the company or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Manager, Officer or employee in defending any proceedings Whether civil or criminal in which judgement is given in his favour or he is acquitted or in connection with any application under section 463 of the Act in which relief is granted by the court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the company and have priority as between the shareholders over all the claims.

105. DIRECTOR'S ETC. NOT LIABLE FOR CERTAIN ACTS

Subject to the provision of section 197 of the Act, no Director, Manager, Officer or Employee of the company shall be liable for the acts, defaults, receipts and neglects of any other Director, Manager, Officer or employee or for joining in any receipts or other acts for the sake of conformity or for any loss or expenses happening to the company through the insufficiency or deficiency of any security in or upon which any of the monies of the company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any monies, securities or effects shall be deposited or for any loss occasioned by an error of judgement or oversight on his part , or for any other loss ,damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through negligence, default, misfeasance, breach of duty or breach of trust. Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with the registrar of the companies in respect of any act done or required to be done by any Director or other officer by reason of his holding the said office shall be paid and borne by the company.

106. INSPECTION BY SHAREHOLDERS

The register of charges, register of investments, register of shareholders, books of accounts and the minutes of the meeting of the board and shareholders shall be kept at the office of the company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the board determines for inspection of any shareholder without charge. In the event such shareholder conducting inspection of the abovementioned documents requires extracts of the same, the company may charge a fee which shall not exceed Rupees ten per page or such other limit as may be prescribed under the Act or other applicable provisions of law.

107. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

(a) The shareholders shall vote for all the equity shares owned or held on record by such shareholders at any annual or extraordinary General meeting of the company in accordance with these Articles.

(b) The shareholders shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.

(c) The Articles of the company shall not be amended unless (i) Shareholders holding not less than 75% (seventy five per cent) of the Equity shares (and who are entitled to attend and vote) cast votes in favour of each such amendment/s to the Articles.

108. SECRECY

No shareholder shall be entitled to inspect the company's work without permission of the managing Director/Directors or to require discovery of any information respectively any details of company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the company and which in the opinion of the managing Director/Directors will be inexpedient in the interest of the shareholders of the company to communicate to the public.

109. DUTIES OF THE OFFICER TO OBSERVE SECRECY

Every Director, managing Directors, manager, Secretary, Auditor, Trustee, members of the committee, officer, servant, agent, accountant or other persons employed in the business of the company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or the Auditors, or by resolution of the company in the general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provision of these Articles or Law. Nothing herein contained shall affect the powers of the Central Government or any officer appointed by the government to require or to hold an investigation into the company's affair.

110. PROVISIONS OF THE COMPANIES ACT, 1956 SHALL CEASE TO HAVE EFFECT

Notwithstanding anything contained in these Articles, the provisions of the Companies Act, 1956, as are mentioned under these articles shall cease to have any effect once the said provisions are repealed upon notification of the corresponding provisions under the Act.

PART II

111. PROVISIONS PURSUANT TO THE SHAREHOLDERS' AGREEMENT DATED JULY 17, 2013 AMONGST THE COMPANY, ASHOK LEYLAND LIMITED, ASHLEY INVESTMENTS LIMITED, ASHLEY HOLDINGS LIMITED, INDUSIND INTERNATIONAL HOLDINGS LIMITED, HINDUJA VENTURES LIMITED, AASIA MANAGEMENT & CONSULTANCY PRIVATE LIMITED, HINDUJA REALTY VENTURES LIMITED, HINDUJA FINANCE PRIVATE LIMITED, HLF SERVICES LIMITED, MR. R.J. SHAHANEY, MR. R. SESHASAYEE, MR. S. NAGARAJAN, MR. K. SRIDHARAN, MR. A.R. CHANDRASEKHARAN AND EVERFIN HOLDINGS

a. Notwithstanding anything to the contrary contained in Table F of the Companies Act, 2013 and Part I of the Articles of Association, so long as the Shareholders' Agreement dated July 17, 2013 entered into by and amongst Mr. R. Seshasayee, Mr. S. Nagarajan, Mr. K. Sridharan, Mr. Vinod Kumar Dasari (collectively referred to as "**the Holders**"), the Company, Ashok Leyland Limited ("**ALL**"), Ashley Investments Limited ("**AIL**"), Ashley Holdings Limited ("**AHL**"), Indusind International Holdings Limited ("**IIHL**"), Hinduja Ventures Limited ("**HVL**"), Aasia Management & Consultancy Private Limited ("**AMCPL**"), Hinduja Realty Ventures Limited ("**HRVL**"), Hinduja Finance Private Limited ("**HFP**"), HLF Services Limited ("**HSL**"), and Everfin Holdings ("**Everstone**"), hereinafter referred to in the Articles of Association as the "**Agreement**", shall be in effect, the provisions of Article 111 to Article 125 contained in these Articles shall also apply. In the event of any inconsistency or contradiction between the provisions of Part II and Part I of the Articles of Association and between Part I of the Articles of Association and Table F of the Companies Act, 2013, the provisions of Part II shall override and prevail over the provisions of Part I of the Articles of Association and Table F of the Companies Act, 2013.

b. It is clarified that upon the termination of the Agreement in the manner stipulated therein, the provisions of Article 111 to Article 125 shall cease to have any effect.

c. The termination of the Agreement or the ceasing of operation of certain Articles under Part II of the Articles of Association shall be without prejudice to any claim or rights of action previously accrued to the parties to the Shareholders Agreement before such termination / cessation. Upon the termination of the Agreement, the inconsistent Articles contained in Part I shall cease to be subordinate to Part II of the Articles of Association.

d. Notwithstanding the termination of the Agreement, the provisions of the Agreement that are expressed to survive termination shall survive the termination of the Agreement.

112. DEFINITIONS AND INTERPRETATION

112.1. In the Articles of Association, unless otherwise defined, capitalised terms used in this Articles of Association shall have the meanings given to them in the Agreement. In these Articles of Association, in addition to the terms defined herein, whenever used in these Articles of Association, unless repugnant to the meaning or context thereof, the following capitalized words and terms shall have the meanings set forth below:

Acceptance Notice has the meaning given to it in Article 120.5;

Act of Insolvency means the occurrence of any one or more of the following with respect to any HLF Group Company and/or the Ashok Leyland Group:

(a) if such HLF Group Company and/or any member of the Ashok Leyland Group, or any part of their assets or undertaking, (i) is involved in or subject to any Insolvency Proceedings, (ii) has stopped or suspended payment of any of its/their debts from any Financial Institution(s), (iii) has become unable to pay any of its/their debts from any Financial Institution(s) within 45 (fourty five) days (or any other period as may be prescribed under applicable law) of any of its/their debts from any Financial Institution(s) becoming due and payable, (iv) has otherwise become insolvent in any relevant jurisdiction or (v) there are reasonably definitive circumstances which require or would enable any Insolvency Proceedings to be commenced in respect of it/them or any part of its/their assets or undertaking;

(b) if such HLF Group Company and/or any member of the Ashok Leyland Group is unable to, or admits its inability to pay its debts (from any Financial Institution(s)) within 45 (fourty five) days from the date on which they fall due, or, by reason of actual or anticipated financial difficulties, such Party commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness, other than any rescheduling which is in the ordinary course of business of the Business;

(c) a declaration of insolvency, liquidation or bankruptcy by or of such HLF Group Company and/or any member of the Ashok Leyland Group; or

(d) any Action by any Third Party, being taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, bankruptcy, insolvency, winding-up, liquidation, dissolution, administration, provisional supervision or reorganisation or restructuring (by way of voluntary arrangement, scheme of arrangement or otherwise) of such HLF Group Company and/or such member of the Ashok Leyland Group;

(ii) (without prejudice to paragraph (a) above) the declaration of such HLF Group Company as a "sick industrial company" within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 of India or any equivalent law pursuant to which a debtor may obtain protection from its creditors;

(iii) a composition, compromise, assignment or arrangement with any creditor of such HLF Group Company and/or such member of the Ashok Leyland Group;

(iv) the appointment of a liquidator, receiver, administrator, compulsory manager, provisional liquidator or receiver, or supervisor, or other similar officer in respect of such HLF Group Company and/or such member of the Ashok Leyland Group and/or any of its/their assets; or

(v) enforcement of any security over any material assets of any HLF Group Company other than HSL and/or any member of the Ashok Leyland Group which are equivalent to at least 15% (fifteen percent) of the Networth of the HLF Group Companies (other than HSL) and/or any member of the Ashok Leyland Group, respectively (as the case maybe) at the relevant time of such enforcement of security, and in the case of HSL, an enforcement of any security over any material assets of HSL which is equivalent to the higher of at least 15% (fifteen percent) of its Networth at the relevant time of such enforcement of security or an amount of INR 10,000,000 (Indian Rupees Ten Million only).

For the purposes of this definition, the word "**debt**" shall include only such debts that are admitted or adjudicated but shall not include any debts that are disputed.

Action means any claim which is of an amount exceeding INR 15,000,000/- (Indian Rupees Fifteen Million only) and which has not been resolved for a period of 90 (ninety) days, demand, litigation, petition, action, suit, investigation, inquiry, process, proceeding, mediation, arbitration, conciliation, enforcement proceeding, hearing, assessment, fine, penalty, judgment, order, injunction, decree or award (administrative or judicial);

Affiliate of a Person (the **Subject Person**) shall mean,

(a) in the case of any Subject Person other than a natural person:

(i) any other Person that, either directly or indirectly through one or more intermediate Persons and whether alone or in combination with one or more other

Persons, Controls, is Controlled by or is under common Control with the Subject Person, and

(ii) where the Subject Person is Everstone, any investment fund managed or advised by the Subject Person,

provided that, without prejudice to the generality of the foregoing, where the Subject Person is Everstone, the term Affiliate, shall be deemed to include any fund, collective investment scheme, trust, partnership (including any coinvestment partnership), special purpose or other vehicle or any subsidiary or Affiliate (in accordance with (a) above) of any of the foregoing, which is managed and/ or advised by Everstone's group or Everstone's investment manager and/ or investment advisor or an Affiliate (in accordance with (a) above) of the investment manager and/ or investment advisor, or any other fund under the management or advice of Everstone or any of its Affiliates (in accordance with (a) above) or companies/entities under the same management as Everstone;

(b) in the case of any Subject Person that is a natural person:

(i) any other Person that, either directly or indirectly through one or more intermediate Persons and whether alone or in combination with one or more other Persons, is Controlled by the Subject Person,

(ii) any other Person who is an immediate family member of such Subject Person *i.e.* the father, mother, son, daughter or spouse of each Subject Person; or

(iii) any member of a Hindu undivided family of which such Subject Person is a karta or member; in the case of any Subject Person that is a natural person,

Allotment Offer has the meaning given to it in Article 120.79.7;

Alternative Exit Mechanisms has the meaning given to it in Article 126.3.1;

Annual Business Plan means the business plan prepared by the HLF Group Companies and as approved by the respective Board and/or boards of the HLF Group Companies (other than the Company) from time to time with respect to every Financial Year containing, (a) full particulars of the operating performance budget, and (b) amongst other key performance indicators applicable to a company engaged in the business of financial services, *inter-alia*, details in relation to disbursement and assets under management segregated by different classes of vehicles, yields, securitization, borrowing, capex and total indebtedness of each HLF Group Company for the concerned Financial Year. It is clarified that the operative business plan for a Financial Year applicable to the HLF Group Companies shall be the Annual Business Plan approved by the Board and/or the respective boards of the HLF Group Companies (other than the Company) for that Financial Year;[1]

Anti – Dilution Event has the meaning given to it in Article 124;

Approved Bank means any category I merchant banker;

Approved Firms means any one of KPMG, PricewaterhouseCoopers, Deloitte & Touche and Ernst & Young, acting through or represented by their respective audit teams or affiliate audit firms permitted to practice in India under the regulations of the Institute of Chartered Accountants of India and **Approved Firm** means any of them;

Articles of Association means the articles of association of the Company and as subsequently amended from time to time;

As Converted Basis means the equity shareholding ownership in the Company at the relevant point in time as calculated in accordance with the Conversion Valuation or the Revised Conversion Valuation, in the event of Article 133.9 of these Articles of Association becoming applicable (as the case may be) after taking into account all the issued and outstanding Equity

Shares and the preference shares issued, and all outstanding options, warrants, convertible debentures, employee stock options , if any, from time to time and all other Securities of the Company as if all such options, warrants, convertible debentures and all other outstanding Securities were converted to Equity Shares at that point in time and such calculation shall take into consideration *inter alia* all Share splits, bonus issuances if any;

Ashok Leyland/Hinduja/IIHL Call Option has the meaning given to it in Article 126.3.2(a);

Ashok Leyland Group means and includes ALL, AIL ,AHL and any future subsidiary of ALL wherein ALL owns directly more than 51% (fifty one percent) of the issued and paid up share capital of such subsidiary and exercises Control over such subsidiary;

Assets means all assets, properties, rights and interests of every kind, nature, specie or description whatsoever, whether movable or immovable, tangible or intangible, owned, leased and/ or used by any or all of the HLF Group Companies and **Asset** shall mean any of them;

Asset Liability Management Committee means the committee constituted by the Board and/or boards of the HLF Group Companies (other than the Company) comprising of Mr. S. Solomon Raj, Mr. S. Nagarajan, Mr. T Anantha narayanan and Mr. Anil Harish, Directors, and any other Director as may be appointed by the Board or boards of the HLF Group Companies (other than the Company) from time to time, in relation to monitoring of the asset liability gap and suggesting strategies to mitigate the risks associated with such asset liability gap;

Audit Committee means the committee constituted by the Board and/or boards of the HLF Group Companies (other than the Company), comprising of Mr. R. Sundararaman, Mr. T. Anantha narayanan, Mr. Y. M. Kale, Mr. Anil Harish and Mr. S. Solomon Raj, Directors, and any other Director as may be appointed by the Board or boards of the HLF Group Companies (other than the Company) from time to time, in relation to dealing with all material questions concerning the auditing and accounting policies of the HLF Group Companies and their financial controls and systems or any other function as may be determined by the Board/ boards of the HLF Group Companies (other than the Company);

Big Four means KPMG, Pricewaterhouse Coopers, Deloitte & Touche and Ernst & Young, acting through or represented by their respective audit teams or affiliate audit firms permitted to practice in India under the regulations of the Institute of Chartered Accountants of India;

Board means the board of Directors of the Company as nominated and elected from time to time in accordance with Article 115;

Bonus Issuance has the meaning give to it in Article 123.3.1;

Bonus Long Stop Date has the meaning give to it in Article 123.3.2;

Book Value means the Networth of the Company and/or the HLF Group Companies (as the case maybe);

Business means vehicle financing and the facilitation of vehicle financing;

For the purposes of this definition, the word "**vehicle**" shall include without limitation, all forms of vehicles and equipment manufactured by Ashok Leyland Limited or any other commercial vehicle such as, *inter-alia*, heavy commercial vehicles (HCV), light commercial vehicles (LCV), medium commercial vehicle (MCV), small commercial vehicles (SCV), multi- axle vehicles (MAV), tractor-trailers (TT), intermittent commercial vehicles (ICV) , or construction equipment or three wheeler or two wheeler or tractor or cars or used vehicles that may be manufactured by the Affiliates of Ashok Leyland Limited or any Third Party;

Business Day means a day (other than a Saturday or Sunday) on which banks are generally open in Mumbai, Chennai, Singapore and Mauritius for normal business transactions;

Buyback has the meaning given to it in Article 126.3.4(b) (i);

Buyback Shares has the meaning given to it in Article 126.3.4(b)(i);

Call Closure Period has the meaning given to it in Article 126.3.2(c);

Call Option Threshold Price has the meaning given to it in Article 126.3.2(b);

Call Option Determined Price has the meaning given to it in Article 126.3.2(b);

Call Price has the meaning given to it in Article 126.3.2(a);

Call Notice has the meaning given to it in Article 126.3.2(b);

Capital Call Process has the meaning given to it in Article 120.1;

CFC has the meaning given to it in Article 133.1.2;

Chairman means the chairman of the Board;

Charter Documents means collectively the memorandum of association and the Articles of Association, the certificate of incorporation or similar organizational or incorporation documents of the HLF Group Companies, as maybe contextually applicable;

Closing has the meaning given to it in the Share Subscription Agreement;

Companies Act means the (Indian) Companies Act, 2013 as amended, modified, replaced or supplemented from time to time;

Competitor means:

(a) the following companies engaged in the business of vehicle financing in India, namely:

- (i) Cholamandalam Investment and Finance Company Limited;
- (ii) Sundaram Finance Limited;
- (iii) Magma Fincorp Limited;
- (iv) Shriram Transport Finance Company Limited; and
- (v) Mahindra and Mahindra Financial Services Limited.

(b) the following companies engaged in the business of original equipment manufacturing in India, namely:

- (i) VE Commercial Vehicles Limited (Eicher – Volvo);
- (ii) Daimler India Commercial Vehicles Private Limited (Bharat – Benz);
- (iii) Mahindra and Mahindra Limited (Mahindra) and
- (iv) Tata Motors Limited (Tata);
- (v) Swaraj Mazda Limited; and
- (vi) AMW Motors Limited, ("**OEMs**")

(c) entities in which the OEMs have Control or a Controlling interest; and

(d) any distributer/dealer in India of such OEM which has an exclusive contractual arrangement with such OEM, which accounts for at least 65% (sixty five percent) of the revenue of such distributer/dealer for that Financial Year;

It is clarified that the Parties shall once every year review the list of companies engaged in the business of vehicle financing in India, as provided under (a) above or the list of OEMs, as provided under (b) above, and the existing names may be substituted by names of such other vehicle financing companies or OEMs as may be mutually agreed in writing by and between the Company and Everstone.

For the purposes of this definition, the word "**vehicle**" shall include without limitation, all forms of vehicles and equipment manufactured by the Ashok Leyland Limited or any other commercial vehicle such as, *inter-alia*, heavy commercial vehicles (HCV), light commercial vehicles (LCV), medium commercial vehicle (MCV), small commercial vehicles (SCV), multi- axle vehicles (MAV), tractor-trailers (TT), intermittent commercial vehicles (ICV), or construction equipment or three wheeler or two wheeler or tractor or cars or used vehicles that may be manufactured by the Affiliates of Ashok Leyland Limited or any Third Party;

Code has the meaning given to it in Article 133.1.2;

Completion Date has the meaning given to it in the Share Subscription Agreement;

Consensus Valuation has the meaning given to it in Article 120.1;

Contract means any written or other agreement, arrangement, contract, subcontract, understanding, instrument, note, warranty, insurance policy, benefit plan or commitment of any nature whatsoever (whether or not the same is absolute, revocable, contingent, conditional, binding or otherwise);

Control means the power to direct the management and policies of such Person directly or indirectly, whether through the ownership of more than 50% (fifty percent) of the voting power of such Person, or, through the power to appoint more than half of the members of the board of directors or similar governing body of such Person, through contractual arrangements, or otherwise; and the terms **Controlling** and **Controlled** shall be construed accordingly;

Conversion has the meaning given to it in the Agreement;

Conversion Date has the meaning given to it in the Agreement;

Conversion Notice has the meaning given to it in the Agreement;

Conversion Period has the meaning given to it in the Agreement;

Conversion Valuation means a pre money valuation of the Company equivalent to INR 12,214,000,500/- (Indian Rupees Twelve Billion Two Hundred and Fourteen Million and Five Hundred only) and a post money valuation of the Company equivalent to INR 14,214,000,578/- (Indian Rupees Fourteen Billion Two Hundred and Fourteen Million Five Hundred and Seventy Eight only);

Credit Committee means the committee constituted by the Board and/or boards of the HLF Group Companies (other than the Company) comprising of Mr. R Seshasayee, Mr. R Sundararaman and Mr. S Nagarajan, Directors, and any other Director as may be appointed by the Board or boards of the HLF Group Companies (other than the Company) from time to time, the scope and functionality of which is set out in SCHEDULE 7 of the Agreement;

Deed of Adherence means a deed in the form set out in SCHEDULE 4 (Form of Deed of Adherence) of the Agreement;

Dilutive Event has the meaning given to it in Article 123.1;

Director means a director of any of the HLF Group Companies;

Director Undertaking has the meaning given to it in Article 126.2.6(c);

Dissenting Observations has the meaning given to it in Article 129;

Distributable Proceeds has the meaning given to it in Article 125;

Effective Date means the Completion Date as defined in the Share Subscription Agreement;

Electronic Mode means any video conferencing facility *i.e.* audio visual electronic communication facility employed by the HLF Group Companies which enables all Persons participating in that meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting that satisfies the prescribed requirements of applicable law;

Encumbrance means any mortgage, charge (fixed or floating), pledge, lien, option, claim, power of sale in favour of a Third Party, right to acquire, right of pre-emption, assignment by way of security or trust arrangement for the purpose of providing security, any security interest or other Third Party right of any kind (including any retention arrangement), any right, interest or claim of a Third Party, or any agreement, arrangement or obligation to create any of the foregoing, and **Encumber** shall be construed accordingly;

Enforcement Action has the meaning given to it in Article 133.1.3 (b);

Equity Shares means fully paid up equity shares of face value of INR 10/- (Indian Rupees Ten only) each in the share capital of the Company;

ESOP Options means the options granted by the Company at various strike prices in accordance with the ESOP Scheme. Each such ESOP Option shall entitle each holder to one ESOP Share if the vesting schedule has been completed and the strike price has been paid by such holder to the Company**;**

ESOP ROFR has the meaning given to it in Article 122.4.4.2;

ESOP ROFR Offered Shares has the meaning given to it in Article 122.4.4.2;

ESOP Scheme means the employee stock option scheme as approved by the Board, accounting for upto 19,906,191 (nineteen million nine hundred and six thousand one hundred and ninety one) number of shares to be issued and allotted to the employees of the Company in the event the Conversion Valuation is applicable, or accounting for upto 20,142,420 (twenty million one hundred and forty two thousand four hundred and twenty) number of shares to be issued and allotted to the employees of the Company in the event the Revised Conversion Vaulation is applicable. Such ESOP Scheme would have standard policy features such as the vesting of the shares in accordance with the vesting schedule (over a period of 3 (three) to 5 (five) years), and non applicability of the ESOP Scheme to any Relatives (in the event any member of the Hinduja Group and/or the Ashok Leyland Group and/or the IIHL Group becomes a natural person) and/or employees of the Hinduja Group and/or the Ashok Leyland Group and/or the IIHL Group;

ESOP Shares means the Shares to be issued and allotted by the Company in accordance with the ESOP Scheme;

ESOP Shareholders has the meaning given to it in Article 122.4.4.1;

Event of Default has the meaning given to it in Article 127.1;

Everstone Director means any Director nominated by Everstone on the boards of the HLF Group Companies, from time to time, in accordance with the terms and conditions of these Articles of Association;

Everstone Equity Shares means 5,321,762 (five million three hundred and twenty one thousand and seven hundred and sixty two) fully paid up equity shares of the Company, having face value of INR 10/- (Indian Rupees Ten only) each, issued and allotted to Everstone in accordance with the terms of the Transaction Documents;

Everstone Differential Right Protection has the meaning given to it in Article 123.1;

Everstone Issue Price means INR 37.58154/- (Indian Rupees Thirty Seven point Five Eight One Five Four only) per Share if the Conversion Valuation becomes applicable, resulting in the shareholding of 14.07063% (fourteen point zero seven zero six three percent) and and INR 34.65846/- (Indian Rupees Thirty Four point Six Five Eight Four Six only) per Share if the Revised Conversion Valuation becomes applicable, resulting in the shareholding of 15.07841% (fifteen point zero seven eight four one percent);

Everstone Mandatory Pre-emptive Right has the meaning given to it in Article 121.1;

Everstone Mandatory Pre-emptive Right Exercise Notice has the meaning given to it in Article 121.3;

Everstone Mandatory Pre-emptive Right Valuation has the meaning given to it in Article 121.2;

Everstone Observer has the meaning given to it in Article 115.2.3;

Everstone's Pre-emptive Right has the meaning given to it in Article 120.1;

Everstone's Pre-emptive Right Shares has the meaning given to it in Article 120.1;

Everstone Preference Shares means 47,895,857 (forty seven million eight hundred and ninety five thousand and eight hundred and fifty seven) fully paid up compulsorily convertible cumulative participating preference shares of face value of INR 37.58154/- (Indian Rupees Thirty Seven point Five Eight One Five Four only) each, issued and allotted to Everstone in accordance with the terms of the Transaction Documents and the terms and conditions of which have been specified in SCHEDULE 8 of the Agreement;

Everstone Primary Investment Amount means the aggregate amount of the Everstone Primary Equity Investment Amount and the Everstone Primary Preference Investment Amount aggregating to INR 2,000,000,078/- (Indian Rupees Two Billion and Seventy Eight only), proposed to be invested by Everstone into the Company for subscribing to the Everstone Subscription Shares;

Everstone Primary Equity Investment Amount means the aggregate amount of INR 200,000,012/- (Indian Rupees Two Hundred Million and Twelve only), proposed to be invested by Everstone into the Company for subscribing to the Everstone Equity Shares;

Everstone Primary Preference Investment Amount means the aggregate amount of INR 1,800,000,066/- (Indian Rupees One Billion Eight Hundred Million and Sixty Six only), proposed to be invested by Everstone into the Company for subscribing to the Everstone Preference Shares;

Everstone Rights has the meaning give to it in Article 120.2;

Everstone Shareholding means the total percentage of Shares held by Everstone at any given point of time, on an As Converted Basis, which on Effective Date shall amount to 14.07063% (fourteen point zero seven zero six three percent) and may be subject to increase to 15.07841% (fifteen point zero seven eight four one percent) in accordance with the terms of these Articles of Association;

Everstone Subscription Shares means collectively, the Everstone Equity Shares and the Everstone Preference Shares;

Everstone Terms has the meaning given to it in Article 123.1;

Everstone Threshold Valuation has the meaning give to it in Article 120.2;

Everstone Threshold Valuation Event has the meaning give to it in Article 120.2;

Execution Date means the date of the Agreement, being the date on which the Agreement is signed by all of the Parties hereto and if the Agreement is signed on different dates by the Parties, then the Execution Date shall, for the avoidance of doubt, be the date on which the last of the Parties signs the Agreement;

FCPA has the meaning given to it in Article 133.1.3;

Financial Institution(s) means any bank, non - banking financial institution and/or any other institution that deals with the business of providing finance and is regulated by the Reserve Bank of India;

Financial Year means the financial year commencing on April 1 of a calendar year and ending on March 31 in the immediately succeeding calendar year, a period of 12 (twelve) months in respect of which each of the HLF Group Companies, prepares its audited accounts;

First Mandatory Pre-emptive Right Valuer has the meaning given to it in Article 121.2;

FMV Price shall mean fair market value of the Securities as may be determined by any one of the Approved Firms/Approved Banks based on the Company's actual performance, expected future performance and market conditions;

FMV Determination has the meaning give to it in Article 126.3.2(b);

FMV Determinator has the meaning given to it in Article 126.3.2(b);

Hinduja Group means and includes HVL, AMCPL, HRVL, HFP and any future subsidiary of HVL wherein HVL owns directly more than 51% (fifty one percent) of the issued and paid up share capital of such subsidiary and exercises Control over such subsidiary;

HLF Group Companies means the Company, HSL and each company that currently is or in the future becomes a Subsidiary of the Company, HSL or any of their respective Subsidiaries, and **HLF Group Company** means any of them;

HLF Sale Shares has the meaning given to it in Article 90.5.1;

HLF Shareholders means collectively the Ashok Leyland Group, the Hinduja Group, the IIHL Group and the Holders;

HLF Transferor(s) has the meaning given to it in Article 122.5.3(c) ;

Holders means collectively the list of Persons stated in SCHEDULE 1 of the Agreement;

IIHL Group means and includes IIHL and any future subsidiary of IIHL wherein IIHL owns at all points of time directly more than 51% (fifty one percent) of the issued and paid up share capital of such subsidiary and exercises Control over such subsidiary**;**

Independent Director means an independent non-executive Director, appointed in accordance with the provisions contained under Article 115 of these Articles of Association and **Independent Directors** means all of them;

Indian GAAP means the Indian Generally Accepted Accounting Principles promulgated by the Institute of Chartered Accountants of India, together with its pronouncements thereon from time to time, and applied on a consistent basis, in respect of any company, as applicable in India;

Insolvency Proceedings means any form of or procedure related to, insolvency, bankruptcy, liquidation, receivership or administratorship, including any form of winding-up, arrangement or scheme with creditors, moratorium, interim or provisional supervision by any relevant authority;

Intellectual Property Rights means (i) copyright, patents, know-how, confidential information, database rights, and rights in trademarks, domain names and designs (whether registered or unregistered), (ii) applications for registration, and the right to apply for registration, for any of the same, and (iii) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;

IRR means an internal rate of return of a specified percentage per annum, for all relevant purposes of these Articles of Association, calculated using the Microsoft Excel XIRR function of Microsoft Office 2007 or a higher version thereof (or if such program is no longer available, such other software program for calculating internal rate of return as may be mutually decided, in writing, by the Company, the Ashok Leyland Group and Hinduja Group and the IIHL Group on one hand and Everstone on the other hand);

Issuance Notice has the meaning given to it in Article 120.4;

Issuance Price has the meaning given to it in Article 120.4;

Issuance Shares has the meaning given to it in Article 120.4;

Key Management means the following Persons or any other Person with the equivalent position/designation:

(i) Mr. S. Nagarajan (Managing Director);

(ii) Mr. Sachin Pillai (Chief Operating Officer); and

(iii) Mr. G. VijayakKumar (Chief Financial Officer);

KPMG means KPMG, acting through or represented by its respective audit team or affiliate audit firm permitted to practice in India under the regulations of the Institute of Chartered Accountants of India;

Licence means any authorisation, licence (including but not limited to statutory licence), registration, permit, approval, consent, no-objection or permission;

Liquidation Event: means- (a) insolvency or bankruptcy of any of the HLF Group Companies, or (b) dissolution of any of the HLF Group Companies either through a member's or creditor's voluntary winding-up process or a court directed winding-up process;

Long Stop Date has the meaning given to it in the Share Subscription Agreement;

Losses shall mean any loss, damages, demands, liability, claims, actions, judgments, causes of action, , interests, fines, penalties, diminution in value and/or other costs or expenses (including, without limitation, amounts paid in settlement, court costs and all reasonable attorneys' fees and expenses);

Managing Director or Manager has the meaning given to it in Article 116.1;

Material Contract means any Contract to which any of the HLF Group Companies is or becomes a party and which, (i) in case of the Company, (a) whether by reason of its nature, term, scope, price or otherwise, is of importance to the business profits of the Company in excess of INR 150,000,000/- (Indian Rupees One Hundred and Fifty Million only) or Assets of the Company in excess of INR 500,000,000/- (Indian Rupees Five Hundred Million only); or (b) any customer loan agreement in excess of an amount equivalent to 5% (five percent) of the Networth of the Company; or (c) trade advance arrangement in excess of an amount equivalent to 10% (ten percent) of the Networth of the Company or (d) Property Contract, in excess of INR 200,000,000/-

(Indian Rupees Two Hundred Million only); (ii) in case of HSL, whether by reason of its nature, term, scope, price or otherwise, is of importance to the business profits or Assets of HSL in excess of INR 50,000,000/- (Indian Rupees Fifty Million only) and (iii) in case of any other company that, in future, becomes a Subsidiary of the Company, HSL or any of their respective Subsidiaries, falls within such threshold as may be mutually agreed in writing between the Parties;

Net Cash Realisation means the total cash accruals on the Everstone Primary Investment Amount and any other amount that Everstone may invest by way of subscription of Securities, to Everstone, calculated on an INR to INR basis, including dividend realisations (if any). It is clarified that any transaction specific expenditure or taxes incurred or borne by Everstone in relation to Everstone Primary Investment Amount will not be factored for the calculation of the Net Cash Realisation;

Networth shall mean the equity share capital and reserves (excluding revaluation reserve) of the Company and/ or the HLF Group Companies (other than the Company) as the case may be;

Non Consensus Valuation Event has the meaning given to it in Article 120.2;

OEM has the meaning given to it in the definition of "Competitor";

Offer For Sale has the meaning given to it in Article 126.3.5(a);

Offer For Sale Target Date has the meaning given to it in Article 126.3.5(a);

Offer Price has the meaning given to it in Article 122.4.1(a);

Operational Specific Items has the meaning given to it in Article 115.9.4;

Parties means each of Company, the Ashok Leyland Group, the Hinduja Group, IIHL Group, HSL and Everstone;

PAT means profit after tax and minority interest as per the audited consolidated financial statement of the Company, prepared in accordance with Indian GAAP and in compliance with applicable guidelines of Reserve Bank of India, but shall not include prior period items, extra ordinary income and/or unusual income and/or non-recurring income such as write-back of provisions etc;

Permitted Group Transfer has the meaning given to it in Article 122.3.1;

Person means any natural person, limited or unlimited liability company, body corporate, corporation, partnership (whether limited or unlimited), proprietorship, trust, union, association, whether incorporated or not, government, any relevant authority or any agency or political subdivision thereof (as may be contextually applicable), or any other entity that may be treated as a person under applicable law, including the Parties;

PFIC has the meaning given to it in Article 133.1.2;

Policy has the meaning given to it in Article 133.1.3 (d) (i)

Post Money Valuation means the valuation of the Company arrived at after taking into account the aggregate of the Pre Money Valuation and the Everstone Primary Investment Amount, thereby valuing the Company at INR 14,214,000,578/- (Indian Rupees Fourteen Billion Two Hundred and Fourteen Million Five Hundred and Seventy Eight only), at a price per Share of INR 37.58154/- (Indian Rupees Thirty Seven point Five Eight One Five Four only) as calculated in accordance with the Conversion Valuation or in the event that the Revised Conversion Valuation (under Article 101.9) becomes applicable, then the valuation arrived at by valuing the Company at INR 13,263,999,578/- (Indian Rupees Thirteen Billion Two Hundred and Sixty Three Million Nine Hundred and Ninety Nine Thousand Five Hundred and Seventy Eight only) at a price per Share of INR 34.65846/- (Indian Rupees Thirty Four point Six Five Eight Four Six only);

Pre – Closing Period has the meaning given to it in Article 113;

Pre Money Valuation means the valuation of the Company as on the Execution Date prior to the infusion of the Everstone Primary Investment Amount, amounting to the total of 12,214,000,500/- (Indian Rupees Twelve Billion Two Hundred and Fourteen Million and Five Hundred only) in accordance with the Conversion Valuation, at a price per Share of INR 37.58154/- (Indian Rupees Thirty Seven point Five Eight One Five Four only) or in the event that the Revised Conversion Valuation (under Article 101.9) becomes applicable, then the valuation arrived at for the Company shall amount to INR 11,263,999,500/- (Indian Rupees Eleven Billion Two Hundred and Sixty Three Million Nine Hundred and Ninety Nine Thousand and Five Hundred only) at a price per Share of and INR 34.65846/- (Indian Rupees Thirty Four point Six Five Eight Four Six only);

Preferential Allotment has the meaning given to it in Article 120.1;

Private Liquidity Option has the meaning given to it in Article 126.2.3(b);

Private Liquidity Option Notice has the meaning given to it in Article 126.3.4(b);

Private Liquidity Price has the meaning given to it in Article 126.3.4(b);

Proposed Allottee has the meaning given to it in Article 123.1;

Property Contract means all contracts entered into by the HLF Group Companies in relation to the occupation and use of any of their offices;

Proposed Transfer has the meaning given to it in Article 122.4.1;

Purchase Obligation has the meaning given to it in Article 126.3.4(b)(ii);

Purchase Shares has the meaning given to it in Article 126.3.4(b)(ii) ;

QIPO Investment Bank(s) means one or more reputable and internationally renowned investment banks to be mutually agreed upon by the Ashok Leyland Group and Everstone in writing and appointed by the Company in accordance with Article 126.2.4, to advise on, manage and implement, the Qualified IPO;

Qualified IPO means an initial public offering of Equity Shares, either by way of an offer for sale or fresh issuance or a combination of both (a) which results in the listing and commencement of trading of the Equity Shares on a Recognised Stock Exchange, and (b) which is made in accordance with Article 126.2;

Qualified IPO Target Date has the meaning given to it in Article 126.2.1(a);

Receiving Party has the meaning given to it in Article 131.1;

Recognised Stock Exchange means:

a. the Bombay Stock Exchange Limited; or

b. the National Stock Exchange of India Limited; or

c. such other Indian or international stock exchanges as may be mutually acceptable to Ashok Leyland Group and Everstone;

Registrar of Companies means the registrar of companies situated at Chennai and/ or the relevant registrar of companies;

Rejection Notice has the meaning given to it in Article 122.4.1(e);

Related Parties means each "related party" (as understood under Indian GAAP) of the HLF Shareholders, and **Related Party** means any of them;

Related Party Transaction shall mean all transactions with Related Parties, including but not limited to (i) investments in, or loans to, Related Parties; (ii) compensation paid to any employee or director(s) of Ashok Leyland Group/ Hinduja Group/ IIHL Group; (iii) the usage of distribution network or customer databases of the Company for economically gainful activities by Related Parties other than for the Business;

Relatives has the meaning given to it in the Companies Act;

Required Networth has the meaning given to it in Article 133.9;

Required Net Income has the meaning given to it in Article 133.9;

Reserved Matters means any of the matters specified in SCHEDULE 3 of the Agreement and Article 118;

Response Notice has the meaning given to it in Article 122.5.3(b);

Revised Conversion Valuation means a pre money valuation of the Company equivalent to INR 11,263,999,500/- (Indian Rupees Eleven Billion Two Hundred and Sixty three Million Nine Hundred and Ninety Nine Thousand and Five Hundred only) and a post money valuation of the Company equivalent to INR 13,263,999,578/- (Indian Rupees Thirteen Billion Two Hundred and Sixty Three Million Nine Hundred and Ninety Nine Thousand Five Hundred and Seventy Eight only);

Risk Management Committee means the committee constituted by the Board and/or boards of the HLF Group Companies (other than the Company) comprising of Mr. R Sundararaman, Mr. S Nagarajan, Mr. Anil Harish and Mr. S Solomon Raj, Directors, and any other Director as may be appointed by the Board or boards of the HLF Group Companies (other than the Company) from time to time, the functionality and scope of which is set out in SCHEDULE 7 of the Agreement;

ROFO Acceptance Notice has the meaning given to it in Article 122.4.1(a);

ROFO Notice has the meaning given to it in Article 122.4.1;

ROFO Offer Period has the meaning given to it in Article 122.4.1(a);

ROFO Offered Shares has the meaning given to it in Article 122.4.1;

Sale Event means whether individually or in the aggregate (i) the disposal, either directly or indirectly, by trade sale or otherwise of more than 50 % (fifty percent) of the assets or Business of the Company, including sale, disposal of, or issuance of shares and/or voting rights in HLF Group Companies to a Third Party, (ii) the disposal or issuance to a Third Party, in each case either directly or indirectly, of more than 50% (fifty percent) of the share capital and/or voting rights of the Company (on an As Converted Basis in case of issuance of new Securities), or (iii) the merger or consolidation of the Company or any of the HLF Group Companies (other than the Company) accounting for more than 50% (fifty percent) with or into another company whereby a Third Party will acquire, directly or indirectly, more than 50% (fifty percent) of the share capital and/or voting rights of the surviving company in such merger or consolidation (each of the foregoing being referred to individually as a "Sale Event");

Sale Shares has the meaning given to it in Article 126.3.3(a);

Second Mandatory Pre-emptive Right Valuer has the meaning given to it in Article 121.2;

Securities means any subscriptions, options, debentures, preference shares, instruments, bonds, conversion rights, warrants, or similar agreements, securities, letter agreements conferring the right to subscribe to the equity/preference shares of any HLF Group Company or commitments/arrangements of any kind obligating any HLF Group

Company to issue, allot, grant, deliver or sell, or cause to be issued, allotted, granted, delivered or sold (i) any Shares in the equity share capital or any derivative securities of any HLF Group Company; (ii) any securities convertible into or exchangeable for any equity shares in the equity share capital of any HLF Group Company; or (iii) any obligations measured by the price or value of the Shares in the equity share capital of the Company; or (iv) any instrument that creates any rights whatsoever to participate in the equity, economic interest or income of any HLF Group Company or to participate in or direct the election of any Directors or officers of the Company;

Selling Shareholders has the meaning given to it in Article 122.5.1;

Share Subscription Agreement has the meaning given to it in the Recital E of the Agreement;

Shareholder means each of the Ashok Leyland Group, the Hinduja Group, the IIHL Group, the Holders and Everstone and from time to time a Person in whose name Shares are registered in the Company's register of members and/or register of preference shares, and **Shareholders** means all of them;

Shareholder Group has the meaning given to it in Article 122.1.4;

Shares means issued shares in the share capital of any HLF Group Company (as maybe contextually applicable) including but not limited to the Equity Shares and any outstanding Securities;

Special Liquidity Option has the meaning given to it in Article 128;

Specific Competitors has the meaning given to it in Article 133.8;

Subsidiary has the meaning given to it in the Companies Act and includes subsidiary of a Subsidiary and for the purpose of these Articles of Association, HSL shall be deemed to be a Subsidiary of the Company;

Tag-along Offer Notice has the meaning give to it in Article 122.5.3(a);

Tag Along Response Period has the meaning give to it in Article 122.5.3(b);

Tag Along Securities has the meaning give to it in Article 122.5.3(a);

Taxation or **Tax** means all forms of taxation, duties (including stamp duties), levies, imposts and employee social security contributions/charges, whether direct or indirect including corporate income tax, service tax, wage withholding tax, value added tax, customs and excise duties, capital gains tax and other legal transaction taxes, dividend withholding tax, land taxes, environmental taxes and duties and any other type of taxes or duties payable by virtue of any applicable national, regional or local law or regulation and which may be due directly or by virtue of joint and several liability in any relevant jurisdiction; together with any interest, penalties, surcharges or fines relating to them, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction;

Term Sheet has the meaning given to it in Article 120.2;

Term Sheet Execution Date has the meaning given to it in Article 120.2;

Third Mandatory Pre-emptive Right Valuer has the meaning given to it in Article 121.2;

Third Party means any Person other than the Shareholders and the Company;

Third Party Offeror has the meaning given to it in Article 126.3.3(a);

Transaction Documents means the Share Subscription Agreement, the Agreement, and such other documents as may be agreed by and between the Parties in writing; **Transaction Closure Period** has the meaning given to it in Article 120.2;

Transferring HLF Shareholders has the meaning given to it in Article 121.1;

Transfer Long Stop Date has the meaning give to it in Article 123.3.4;

Transfer Shares has the meaning give to it in Article 123.3.3;

U.K. Bribery Act has the meaning give to it in Article 133.1.3 (a);

Warranties have the meaning given to it in the Agreement;

Warrantors means each of the Company, and the Ashok Leyland Group and **Warrantor** means any of them; and

112.2. **Interpretation**

112.2.1. In these Articles of Association:

(a) references to **applicable law** means any statute, law, enactment, regulation, ordinance, policy, treaty, rule, judgment, notification, rule of common law, order, decree, bye-law, License, directive, guideline, requirement or other governmental or regulatory restriction or condition, or any similar form of decision of, or determination by, or interpretation of, having the force of law of any relevant authority having jurisdiction over the matter in question, whether in effect as of the Execution Date or thereafter, in any jurisdiction and includes any practice or custom under any applicable law;

(b) references to **relevant authority** means any government, or any governmental, non-governmental, legislative, executive, administrative, fiscal, judicial or regulatory, authority, body, board, ministry, department, commission, tribunal, agency, instrumentality or other person exercising legislative, executive, administrative, fiscal, judicial or regulatory functions (including any court, tribunal, mediator or arbitrator of competent jurisdiction), having jurisdiction over the matter in question, whether as of the Execution Date or thereafter, in any jurisdiction or political sub-division and includes any relevant taxation authority;

(c) references to **relevant taxation authority** means any relevant authority having jurisdiction over or responsibility with respect to, the administration, assessment, determination, collection or imposition of any Tax;

(d) references to an individual who is a Shareholder include his executors, administrators and personal representatives. In the event of transmission of Securities of an individual who is a Shareholder, the Person to whom such Securities are transmitted shall also be deemed to be bound by the terms and conditions of these Articles of Association;

(e) references to a Party to the Agreement include references to the successors and assigns of that Party;

(f) the words **including** and **include** shall mean including without limitation and include without limitation, respectively;

(g) any reference importing a gender includes the other gender;

(h) any reference to Rs. or INR is to Indian rupees and any reference to US$ or USD is to United States dollars;

(i) any reference to writing includes typing, printing, lithography, photography but excludes any form of electronic communication;

(j) any reference to a document is to that document as amended, varied or novated from time to time otherwise than in breach of the Agreement or that document;

(k) references to any HLF Group Company's issued share capital shall include equity shares as well as preference shares issued (if any) by such HLF Group Company;

(l) references to any body corporate or any other form of a regulatory authority shall be deemed to include its successors as may be prescribed from time to time;

(m) words importing the singular include the plural and vice versa; and

(n) words and expressions defined in the Companies Act have the same meaning in these Articles of Association unless otherwise defined.

112.2.2. In these Articles of Association, any reference, express or implied, to an enactment includes:

(a) that enactment as re-enacted, amended, extended or applied by or under any other enactment (before, on or after the signature of the Agreement);

(b) any enactment which that enactment re-enacts (with or without modification); and

(c) any subordinate legislation made (before, on or after the signature of the Agreement) under any enactment, as re-enacted, amended, extended or applied as described in Article 112.2.2(a) above, or under any enactment referred to in Article 112.2.2(b).

112.2.3. In these Articles of Association, unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the following Business Day if the last day of such period is not a Business Day.

112.2.4. In these Articles of Association, unless otherwise specified, whenever any payment to be made or action taken under these Articles of Association is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day.

112.2.5. Time is of the essence in the performance of the Parties' respective obligations. If any time period specified herein is extended, such extended time shall also be of the essence.

112.2.6. Where there is any inconsistency between the definitions set out in Article 80.1 and the definitions set out in any other Article, then for the purposes of construing such Article, the definitions set out in such Article shall prevail.

112.2.7. Any undertaking by any of the Parties not to do any act or thing shall be deemed to include an undertaking not to permit or suffer or assist the doing of that act or thing (to the extent that such action or omission shall be under the control or influence of the relevant Party).

112.2.8. Any reference to a document in agreed form is to a document in form and substance agreed between the Parties and initialed for the purpose of identification by or on behalf of each of them (in each case with such amendments as may be agreed by or on behalf of the Parties).

112.2.9. Any reference to obtaining regulatory approvals shall be deemed to include an obligation on the concerned Party(ies) to make commercially reasonable efforts to expeditiously obtain such approval.

112.2.10. Any reference to "**force majeure**" shall mean the events and circumstances to the extent that they, or their consequences, have an effect described herein and are beyond the reasonable control of the Party affected and would include (a) acts of God, including without limitation fire, storms, floods, earthquake or lightning or (b) war, hostilities, terrorist acts, riots, civil commotion or disturbances, change in governmental laws, orders or regulations adversely affecting or preventing due performance by any Party of its duties, obligations or responsibilities under the Agreement and these Articles of Association, embargoes, actions by a government, central or state in India or overseas, or any agency thereof, sabotage, explosions; or (c) strikes, lockouts or other concerted industrial actions; or (d) any other acts, occurrences, events or circumstances beyond the reasonable control of the Party affected, which shall include a change of applicable laws, which would prevent the obligated Party from discharging the applicable obligations under the Transaction Documents.

112.2.11. Any right of Everstone to subscribe/ purchase shares/Securities under these Articles of Association shall include the right of Everstone to subscribe to/ purchase such shares/Securities by itself or through an Affiliate.

112.2.12. Unless stated otherwise, in computing the shareholding of any Party, for determining the rights and privileges available to such Party under these Articles of Association and the Agreement, the shares/Securities held by its Affiliates shall be considered as being held by such Party.

112.2.13. Unless stated otherwise, any and all rights available to Everstone in the Company under these Articles of Association or the Agreement shall mutatis mutandis also be available to Everstone in the Subsidiaries.

112.2.14. In the event that any rights that Everstone is entitled to under these Articles of Association with respect to one class or kind of shares/Securities held by it cannot be given effect due to restrictions under applicable law, Everstone shall, subject to applicable law be entitled to exercise and receive the benefit of such rights through one or more other classes or categories of shares/Securities held by it in the Company.

112.2.15. Any obligation, covenant, warranty, representation or undertaking hereto that is expressed to be made, undertaken or given specifically by HLF Group Company and/or the Ashok Leyland Group shall be deemed *mutatis mutandis* to be jointly and severally made, undertaken and given by HLF Group Company and/or the Ashok Leyland Group, and each of the HLF Group Company and/or the Ashok Leyland Group shall be jointly and severally responsible in respect of the same. Further, any obligation, covenant, warranty, representation or undertaking hereto that is expressed to be made, undertaken or given specifically by the Hinduja Group and/or the IIHL Group (as the case maybe) shall be deemed mutatis mutandis to be jointly and severally made, undertaken and given by all the Parties within the Hinduja Group and/or the IIHL Group(as the case maybe), and each of the Parties comprising of the Hinduja Group and/or the IIHL Group(as the case maybe) shall be jointly and severally responsible in respect of the same.

112.2.16. No provision of these Articles of Association shall be interpreted in favour of or against any Party by reason of the extent to which such Party or its counsel participated in the drafting hereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof.

112.2.17. Unless the contrary intention appears, a reference to an Article is a reference to an article of these Articles of Association.

112.2.18. The headings in these Articles of Association do not affect its interpretation.

113. EXECUTION DATE AND EFFECTIVE DATE

The provisions of Article 112 (*Definitions and Interpretations*), Article 113 (*Execution Date and Effective Date*) Article 131 (*Confidentiality and Announcements*), Articles 135.1, 135.2 and 135.3

(*Notices*), shall come into force immediately on the Execution Date and the remainder of these Articles shall come into effect on the Effective Date.

It is further agreed and acknowledged by the Parties that from the Execution Date till the Effective Date (the "**Pre – Closing Period**") the HLF Shareholders shall not undertake any Reserved Matters and the HLF Group Companies agree and undertake that they shall not take into accord any of such Reserved Matters during the Pre – Closing Period, without the prior written consent of Everstone, which shall not be unreasonably withheld.

114. **PARTICIPATION IN THE COMPANY**

Execution Date Shareholding Pattern

On the Execution Date, and immediately prior to the Effective Date, the shareholding of the Company on an As Converted Basis is in the following proportion and description:

Name of Share Holder	**No. of Shares**	**Shareholding Percentage (on an As Converted Basis)**
Ashok Leyland Limited	30,500,000	9.38462 %
Ashley Investments Limited	93,450,000	28.75385 %
Ashley Holdings Limited	93,549,800	28.78455 %
Ashok Leyland Group	**217,499,800**	**66.92302 %**
Seshasayee Ramaswami	80	0.00002 %
Nagarajan Srinivasan	40	0.00001 %
Sridharan Kesavan	40	0.00001 %
Vinod Dasari	40	0.00001 %
Others	**200**	**0.00006 %**
IndusInd International Holdings Limited	74,500,000	22.92308 %
IIHL Group	**74,500,000**	**22.92308 %**
Hinduja Ventures Limited	19,888,890	6.11966 %
Aasia Management & Consultancy Private Limited & Hinduja Realty Ventures Limited (Partners Aasia Corporation)	11,388,888	3.50427 %
Hinduja Finance Private Limited	1,722,222	0.52991 %
Hinduja Group	**33,000,000**	**10.15385 %**
Total Pre Everstone Investment	**325,000,000**	**100.00000%**

Effective Date Shareholding Pattern As Per Conversion Valuation

On the Effective Date, the shareholding structure of the Company on an As Converted.

Basis, assuming the application of the Conversion Valuation, of the issued and paid up share capital of the Company, as envisaged under Article 133.9 of these Articles of Association, shall be as follows:

Name of Share Holder	**No. of Shares**	**Conversion Ratio**	**No. of Shares**	**Shareholding Percentage (on an As Converted Basis)**
Ashok Leyland Limited	30,500,000	n.a.	30,500,000	8.06414 %

Name of Share Holder	No. of Shares	Conversion Ratio	No. of Shares	Shareholding Percentage (on an As Converted Basis)
Ashley Investments Limited	93,450,000	n.a.	93,450,000	24.70800 %
Ashley Holdings Limited	93,549,800	n.a.	93,549,800	24.73438 %
Ashok Leyland Group	**217,499,800**	n.a.	**217,499,800**	**57.50652 %**
Seshasayee Ramaswami	80	n.a.	80	0.00002 %
Nagarajan Srinivasan	40	n.a.	40	0.00001 %
Sridharan Kesavan	40	n.a.	40	0.00001 %
Vinod Dasari	40	n.a.	40	0.00001 %
Others	**200**	n.a.	**200**	**0.00005 %**
IndusInd International Holdings Limited	74,500,000	n.a.	74,500,000	19.69765 %
IIHL Group	**74,500,000**	n.a.	**74,500,000**	**19.69765 %**
Hinduja Ventures Limited	19,888,890	n.a.	19,888,890	5.25858 %
Aasia Management &Consultancy Private Limited & Hinduja Realty Ventures Limited (Partners Aasia Corporation)	11,388,888	n.a.	11,388,888	3.01120 %
Hinduja Finance Private Limited	1,722,222	n.a.	1,722,222	0.45535 %
Hinduja Group	**33,000,000**	n.a.	**33,000,000**	**8.72514 %**
Total Pre Everstone Investment	**325,000,000**	n.a.	**325,000,000**	**85.92937 %**
Everstone Total Shares	53,217,619	n.a.	53,217,619	14.07063 %
- Everstone Equity Shares	5,321,762	n.a.	5,321,762	1.40706 %
- Everstone Preference Shares	47,895,857	1.0x	47,895,857	12.66357 %
Total Post Everstone Investment	**378,217,619**	n.a.	**378,217,619**	**100.00000%**

In the event Conversion Valuation is applicable, the Company shall be entitled to issue upto 19,906,191 (nineteen million nine hundred and six thousand one hundred and ninety one) ESOP Shares in accordance with the ESOP Scheme and on such issuance, the shareholding structure of the Company shall be as follows:

Name of Share Holder	No. of Shares	Conversion Ratio	No. of Shares	Shareholding Percentage (on an As Converted Basis)
Ashok Leyland Limited	30,500,000	n.a.	30,500,000	7.66093 %
Ashley Investments Limited	93,450,000	n.a.	93,450,000	23.47260 %
Ashley Holdings Limited	93,549,800	n.a.	93,549,800	23.49767 %
Ashok Leyland Group	**217,499,800**	n.a.	**217,499,800**	**54.63120 %**
Seshasayee Ramaswami	80	n.a.	80	0.00002 %
Nagarajan Srinivasan	40	n.a.	40	0.00001 %
Sridharan Kesavan	40	n.a.	40	0.00001 %
Vinod Dasari	40	n.a.	40	0.00001 %
Others	**200**	n.a.	**200**	**0.00005 %**
IndusInd International Holdings Limited	74,500,000	n.a.	74,500,000	18.71277 %
IIHL Group	**74,500,000**	n.a.	**74,500,000**	**18.71277 %**
Hinduja Ventures Limited	19,888,890	n.a.	19,888,890	4.99565 %
Aasia Management & Consultancy Private Limited & Hinduja Realty Ventures Limited (Partners Aasia Corporation)	11,388,888	n.a.	11,388,888	2.86064 %
Hinduja Finance Private Limited	1,722,222	n.a.	1,722,222	0.43258 %
Hinduja Group	**33,000,000**	n.a.	**33,000,000**	**8.28888 %**
Total Pre Everstone Investment	**325,000,000**	n.a.	**325,000,000**	**81.63290 %**
Everstone Total Shares	53,217,619	n.a.	53,217,619	13.36710 %
- Everstone Equity Shares	5,321,762	n.a.	5,321,762	1.33671 %
- Everstone Preference Shares	47,895,857	1.0x	47,895,857	12.03039 %
Total Post Everstone Investment	**378,217,619**	n.a.	**378,217,619**	**95.00000 %**
ESOP	19,906,191	n.a.	19,906,191	5.00000 %
Total Post ESOP	**398,123,810**	n.a.	**398,123,810**	**100.00000%**

Effective Date Shareholding Pattern As Per Revised Conversion Valuation

In the event that the Revised Conversion Valuation, as envisaged under Article 133.9 of these Articles of Association becomes applicable then for the purposes of this Article 114, the above table shall be replaced with the following table:

Name of Share Holder	No. of Shares	Conversion Ratio	No. of Shares	Shareholding Percentage (on an As Converted Basis)
Ashok Leyland Limited	30,500,000	n.a.	30,500,000	7.96956 %
Ashley Investments Limited	93,450,000	n.a.	93,450,000	24.41822 %
Ashley Holdings Limited	93,549,800	n.a.	93,549,800	24.44430 %
Ashok Leyland Group	**217,499,800**	n.a.	**217,499,800**	**56.83209 %**
Seshasayee Ramaswami	80	n.a.	80	0.00002 %
Nagarajan Srinivasan	40	n.a.	40	0.00001 %
Sridharan Kesavan	40	n.a.	40	0.00001 %
Vinod Dasari	40	n.a.	40	0.00001 %
Others	**200**	n.a.	**200**	**0.00005 %**
IndusInd International Holdings Limited	74,500,000	n.a.	74,500,000	19.46664 %
IIHL Group	**74,500,000**	n.a.	**74,500,000**	**19.46664 %**
Hinduja Ventures Limited	19,888,890	n.a.	19,888,890	5.19691 %
Aasia Management & Consultancy Private Limited & Hinduja Realty Ventures Limited (Partners Aasia Corporation)	11,388,888	n.a.	11,388,888	2.97588 %
Hinduja Finance Private Limited	1,722,222	n.a.	1,722,222	0.45001 %
Hinduja Group	**33,000,000**	n.a.	**33,000,000**	**8.62281 %**
Total Pre Everstone Investment	**325,000,000**	n.a.	**325,000,000**	**84.92159 %**
Everstone Total Shares	53,217,619	n.a.	57,705,966	15.07841 %
- Everstone Equity Shares	5,321,762	n.a.	5,321,762	1.39056 %
- Everstone Preference Shares	47,895,857	1.09371055x	52,384,204	13.68785 %
Total Post Everstone Investment	**378,217,619**	n.a.	**382,705,966**	**100.00000%**

In the event the Revised Conversion Valuation is applicable, the Company shall be entitled to issue upto 20,142,420 (twenty million one hundred and forty two thousand four hundred and twenty) ESOP Shares in accordance with the ESOP Scheme and on such issuance, the shareholding structure of the Company shall be as follows:

Name of Share Holder	No. of Shares	Conversion Ratio	No. of Shares	Shareholding Percentage (on an As Converted Basis)
Ashok Leyland Limited	30,500,000	n.a.	30,500,000	7.57109 %
Ashley Investments Limited	93,450,000	n.a.	93,450,000	23.19731 %
Ashley Holdings Limited	93,549,800	n.a.	93,549,800	23.22209 %
Ashok Leyland Group	**217,499,800**	n.a.	**217,499,800**	**53.99049 %**
Seshasayee Ramaswami	80	n.a.	80	0.00002 %
Nagarajan Srinivasan	40	n.a.	40	0.00001 %
Sridharan Kesavan	40	n.a.	40	0.00001 %
Vinod Dasari	40	n.a.	40	0.00001 %
Others	**200**	n.a.	**200**	**0.00005 %**
IndusInd International Holdings Limited	74,500,000	n.a.	74,500,000	18.49331 %
IIHL Group	**74,500,000**	n.a.	**74,500,000**	**18.49331 %**
Hinduja Ventures Limited	19,888,890	n.a.	19,888,890	4.93707 %
Aasia Management & Consultancy Private Limited & Hinduja Realty Ventures Limited (Partners Aasia Corporation)	11,388,888	n.a.	11,388,888	2.82709 %
Hinduja Finance Private Limited	1,722,222	n.a.	1,722,222	0.42751 %
Hinduja Group	**33,000,000**	n.a.	**33,000,000**	**8.19167 %**
Total Pre Everstone Investment	**325,000,000**	n.a.	**325,000,000**	**80.67551 %**
Everstone Total Shares	53,217,619	n.a.	57,705,966	14.32449 %
- Everstone Equity Shares	5,321,762	n.a.	5,321,762	1.32103 %
- Everstone Preference Shares	47,895,857	1.09371055x	52,384,204	13.345
Total Post Everstone Investment	**378,217,619**	n.a.	**382,705,966**	**95.0**
ESOP	20,142,420	n.a.	20,142,420	5.0
Total Post ESOP	**398,360,039**	n.a.	**402,848,386**	**100.00000%**

115. **MANAGEMENT OF THE COMPANY**

115.1. **Board of Directors**

Subject to the terms of these Articles of Association, the Assets, Business, operations and the affairs of the Company and the HLF Group Company(ies) (other than the Company) shall be managed exclusively by and under the overall direction and control of their respective Board/ boards, who shall have powers to do all such lawful acts and take all such actions as are permitted under applicable law and the Charter Documents of the relevant HLF Group Company(ies); provided that those matters that are required to be approved by the shareholders of the relevant HLF Company(ies), whether under the Companies Act, the Agreement or the Charter Documents of the relevant HLF Group.

Company(ies), shall be referred to the shareholders of the relevant HLF Group Companies for their approval and shall be approved in accordance with the Agreement and these Articles of Association.

Everstone shall have the opportunity to discuss the operating environment and business matters such as, *inter-alia*, regulatory environment, competitive benchmarking, securitization guidelines/ strategy, detailed financial performance by vehicle classes, treasury management and liabilities profile, with the Key Management as it deems appropriate and necessary. The frequency and agenda of such meetings to be held between Everstone and the Key Management to discuss the operating environment and business matters as stated above, shall be decided by Everstone and the Key Management, jointly.

115.2. **Composition of the Board and the boards of the HLF Group Companies (other than the Company)**

115.2.1 The Board as of the Execution Date comprises of 8 (eight) Directors and the board of HSL comprises of 5 (five) Directors. On and from the Effective Date, Everstone shall have the right to appoint 1 (one) non-retiring Director each, on the Board and the boards of the HLF Group Companies (other than the Company) at all times (an "**Everstone Director**"). On the Effective Date, the Board shall comprise of 9 (nine) Directors and the board of HSL shall comprise of 6 (six) Directors, both of which shall include the Everstone Director. Notwithstanding anything else contained herein, it is further agreed and acknowledged by the Parties that Everstone shall have the right to appoint 1 (one) more non-retiring Director on the Board and/or the boards of the HLF Group Companies (other than the Company) upon the occurrence of either of the following events:

(a) in the event that the number of Directors on the Board and/or the boards of the HLF Group Companies (other than the Company) (as the case maybe), without taking into account the Everstone Director, increases to 12 (twelve) Directors respectively; or

(b) in the event that the overall shareholding held by Everstone in the Company, on an As Converted Basis, increases to 15% (fifteen percent) or more.

115.2.2 The Parties hereby agree that Everstone's right to appoint 1 (one) more non-retiring Director on the Board and/or the boards of the HLF Group Companies (other than the Company) in accordance with the provisions of Article 83.2.1 above, shall cease to apply on the occurrence of the events set out under (a) and (b) below:

(a) the number of Directors on the Board and/or the boards of the HLF Group Companies (other than the Company) (as the case maybe), without taking into account the Everstone Director, decreasing from 12 (twelve) Directors, respectively; and

(b) Everstone Shareholding in the Company, on an As Converted Basis, decreasing below 15% (fifteen percent).

For the purposes of Article 115.2.1(b) Article 115.2.2(b) 'As Converted Basis' shall include the ESOP Shares to be issued pursuant to the ESOP Scheme.

115.2.3. In addition to the right to appoint the Everstone Director in accordance with the provisions of this Article 115.2, Everstone will also have the right to nominate one observer ("**Everstone Observer**") to attend the meetings of the Board and committees of the Board as well as the board meetings and the committee meetings of the HLF Group Companies, where Everstone has the right to appoint an Everstone Director. Such Everstone Observer(s) shall have the rights and benefits available to the board members of the HLF Group Companies in relation to participation in discussions, receive notice of the meetings of the board, however such Everstone Observer(s) shall not have any voting rights. In the case of any incapacity or inability of any individual nominated as the Everstone Observer to attend a meeting of the Board or any of the committees of the Board or the boards and the committees of the boards of the HLF Group Companies, Everstone shall at all points of time have the right to nominate another individual to substitute the individual in the capacity of the Everstone Observer for such meetings of the Board or the boards of the HLF Group Companies or the committees of the Board and the boards of the HLF Group Companies (other than the Company). The right of Everstone to appoint the Everstone Observer under this Article 115.2.3 shall cease to apply for the time period during which Everstone has the second Everstone Director appointed on the Board and the boards of the HLF Group Companies (other than the Company). In the event that the provisions of Article 115.2.2 above become applicable and Everstone has only 1 (one) Everstone Director on the Board and the boards of the HLF Group Companies (other than the

Company) then the right to appoint the Everstone Observer under this Article 115.2.3 shall forthwith become applicable.

115.3. **Alternate Directors**

Everstone shall be entitled to appoint on the Board and the boards of each of the HLF Group Companies (other than the Company), an alternate Director (an "**Alternate Everstone Director**") in place of each of such Everstone Director nominated by it from time to time. Upon the appointment of an Alternate Everstone Director, the HLF Group Company(ies), as the case may be, shall ensure compliance with the provisions of the Companies Act or the relevant applicable law, including by filing necessary forms with the Registrar of Companies or the relevant applicable authority. The Alternate Everstone Director(s) shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Everstone Directors and generally to perform all functions of the Everstone Director(s) during the course of their absence.

115.4. **Removal of Directors**

Everstone may require the removal of any Everstone Director appointed by it on the Board or the boards of any HLF Group Company (other than the Company), and nominate and appoint any other individual as an Everstone Director in his/her place, and the other Shareholders and the Company and the HLF Group Company(ies) (other than the Company) shall exercise their rights to ensure the appointment of the individual nominated as aforesaid. In the event of the resignation, retirement or vacation of office of any Everstone Director, Everstone shall be entitled to appoint another Director in such place and the HLF Shareholders and the Company and the HLF Group Company(ies) (other than the Company) shall exercise their respective rights to ensure the appointment of the individual nominated as aforesaid.

115.5. **Retirement of Directors**

None of the Everstone Directors at any of the HLF Group Companies shall be required to retire by rotation and all other Directors shall constitute the number of Directors required to retire by rotation. It is clarified that in the event the applicable laws require any of the Everstone Director to retire, the HLF Group Companies undertake to immediately reappoint the relevant Everstone Director on the Board and/or the boards of the HLF Group Company(ies) (other than the Company) to fill up the relevant vacancy. It is further clarified that the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall cause the Company and/or the HLF Group Companies (other than the Company) to immediately reappoint the relevant Everstone Director on the Board and/or the boards of the HLF Group Companies (other than the Company) as the case maybe.

115.6. **Remuneration of Directors/ Observers**

Subject to the decision of the Board and/or the boards of the HLF Group Companies (other than the Company), none of the Directors (including the Chairman but excluding the Managing Director/Manager (as the case may be)) is entitled to receive remuneration (other than sitting fees for the Directors) for holding office as Director or exercising the functions of that office. The HLF Group Companies (as the case maybe) shall make the payments or reimbursement of the travel expenses, accommodation expenses and other ancillary expenses incurred by the Everstone Director(s) in relation to meetings of the Board and/or the boards of the HLF Group Companies (other than the Company) and/or the committees of the Board and/or the boards of the HLF Group Companies (other than the Company) in accordance with the then existing policy of the respective HLF Group Company(ies) (as the case maybe) as has been approved by the respective Board/boards and none of the HLF Group Companies shall discriminate against the Everstone Directors in comparison to the other Directors of the HLF Group Companies in respect of any such payments or reimbursements. Notwithstanding anything else mentioned herein, reasonable travel expenses, accommodation expenses and other ancillary expenses incurred by the Everstone Director(s) and/or Everstone Observer in relation to meetings of the Board and/or the boards of the HLF Group Companies (other than the Company) and/or the committees of the Board and/or the boards of the HLF Group Companies (other than the Company) shall be reimbursed at all times by the HLF Group Companies.

115.7. **Independent Directors**

The Board as of the Execution Date comprises of 3 (three) independent Directors. On and from the Effective Date, the Board and the boards of the HLF Group Companies (other than the Company) shall comprise of 3 (three) independent Directors respectively (the "**Independent Directors**"). Only external professionals or sector experts shall be appointed as the Independent Directors on the Board and the boards of other HLF Companies (other than the Company) respectively. For the avoidance of doubt, only individuals who do not hold any executive position in the Company and other HLF Companies (other than the Company) and the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall be eligible for appointment as Independent Directors. The terms of appointment of the Independent Director shall be decided by the Board and the boards of other HLF Companies (other than the Company) respectively. For the avoidance of doubt, the Independent Directors shall count towards the total number of Directors as set out in Article 115.2.

In the event of removal of any Independent Director from the Board by way of a majority decision, Everstone on one hand and the Ashok Leyland Group, the Hinduja Group and the IIHL Group on the other hand, shall be entitled to suggest the names of 2 (two) Persons each for the appointment of the Independent Director of the Company and the Board shall appoint 1 (one) of such Persons from the list prescribed as the Independent Director of the Company.

115.8. **Chairman**

The Directors of the Company will select one among them to be the chairman of the Board. The Chairman shall have a second or casting vote on all matters (other than Reserved Matters items) in the event of an equality of votes at Board meetings or general meetings of the Company. The provisions of this Article shall apply *mutatis mutandis* to all other HLF Group Companies.

115.9. **Meetings of the Board and the boards of the HLF Group Companies (other than the Company)**

115.9.1. Subject to the applicable provisions of the Companies Act, the Board and the boards of the HLF Group Companies (other than the Company) shall meet at least 6 (six) times in every Financial Year at a location determined by the Board and the boards of the HLF Group Companies (other than the Company) at its respective previous meeting, or if no such determination is made, then as determined by the Chairman.

115.9.2. The Everstone Directors shall be entitled to receive *inter alia* all notices, agenda and shall be entitled to attend all meetings of the Board and the boards of the HLF Group Companies (other than the Company) and of any committees of the Board and the boards of the HLF Group Companies (other than the Company) of which such Everstone Directors are members.

115.9.3. Written notice of at least 10 (ten) calendar days of every meeting of the Board and the boards of the HLF Group Companies (other than the Company) shall be given to every Director and every alternate Director at their usual address whether in India or abroad, provided always that a meeting may be convened by a shorter notice than 10 (ten) calendar days with consent of all the Directors.

115.9.4. The notice of each meeting of the Board and the boards of the HLF Group Companies (other than the Company) shall include an agenda setting out the business proposed to be transacted at the meeting. Unless waived in writing by all Directors, any item not included in the agenda of a meeting shall not be considered or voted upon at that meeting of the Board, provided however, in the event of an absolute necessity in relation to the operational aspects of the Business which may require the inclusion of such related item in the agenda for discussion (such item at no point of time being a Reserved Matter item), circulated within the prescribed timeline in accordance with the provisions of Article above, then such relevant item(s)

(“**Operational Specific Items**”) shall be intimated to every Director and every alternate Director at their usual address, whether in India or abroad (as the case maybe) by way of a written notice of 3 (three) Business Days. In the event that the Company/HLF Group Companies (other than the Company) does not receive a written waiver/permission from the Director or as the case may be, the alternate Director, to include the Operational Specific Items (such item at no point of time being a Reserved Matter item), within the agenda of the proposed meeting of the Board/boards of the HLF Group Companies (other than the Company) then in such event, the Operational Specific Items shall be deemed to form a part of the original agenda circulated in accordance with the provisions of this Article 115.9.4. The Everstone Directors shall have the right to require that any matter be included in the agenda of any meeting of the Board and the boards of the HLF Group Companies (other than the Company) by giving prior notice of 10 (ten) calendar days to the relevant HLF Group Companies.

115.9.5. The Directors of the HLF Group Companies may in accordance with the applicable law participate in meetings of the Board and the boards of the HLF Group Companies (other than the Company) through Electronic Mode as may be set out in the notice of the meeting, provided the Directors intending to participate in the meeting of the Board and the boards of the HLF Group Companies (other than the Company) by Electronic Mode, confirm to the Company their participation in meeting of the Board and the boards of the HLF Group Companies (other than the Company) by Electronic Mode, at least 3 (three) days prior to the scheduled date of such meeting. In the absence of such confirmation, it shall be presumed that the Director will attend the meeting of the Board and the boards of the HLF Group Companies (other than the Company) physically. Participation in the meeting of the Board and the boards of the HLF Group Companies (other than the Company) through Electronic Mode shall constitute presence "in person" for purposes of constituting quorum for that meeting of the Board and the boards of the HLF Group Companies (other than the Company). The Directors participating in the meetings of the Board and the boards of the HLF Group Companies (other than the Company) by Electronic Mode attend at least 1 (one) meeting of the Board and the boards of the HLF Group Companies (other than the Company) physically in every Financial Year in accordance with the provisions incorporated in the General Circular No. 29/2011, issued by the Ministry of Corporate Affairs, Government of India on May 20, 2011 as may be amended/replaced from time to time. The place where the Chairman of the Board and the boards of the HLF Group Companies (other than the Company) is sitting shall be taken as place of the meeting and all recording shall be done at that place. In the event any Director participates in a meeting of the Board and the boards of the HLF Group Companies (other than the Company) through the Electronic Mode, the Chairman of the meeting will be responsible for the conduct of such meeting in accordance with applicable laws.

115.10. **Quorum**

115.10.1. The quorum for all meetings of the Board and the boards of the HLF Group Companies (other than the Company) shall be the presence in person of at least 6 (six) Directors or two-third of the total number of Directors or such number of Directors as may be prescribed under the provisions of the Companies Act from time to time. It is clarified that in the event that the agenda of any such meeting(s) contains any Reserved Matter, then, notwithstanding the above, the quorum for such meeting shall require the presence of at least 1 (one) Everstone Director (or the Everstone Alternate Director) at the beginning and throughout the meeting of the Board and the boards of the HLF Group Companies (other than the Company). It is further clarified that Everstone and/or the Everstone Director(s) shall, at its/their sole discretion, have the right, at all times, to waive, in writing, the requirement of the presence of the Everstone Director for any such meeting of the Board and/or the boards of the HLF Group Companies (other than the Company). The Parties shall procure that a quorum is present at and throughout each meeting of the Board and the boards of the HLF Group Companies (other than the Company).

115.10.2. Subject to the provisions of Article 115.10.1 of these Articles of Association, no resolution shall be passed in respect of any of the Reserved Matters unless the quorum of the meeting of the Board and/or the boards of the HLF Group Companies (other than the Company) comprises of at least one Everstone Director being present at the beginning and throughout the meeting.

115.11. **Passing of Resolutions and Voting**

Each Director shall have the right to cast 1 (one) vote. Except for any decisions in relation to the Reserved Matters, under these Articles of Association or which expressly require a higher majority under applicable law, decisions of the Board and the boards of the HLF Group Companies (other than the Company) shall be made on the basis of a simple majority vote cast by the Directors entitled to vote at the relevant meeting. In the event the provisions of Article 86 hereof are unenforceable under law at the meetings of the Board, all decisions in relation to any of the matters specified in Article 118 shall be taken by the Company only at a general meeting and/or with the prior written consent of Everstone.

115.12. **Circular Resolutions**

115.12.1. A circular resolution in writing, executed by a majority of the Directors as are entitled to vote thereon, shall constitute a valid decision of the Board and the boards of the HLF Group Companies (other than the Company) provided that a draft of such resolution was sent to all of the Directors at their usual address together with a copy of all supporting papers as may be necessary to vote on such resolution. No resolution concerning any Reserved Matters under these Articles of Association may be passed by a circular resolution.

115.12.2. In the event of an absolute operational exigency in relation to the Business which may require a Reserved Matter item to be passed by way of a circular resolution, then such Reserved Matter item may be addressed to be passed by circular resolution only after receiving the prior written consent of Everstone. Upon Everstone approving the inclusion of such particular Reserved Matter item, the same may be executed through a circular resolution by a majority of the Directors as are entitled to vote thereon and such majority shall at all points of time include the Everstone Director.

115.13. **Miscellaneous**

115.13.1. Subject to requirements of applicable law, the first draft of the minutes of each meeting of the Board and the boards of the HLF Group Companies (other than the Company) shall be prepared, after internal review by the company secretary of the Company and respective company secretaries of the HLF Group Companies (other than the Company) and the Chairman and the respective chairmen of the HLF Group Companies (other than the Company) shall then review and approve such draft minutes. The approved and initialled copy of the minutes shall be sent to other Directors as an agenda item for the subsequent meeting of the Board and the boards of the HLF Group Companies (other than the Company). The Directors of the Board and the boards of the HLF Group Companies (other than the Company) shall thereafter make any comments, suggestions and/or changes to the minutes of the meeting, and such comments, suggestions and/or changes shall be discussed and confirmed in the subsequent meeting of the Board and the boards of the HLF Group Companies (other than the Company) and such minutes shall be recorded in the minutes book within a period of 30 (thirty) calendar days from the date of the erstwhile meeting to which such minutes pertain. The minutes shall be signed at the commencement of the next meeting of the Board and the boards of the HLF Group Companies (other than the Company). All comments made by a Director shall be recorded to the satisfaction of the Director making such comments. If such comments cannot be recorded due to any reason whatsoever, the Chairman shall place on record in the minutes the fact that the comments were received and retain the records of such comments for the perusal of the Board and the boards of the HLF Group Companies (other than the Company) at all times. For avoidance of doubt, it is explicitly stated that the provisions relating to the Board meetings and the committee meetings of the Company as per this Article 115 shall apply *mutatis mutandis* to the board meetings and the committee meetings of the HLF Group Companies (other than the Company).

115.13.2. It is expressly agreed between the Parties that the pre-scheduled Board meetings of the Company and board meeting of HLF Group Companies (other than the Company) shall be held on the same day unless and until it is specifically requested by majority of the Shareholders that the board meeting of any of the HLF Group Companies (other than the Company) should be held on a later date.

115.13.3. Without prejudice to the foregoing, the HLF Shareholders shall exercise all rights and powers available to it, including the exercise of votes at Board meetings and general meetings of the Company, to procure that full effect is given to the provisions of this Article 115.

115.13.4. For avoidance of doubt, it is stated herein that in the event Everstone chooses, at its sole discretion, not to have any representation on the Board and/or the boards of the HLF Group Companies (other than the Company) for any reason whatsoever, then all such Reserved Matters that are required to be approved by the Board and/or the boards of the HLF Group Companies (other than the Company), shall be approved in writing by Everstone prior to any resolution being passed by the Board and/or the boards of the HLF Group Companies (other than the Company) in lieu thereof. For the purpose of this Article , it is clarified that such written approval of the Reserved Matters by Everstone shall be made by Everstone within a period of 15 (fifteen) days from the date of the receipt of the agenda and in the event that no such written approval of Everstone is received by the Company in this regard, then such Reserved Matters shall not be taken up nor acted upon whether at a meeting of the Board and/ or the committees of the Company and/ or the boards and/or the committees of the HLF Group Companies (other than the Company) as a part of the agenda for the meeting and no resolution shall be passed by the Board and/or the boards of the HLF Group Companies (other than the Company) in this regard and the same shall be treated as a veto exercised by Everstone in relation to such Reserved Matter items.

115.14. **Qualification Shares**

The Everstone Directors appointed to the Board/boards of the HLF Group Companies (other than the Company) shall not be required to hold any qualification Shares/Securities.

115.15. **Meetings of the Committee of the Board of the Company and HLF Group Companies (other than the Company)**

The Parties agree and acknowledge that Everstone shall have the right to appoint/nominate at least 1 (one) Director and one Everstone Observer on the Asset Liability Management Committee, the Audit Committee and the Risk Management Committee. The provisions relating to the meetings of the Board of the Company and the boards of the HLF Group Companies (other than the Company), as per Article 115 shall apply *mutatis mutandis* to any meeting of the aforesaid committees of (i) the Board and (ii) the board of Directors of the HLF Group Companies (other than the Company). Further, Everstone shall at all points of time be entitled to appoint 1 (one) Everstone Director as a representative in any other committees of the Board and/or the boards of the HLF Group Companies (other than the Company) in accordance with the mutual agreement between the Ashok Leyland Group, the Hinduja Group, the IIHL Group and Everstone.

116. EXECUTIVE MANAGEMENT OF THE HLF GROUP COMPANIES

116.1. It is agreed that the day to day management of the HLF Group Companies, subject to the overall supervision and control of the Board, shall be delegated to the managing director of the Company and/or the manager of the HLF Group Companies (other than the Company) (the "**Managing Director or Manager** (as may be contextually applicable)").

116.2. The Everstone Directors shall be non-executive Directors and shall have no responsibility for the day-to-day management of the HLF Group Companies and shall not be liable for any failure by such HLF Group Companies to comply with the applicable laws or be construed as an "*officer in default*" (under the Companies Act) under the applicable laws and the Company shall nominate director(s) or Person(s) other than the Everstone Director(s) as the "*officer in default*" as contemplated under the Companies Act. In the event that any notice or proceedings have been filed/initiated/served against the Everstone Director(s) by reason of him/her being included within the scope of "*officer in default*" or otherwise, the HLF Group Companies and the HLF Shareholders shall take all necessary steps to ensure that the name(s) of such Everstone Director(s) is excluded/deleted and the charges/proceedings (civil, criminal or otherwise) against such Everstone Director(s) is withdrawn and shall also take all steps to defend the Everstone Director(s) against such proceedings and the HLF Group Companies and HLF Shareholders shall pay for all liabilities, fines, losses or expenses that may be levied against or incurred by the Everstone Director(s).

116.3. The Parties agree to undertake and shall cause their respective agents, representatives and nominees to take, all such actions as may be necessary (including exercising their votes at general meetings, meetings of the Board and/or boards of the HLF Group Companies (other than the Company) or any committees thereof), to give effect to the provisions of, and to comply with their obligations under these Articles of Association and the Transaction Documents.

116.4. The Parties further agree that in the event that there is any conflict between the Charter Documents and the Transaction Documents, the Parties shall to the extent necessary, cause the change, amendment or modification of the Charter Documents to eliminate any such inconsistency.

117. **SHAREHOLDERS MEETINGS**

117.1. Prior written notice of at least 21 (twenty one) days for convening a general meeting of the Shareholders shall be given to all of the Shareholders. A general meeting may however be called by the Board on less than 21 (twenty one) days prior written notice, with the prior written consent of all the Shareholders. Every notice shall be accompanied by the agenda setting out the particular business proposed to be transacted at the general meeting.

117.2. Subject to the provisions of Article 117.3 of these Articles of Association, a valid quorum for a meeting of the Shareholders shall be deemed to be constituted only if an authorised representative of Everstone is present (in person or by proxy) at the beginning and throughout such meeting, unless such requirement of the presence (in person or by proxy) of the authorised representative of Everstone is waived by Everstone in writing.

117.3. The Parties shall use all reasonable endeavours to procure that a quorum is present at the beginning and throughout each meeting of the Shareholders. If within half an hour of the time appointed for the meeting of the Shareholders, a quorum is not present, the meeting shall automatically stand adjourned to the same day in the subsequent week. Subject to the provisions of applicable law, in the event, such day on which the adjourned meeting is scheduled, is a public holiday, such adjourned meeting shall automatically stand adjourned to the next working day. If at such adjourned meeting of the Shareholders, the quorum as required under Article 117.2 above is not present, but the number of Shareholders present is sufficient to constitute a valid quorum under the Companies Act, then notwithstanding anything contained in Article 117.2 above, the Shareholders present at such adjourned meeting shall deem to constitute a valid quorum for that adjourned meeting. Further, the Shareholders present in the meeting so constituted shall be entitled to decide upon and pass valid resolutions on all matters specifically mentioned in the agenda for the original meeting provided that no resolution shall be passed in respect of any of the Reserved Matters unless the quorum of such meeting comprises of authorised representative of Everstone at the beginning and throughout the meeting. It is clarified that Everstone may at its sole discretion waive, in writing, such requirement of the presence (in person or by proxy) of the authorised representative of Everstone for the passing of a resolution in respect of any of the Reserved Matters. The Shareholders hereby agree and undertake that at any general meeting, if Everstone is desirous of exercising its vote in relation to any resolution in accordance with the provisions of Article 86 below, the Shareholders shall exercise their voting rights in accordance with the instructions of Everstone in relation to such resolution.

117.4. The Chairman of the Board shall preside as Chairman of all general meetings of the HLF Group Companies. The Chairman shall have a second or casting vote on all matters (other than Reserved Matters items) in the event of an equality of votes at Board meetings or general meetings of the Company.

117.5. Subject to the provisions of Article 118 below, all decisions of the Shareholders of the Company shall be made by simple majority.

117.6. Notwithstanding anything else stated in these Articles of Association, in the event the Company proposes to either: a) authorise any action, or b) pass any resolution at the shareholders meeting of any of the HLF Group Companies (other than the Company), in relation to the Reserved Matters, then the same shall be valid and permitted only if (i) the appointment of the authorised representative of the Company at such shareholders meeting of any HLF Group Company (other than the Company) has been undertaken with the written consent of Everstone and (ii) the decisions to be taken by the Company as a shareholder (through such authorised representative) of such HLF Group Company (other than the Company) has been approved by Everstone in writing.

118. **RESERVED MATTERS**

118.1. At all points of time, subject to the provisions of Article 126A of these Articles of Association, no resolution shall be passed or decision shall be taken by:

(a) the Board and/or the boards of the HLF Group Companies (other than the Company), at a meeting of the Board and/or the boards of the HLF Group Companies (other than the Company), or by circulation; or

(b) the Shareholders, at any meeting of the Shareholders; or

(c) Otherwise, in any other manner whatsoever; in respect of any of the Reserved

Matters unless prior written consent of:

(i) the Everstone Directors, in case of a matter requiring approval of the Board and/or the boards of the HLF Group Companies (other than the Company); and/or

(ii) the authorised representative of Everstone, in case of a matter requiring approval of the Shareholders,

is obtained prior to any such meeting for it to be validly passed or taken.

118.2. In relation to the Company and the HLF Group Companies (apart from the Company), the list of Reserved Matters is as follows:

(a) Allot, issue, redeem, vary or repurchase or agree to allot, issue, redeem, vary or repurchase its share capital or derivative securities (or option or right to subscribe for the same) or any offer for sale for any of the HLF Group Companies, including issuance of equity shares upon conversion of any debt or preference shares, to any Third Party on terms more favourable than the terms offered to Everstone under the Transaction Documents (including the effective price per Share paid by Everstone for subscription of the Equity Shares);

(b) Entering into any action that would adversely affect the rights, preferences, powers (including voting powers) and privileges of the Equity Shares/Derivative Securities of the Company or its Subsidiaries;

(c) Any alteration of, amendment to, or waiver of any provision in the memorandum and Articles of Association of any of the HLF Group Companies;

(d) Change of Business or the diversification of the Business of any of the HLF Group Companies;

(e) Any reduction in the authorised capital of any of the HLF Group Companies either by lowering the par value of shares or by decreasing the number of shares issued, any sub-division or amalgamation of the authorized or issued share capital of any of the HLF Group Companies or of any rights or privileges attached to any Shares or class of Shares of any of the HLF Group Companies;

(f) Any acquisition, purchase, sale, transfer, licensing, sub-licensing, franchising, consulting or assigning brands or intellectual properties, of and by the Company;

(g) Any change (including modification, termination or entering into afresh) in the existing agreements between the Company or the HLF Group Companies (other than the Company) and the Ashok Leyland Group with respect to use of *inter alia* brands, trademarks, financing arrangements;

(h) Any proposal for:

(i) The creation of any Subsidiary or the reconstruction, consolidation or reorganization of any of the HLF Group Companies or additional investment in any Subsidiary; or

(ii) The amalgamation or merger (except for a reverse merger with a listed entity, which is not related in any way to the Ashok Leyland Group or the Hinduja Group or the IIHL Group, when done with a view to achieve listing, in which case this is a matter of determination by the Board) of the Company or any of the HLF Group Companies (other than the Company) with any other company or concern; or

(iii) The winding up or dissolution of any of the HLF Group Companies; or

(iv) Transfer, acquisition or sale of any tangible or intangible assets other than under Reserve Bank of India regulated securitization mechanism as proposed in the Annual Business Plan;

(i) Any change in the name of any of the HLF Group Companies and/or its registered office;

(j) Create or adopt any new or additional equity option plan or any other structure(s) by any of the HLF Group Companies (except for upto 19,906,191 (nineteen million nine hundred and six thousand one hundred and ninety one) number of ESOP Options in the event the Conversion Valuation is applicable, or upto 20,142,420 (twenty million one hundred and forty two thousand four hundred and twenty) number of ESOP Options in the event the Revised Conversion Vaulation is applicable, pursuant to the ESOP Scheme);

(k) The acquisition by any of the HLF Group Companies of any share capital or other securities of any corporate body involving an investment of above 10% (ten percent) of the Networth of the Company post investment by Everstone or the incorporation or setting up of a subsidiary;

(l) Any of the HLF Group Companies making any advance or loan or providing any credit to any person (including but not limited to customer loans), except in the ordinary course of business and/or in excess of an amount equivalent to 5% (five percent) of the Networth of the Company and trade advances in the ordinary course of business and/or in excess of an amount equivalent to 10% (ten percent) of the Networth of the Company;

(m) Any of the HLF Group Companies giving any guarantee, indemnity or security in respect of the obligations of any person, outside the normal course of Business, in excess of INR 50,000,000/- (Indian Rupees Fifty Million only);

(n) Formation of or entry by any of the HLF Group Companies into joint venture, consortium, partnership or similar arrangement with any other person or business, where the Company will have an equity stake and make an investment in excess of INR 100,000,000/- (Indian Rupees One Hundred Million only);

(o) The making by any of the HLF Group Companies of any arrangement with its creditors and the moving for insolvency, receivership or bankruptcy;

(p) Any change in the Financial Year for preparation of audited accounts of any of the HLF Group Companies;

(q) Affiliated or related party transactions, agreements or arrangements between the Company or the HLF Group Companies (other than the Company) and the Ashok Leyland Group or their affiliates, which are in violation of the provisions of Article 133.1 (f);

(r) Entering into any derivative transactions which are not as per the derivatives policy adopted by the Board;

(s) Any initiation and the subsequent conduct by the Company of any litigation, arbitration, settlement or mediation proceeding which is outside the policies and principles set out either by the Board or such authority delegated by the Board;

(t) Any voluntary liquidation, dissolution or winding up of any of the HLF Group Companies either voluntary or any sale of all or substantially all the assets of any of the HLF Group Companies or any voluntary event that leads to the erosion of 50% (fifty percent) or more of the net worth of such HLF Group Company, in one or series of transactions;

(u) Any commitment or agreement to do any of the foregoing;

119. **INFORMATION, ACCOUNTING RECORDS, AUDIT, ACCESS AND DIVIDEND POLICY**

119.1. **Information**

119.1.1. The HLF Group Companies shall, and the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall cause the HLF Group Companies to, prepare, submit and furnish to Everstone and/or its representatives, the following:

(a) audited annual stand – alone and consolidated financial statements relating to the each of the HLF Group Companies prepared in accordance with Indian GAAP and audited annual financial statements relating to each of the HLF Group Companies that are not consolidated with the Company prepared in accordance with Indian GAAP, within 90 (ninety) calendar days of the end of each Financial Year;

(b) unaudited quarterly stand – alone and consolidated financial statements relating to each of the HLF Group Companies prepared in accordance with Indian GAAP and unaudited financial statements relating to the each of the HLF Group Companies that are not consolidated with the Company prepared in accordance with Indian GAAP, within 60 (sixty) calendar days of the end of each fiscal quarter;

(c) Annual Business Plan relating to each of the HLF Group Companies for the following Financial Year, within 30 (thirty) calendar days of the end of each Financial Year;

(d) within 30 (thirty) calendar days of making the same, copies of all reports, filings, applications or other correspondence made/ exchanged by the HLF Group Companies, with any regulatory authority or Governmental agency except for in the ordinary course of the operations of the Business and/or any litigation/dispute/claim by or against the HLF Group Companies in excess of INR 5,000,000/- (Indian Rupees Five Million only);

(e) within 30 (thirty) calendar days of making the same, copies of all reports, filings, applications or other correspondence made/ exchanged by the HLF Group Companies, with any relevant securities exchange;

(f) monthly management reports in a format approved (or as may be amended from time to time in their sole discretion and provided to the HLF Group Companies 15 (fifteen) Business Days prior to the commencement of each Financial Year) by Everstone detailing key operational performance indicators (including a comparison of financial results with the corresponding quarterly and annual budgets) of each of the HLF Group Companies within 30 (thirty) calendar days of the end of each month. It is clarified that in case of amendment of the format of the monthly management reports by Everstone, an additional period of 30 (thirty) calendar days (total 60 (sixty) calendar days) shall be granted to the HLF Group Companies to provide the required information. Also, in relation to information involving software platforms or modules being required (to provide such information) in the event that the HLF Group Companies are unable to provide the relevant information within the above prescribed timeline of 60 (sixty) calendar days, an extended period as maybe mutually agreed by the HLF Group Companies and Everstone in writing, shall be granted to provide such monthly management reports;

(g) certified copies of minutes of all meetings of the board of Directors/ committee(s) of the each of the HLF Group Companies and of all general meetings of the HLF Group Companies held during any quarter, within 7 (seven) calendar days of the end of the relevant quarter (subject to the timeline prescribed under the provisions of Article 115;

(h) information regarding the appointment and resignation of any member of the Key Management of the any of the HLF Group Companies within a maximum period of 7 (seven) calendar days from the date of appointment or resignation, as the case may be;

(i) within 30 (thirty) calendar days from the date of issuance of such request by Everstone, such further information relating to the Business, affairs or financial position of any of the HLF Group Companies, including but not limited to material litigation, books and accounts and other records as Everstone may reasonably request from time to time; and

(j) all information including but not limited to the minutes that is provided to the Board in the normal course in relation to any meeting of the Credit Committee of the Company.

119.1.2. Everstone shall have access to and the right to inspect all information and material, financial or otherwise of the HLF Group Companies and the right to advise or consult with, management of each of the HLF Group Companies as it may from time to time require.

119.1.3. Notwithstanding the above, the Everstone Directors shall have access to any and all information available to any other Director on the Board and/or the boards of the HLF Group Companies (other than the Company) of each of the HLF Group Companies.

119.2. **Auditors**

Notwithstanding anything stated to the contrary in these Articles of Association, the stand-alone and consolidated audited financial statements (including balance sheet, cash flow statement and profit and loss account) of the HLF Group Companies shall be prepared and certified by the statutory auditors of the respective HLF Group Companies.
On and from the Financial Year 2013-2014, the Company's statutory auditor shall be any of the Big Four appointed by ALL as their statutory auditor, or in the event that ALL for any reason does not appoint a Big Four as their statutory auditor then any one of the Big Four.

119.3. **Accounting principles**

The financial statements of the HLF Group Companies shall be prepared in accordance with Indian GAAP. Within 3 (three) months of the appointment of the statutory auditor of the Company for the Financial Year 2013-2014, in accordance with the provisions of Article 87.2 (b) above, the accounting principles of the HLF Group Companies shall be discussed with the Audit Committee and the statutory auditor of the Company and any recommended revisions will be presented to the Board/boards of the HLF Group Companies (other than the Company) for their respective consideration.

119.4. **Dividend policy**

While formulating their respective dividend policies, the HLF Group Companies shall align such formulation with their respective growth plans and discuss with the Audit Committee and any such policy/recommended revisions will be presented to the Board/boards of the HLF Group Companies (other than the Company) for their respective consideration.

119.5. **Obligations of the HLF Shareholders and the HLF Group Companies**

The HLF Shareholders and the HLF Group Companies shall procure fulfillment/ compliance by HLF Group Companies with the terms of this Article 119.

120. **PRE-EMPTIVE RIGHTS IN RELATION TO ISSUE OF NEW SECURITIES**

120.1. Subject to Article 88.11 below, Everstone shall have the right and the Company shall be under an obligation to provide Everstone with a pre-emptive right ("**Everstone's Preemptive Right**") to subscribe to any new Securities proposed to be issued by the Company. Everstone shall have the right to invest upto the extent of INR 1,000,000,000/-

(Indian Rupees One Billion only) in such round of preferential allotment ("**Preferential Allotment**"). It is further agreed and acknowledged by and between the Parties that Everstone shall be entitled to exercise the Everstone Pre – emptive Right at a valuation (subject to applicable law) as may be mutually agreed in writing between the Ashok Leyland Group and Everstone ("**Consensus Valuation**") and the number of Shares that Everstone shall subscribe to ("**Everstone's Pre-emptive Right Shares**") within a period of 15 (fifteen) days from the date on which the Board decides to raise additional capital for the Company ("**Capital Call Process**"). For the purposes of this Article 88, it is clarified that Everstone's Pre-emptive Right Shares shall, at no point of time, be less than Everstone's pro – rata shareholding component in relation to such Preferential Allotment.

120.2. Subject to the provisions of Article 120.9, in the event however that the Consensus Valuation is not derived due to disagreement between the Ashok Leyland Group and Everstone ("**Non Consensus Valuation Event**") and/or if Everstone proposes to exercise the Everstone's Pre – emptive Right at a valuation, given in writing, which is not acceptable to the Ashok Leyland Group ("**Everstone Threshold Valuation**") within a period of 21 (twenty one) days from the date of the Capital Call Process ("**Everstone Threshold Valuation Event**"), then the Company shall be entitled to proceed with the Capital Call Process with any other Third Party investor. However, the Company undertakes that such Capital Call Process shall not be at (i) a valuation lower than the Everstone Threshold Valuation and (ii) terms and conditions which are better than what Everstone is entitled to under the Transaction Documents ("**Everstone Rights**"). In either of the aforesaid scenarios the Ashok Leyland Group and the Company shall be required to execute a letter of intent, commitment letter, term sheet or any other similar document ("**Term Sheet**") within a period of 90 (ninety) calendar days from the Capital Call Process (the "**Term Sheet Execution Date**") at a valuation not less than the Everstone Threshold Valuation and with rights, not under any circumstances, better than the Everstone Rights. The Ashok Leyland Group and the Company shall have an additional period of 90 (ninety) calendar days from the Term Sheet Execution Date to consummate the transaction in accordance with the Term Sheet ("**Transaction Closure Period**").

120.3. In the event however if the Company and the Ashok Leyland Group are unable to (i) execute the Term Sheet within the Term Sheet Execution Date or (ii) consummate the transaction within the Transaction Closure Period, then the process outlined in this Article 88 shall be repeated as if the process was initiated for the first time and all requirements under the process shall be adhered to accordingly.

120.4. In the event that the Consensus Valuation has been achieved then the Everstone Preemptive Right shall be offered by the Company by issuing a written notice ("**Issuance Notice**") on Everstone setting forth in detail the terms of the proposed issuance, including the proposed issuance price per Security ("**Issuance Price**"), the date of closing of the proposed issuance (which shall not be less than 45 (forty five) Business Days from the date of receipt of the Issuance Notice) and the number of Securities proposed to be issued ("**Issuance Shares**").

120.5. If Everstone wishes to exercise the Everstone Pre-emptive Right, then subject to Article 120.11 below, it shall, within 45 (forty five) Business Days from the date of receipt of the Issuance Notice, issue a written confirmation to exercise the Everstone Pre-emptive Right ("**Acceptance Notice**"), pay for and subscribe to all or any portion of the Issuance Shares, which shall, at no point of time, be less than Everstone's pro – rata shareholding component in relation to such Preferential Allotment, at the aggregate Issuance Price. Subject to the receipt of the payment against exercise of the Pre-emptive Right by Everstone, the Company shall issue and allot the relevant Securities on the date of closing of the issuance as stated in the Issuance Notice.

120.6. It is further agreed that in the event that Everstone does not exercise the Everstone's Preemptive Right and does not subscribe to any Issuance Shares after issuing the Acceptance Notice, then Everstone's Pre-emptive Right shall cease to be available to Everstone. Notwithstanding anything else mentioned herein, the Everstone's Pre-emptive Right shall continue to be operational and available in the event that Everstone is unable to perform any of its duties, obligations or responsibilities under this Article 88, as a result of (i) force majeure or (ii) any regulatory constraint or (iii) non satisfactory completion of any specific conditions precedent that may be required by Everstone to be fulfilled by the HLF Shareholders and/or the Company, (as the case maybe) and Everstone's Pre-emptive Right shall continue to remain available to Everstone to its fullest extent for subscription in any subsequent round of investment/capital call.

120.7. If Everstone does not subscribe to any/all the Issuance Shares in the manner specified above and intimates the Board of the same within a period of 21 (twenty one) calendar days from the date of receipt of the Issuance Notice, then the Board may at its discretion either (i) engage in discussions with other prospective investors for subscribing to the unsubscribed Issuance Shares, provided however no such prospective investor shall be permitted to subscribe to the Issuance Shares, at (a) a valuation below the Post Money Valuation, where Everstone (in its sole discretion and not due to any reason whatsoever attributable to the Company, the HLF Shareholders and/ or the Ashok Leyland Group or due to any regulatory constraint or force majeure) does not or is unable to subscribe to all (but not less than all) the Issuance Shares, or (b) a valuation not below the Issuance Price, where Everstone subscribes to any part of the Issuance Shares , and shall not be offered any terms that are more favourable than the Everstone Rights; or (ii) the Company may offer such unsubscribed portion of Issuance Shares pro-rata (based on their inter se shareholding) to the other Shareholders of the Company at Issuance Price on the same terms and conditions as offered to Everstone ("**Allotment Offer**"). The procedure in relation to the Everstone Pre – emptive Right shall apply *mutatis mutandis* to the Allotment Offer. It is clarified that in relation to the scenario set out under (i) above, in the event the Allotment Offer is made at a valuation below the Issuance Price or offered any terms that are more favourable than the Everstone Rights, then Everstone Differential Right Protection, as described under Article 91 below, shall become applicable forthwith. Further, it is clarified that in the event that the Board decides to pursue the Capital Call Process through a rights issue (as under Section 113 of the Companies Act) then the rights under this Article 120 shall apply *mutatis mutandis* to such eligible proportion towards Everstone, whether direct, indirect, incremental or otherwise.

120.8. The Company shall provide a copy of the notice of the Allotment Offer issued to the other Shareholders in this regard to Everstone within a period of 3 (three) Business Days from the date of issue of such notice. The copy of notice shall contain, *inter – alia*, the number of shares offered, the Issuance Price, terms and conditions, right offered and time period within which the transaction would be completed.

120.9. In the event Everstone chooses not to exercise Everstone's Pre-emptive Right within a period of 21 (twenty one) calendar days from the date of the Capital Call Process, then the Company shall be entitled to proceed with the Capital Call Process with any other Third Party investor. However, the Company undertakes that such Capital Call Process shall not be at (i) a valuation lower than the Post Money Valuation and (ii) shall not, under any circumstances, encapsulate rights that are more favourable than the Everstone Rights.

120.10. Notwithstanding anything else mentioned elsewhere and subject to the provisions of Article 120.6, in all of the above mentioned scenarios, Everstone shall, at all points of time, have the right to participate to the extent of its pro – rata shareholding in the Company at that point of time.

120.11. If the completion of transaction by Everstone contemplated under this Article 88 requires consents, the Parties shall make the necessary applications to the concerned regulatory authorities, if so required under law. In computing the period within which the transaction should be completed, the time required for obtaining the necessary approvals for subscription to Securities shall not be included. Such excluded time shall be calculated from the date of making of the necessary applications to the date of receipt of approvals.

121. **ADDITIONAL MANDATORY PRE-EMPTIVE RIGHT**

121.1. Everstone shall have the right (i) to require the Company and the Company shall be obligated to issue such number of Securities to Everstone; and/or (ii) to require all or any of the HLF Shareholders and such HLF Shareholders shall be obligated, jointly or severally, to transfer such number of Securities held by such HLF Shareholders (the "**Transferring HLF Shareholders**") in the Company, to enable Everstone to increase its shareholding in the Company to a percentage which shall not be more than either, 10% (ten percent) or 20% (twenty percent), on an As Converted Basis, of the issued and paid up share capital of the Company, in accordance with the provisions of this Article 121 (the "**Everstone Mandatory Pre-emptive Right**").

121.2. Everstone shall be entitled to exercise the Everstone Mandatory Pre-emptive Right only once at any point of time, as long as Everstone has not transferred part or all of the Everstone Subscription Shares to any Third Party (not being an Affiliate).

121.3. The Parties hereby agree and acknowledge that whether as a result of Everstone's participation or non-participation in any capital call process of the Company, if the Everstone Shareholding is equal to or higher than either 13.36710% (thirteen point three six seven one zero percent) or 14.32449% (fourteen point three two four four nine percent)of the issued and paid up share capital of the Company, on an As Converted Basis, then Everstone shall and the Company and the HLF Shareholders agree and acknowledge that Everstone shall at its sole discretion be entitled to exercise the Everstone Mandatory Pre-emptive Right to the extent so as to enable Everstone to receive such number of Securities so as to enable Everstone to increase the Everstone Shareholding to 20% (twenty percent) of the issued and paid up share capital of the Company, on an As Converted Basis or transfer the Securities held by Everstone to any Third Party in accordance with Article 90.2 and/or Article 124.3.3.

121.4. If whether as a result of Everstone's participation or non-participation in any capital call process of the Company:

(i) the Everstone Shareholding is either below 7% (seven percent) or at 10% (ten percent) of the issued and paid up share capital of the Company, on an As Converted Basis, then Everstone shall not be entitled to the Everstone Mandatory Pre-emptive Right but shall be entitled to proceed to exercise its rights under Article 122.2 and/or Article 124.3.3; or

(ii) the Everstone Shareholding is at or above 7% (seven percent) but below 10% (ten percent) of the issued and paid up share capital of the Company, on an As Converted Basis, the Company and the HLF Shareholders agree and acknowledge that Everstone shall at its sole discretion (i) initiate the Everstone Mandatory Preemptive Right by either requiring the Company to issue to Everstone such number of Securities or (ii) require the HLF Shareholders to transfer such number of Securities to Everstone, so as to ensure that Everstone would acquire such number of Securities of the Company which would amount to 10% (ten percent) of the issued and paid up share capital of the Company, on an As Converted Basis, so as to facilitate a sale to a single Third Party or (iii) transfer the Securities held by Everstone to a single Third Party in accordance with Article 122.2 and/or Article 124.3.3.

121.5. Notwithstanding anything else mentioned herein, Everstone shall continue to have the Everstone Mandatory Pre-emptive Right at all points of time if Everstone is unable to participate in any capital call process of the Company (whether pursuant to the provisions of Article 120 above or not) at any point of time as a result of (i) force majeure or (ii) any regulatory constraint or (iii) non satisfactory completion of any specific conditions precedent that may be required by Everstone to be fulfilled by the HLF Shareholders and/or the Company, (as the case maybe) and Everstone Mandatory Pre-emptive Right shall continue to remain available to Everstone to the extent of 20% (twenty percent) of the issued and paid up share capital of the Company.

121.6. It is agreed and acknowledged by and between the Parties that for finalisation of the valuation of the Company based on which the Everstone Mandatory Pre-emptive Right shall be exercised under Article 121.1 above, Everstone shall have the right to appoint any one of the Big Four (the "**First Mandatory Pre-emptive Right Valuer**") and the Company and/or the Transferring HLF Shareholders (as the case may be) shall also be entitled to appoint any one of the Big Four (the "**Second Mandatory Pre-emptive Right Valuer**"). In the event that the difference in valuation of the Company arrived at by the First Mandatory Pre-emptive Right Valuer and the Second Mandatory Pre-emptive Right Valuer is equal to or less than 10% (ten percent) then the valuation of the Company to be taken into account for the exercise of the Everstone Mandatory Pre-emptive Right under this Article 121 shall be the average of the valuations arrived at by the the First Mandatory Pre-emptive Right Valuer and the Second Mandatory Pre-emptive Right Valuer. In the event that the difference in the valuation of the Company arrived at by the First Mandatory Pre-emptive Right Valuer and the Second Mandatory Pre-emptive Right Valuer is greater than 10% (ten percent), then the Company and/or the Transferring HLF Shareholders (as the case maybe) on the one hand, and Everstone on the other hand shall jointly appoint any one of the Big Four other than the First Mandatory Pre-emptive Right Valuer and the Second Mandatory Pre-emptive Right Valuer or in the event that the Company and/or the Transferring HLF Shareholders (as the case may be) are unable to appoint the third valuer then the First Mandatory Pre-emptive Right Valuer and the Second Mandatory Pre-emptive Right Valuer shall jointly appoint such third valuer from the remaining firms of the Big Four (the "**Third Mandatory Pre-emptive Right Valuer**") who shall independantly determine a separate valuation of the Company and the average of all three valuations arrived at by the the First Mandatory Pre-emptive Right Valuer, the Second Mandatory Pre-emptive Right Valuer and the Third Mandatory Pre-emptive Right Valuer, respectively, shall be taken to be the valuation of the Company for the purposes of the exercise of the Everstone Mandatory Pre-emptive Right, and such valuation shall be final and binding upon the Company, the Transferring HLF Shareholders (as the case may be) and all Parties ("**Everstone Mandatory Pre-emptive Right Valuation**"). The entire process of arriving at Everstone Mandatory Pre-emptive Valuation shall be completed within 2 (two) months from the date of exercise by Everstone of its right under Article 121.1.

121.7. Upon the final determination of the Everstone Mandatory Pre-emptive Right Valuation, Everstone shall within a period of 2 (two) Business Days from the date of receiving the report of the Everstone Mandatory Pre-emptive Right Valuation, issue a written notice to exercise the Everstone Mandatory Pre-emptive Right ("**Everstone Mandatory Preemptive Right Exercise Notice**") to the Company and/or the Transferring HLF Shareholders (as the case maybe). Within a period of 15 (fifteen) Business Days from the date of the issuance of the Everstone Mandatory Pre-emptive Right Exercise Notice, Everstone shall pay for and/or make the necessary remittances and subscribe to and/or purchase, on a spot delivery basis, such portion of Securities, to enable Everstone to increase the Everstone Shareholding to 20% (twenty percent) or 10% (ten percent) (as the case may be) of the issued and paid up share capital of the Company on an As Converted Basis. Subject to the receipt of the payment against exercise of the Everstone Mandatory Pre-emptive Right by Everstone, the Company shall forthwith issue and allot the relevant Securities on the date of receipt of such payment and/or the Transferring HLF Shareholders shall, on a spot delivery basis, immediately against receipt of such payment deliver the duly executed share transfer forms, the original share certificates and Form FC-TRS to Everstone and the Company shall forthwith record in its books and registers Everstone's ownership of such Securities and provide Everstone with necessary evidence of the same in this regard.

121.8. The Company, the Transferring HLF Shareholders and all Parties shall undertake all necessary corporate actions as may be required to give effect to the consummation of the Everstone Mandatory Pre-emptive Right and to give effect to the provisions of this Article 121, including but not limited to filing of all necessary forms with the relevant authority.

121.9. It is acknowledged and understood by and between the Parties that the Everstone Mandatory Pre-emptive Right is specifically meant for the purposes of facilitation of an exit for Everstone by way of a sale to a Third Party of the Securities held by Everstone at any point of time in accordance with the provisions of this Article 121.

122. **TRANSFERS OF SHARES**

122.1. **Restrictions on Transfers**

122.1.1. No Shareholder shall transfer its Securities in the Company, except in accordance with and subject to the terms and conditions set forth in these Articles of Association and more particularly in this Article 90. Any transfer, sale or other disposal of Securities, or the granting or creation of any Encumbrance over Securities or any rights attached to Securities in breach of these Articles of Association and/ or the Charter Documents shall be null and void *ab initio* subject to applicable laws.

122.1.2. The Company hereby agrees and confirms that it shall not record any transfer or agreement or arrangement to transfer the Securities on its books and shall not recognize or register any equitable or other claim to, or any interest on or pay any dividend or accord any right to vote in the Securities which have been transferred in any manner other than as permitted under these Articles of Association and/or the Charter Documents.

122.1.3. The Parties further agree that any transfer of Securities to any Person (including an Affiliate) shall be valid only if prior to such transfer, the relevant Person has executed a Deed of Adherence and a duly executed copy of such Deed of Adherence is placed before the Board prior to such transfer. However, any employees of the Company who become Shareholders by virtue of the vesting schedule under the ESOP Scheme shall not be required to be parties to these Articles of Association.

122.1.4. Where an Affiliate of a Party is a Shareholder, if at any point of time, any transaction is contemplated pursuant to which such Affiliate would, on successful completion of the said transaction, cease to be an Affiliate of that Party, then prior to completion of the said transaction, the relevant Party and the Affiliate shall forthwith take all necessary actions to ensure that the Securities are transferred by the Affiliate back to the relevant Party. Notwithstanding any provisions to the contrary in these Articles of Association, at all times, when an Affiliate is a Shareholder, it shall act together with the relevant Shareholder, as a single class ("**Shareholder Group**"), including but not limited to voting on all Shareholder resolutions as a single block (and not severally). A breach by any one Person in the Shareholder Group of its rights, obligations, covenants or undertakings hereunder shall be deemed as a collective breach by the other members of the Shareholder Group of their respective rights, obligations, covenants or undertakings hereunder. The Shareholder Group of each Shareholder shall nominate, by written notice to the Company and the other Shareholder Group(s), 1 (one) Person within the Shareholder Group who shall: (a) act for and on behalf of each member of the Shareholder Group under these Articles and the Transaction Documents in respect of any right, action or waiver to be exercised by any member of the Shareholder Group (including the nomination, replacement or removal of the Directors); and (b) be responsible for causing each of the members of the Shareholder Group to perform its obligations, covenants and undertakings hereunder. Any Securities held by an Affiliate or nominee of a Shareholder belonging to a Shareholder Group shall be deemed to be the Securities held by such Shareholder. It is also clarified that any notice served upon any such nominee of a Shareholder Group shall be sufficient and be construed as service of such notice upon the entire Shareholder Group except as may be required by applicable law to serve notice on all individual Shareholders.

112.2. **Transfer by Everstone**

112.2.1. Subject to Articles 122.1.3, and 122.1.4 and 122.4 hereof, Everstone may at any time transfer any of its Securities to any Person including an Affiliate on such terms and conditions as Everstone may deem fit freely without any restriction or requirement of consent or approval from any other Shareholder provided that, no such transfer shall be made to a Competitor. The proviso shall not apply where a transfer is made by Everstone pursuant to exercise of its rights under Article 127 below.

112.2.2. In order to facilitate a possible transfer of Securities by Everstone to a proposed transferee, such proposed transferee shall be entitled to independently carry out through any advisor any due diligence activity on the Company, as it may deem necessary for the benefit of the proposed transferee. Such due diligence shall be without cost to the Company. The Company and the Ashok Leyland Group shall facilitate any proposed transaction of transfer of Securities by Everstone, including by providing all required information for and facilitating the due diligence exercise and shall also reasonably cooperate with such aforesaid advisor as part of the due diligence process. The Hinduja Group and the IIHL Group shall undertake all such corporate secretarial actions as may be required in this regard and provide all such information in relation to the Hinduja Group and the IIHL Group that shall be reasonably required by the proposed transferee. The Hinduja Group and the IIHL Group agree and undertake that all of the information provided by the Hinduja Group and the IIHL Group in accordance with this Article 122.2.2 shall be authentic, true and correct, but however shall not be construed as any representation and/or warranty from the Hinduja Group and the IIHL Group.

112.2.3. Subject to the provisions of Article 126.3.3 and Article 127 below, Everstone, shall be entitled to transfer all its investment rights under these Articles of Association only once to such proposed transferee and such rights shall be held either by Everstone or such proposed transferee, but not by both, at any given point in time. Further, Everstone shall ensure that the proposed transferee is fit and proper to carry out the transfer of the Securities of Everstone and shall have no negative reputational impact on the Ashok Leyland Group.

112.2.4. However, it is stated that the restrictions mentioned in Article 122.2.3 above shall cease to be applicable upon the completion of a period of 54 (fifty four) months from the Completion Date and Everstone shall have the right to transfer the Securities held by Everstone in the Company at that point of time in accordance with the provisions of Article 126.3.3 below.

112.3. **Transfer by the Ashok Leyland Group, the Hinduja Group and IIHL Group**

112.3.1. Subject to Articles 122.1.3, 122.1.4 above and Article 122.5 below, the Ashok Leyland Group and the Hinduja Group and the IIHL Group shall not , subject to applicable law, sell, transfer, Encumber or otherwise dispose of, any of its Securities and/or voting interests in the Company, held directly or indirectly,, except as stated below ("**Permitted Group Transfer**"):

(a) members of the Ashok Leyland Group transfer amongst themselves or to the members of the Hinduja Group (as the case maybe), without any prior approval or consent from Everstone, provided that all such transfer(s) shall only take place (a) at or above a valuation of the Company that is the higher of the Book Value of the Company (as of the latest available quarter) or the Post Money Valuation and (b) as long as the Ashok Leyland Group at all points of time own atleast 51% (fifty one percent) of the issued and paid up share capital of the Company on an As Converted Basis; and/or

(b) members of the Hinduja Group transfer amongst themselves or to members of the Ashok Leyland Group (as the case maybe) without any prior approval or consent from Everstone, provided that all such transfer(s) shall only take place (a) at or above a valuation of the Company that is the higher of the Book Value of the Company (as of the latest available quarter) or the Post Money Valuation and (b) the Hinduja Group at all points of time own atleast 5% (five percent) of the issued and paid up share capital of the Company on an As Converted Basis; and/or

(c) IIHL Group transfers without any prior approval or consent from Everstone to (i) a non – resident (incorporated outside India) subsidiary (whether present or future) of IIHL, wherein IIHL owns directly more than 51% (fifty one percent) of the issued and paid up share capital of such subsidiary and exercises Control over such subsidiary, upto such number of Securities equivalent to a maximum of 100% (one hundred percent) of IIHL's shareholding in the Company on an As Converted Basis provided that such transfer(s) shall take place at or above a valuation of the Company that is the higher of the Book Value of the Company (as of the latest available quarter) or the Post Money Valuation; or (ii) Ashok Leyland Group and/or the Hinduja Group and/or a subsdiary of IIHL incorporated in India wherein IIHL owns directly more than 51% (fifty one percent) of the issued and paid up share capital of such subsidiary and exercises Control over such subsidiary, upto such number of Securities equivalent to a maximum of 50% (fifty percent) of IIHL's shareholding in the Company, on an As Converted Basis, provided that such transfer(s) shall take place only at the higher of a valuation of the Company based on the Post Money Valuation along with a 12% (twelve percent) IRR. In the event that the then fair market value is lower than the Post Money Valuation along with a 12% (twelve percent) IRR then IIHL Group undertakes not to transfer such Securities to the Ashok Leyland Group and/or the Hinduja Group (as the case may be); and/or

(d) transfers approved by the unanimous vote of the entire Board or with the prior written consent of Everstone if at such time, for any reason whatsoever, the Everstone Director is not on the Board.

(e) such transfer is effected after complying with the provisions of Article 122.5 below.

112.3.2. It is however clarified that, subject to the Reserved Matters, the Securities or interest of the Ashok Leyland Group and/or the Hinduja Group in the Company can change due to future primary capital infusion in the Company as per the approved Annual Business Plan.

112.3.3. It is agreed and acknowledged by and between the Parties that the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall not be permitted to transfer its shareholding in the Company to any Person during the the term of the Agreement other than in accordance with the provisions of Article 122.3.1 above, without the prior written consent of Everstone.

112.3.4. Notwithstanding anything else stated herein, the Ashok Leyland Group undertakes that it shall maintain its shareholding in the Company to atleast 51% (fifty one percent) of the issued and paid up share capital of the Company, on an As Converted Basis, and the Hinduja Group undertakes that it shall maintain its shareholding in the Company to atleast 5% (five percent) of the issued and paid up share capital of the Company, on an As Converted Basis, and the IIHL Group undertakes that it shall maintain its shareholding in the Company to atleast 50% (fifty percent) of its shareholding in the Company as on the Effective Date, on an As Converted Basis, either through IIHL or a non – resident (incorporated outside India) subsidiary of IIHL wherein IIHL owns directly more than 51% (fifty one percent) of the issued and paid up share capital of such subsidiary and exercises Control over such subsidiary at all points of time during the term of the Agreement.

112.3.5. For purposes of this Article 122.3 the term 'As Converted Basis' shall include the effect of the ESOP Shares issued pursuant to the ESOP Scheme.

112.4. **Right of First Offer**

112.4.1. Except for transfer of Securities to its Affiliates, in the event that Everstone proposes to sell any or all of the Securities in the Company held by it to a Third Party ("**Proposed Transfer**"), then in such event, Everstone shall in the manner specified herein provide a written notice to the Ashok Leyland Group (the "**ROFO Notice**"). The ROFO Notice shall disclose the number of Securities proposed to be sold by Everstone (the "**ROFO Offered Shares**") and call upon the Ashok Leyland Group to quote a price for the purchase of the ROFO Offered Shares.

(a) In the event the Ashok Leyland Group proposes to purchase the ROFO Offered Shares, they shall issue a written notice to Everstone for the purchase of all (but not less than all) of the ROFO Offered Shares (the "**ROFO Acceptance Notice**") within a period of 15 (fifteen) Business Days from the date of ROFO Notice (the "**ROFO Offer Period**"), setting forth the price ("**Offer Price**") for purchase of the ROFO Offered Shares. The ROFO Acceptance Notice shall also contain the terms of the proposed purchase and any other material facts relating to the purchase.

(b) If the Ashok Leyland Group have issued a ROFO Acceptance Notice, Everstone shall have the right to accept the ROFO Acceptance Notice and shall then intimate to the Ashok Leyland Group in writing of such acceptance within a period of 15 (fifteen) Business Days of receipt of the ROFO Acceptance Notice.

(c) In all cases, the issue of the notice of acceptance of the Offer Price by Everstone shall constitute a valid, legally binding and enforceable agreement for the sale and purchase of the ROFO Offered Shares between Everstone and the Ashok Leyland Group, as applicable. It is hereby clarified that the Ashok Leyland Group shall be entitled to assign their rights to purchase the Securities, under this Article 122.4.1, from Everstone to any of its Affiliates.

(d) The payment of consideration by the Ashok Leyland Group to Everstone, towards the purchase of Securities under the terms of this Article 90.4.1 and the transfer of the ROFO Offered Shares from Everstone to the Ashok Leyland Group, shall be free of all Encumbrances and shall take place at the registered/corporate office of the Company or any other place that may be mutually agreed between Everstone and the Ashok Leyland Group in writing, within 30 (thirty) Business Days from the date of notice of acceptance of the Offer Price by Everstone. Everstone shall also deliver the original share certificates and duly executed 'instruments of transfer' of such Securities and such other documents as may be reasonably required by the Ashok Leyland Group.

(e) In the event that the Offer Price or any other terms of the ROFO Acceptance Notice is not acceptable to Everstone, Everstone shall within 15 (fifteen) Business Days of the ROFO Acceptance Notice intimate to the Ashok Leyland Group in writing of the rejection of the ROFO Acceptance Notice (the "**Rejection Notice**"). Failure by Everstone to respond within such time period shall be treated as a deemed rejection by Everstone of the ROFO Acceptance Notice. Upon issue of the Rejection Notice or deemed rejection, Everstone shall be free to sell the ROFO Offered Shares to any Person (including any other Shareholder) provided that such sale shall be on terms no more favourable than the terms set out in the ROFO Acceptance Notice and at a price which is higher than the Offer Price. The Parties agree and acknowledge that any/all transfer of rights under these Articles of Association along with any sale of the ROFO Offered Shares to any Person shall not be deemed to be more favourable as compared to the terms set out in the ROFO Acceptance Notice. Such sale by Everstone shall be completed within a period of 120 (one hundred and twenty) Business Days from the date of the Rejection Notice.

(f) In the event that the Ashok Leyland Group does not deliver to Everstone a ROFO Acceptance Notice within the ROFO Offer Period, Everstone shall be free to transfer the ROFO Offered Shares to any Person within a period of 120 (one hundred and twenty) Business Days from the lapse of the ROFO Offer Period. It is further agreed that in the event that the aforesaid sale by Everstone is not completed within a period of 120 (one hundred and twenty) Business Days from the lapse of the ROFO Offer Period, the entire process under Article 90.4 of these Articles of Association shall be repeated and apply to the ROFO Offered Shares.

112.4.2. The Company and Shareholders undertake to do all such acts and deeds as may be necessary to give effect to the provisions of this Article 122.4.

112.4.3. A copy of all notices required to be given under this Article 122.4 shall be delivered concurrently to the Company.

112.4.4. **Transfers by ESOP Shareholders**

112.4.4.1. The holders of the Shares issued pursuant to the ESOP Scheme (the "**ESOP Shareholders**") shall be permitted to freely transfer the shares of the Company held by them to other employees of the Company or any other ESOP Shareholder subject to their compliance with the obligations under Article 122.1.3 above.

112.4.4.2. In the event of (i) where an ESOP Shareholder proposes to transfer any or all of the shares held by such ESOP Shareholder in the Company to a Third Party prior to a Qualified IPO and/or an Offer For Sale or (ii) on the termination of the employment of the ESOP Shareholder(s) either by resignation or otherwise, then such ESOP Shareholder shall give to the Company the right of first refusal to purchase such Shares held by the ESOP Shareholder (the **"ESOP ROFR Offered Shares**") by providing the Company the offer for the buy-back of the Shares held by the ESOP Shareholder at the then fair market value (the **"ESOP ROFR**"). The Company shall complete the formalities in relation to the acquisition of the ESOP ROFR Offered Shares from the ESOP Shareholder(s) within a period of 7 (seven) Business Days, subject to applicable law, from the initiation or occurrence of either of the eventualities under Article 122.4.4.2 (i) or (ii) as the case may be.

112.5. **Tag Along Rights**

112.5.1. If either Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) proposes to sell or transfer, either directly or indirectly, legal or beneficial ownership of, or any economic interest in, any of the Securities held by them in the Company ("**Selling Shareholders**") subject to the written approval of Everstone, to any Person ("**HLF Sale Shares**"), then Everstone shall have a tag along right in the manner as set out in this Article 122.5.

112.5.2. <u>Pro Rata Tag Along Right</u>

Subject to Articles 122.3 above and 122.5.3 below, in the event that the Selling Shareholders propose to transfer the HLF Sale Shares, then Everstone shall have the right, but not an obligation, to transfer such percentage of the total Securities held by Everstone in the Company (calculated on an As Converted Basis) which is determined and based on the formulae set out below, to the proposed transferee prior to any transfer of any Securities by any of the Selling Shareholders at a price equal to the price offered to and on terms and conditions no less favourable than those offered to any of the Selling Shareholders in terms of and in the manner set out in this Article 122.5.2.

$$T = M * (N/O)$$

Where:

T = Number of Securities which Everstone is entitled to sell to the proposed transferee;
N = Total number of Securities held by Everstone on an As Converted Basis;
O = Total number of Securities held by Everstone and the Selling Shareholders on an As Converted Basis;
M = Total number of shares being sold.

112.5.3. <u>Process for exercise of Tag Along Right</u>

(a) If either the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) (the "**HLF Transferor(s)**") are proposing to transfer any Securities held by them to any Person other than to Everstone, then the HLF Transferors shall provide a prior written notice (the "**Tag-along Offer Notice**") of at least 30 (thirty) Business Days to Everstone with a copy to the Company. The Tag-along Offer Notice shall state the following: (i) the number of Securities the HLF Transferors collectively own (on an As Converted Basis), prior to the proposed transfer; (ii) the number of HLF Sale Shares proposed to be transferred by the HLF Transferors; (iii) the proposed consideration, amount and form of consideration; (iv) the manner and time of payment of the consideration; (v) the proposed date of consummation of the proposed transfer; (vi) the identity of the proposed transferee; (vii) the rights which are proposed to be granted/transferred to such proposed transferee; (viii) a representation that the proposed transferee stated in the Tag-along Offer Notice has been informed of the Tag Along Right and of the requirement that such transferee is required to purchase the Securities from Everstone in accordance with the manner set out in Article 122.5.1 or 122.5.2, as the case may be ("**Tag Along Securities**"); and (ix) a representation that no consideration other than that set out in the Tag Along Offer Notice, is being provided to the HLF Transferors. Such Tag-along Offer Notice shall be accompanied by true and complete copy of all agreements between the HLF Transferors and the proposed transferee regarding the proposed transfer.

(b) In the event Everstone elects to exercise the Tag Along Right, Everstone shall deliver a written notice of such election to the HLF Transferors (the "**Response Notice**") at anytime within 15 (fifteen) Business Days from the date of receipt of the Tag-along Offer Notice (the period of 15 (fifteen) Business Days hereinafter referred to as the "**Tag Along Response Period**") specifying that it has elected to exercise its Tag Along Right.

(c) On such exercise of the Tag Along Right by Everstone, the HLF Transferors shall cause the proposed transferee to purchase from Everstone, its respective Tag Along Securities at the same price and on the same terms and condition as are mentioned in the Tag-along Offer Notice.

(d) Everstone will not be required to provide any representation, covenants or undertakings, grant any indemnifications, or incur any obligations to the proposed transferee or any Person other than to provide a representation on the clear title of their Tag Along Securities and due authority and capacity to hold and transfer their respective Tag Along Securities. The HLF Shareholders shall ensure that all of the terms of the proposed transfer offered by the proposed transferee to the HLF Transferors are also offered to Everstone.

(e) The closing of any purchase of the HLF Sale Shares and the Tag Along Securities by the proposed transferee shall be completed on or before the expiry of the 120th (one hundred and twentieth) day from the date of expiry of the Tag Along Response Period or within such other time as may be decided in writing between Everstone and HLF Transferor(s) and the proposed transferee. Provided that the said 120 (one hundred and twenty) days' period shall be extended for such additional period as may be necessary (as may be agreed between the parties) to obtain any Approvals required for such purchase and payment.

(f) Upon the receipt of the Response Notice by the HLF Transferors, the HLF Transferors shall provide to Everstone a written confirmation from the proposed transferee regarding its intention to purchase all the Tag Along Securities. If the proposed transferee is not willing to purchase the Tag Along Securities from Everstone, then, the HLF Transferors shall not be entitled to transfer any of the HLF Sale Shares to the proposed transferee. If the proposed transferee is willing to purchase only a part of the HLF Sale Shares and the Tag Along Securities, the number of HLF Sale Shares to be sold to the proposed transferee shall be accordingly reduced so as to ensure that Everstone is also able to sell its respective Tag Along Securities on such reduced number of HLF Sale Shares to the proposed transferee.

(g) If:

(i) Everstone does not deliver the Response Notice to the HLF Transferors by the end of the Tag Along Response Period; or

(ii) Everstone expressly waives its respective Tag Along Rights,

then the HLF Transferors shall be entitled to sell the HLF Sale Shares to the proposed transferee mentioned in the Tag-along Offer Notice on the same terms and conditions and for the same consideration as is specified in the Tag-along Offer Notice without causing the transfer of the Tag Along Securities. Provided however that, if completion of the transfer to the proposed transferee does not take place within 120 (one hundred and twenty) days following the expiry of the Tag Along Response Period, the HLF Transferors' right to transfer the HLF Sale Shares to such proposed transferee shall lapse and the provisions of this Article 122.5.3 shall once again apply to the HLF Sale Shares.

The HLF Transferors shall not make the proposed transfer other than in the manner as set out in this Article 122.5, and if purported to be made, such transfer shall be void *ab initio* and shall not be binding on the Company and shall be deemed to be a breach of the terms of these Articles of Association.

113. DIFFERENTIAL RIGHTS PROTECTION

113.1. At all points of time during the course of its investment in the Company, Everstone shall remain protected against any dilution of its shareholding in the Company in the event of each issue of Shares to any Person ("**Proposed Allottee**") at a price lower than the price per Share paid by Everstone and/or at terms ("**Everstone Terms**") issued to the Proposed Allottee that are better than the ones offered to Everstone pursuant to and under the Transactions Documents ("**Dilutive Event")** On the occurrence of a Dilutive Event, Everstone shall be entitled to receive such superior terms/ benefits (including but not limited to price benefits), such that (i) the effective average price per Share for the Everstone Primary Investment Amount is not higher than the price offered to such Proposed Allottee and/or (ii) the Everstone Terms are not less favourable than the terms offered to such Proposed Allottee. For the purpose of the aforesaid, Everstone shall be entitled to receive such number of Securities as shall be calculated in accordance with the formula, or such rights as specified in SCHEDULE 5 of the Agreement ("**Everstone Differential Right Protection**").

113.2. In case of a Dilutive Event, if the Everstone Preference Shares have not been converted into Equity Shares then the Company and the Ashok Leyland Group agree and undertake that (i) appropriate adjustments to the Conversion ratio (as described in SCHEDULE 8 of the Agreement) shall be made to ensure that the Everstone Differential Right Protection is implemented appropriately, on an As Converted Basis or (ii) such other mechanism permissible by law shall be implemented to provide Everstone with such protection, as per the discretion of Everstone.

113.3. In case of an occurrence of a Dilutive Event where the Everstone Preference Shares have been converted into Equity Shares or for component of the Everstone Equity Shares, the Company shall have an obligation to undertake the following actions in the sequence provided below:

113.3.1. Notwithstanding anything contained in Article 120 above, the Company shall use its best efforts to undertake a bonus issuance of Equity Shares ("**Bonus Issuance**") in accordance with applicable law, so as to ensure that the Everstone Differential Right Protection is implemented appropriately, on an As Converted Basis, without any requirement to invest additional funds into the Company. For the purposes of such Bonus Issuance undertaken by the Company, the HLF Shareholders hereby irrevocably and unconditionally waive their respective entitlements to their relevant portions of the Bonus Issuance.

113.3.2. The Company hereby undertakes that they shall take all necessary action, and/or provide/execute all necessary documents, as may be necessary to:

(a) complete the Bonus Issuance in accordance with law; and

(b) ensure that consequent to such Bonus Issuance (and waiver by the HLF Shareholders) Everstone receives such number of Equity Shares, without any requirement to invest additional funds into the Company, so that the Everstone Differential Right Protection is implemented appropriately, on an As Converted Basis; simultaneously with the occurrence of the Dilutive Event but not later than 15 (fifteen) days from the date of completion of the Dilutive Event ("**Bonus Long Stop Date**"). The HLF Shareholders hereby agree and acknowledge that they shall use their voting rights at the meetings of the Board and the Shareholders to ensure that the Company is able to meet its obligations hereunder.

113.3.3. In the event a) the Bonus Issuance is not permissible under applicable law; or b) the Bonus Issuance is not consummated in accordance with and within the time frame provided in Article 123.3.2, then, notwithstanding anything contained in Article 122 of these Articles of Association, the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall jointly be responsible to transfer such number of Securities to Everstone or at the discretion of Everstone to its duly appointed nominee, for an aggregate price of INR 100/- (Indian Rupees One Hundred only) or such minimum amount as may be permissible under applicable law ("**Transfer Shares**"), so that the Everstone Differential Right Protection is implemented appropriately, on an As Converted Basis.

113.3.4. The Ashok Leyland Group, the Hinduja Group and the IIHL Group hereby agree and undertake that they shall take all necessary action, and/or provide/execute all necessary documents, as may be necessary to complete the transfer of the Transfer Shares to Everstone or its duly appointed nominee for the price mentioned above within a period of 30 (thirty) days from the date of expiry of the Bonus Long Stop Date ("**Transfer Long Stop Date**").

113.3.5. In the event the transfer as contemplated in Article 91.3.3 is not consummated on or prior to the Transfer Long Stop Date, then notwithstanding anything contained in Article 120 above, Everstone shall be entitled to subscribe, either through itself or through its duly appointed nominee/Affiliate at the sole discretion of Everstone, to such number of Equity Shares at the minimum price permitted under applicable law, so that the Everstone Differential Right Protection is implemented appropriately, on an As Converted Basis.

113.3.6. The Company hereby undertakes that they shall take all necessary actions, and/or provide/execute all necessary documents, as may be necessary, to ensure that the Everstone Differential Right Protection is implemented appropriately, on an As Converted Basis. The HLF Shareholders hereby agree and acknowledge that they shall use their voting rights at the meetings of the Board and the Shareholders to ensure that the Company is able to meet its obligations hereunder.

113.3.7. For avoidance of doubt, the Parties agree that the Equity Shares to be issued in terms of the ESOP Scheme shall not be construed as a "Dilutive Event" as defined under Article 123.1.

114. ANTI DILUTION PROTECTION

As long as Everstone continues to hold any Securities of the Company, then in the event that the Company proposes to carry out a Share split, issue of bonus Shares, consolidation of Shares, combinations, recapitalizations or such similar events which may result in dilution of the shareholding of Everstone in the Company ("**Anti – Dilution Event**"), then the Company shall and the HLF Shareholders shall procure that the Company shall forthwith take all necessary steps (including but not limited to issuance of new shares) to ensure that Everstone maintains its shareholding with respect to the Securities of the Company to the extent that was the shareholding prior to the occurrence of such Antidilution Event, without any consideration (subject to applicable law).

115. LIQUIDATION PREFERENCE

In the event of a Liquidation Event or Sale Event, the Everstone Preference Shares will have liquidation rights senior to all other outstanding Securities of the Company. The proceeds available for distribution to the Shareholders (whether from capital, reserves, surplus or earnings of any of the HLF Group Companies) ("**Distributable Proceeds**") shall be distributed as follows:

(a) First, and before any payment is made to any other Shareholder, Everstone shall receive from the Distributable Proceeds higher of (i) all amounts invested till date by Everstone, plus declared but unpaid dividends; or (ii) such amount as is equivalent to its proportionate share of the Distributable Proceeds, based on Everstone's then existing shareholding in the Company on an As Converted Basis.

(b) After payment in full to Everstone as set forth above, any remaining/surplus proceeds legally available for distribution, if any, shall be distributed to all Shareholders including Everstone, on an As Converted Basis.

116. EXIT OPTIONS

116.1. The Parties agree and acknowledge that one of the obligations of this transaction is to provide Everstone with and Everstone shall have the right to require a transaction that would provide Everstone with an exit from the Company. Towards this end and intent Everstone shall be provided with the following rights in the stated manner.

116.2. **Qualified IPO**

116.2.1. The Ashok Leyland Group and the Company hereby undertake to Everstone:

(a) that the Company shall and the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall cause the Company to, within a period of 48 (forty eight) months from the Completion Date, consummate the Qualified IPO (the "**Qualified IPO Target Date**"); and

(b) to use their best endeavours and do all acts, deeds and things that are required to ensure a successful completion of a Qualified IPO on or prior to the Qualified IPO Target Date.

116.2.2. The Qualified IPO will be based on the advice of the QIPO Investment Bank(s) and shall be structured so as to maximise value to the Shareholders. The terms (including the offer for sale component), the timing and the final pricing shall be determined by the Board. The Parties further agree and acknowledge that in the event that the Company is required to, by applicable law, increase the capital base of the Company for the purposes of a successful consummation of a Qualified IPO, then the Company may, subject to the prior written consent of Everstone, do so by issuing bonus shares to the existing Shareholders.

116.2.3. It is further agreed by and between the Parties that for the Qualified IPO, Everstone shall have the right but not the obligation to offer upto 50% (fifty percent) of the Everstone Shareholding in the Qualified IPO as a component of the Shares to be listed through a Qualified IPO within the Qualified IPO Target Date. In the event however that the Qualified IPO is not consummated within the Qualified IPO Target Date but is consummated after a period of 60 (sixty) months from the Completion Date, Everstone shall, notwithstanding anything else mentioned elsewhere in these Articles of Association, at its sole discretion, have the right but not the obligation to offer more than the proportionate percentage of the Everstone Shareholding and upto 100% (one hundred percent) of the Everstone Shareholding as a component of the Shares to be listed through the Qualified IPO.

116.2.4. In relation to the QIPO Investment Bank(s), the Company, the Ashok Leyland Group, the Hinduja Group and the IIHL Group agree that:

(a) the Company shall engage the QIPO Investment Bank(s) at the cost of the Company; and

(b) the book running lead manager from amongst the QIPO Investment Bank(s) shall be an Approved Bank as may be mutually agreed, in writing between Everstone on one hand and the Ashok Leyland Group, the Hinduja Group and the IIHL Group jointly (in consultation with the Company), on the other hand.

116.2.5. The Company shall, and the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall procure that the Company shall, provide Everstone with, (A) regular updates on the Qualified IPO process, including any updates of the reasonably anticipated date on which any draft or final red herring prospectus/ offer document is to be filed with any relevant authority at least 7 (seven) calendar days prior to such filing and updates on any change to such reasonably anticipated date immediately upon becoming aware thereof, (B) copies of every draft and final red herring prospectus/ offer document filed with any relevant authority at least 4 (four) calendar days prior to such filing, (C) an indicative timetable for the Qualified IPO, and (D) indicative valuations as soon as these are available.

116.2.6. The Parties agree that,

(a) the Qualified IPO shall be structured in a way such that Everstone will not be considered as, or deemed to be, a "promoter", and none of the Shares of Everstone will be considered as, or deemed to be, "promoter shares" under applicable law with respect to public offerings (including without limitation the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended or of any other statutory or regulatory authority as applicable from time to time) and are not, in any event, subject to any lock-in requirements as a 'promoter', and subject to applicable law, the Qualified IPO shall be undertaken in a manner that does not result in the imposition of any moratorium in respect of any dealing in Shares of the Company by Everstone. Further, in the event that the Company undertakes an overseas offering of its Securities, the Company shall comply with the regulations relating to such offering and undertake all actions required to enable Everstone to obtain all such customary registration rights that are generally available to private equity investors allowing Everstone to offer their Securities for sale as part of such offering. For avoidance of doubt, it is clarified herein and agreed and acknowledged by the Company, the Ashok Leyland Group, the Hinduja Group and the IIHL Group that at the time of such overseas offering, the decision of Everstone's counsel as to what constitute customary registration rights and customary related rights in relation to such listing shall be final and binding on the Company and the Shareholders;

(b) Everstone shall not give any representation, warranty or indemnity whatsoever in connection with the Qualified IPO, including to the Qualified IPO Investment Bank(s), other than that the Equity Shares, if any, offered for sale by Everstone in the Qualified IPO, have clear title; and

(c) to the extent that any of the Everstone Director(s) is required under mandatory applicable law to give any other representation, warranty, indemnity or covenant (collectively, "**Director Undertaking**") with respect to the Qualified IPO, in relation to the affairs of the Company, the Company shall be liable to in turn secure, reimburse, indemnify, defend and hold harmless Everstone and/or the Everstone Director(s) on demand for and against any and all loss, damage, liability or other cost or expenses whatsoever arising out of, in relation to or resulting from such Director Undertaking.

116.2.7. It is hereby agreed and acknowledged by and between the Parties that in the event the terms (including the offer for sale component), the timing and the final pricing as determined by the Board pursuant to the provisions of Article 126.2.2 above is not acceptable to Everstone, then Everstone shall, at its sole discretion, have the right but not the obligation to exercise the Private Liquidity Option (as defined below) in accordance with the provisions of Article 126.3.4 below.

116.2.8. The cost and expenses relating to the Qualified IPO (including without limitation underwriting, selling and distribution costs and safety net costs) shall be borne by the Company.

116.2.9. Notwithstanding anything else stated herein, the Company, the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall, provide such number of Equity Shares (whether through the issue of new Equity Shares by the Company and/ or from the shareholding of the Ashok Leyland Group, the Hinduja Group and the IIHL Group in the Company) as may be required to meet the minimum offering requirements to obtain a listing of the Equity Shares on the relevant Recognised Stock Exchange under applicable law and nothing contained in Article 122 shall apply to any transfer of Securities by the Ashok Leyland Group, the Hinduja Group and the IIHL Group in the Qualified IPO in accordance with this Article 126.

116.2.10. The Hinduja Group and the IIHL Group shall provide all support as required under applicable law to the Ashok Leyland Group, the Company and to Everstone for the purposes stated in this Article 126.2.

116.3. **Alternative Exit Mechanisms**

116.3.1. Notwithstanding anything to the contrary in these Articles of Association, in the event, for any reason whatsoever (i) the Company does not complete the Qualified IPO within a period of 48 (forty eight) months from the Completion Date and/or (ii) the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group have not exercised the Ashok Leyland/Hinduja/IIHL Call Option (as defined below), in accordance with the provisions of Article 126.3.2 below, the

Company and/or the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (in relation to Article 126.3.2 and 126.3.4 below) shall be obligated to and shall provide an exit to Everstone by exercising the mechanisms stated in Article 126.3.2 to 126.3.5 below in the given sequence thereunder (the "**Alternative Exit Mechanisms**").

116.3.2. Ashok Leyland/Hinduja/IIHL Call Option

(a) The Parties hereby agree and acknowledge that from the Qualified IPO Target Date till 54 (fifty four) months from the Completion Date, the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group(as the case maybe) shall be entitled, at its option, to require Everstone and/or the Persons nominated by them (if any) to sell all of the Everstone Subscription Shares in the Company to the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) at (i) a valuation per Security which results in providing Everstone with a Net Cash Realisation of atleast 25% (twenty five percent) IRR; or (ii) the FMV Price; whichever is higher ("**Call Price**") by following the process specified in Article 126.3.2 (b) to 126.3.2 (g) below (the "**Ashok Leyland/Hinduja/IIHL Call Option**").

(b) The Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) shall issue a written notice ("**Call Notice**") to Everstone for initiating the exercise of the Ashok Leyland/Hinduja/IIHL Call Option, setting out, *inter alia*, the threshold price determined by them for the exercise of the Ashok Leyland/Hinduja/IIHL Call Option ("**Call Option Threshold Price**"). Upon the issuance of the Call Notice, Everstone shall appoint any one of the Approved Firms and/or the Approved Banks, to determine the FMV Price ("**FMV Determinator**") within a period of 60 (sixty) Business Days from the date of such appointment of the FMV Determinator ("**FMV Determination**"). It is hereby agreed that in the event of any disagreement between the Parties regarding the choice of the FMV Determinator, the Ashok Leyland Group, the Hinduja Group and the IIHL Group(acting jointly) on one hand and Everstone on the other hand, shall appoint an Approved Firm/ Approved Bank for the determination of the FMV Price ("**Call Option Determined Price**") and in case of any failure to appoint such Approved Firm/ Approved Bank in the manner described herein, the Ashok Leyland Group, the Hinduja Group and the IIHL Group (acting jointly) on one hand and Everstone on the other hand shall appoint 2 (two) industry experts (in the vehicle financing industry) for the purposes of finalising the Approved Firm/Approved Bank and all proceedings in this regard shall conclude within a period of 15 (fifteen) Business Days from the date of appointment of the such industry experts. The decision of the industry experts shall be final and binding on all Parties. It is further agreed that in the event the aforementioned proceedings for the purposes of finalising the Approved Firm/Approved Bank does not conclude within a period of 15 (fifteen) Business Days from the date of appointment of the industry experts, then the Approved Firm/Approved Bank appointed by Everstone, shall calculate the Call Option Determined Price. Upon the finalisation of the Call Option Determined Price, in the event that the difference between the Call Option Threshold Price and the Call Option Determined Price is within 10% (ten percent) of each other, the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) shall be obligated to exercise the Ashok Leyland/Hinduja/IIHL Call Option at the higher of the Call Option Threshold Price or the Call Option Determined Price (as the case maybe), in accordance with the provisions below. However, it is clarified that in the event that the Call Option Determined Price is greater than 10% (ten percent) of the Call Option Threshold Price, then the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) shall have the discretion and not the obligation to complete the Ashok Leyland/Hinduja/IIHL Call Option.

(c) Upon the completion of the FMV Determination, the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) shall, subject to the provisions of Article 126.3.2 (b) above, within a period of 15 (fifteen) calendar days ("**Call Closure Period**") make the necessary remittances/ cause remittances to be made, as the case may be, of the Call Price. Everstone shall, on a spot delivery basis, immediately against receipt of the Call Price, deliver the duly executed share transfer forms and original share certificates to the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe).

(d) The Company, the Ashok Leyland Group, the Hinduja Group, the IIHL Group and Everstone shall undertake all necessary corporate actions as may be required to give effect to the consummation of the transfer of the Everstone Subscription Shares to the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe).

(e) It is agreed and acknowledged by the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) that upon the issuance of the Call Notice, the obligation to consummate the Ashok Leyland/Hinduja/IIHL Call Option is an absolute obligation and the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group hereby undertakes that it shall under any circumstances cause the successful completion of the Ashok Leyland/Hinduja/IIHL Call Option within the Call Closure Period.

(f) In the event such transfer of the Everstone Subscription Shares requires any approvals from any regulatory and/or governmental authorities, then the time required for obtaining such approval would be excluded for the purpose of calculating the period within which the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) are required to purchase the Everstone Subscription Shares.

(g) In the event that the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) is/are unable to successfully consummate the Ashok Leyland/Hinduja/IIHL Call Option within Call Closure Period, then the same shall amount to an Event of Default and the provisions of Article 127.3 shall become applicable forthwith.

116.3.3. <u>Third Party Sale</u>

(ii) (i) In the event that the Company, the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group have not provided Everstone with an exit of the Everstone Subscription Shares, pursuant to and in accordance with Article 126.1, and/or 126.3.2, within 54 (fifty four) months from the Completion Date, then without prejudice to the other rights and remedies available to Everstone under these Articles of Association or under applicable law, Everstone shall be entitled to identify a Third Party and/or the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall support and assist and use all best efforts for, identifying a Third Party (the "**Third Party Offeror**") to buy out any Securities held by Everstone in the Company at that point of time (the "**Sale Shares**"). Everstone may, at its sole discretion, sell to the Third Party Offeror the Sale Shares at a price and on the terms and conditions as may be acceptable to Everstone, together with all the rights under these Articles of Association subject to and in accordance with the provisions of Article 126.3.3 (a) (ii) below, provided it has received a binding offer setting out such price, terms and conditions in writing.

(ii) In the event that under this Article 126.3.3, Everstone sells all andnot part of the Sale Shares to a single Third Party, then all rights available to Everstone under the Transaction Documents shall be transferable to such Third Party in its entirety. Subject to the provisions of Article 121, in the event that Everstone sells the Sale Shares to multiple Third Parties then such Third Parties may exercise all or any rights under the Transaction Documents which have been transferred to any or all of such Third Parties provided that each of such Third Parties acquire(s) such number of Sale Shares which would amount to atleast 10% (ten percent) of the issued and paid up share capital of the Company. Provided that in the event that Everstone sells the Sale Shares to multiple Third Parties (each holding less than 10% (ten percent) of the issued and paid up share capital of the Company), then only one Third Party (amongst the multiple Third Parties) shall be entitled to exercise the rights under these Articles of Association. Further the rights available to Everstone under Article 120 (*Pre-emptive*

Right In Relation To Issue of New Securities), Article 89 (*Additional Mandatory Pre-emptive Right*), Article 128 (*Special Liquidity Option*), Article 125 (*Liquidation Preference*) and Article 115.2.3 (*Right to appoint the Everstone Observer*) shall not be assignable in nature to such Third Parties. It is agreed and acknowledged by and between the Parties that all other rights of Everstone under the Transaction Documents shall be assignable in favour of such Third Parties.

(iii) Subject to the provisions of Article 115.2.1 above, in the event that Everstone sells all or part of the Sale Shares and such sale results in the proposed transferee owning 10% (ten percent) or more of the issued and paid up share capital of the Company and Everstone owning less than 10% (ten percent) of the issued and paid up share capital of the Company then in the event that Everstone has a single representative on the Board as the Everstone Director, then such right of representation on the Board shall be transferred to the proposed transferee and the Everstone Director shall resign from the Board. However in the event that the provisions of Article 115.2.1 (a) above are applicable then Everstone shall continue to have 1 (one) representation on the Board in the capacity of an Everstone Director, notwithstanding the fact that the Everstone Shareholding at that point of time is below 10% (ten percent) of the issued and paid up share capital of the Company.

(jj) In the event that Everstone agrees to sell to the Third Party Offeror the Sale Shares at a price and on the terms and conditions as may be acceptable to Everstone together with all the rights under these Articles of Association, in accordance with the provisions of Article 126.3.3 (a) above, then Everstone shall be obligated to participate in the sale of the Sale Shares to the Third Party Offeror. Provided however, in the event that the sale of the Sale Shares to the Third Party Offeror in accordance with the provisions of this Article 126.3.3 is not concluded within a period of 60 (sixty) days from the initiation of the offer, then, unless such period is waived by Everstone in writing, all obligations on Everstone hereunder shall cease to apply. However, it is clarified that the obligations on Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group shall continue.

116.3.4. <u>Private Liquidity Mechanism</u>

(a) In the event that:

(i) the Ashok Leyland Group and/or Hinduja Group and/or the IIHL Group is/are unable to provide an exit to Everstone by identifying a Third Party in accordance with the provisions of Article 126.3.3 above within a period of 60 (sixty) months from the Completion Date; and/ or

(ii) the terms (including the offer for sale component), the timing and the final pricing, as determined by the Board pursuant to the provisions of Article 126.2.2 above is not acceptable to Everstone; then

(b) Everstone shall have the right but not the obligation, by providing a written notice to the Ashok Leyland Group, the Hinduja Group, the IIHL Group and/or Company (the "**Private Liquidity Option Notice**"), to cause, subject to applicable law, the sale of all or some, as per the sole discretion of Everstone, of the Everstone Subscription Shares at a valuation that results in the Net Cash Realisation of atleast 12% (twelve percent) IRR ("**Private Liquidity Price**") to Everstone by adopting either one or both of the following methods:

(i) to cause the Company to buyback all or part of the Everstone Subscription Shares ("**Buyback Shares**") in accordance with applicable law ("**Buyback**") and (a) the Company hereby undertakes to effect such Buyback; (b) the Ashok Leyland Group,the Hinduja Group and the IIHL Group hereby undertake to procure that the Company shall undertake such Buyback and the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall do all things necessary to ensure that the Buyback takes place as agreed hereunder. It is hereby clarified that the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall ensure that each HLF Group Companies (other than the Company) renders all necessary assistance to the Company to honour its Buyback obligations; and/or

(ii) exercising a binding and compulsory obligation to purchase by the Ashok Leyland Group, first and then the Hinduja Group and/or the IIHL Group ("**Purchase Obligation**"), so as to sell all or part of the Everstone Subscription Shares ("**Purchase Shares**") to the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe). It is agreed and acknowledged between the Parties that on the exercise of the Purchase Obligation by Everstone, it shall first be exercised on the Ashok Leyland Group by Everstone and in the event that the Purchase Obligation is not completed within a period of 90 (ninety) days by the Ashok Leyland Group, for any reason whatsoever, including but not limited to regulatory, contractual, circumstantial impediment or otherwise, the Purchase Obligation shall, at the sole discretion of Everstone, shift to the Hinduja Group and/or the IIHL Group and Everstone shall be entitled to have the Purchase Obligation completed by either one of the Hinduja Group or the IIHL Group or the Ashok Leyland Group or all of them, as may be required by Everstone. In computing the period for the completion of Purchase Obligation contemplated under this Article 126.3.4 (b) (ii) in the event, as a result of the above stated sequence, there is a delay in completing the Purchase Obligation, then such delay shall not be included to calculate the timelines prescribed within Article 126.3 of these Articles of Association and the timelines for the remaining obligations of the Company and/or the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group under this Article 126.3 shall continue in accordance with the timelines as prescribed and Everstone will be entitled at its discretion to intiate any such other right in the event of any delay from such sequence for the Purchase Obligation, within the prescribed timelines. However, in the event that Everstone, at its sole discretion chooses not to initiate the next available right in relation to the Alternative Exit Mechanisms under this Article 126.3 as a result of awaiting the completion of the Purchase Obligation, then the timelines for all such remaining rights in relation to the Alternative Exit Mechanisms under this Article 126.3 shall be recalculated taking into account such delay as a result of completion of the Purchase Obligation. Notwithstanding anything else mentioned herein, the obligation in relation to the fulfillment of the Purchase Obligation by the Ashok Leyland Group, the Hinduja Group and the IIHL Group are joint and several in nature.

The Purchase Obligation and Buyback are collectively referred to as "**Private Liquidity Options**" and individually as "**Private Liquidity Option**".

Illustration:

*As an example, if Everstone makes an investment of INR 2,000/- million on March 1, 2013 and exits on March 1, 2017 through the Private Liquidity Option then the return of a Net Cash Realisation of 12% IRR to the Investor will result in a 'cash realisation' of INR 2,000 million * 1.12^4 i.e. INR 3147.039/- million. (The illustration assumes no dividends were paid and no Shares were sold by Everstone during the 4 (four) year investment period).*

(c) In the event Everstone exercises the Private Liquidity Option, at the Private Liquidity Price by delivery to the Ashok Leyland Group, the Hinduja Group, the IIHL Group and/or the Company of the Private Liquidity Option Notice, the Company and the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group shall provide an exit to Everstone either by way of Buyback or by way of Purchase Obligation or by way of combination of both these options as per the discretion of Everstone.

(d) In the event that Everstone has issued the Private Liquidity Option Notice to the Company and the Private Liquidity Option is being undertaken by way of a Buyback, the Company will cause such Buyback from Everstone within 45 (forty five) days of the delivery to the Company of the Private Liquidity Option Notice and Everstone shall surrender the Buyback Shares in favour of the Company against payment in full of the Private Liquidity Price to Everstone by the Company. The HLF Shareholders covenant and undertake that in the event of a Buyback, they shall not offer any Shares owned by them pursuant to a buyback offer made by the Company.

(e) In the event that Everstone issues the Private Liquidity Option Notice to the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group, and the Private Liquidity Option is being undertaken by way of a Purchase Obligation (in accordance with the sequence under the provisions of Article 126.3.4 (b) (ii) above, then the transfer of the Everstone Subscription Shares to the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) shall take place, on the same day, on a spot delivery basis, as the day of the delivery to the Ashok Leyland Group and/or the Hinduja Group and/or the

IIHL Group (as the case maybe) of the Private Liquidity Option Notice and against payment in full of the Private Liquidity Price to Everstone by the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe). In the event such transfer of the Everstone Subscription Shares requires any approvals from any regulatory and/or governmental authorities, then the time required for obtaining such approval would be excluded for the purpose of calculating the period within which the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group (as the case maybe) are/is required to purchase the Everstone Subscription Shares. It is hereby agreed and acknowledged by and between the Parties that for the purposes of exercising the Private Liquidity Option by way of a Purchase Obligation in accordance with the provisions of this Article 126.3.4, Everstone shall have the sole discretion to exercise such Private Liquidity Option through a resident or non resident entity of the Ashok Leyland Group and/or the Hinduja Group or through the IIHL Group.

(f) It is clarified that if on Everstone exercising the Private Liquidity Option (whether by way of Buyback on the Company and/or Purchase Obligation on the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group), Everstone receives the Private Liquidity Price upon such exercise, then, subject to the provisions of Article 127 below, all other rights available to Everstone under these Articles of Association in relation to its Alternative Exit Mechanisms shall no longer be available in relation to any remaining Everstone Subscription Shares.

116.3.5. Offer for Sale

(a) If Everstone has not been provided with an exit in accordance with the terms and conditions of these Articles of Association within a period of 66 (sixty six) months from the Completion Date (the "**Offer For Sale Target Date**"), then Everstone shall have the right but not the obligation to require the Ashok Leyland Group, the Hinduja Group and the IIHL Group, by way of a written notice, to join Everstone in pursuing a listing of the Company on a Recognised Stock Exchange by an offer for sale of the Equity Shares ("**Offer For Sale**") as per the provisions of this Article 126.3.5 with the following procedure:

(i) Everstone shall appoint one of either Big Four and/or a category I merchant banker, to initiate and conclude the Offer For Sale;

(ii) The Equity Shares to be listed through the Offer For Sale shall be listed at a Recognised Stock Exchange as per the sole discretion of Everstone.

(b) The Company and the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall do all such acts, deeds, matters and things necessary, required or desirable in accordance with applicable law to facilitate and effectuate the exit of Everstone through the Offer For Sale.

(c) Notwithstanding anything else stated herein, at the option of Everstone, the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall contribute and the Company shall issue such number of Equity Shares as may be required under applicable law and regulations (including but not limited to offer requirements of the Securities and Exchange Board of India and/or the relevant Recognized Stock Exchange) to obtain a listing of the Company on a Recognised Stock Exchange in order for Everstone to pursue an Offer For Sale.

Nothing contained in Article 122 shall apply to any transfer of Securities for the purposes of the Offer For Sale. Notwithstanding anything else mentioned herein, Everstone shall have the right to offer the entire Everstone Subscription Shares as a part of the Offer For Sale and all costs in relation to such Offer For Sale (including without limitation underwriting, selling and distribution costs) shall be borne by the Company.

In the event that the said rights are required to be deleted from the Charter Documents pursuant to the requirements of applicable law or of any relevant authority, the Company, the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall procure that,

(i) until the Qualified IPO/Offer For Sale is completed, the said rights of Everstone shall continue to be given effect in good faith and in accordance with the terms of these Articles of Association, and

(ii) the said rights are reinstated in the Charter Documents in the event that the Qualified IPO/Offer For Sale does not occur or is delayed for any reason beyond a period of 120 (one hundred and twenty) calendar days from the Qualified IPO Target Date or the Offer For Sale Target Date (as the case maybe).

The Parties agree and acknowledge that Everstone shall do all such acts and execute all such documents as may be required mandatorily under applicable law for the purposes of the successful consummation of the Qualified IPO, Private Liquidity Options or Offer for Sale.

116.A. THRESHOLD SHAREHOLDING WITH RESPECT TO EVERSTONE RIGHTS

The Parties hereby agree and acknowledge that as long as Everstone holds at least 2% (two percent) or more of the issued share capital of the Company on an As Converted Basis ("**Threshold Shareholding**"), Everstone shall continue to have all rights and obligations under this Articles of Association and all obligations of the HLF Shareholders and the HLF Group Entities towards Everstone shall continue as long as it holds Shares equivalent to or in excess of the Threshold Shareholding.

117. EVENTS OF DEFAULT

117.1. **Each of the following is an Event of Default**

(a) if any of the HLF Shareholders is in Material Breach of any term of these Articles of Association. For the purposes of these Articles of Association a "Material Breach" would occur if any of the HLF Shareholders fail to observe or perform any of their obligations, undertakings, representations, covenants and/ or agreements under these Articles of Association, any provisions of the Share Subscription Agreement and/ or the Charter Documents and either, that breach or failure (i) (in the opinion of Everstone) is not capable of being remedied to the satisfaction of Everstone or (ii) is not remedied by the HLF Shareholders to the satisfaction of Everstone within 30 (thirty) calendar days of the date of a notice issued by Everstone to the HLF Shareholders requiring them to remedy that breach or failure (as the case may be); or

(b) any Material Contract is terminated or modified by the Company without the prior consent of Everstone, save and except for termination arising out of completion of the term of such Material Contracts; or

(c) if any warranty or any other representation or warranty made or given by any of the Warrantors in the Share Subscription Agreement or these Articles of Association is incorrect. For the avoidance of doubt, it is clarified that in the event any representation or warranty made or given by any of the Warrantors in the Share Subscription Agreement, Everstone shall have the right to pursue their remedies under these Articles of Association and/or the Share Subscription Agreement, at its sole discretion; or

(d) if any of the Warrantors are in breach of their obligation to make any payment when due of any sum payable under the Transaction Documents (as applicable) to Everstone; or

(e) the occurrence of an Act of Insolvency; or

(f) if it is or becomes unlawful for any HLF Shareholder to substantially perform or comply with (or procure the performance of or compliance with) any of its obligations under these Articles of Association; or

(g) if any Reserved Matter in relation to any of the HLF Group Companies is acted upon in contravention of the provisions of these Articles of Association.

117.2. **Notification of an Event of Default**

The HLF Shareholders covenant that they shall immediately upon (and in any event within 15 (fifteen) calendar days of) any of them becoming aware of the occurrence of or the existence of circumstances that may lead to the occurrence of any Event of Default, notify Everstone, in writing of such occurrence.

117.3. **Effect of an Event of Default**

117.3.1. Upon the occurrence of an Event of Default, at any point of time, Everstone shall, without prejudice to the other rights and remedies available to Everstone under these Articles of Association or under applicable law, have all or any of the rights specified in Article 126.3, notwithstanding the time restrictions or chronological order of restrictions encapsulated thereunder.

117.3.2. Upon the occurrence of an Event of Default at any point in time, notwithstanding anything to the contrary contained in these Articles of Association, in addition and without prejudice to any other rights that Everstone may have under these Articles of Association, it shall have the right to sell the Securities held by Everstone, at that point of time, to any Person notwithstanding any restrictions contained in these Articles of Association. It is hereby agreed between the Parties that prior to exercising its rights in accordance with this Article 127.3.2, Everstone shall provide an opportunity to the Ashok Leyland Group to purchase the Securities held by Everstone, at that point of time. If the purchase price offered by the Ashok Leyland Group is acceptable to Everstone, Everstone shall sell the Securities held by Everstone, at that point of time, to the Ashok Leyland Group. The entire process of sale and purchase (including receipt of the agreed purchase consideration in cash by Everstone) shall be completed within 10 (ten) days from the date of Everstone communicating to the Ashok Leyland Group of its intention to sell under this Article. In the event this transaction fails to conclude within the aforesaid period of 10 (ten) days, Everstone shall be free to sell the Securities held by Everstone, at that point of time, to any Person notwithstanding anything contained in these Articles of Association. It is clarified that Everstone shall not be required to provide the opportunity to purchase Securities held by Everstone, at that point of time, to the Ashok Leyland Group by allowing the Ashok Leyland Group to offer a price to purchase the Securities held by Everstone, at that point of time, in the event the Event of Default had arisen due to financial shortfall in relation to the fulfillment of the obligations of the Ashok Leyland Group and/or the Hinduja Group and/or the IIHL Group and/or the Company under these Articles of Association, including but not limited to the obligations set out under Article 126.3 above.

118. SPECIAL LIQUIDITY OPTION

At any point of time during the term of the Agreement

(a) if there occurs any change in the Key Management pursuant to a Board decision on which Everstone has formally voted against such a change; or

(b) the Annual Business Plan is approved pursuant to a Board decision where Everstone has formally voted against pursuing such a business plan;

if either/both of the above stated actions under this Article 128 which results in the Company's actual performance (as measured by key metrics identified by the Board while approving the Business Plan) being less than 80% (eighty percent) of the last approved Annual Business Plan or the revisions thereof for the relevant period (on which Everstone has voted in affirmative in the Board Meeting/committee) for a period of more than 4 (four) consecutive quarters or for the cumulative Financial Year for that relevant period of the Annual Business Plan, the provisions of Article 126.3.4 shall *mutatis mutandis* apply to this Article 128 (the "**Special Liquidity Option**") other than the IRR, which for the purposes of this Article 128 and for the Special Liquidity Option price shall be a Net Cash Realisation of atleast 16% (sixteen percent) IRR to Everstone.

119. OBLIGATION OF HLF SHAREHOLDERS TO CONSULT EVERSTONE

In addition to all other obligations of the HLF Shareholders under the Transaction Documents, the HLF Shareholders shall have the obligation to consult Everstone on any proposed Annual Business Plan. In case Everstone's observations are not acceptable to the HLF Shareholders (the "**Dissenting Observations**"), such proposed Annual Business Plan along with all Dissenting Observations shall be presented to the Board, and the Board shall at its discretion accept any such Dissenting Observations and incorporate the same in the Annual Business Plan approved by it. Everstone shall in conjunction with the HLF Shareholders have the ability to consult with the management team of the Company on an as needed basis in relation to such Annual Business Plan.

120. EFFECT OF TRANSFER OF SECURITIES HELD BY EVERSTONE IN THE COMPANY

The Parties hereby agree that upon a transfer of any Securities held by Everstone in accordance with the provisions of these Articles of Association by virtue of which any rights available to Everstone under the Transaction Documents are transferred to any Third Party(ies), then all such relevant time period(s) in relation to any obligations of the Parties towards such rights of Everstone transferred to such Third Party(ies), will be recalculated to reflect the revised timelines from the period of such transfer. Everstone shall not be required to make to any such Third Party(ies), acquiring Securities from Everstone, any representations, warranties, covenants, indemnities and agreements other than the factual representations in relation to title and ability to validly transfer such Securities and the Parties (other than Everstone) shall provide all necessary assistance including such representations, warranties, covenants, indemnities and agreements including but not limited to the Warranties as may be required to facilitate the consummation of the sale initiated in accordance with the provisions under these Articles of Association.

121. CONFIDENTIALITY AND ANNOUNCEMENTS

121.1. **Confidentiality obligation**

Subject to the provisions of Article 131.2 below, each Party (the "**Receiving Party**") undertakes to the other Parties that it will, for a period of 1 (one) year from the Effective Date, keep confidential and shall not disclose to any Third Party any information ("**Confidential Information**") which it holds or receives relating to:

(a) the negotiation and contents of the Agreement; or

(b) the business and affairs of any HLF Group Companies.

For the purposes of this Article 131, **keep confidential** includes, on the part of each Party, limiting the disclosure of Confidential Information to those of its employees, as appropriate, that are involved in senior management of the Company and who have a genuine need to know such Confidential Information for or in connection with the performance of the Agreement.

Each of the Parties undertakes to the other Parties that it will not, and will procure that its respective officers, employees, agents, subsidiaries and other Persons which it Controls and the respective officers, employees and agents of each such Person will not, during the period of the Agreement and after its termination (for whatever reason) use or divulge to any Person, or publish or disclose or permit to be published or disclosed, any secret or confidential information relating to any of the other Parties which it has received or obtained, or may receive or obtain (whether or not, in the case of documents, they are marked as confidential).

121.2. **Exceptions**

Notwithstanding the provisions of Article 131.1, each Receiving Party may disclose Confidential Information, and shall intimate the other Parties accordingly:

(a) in accordance with the other terms of these Articles and the Agreement;

(b) in order to allow it to exercise its rights under these Articles and the Agreement including, but not limited to, the exit rights of Everstone in respect of a Qualified IPO, or a transfer of Shares to a Third Party/ Person in accordance with the terms of the Agreement;

(c) to the extent to which it is required to be disclosed pursuant to applicable law or Action by any relevant authority or other similar requirements provided that wherever reasonably practicable, prior notice of such disclosure shall be made by the Receiving Party to the other Parties;

(d) to the extent that the Confidential Information is publicly available (other than as the result of a breach by the Receiving Party of its confidentiality obligation under Article 131.1);

(e) to its professional advisers including legal, financial and tax advisers and auditors but only to the extent necessary subject to such advisers accepting an equivalent confidentiality obligation to that set out in this Article 131;

(f) in the case of Everstone, to any of its Affiliates, officers, investors, trustees, investment committees, advisory boards, board of directors, statutory auditors and/ or internal auditors subject to each such Affiliate being made aware of the confidentiality obligation set out in this Article 131;

(g) to the extent the Receiving Party received written consent to such disclosure from the relevant Party from whom it received such Confidential Information and from the Party to which that Confidential Information relates;

(h) to the extent such Confidential Information was developed/obtained independently by the Parties; and

(i) to the extent such Confidential Information is of a general, conceptual or nonspecific nature.

(j) **Announcements**

No Party shall make or permit any Person connected with it (including any Affiliate) to make any announcement concerning the Agreement or any ancillary matter before, on or after Closing except with prior written consent of Everstone or as required by applicable law or any relevant authority.

122. COMPLIANCE WITH AGREEMENT AND CHARTER DOCUMENTS

122.1. The Ashok Leyland Group, the Hinduja Group, IIHL and the Company hereby undertake and agree that in the event any of the their obligations/ responsibilities under these Articles of Association cannot be performed/ discharged due to changes in applicable law, then in such event Ashok Leyland Group, the Hinduja Group, the IIHL Group and the Company shall perform their respective obligations/ discharge their respective responsibilities under these Articles of Association, in such manner as may be permissible under applicable law and satisfactory to Everstone, so as to ensure that the commercial understanding and the intent of the Parties under these Articles of Association are fulfilled and that Everstone’s rights/position under these Articles of Association are not prejudiced in any manner whatsoever by the aforementioned changes in applicable law. The Ashok Leyland Group, the Hinduja Group, the IIHL Group and the Company further undertake and agree that such changes in applicable law shall not be construed as a defence for the non-performance of any or all of their obligations under the Transaction Documents and they shall pursue any or all such legal measures to give effect to the provisions of the Transaction Documents.

123. COVENANTS, REPRESENTATIONS AND WARRANTIES

123.1. Each of the HLF Shareholders jointly and severally covenant with Everstone as follows:

(a) they shall at all times use or exercise, or refrain from using or exercising, their voting rights (whether as members or Directors of the HLF Group Companies) to observe the terms of, and to fulfill and perform their obligations undertakings, covenants and agreements under, these Articles of Association, and generally to do all things within their power which are necessary or desirable to give effect to these Articles of Association and to fulfill and perform their obligations undertakings, covenants and agreements hereunder in accordance with the terms hereof;

(b) they shall at all times procure that no amendments shall be made to the Charter Documents without the prior written consent of Everstone;

(c) they shall at all times procure that no Act of Insolvency occurs;

(d) the Company shall, at all times remain in Control of and maintain its shareholding in other HLF Group Companies**;** except for an Encumbrance that may be approved in accordance with the Transaction Documents, the Company shall (and the Ashok Leyland Group, the Hinduja Group and the IIHL Group shall procure that the Company shall) not create or permit to subsist any Encumbrance over, all or any part of its interest/holding in the issued share capital and voting rights of each of the HLF Group Company

(e) they shall ensure that each HLF Group Company (i) complies with all applicable laws, and the orders and directions of any relevant authority that may have an impact on or are enforceable against any of them and ensures that the warranties contained in the Share Subscription Agreement, remain true and accurate throughout the term of the Agreement;

(f) they shall, within 3 (three) months from Completion Date, ensure that the Board shall approve and adopt a policy, setting out the best corporate governance practices in relation to Related Party Transactions and shall also ensure, at all times, that all Related Party Transactions shall be conducted on an arm's length basis;

(g) without prejudice to Article 118 (Reserved Matters) above, the HLF Shareholders agree and undertake:

(i) not to vote in favour of any matter relating to a Reserved Matter put to vote at a general meeting of any HLF Group Company in contravention of Article 118 ; and

(ii) to exercise all rights and powers available to them, including the exercise of voting rights, to ensure that the necessary general meeting resolutions of the Company are passed to give effect to any Reserved Matter in relation to the Company, which has been approved in accordance with Article.

(h) in the event of any Losses arising in relation to the use of any intellectual property by the Company prior to the Completion Date, all such Losses shall be borne by the HLF Shareholders and Everstone shall not be liable at any point of time for any such Losses whatsoever. The HLF Shareholders shall do all such deeds as maybe necessary to ensure that the book value and the economic value of the shareholding of Everstone in the Company remains intact in value prior to such Losses;

(i) the Warrantors undertake that they shall intimate/disclose in writing, the modification and/or termination of any Material Contracts by HSL, to Everstone, except for Material Contracts modified/terminated.

123.1.1. Each of the Parties acknowledge that the respective names, trademarks and logo(s) of the Parties to these Articles of Association are exclusive Intellectual Property Rights of such Parties and accordingly agree and undertake that they shall not display any of the abovementioned Intellectual Property Rights of any other Party(ies) in any of their letterheads, promotional material, visiting cards, advertisements, websites, brochures or any other documents without the prior written approval of such Party(ies).

123.1.2. **CFC and PFIC Covenants**

(a) The Company shall use all commercially best efforts to avoid being a "Controlled Foreign Corporation" ("**CFC**") as defined in the U.S. Internal Revenue Code of 1986, as amended (or any successor thereto) (the "**Code**") and a "Passive Foreign Investment Company" ("**PFIC**") within the meaning of Section 1297 of the Code.

(b) The Company shall make due inquiry with its tax advisors on at least an annual basis (and within 60 (sixty) days of the Company's taxable year end) regarding (i) its status as a CFC and regarding whether any portion of the Company's income is Subpart F income and (ii) its status as a PFIC, and will promptly notify Everstone, in writing, of such status.

(c) The Company shall, as and when required provide Everstone with (i) a copy of the Company's detailed capitalization table as of the end of the last day of each taxable year within 30 (thirty) days following the end of each Company taxable year, (ii) a list of members of the Company's board of directors which details whether such member is a U.S. citizen or resident, (iii) a copy of the Company's year-end financial statements as soon as reasonably practicable following the end of each taxable year and (iv) access to such other Company (or subsidiary) information as may be requested or required by Everstone to (a) determine the Company's status as a CFC and PFIC, (b) to determine whether Everstone is required to report its pro rata portion of the Company's "Subpart F income" (as defined in Section 952 of the Code) on its United States federal income tax return, or (c) to allow Everstone to otherwise comply with applicable United States federal income tax laws.

(d) In the event that Company is determined by the Company's tax advisors or by counsel or accountants for Everstone to be a CFC or PFIC for any taxable year, the Company agrees (i) to promptly notify Everstone, in writing, of such status and use commercially reasonable efforts to avoid generating Subpart F income and (ii) to promptly complete, sign and deliver to Everstone an annual information statement within 30 (thirty) days of such determination.

(e) In connection with a "Qualified Electing Fund" election made by Everstone pursuant to Section 1295 of the Code or a "Protective Statement" filed by Everstone pursuant to Treasury Regulation Section 1.1295-3, as amended (or any successor thereto), the Company shall provide annual financial information to Everstone (including an annual information statement) as soon as reasonably practicable following the end of each taxable year of Everstone (but in no event later than sixty days following the end of each such taxable year), and shall provide Everstone with access to such other Company information as may be required for purposes of filing U.S. federal income tax returns by Everstone.

(f) In the event of any transfer of shares/securities by Everstone or other shareholder of the Company, the Company shall within 60 (sixty) days of every such transfer, (A) make due inquiry with its tax advisors regarding (i) its status as a CFC and regarding whether any portion of the Company's income is Subpart F income and (ii) its status as a PFIC, and (B) shall, within the said 60 (sixty) day period, promptly notify Everstone, in writing, of such status post such transfer of shares/securities.

123.1.3. **FCPA Representations and Covenants**

(a) The Company represents that it shall not and shall not permit any of its Subsidiaries or Affiliates or any of its or their respective directors, officers, managers, employees, independent contractors, representatives or agents to promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, to any third party, including any Non-U.S. Official, in each case, in violation of the Foreign Corrupt Practices Act, 1977 ("**FCPA**"), the Bribery Act, 2010 ("**U.K. Bribery Act**") or any other applicable anti-bribery or anti-corruption law. The Company further represents that it shall and shall cause each of its Subsidiaries and Affiliates to cease all of its or their respective activities, as well as remediate any actions taken by the Company, its Subsidiaries or Affiliates, or any of their respective directors, officers, managers, employees, independent contractors, representatives or agents in violation of the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further represents that it shall and shall cause each of its

Subsidiaries and Affiliates to maintain systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the FCPA, the U.K. Bribery Act, or any other applicable antibribery or anti-corruption law. Upon request, the Company agrees to provide responsive information and/or certifications concerning its compliance with applicable anti-corruption laws.

(b) None of the Company nor any of the Company's directors, officers or employees have made, directly or indirectly, any payment or promise to pay, or gift or promise to give or authorized such a promise or gift, of any money or anything of value, directly or indirectly, to (a) any foreign official (as such term is defined in the FCPA for the purpose of influencing any official thereof or decision of a governmental authority or (b) any foreign political party or official thereof or candidate for foreign political office for the purpose of influencing any official act or decision of such party, official or candidate or inducing such party, official or candidate to use his, her or its influence to affect any act or decision of a foreign governmental authority, in the case of both (a) and (b) above in order to assist the Company or any of its Affiliates, as applicable. Neither the Company nor any of its directors, officers or employees has made, offered or promised any bribe rebate, payoff, influence payment, kickback or other unlawful payment of funds to any person or received or retained any funds in violation of any law, rule or regulation. None of the directors, officers or, to the Company's knowledge, any of its directors, officers, or employees are the subject of any allegation, voluntary disclosure, investigation, prosecution, or other enforcement action related to the FCPA or any other anti-corruption law (collectively "**Enforcement Action**").

(c) The Company shall promptly notify Everstone if the Company becomes aware of any Enforcement Action. The Company shall, and shall cause any direct or indirect subsidiary or entity controlled by it, whether now in existence or formed in the future, to comply with the FCPA. The Company shall use its best efforts to cause any direct or indirect subsidiary, whether now in existence or formed in the future, to comply in all material respects with all applicable laws.

(d) Within 60 (sixty) days of the Effective Date, the Company shall:

(i) Adopt a written policy (the "**Policy**") requiring the Company, each member of the Company group, and their respective directors, employees, consultants, agents and fiduciaries to comply with all anti-bribery laws applicable to the Company, its personnel and operations, including without limitation and to the extent applicable the FCPA, the UK Bribery Act, and other laws applicable in India, and forbidding any payment in the nature of criminal bribery or any other unlawful payment on behalf of the Company or any member of the Company group; and

(ii) Adopt such Policy by formal resolution of the Board of Directors and instruct all of the directors, employees, consultants, agents and fiduciaries of the Company and of each Company group that the Policy has been adopted with immediate effect and must be observed.

Thereafter, the Company shall promptly investigate any suspected breaches of such Policy, engaging external law firms, accounting firms, or professional investigators where appropriate; and enforce breaches of such Policy through appropriate disciplinary measures up to and including termination of the individuals involved.

123.2. **Non-compete and non-solicitation**

123.2.1. The Warrantors covenant with Everstone that,

(a) The HLF Group Companies shall be the exclusive vehicle of the Ashok Leyland Group and their Affiliates for the Business; and

(b) without prejudice to the generality of Article 133.2.1 (a) above, the Ashok Leyland Group shall not assist any other Person in any way (either personally or through an agent or representative) to:

(i) have a direct or indirect economic interest in any business that could reasonably be construed as being in a similar industry as any of the HLF Group Companies or is directly or indirectly competitive or likely to be directly or indirectly competitive with any part of the Business, in any part of the world; or

(ii) induce, or attempt to induce any director or Key Management of any of the HLF Group Companies to leave the employment of that HLF Group Company except in cases where such director(s) or Key Management are being transferred or are leaving their employment due to poor performance; or

(iii) canvass or solicit orders for services similar to those being provided by any of the HLF Group Companies within the scope of Business; or

(iv) induce or attempt to induce any supplier of any of the HLF Group Companies to cease to supply, or to restrict or vary the terms of supply to any of them.

123.2.2. For the purposes of Article 133.2, a Person shall be concerned in a business if he/it carries on the business as principal or agent or if:

(a) he/it is a partner, director, employee, secondee, consultant or agent in, of or to any Person who carries on the business; or

(b) it has any direct or indirect financial interest (as shareholder or otherwise) in any Person who carries on the business, provided however, a Person shall not be deemed to have any direct or indirect financial interest in a publicly traded company where such Person's interest in such publicly traded company is limited only to the extent of holding less than 2% (two percent) of the shareholding of that company on an As Converted Basis; or

(c) it is a partner, director, employee, secondee, consultant or agent in, of or to any Person who has a direct or indirect financial interest (as shareholder or otherwise) in any Person who carries on the business.

123.2.3. Any investment by the Ashok Leyland Group in any other non-banking financial services entity or any promotion of any other non – banking financial services business shall only be structured through the Company.

123.2.4. Each of the restrictions in this Article 133.2 shall be enforceable by Everstone and/ or the Company independently of each of the others and its validity shall not be affected if any of the others is invalid; if any of the restrictions is void but would be valid if some part of the restriction was deleted, the restriction in question shall apply with such modification as may be necessary to make it valid.

123.2.5. The Warrantors acknowledge that the provisions of this Article 133.2 are no more extensive than is reasonable to protect the Company and Everstone as holder of the Securities.

123.2.6. Any activity, utilizing the distribution network or customer database of the Company for any economic gain, will be undertaken either through the Company itself or in such a manner that the Company is a direct beneficiary of such activity.

123.2.7. The Hinduja Group and the IIHL Group covenants with Everstone that:

(a) the HLF Group Companies shall be the exclusive entity of the Hinduja Group and the IIHL Group and their Affiliates for the business of financing vehicles manufactured by ALL; and

(b) Without prejudice to the generality of Article 133.2.7 (a)above, the Hinduja Group and the IIHL Group shall not assist any other Person in any way (either personally or through an agent or representative) to:

(i) induce, or attempt to induce any director or Key Management of any of the HLF Group Companies to leave the employment of that HLF Group Company except in cases where such director(s) or Key Management are being transferred or are leaving their employment due to poor performance and such Director/ Key Management personnel shall not be employed in any of the HLF Group Companies; or

(ii) induce or attempt to induce any supplier of any of the HLF Group Companies to cease to supply, or to restrict or vary the terms of supply to any of them or induce or attempt to induce any creditor of any of the HLF Group Companies to cease to provide or vary or restrict or predudice the lines of credit available to the HLF Group Companies.

123.2.8. Each of the restrictions in this Article 133.2 as applicable to the Hinduja Group and/or the IIHL Group shall be enforceable by Everstone and/ or the Company independently of each of the others and its validity shall not be affected if any of the others is invalid; if any of the restrictions is void but would be valid if some part of the restriction was deleted, the restriction in question shall apply with such modification as may be necessary to make it valid.

123.2.9. The Hinduja Group and the IIHL Group acknowledge that the provisions of this Article 133.2 as applicable to the Hinduja Group and/or the IIHL Group are no more extensive than is reasonable to protect the Company and Everstone as holder of the Securities.

123.3. (a) It is clarified herein that the Hinduja Group and IIHL (collectively) can invest in any other non – banking financial company undertaking the Business provided that the Hinduja Group's and the IIHL Group's collective direct or indirect interest in such entities shall be less than 10% (ten percent) of the issued and paid up share capital of such entities.

(b) However, in the event the Hinduja Group's and IIHL's collective direct or indirect interest in such entities is equal to or greater than 10% (ten percent) of the issued and paid up share capital of any such entity then the Hinduja Group and IIHL (collectively) shall be permitted to remain invested in such entity only if the financing of commercial vehicles account for a maximum of 15% (fifteen percent) of the total revenues of such entity.

Notwithstanding anything else mentioned herein, it is clarified that for the purposes of Article 133.3 (a) or Article 133.3 (b) the Hinduja Group and/or the IIHL Group shall at no point of time have direct or indirect Control or management rights in such entity.

(a) The Hinduja Group and the IIHL Group shall provide Everstone with an annual certificate of its statement of portfolio and as well as a certificate at the time of investment in such entity representing the qualifications. For avoidance of doubt, in relation to the Hinduja Group, it is stated that the obligation under this article shall be applicable to only those members of the Hinduja Group who have undertaken an investment in accordance with the provisions of Article 133.3 (a) and Article 133.3 (b) above.

123.4. Each of the HLF Group Companies and the Ashok Leyland Group covenant and undertake that it shall comply with the undertakings set out in SCHEDULE 6 of the Agreement (Warrantor's Covenants).

123.5. The Ashok Leyland Group, the Hinduja Group and the IIHL Group covenant that they will promote at all times, the best interests of the HLF Group Companies and consult with the Everstone Director through the meetings of the Board and/or the boards of the HLF Group Companies (other than the Company) on all matters materially affecting the development of the Business of the HLF Group Companies. The Ashok Leyland Group, the Hinduja Group and the IIHL Group further covenant with Everstone that they will act in good faith to promote the success of the HLF Group Companies and to develop commonly held views on any matter materially affecting the development of the business of any of the HLF Group Companies and they will make best efforts in relation to the development and the growth of the Business.

123.6. The liability of the Warrantors under these Articles of Association shall be joint and several. Where any obligation, representation, warranty or undertaking in these Articles of Association is expressed to be made, undertaken or given by two or more of the Warrantors, they shall be jointly and severally responsible in respect of it.

123.7. The Company and the Ashok Leyland undertake to Everstone that the ESOP Scheme has been finalized and that the Equity Shares to be issued pursuant to the ESOP Scheme shall be on the basis of dilution of the shareholding of the HLF Shareholders in the Company and not that of Everstone.

123.8. It is further agreed by and between the Parties that Everstone shall, at all points of time, be entitled to invest in any other Person carrying on the Business, however in the event that Everstone invests in either (i) Cholamandalam Investment and Finance Company Limited or (ii) Magma Fincorp Limited or (iii) Sundaram Finance Limited ("**Specific Competitors**") then Everstone shall not have the Everstone Director as a director on the board of any of the Specific Competitors.

123.9. **Valuation Determination Mechanism**

Notwithstanding anything else contained in the Transaction Documents, it is agreed and acknowledged between the Parties that in the event that the PAT for the Financial Year 2012 – 2013 is equivalent to or more than INR 900,000,000/- (Indian Rupees Nine Hundred Million only) (the "**Required Net Income**") and the Networth, excluding the impact of the Everstone Primary Investment Amount, for the Financial Year 2012 – 2013 is equivalent to or more than INR 5,250,000,000/- (Indian Rupees Five Billion and Two Hundred and Fifty Million only) (the "**Required Networth**"), then the Conversion Valuation shall remain unchanged for the purposes of the Conversion of the Everstone Subscription Shares pursuant to the provisions of the Transaction Documents. For avoidance of doubt it is clarified herein that the Required Net Income and the Required Networth shall have to be verified by KPMG in accordance with Indian GAAP and applicable guidelines of Reserve Bank of India. For the purpose of such verification, KPMG will initiate the verification process with the existing statutory auditor and only on an as needed basis in the event that the statutory auditor is unable to provide appropriate response, will KPMG interact with the management team for such verification. It is further agreed and acknowledged by and between the Parties that in the event that either the Required Net Income or the Required Networth is not achieved for any reason whatsoever, then the Conversion Valuation shall be replaced with the Revised Conversion Valuation for the purposes of interpreting the relevant provisions of the Transaction Documents and the Conversion ratio of the Everstone Preference Shares shall be adjusted in accordance with the provisions of SCHEDULE 8 of the Agreement.

123.10. **Representations and Warranties**

Each Party represents and warrants to the other Parties hereto that:

(a) It has the full power and authority to enter into, execute and deliver these Articles of Association and to perform its obligations and the transactions contemplated hereby and, if such Party is not a natural person (i) such Party is duly incorporated or organised with limited liability; (ii) is validly existing under the laws of the jurisdiction of its incorporation or organization; and (iii) has full corporate power and authority to enter into and perform its obligations under these Articles of Association.
(b) The execution and delivery by such Party of these Articles of Association and the performance by such Party of its obligations and the transactions contemplated hereunder has been duly authorised by all necessary corporate or other action of such Party.

123.11. **Accounting records**

The Warrantors shall procure that each HLF Group Company shall, maintain accurate and complete accounting and other financial records and procure that those accounting records are available for inspection by Everstone or its authorised representatives during normal business hours. The Warrantors shall ensure that there is no financial irregularity in any of the HLF Group Companies. The Warrantors shall exercise all rights and powers available to them to procure that the Shareholders have equivalent rights with respect to information of and access to, each HLF Group Company, and that in any event, none of the Shareholders have information rights or access rights with respect to any of the HLF Group Companies that are in the opinion of Everstone more favourable in any manner to those of Everstone's under these Articles of Association.

123.12. **Issuance of ESOP Shares**

Subject to item (j) of SCHEDULE 3 (Reserved Matters) of the Agreement, the Company shall be entitled to grant upto 2,000,000 (two million) number of ESOP Options at a strike price of INR 10/- (Indian Rupees Ten only) each, to the Key Management and thereafter (i) upto 17,906,191 (seventeen million nine hundred and six thousand one hundred and ninety one) number of ESOP Options in the event the Conversion Valuation is applicable or (ii) upto 18,142,420 (eighteen million one hundred and forty two thousand four hundred and twenty) number of ESOP Options, to the employees of the Company, in the event that the Revised Conversion Valuation is applicable. The strike price for issuance and allotment of such ESOP Options under Article 133.12 (i) or (ii) will be (a) in the event that the Equity Shares are not listed on any Recognised Stock Exchange, then at or above a price that is the higher of the then fair market value of the Equity Shares as shall be approved by the Board or INR 28/- (Indian Rupees Twenty Eight only), or (b) in the event the Equity Shares are listed on any Recognised Stock Exchange, then the strike price shall be subject to the previous day closing market price of the Equity Shares on the stock exchange and the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Company shall provide written intimation to Everstone within a period of 15 (fifteen) calendar days, from the date of any issuance of the ESOP Shares or any grant of the ESOP Options.

124. LIABILITY, ENFORCEABILITY AND WAIVERS

124.1. Each of the provisions of these Articles of Association shall be enforceable independently of each of the others and its validity shall not be affected if any of the others is invalid. If any provision is void but would be valid if some part of it were deleted, the provision in question shall apply with such modification as may be necessary to make it valid.

124.2. The rights of each Party under these Articles of Association may be exercised as often as necessary, are (unless otherwise expressly provided in these Articles of Association) cumulative and not exclusive of rights and remedies provided by applicable law and may be waived only in writing and specifically. Delay in exercising or non-exercise of any such right is not a waiver of that right. Further, the remedies of each Party under these Articles of Association whether provided herein or conferred by statute, civil law, common law, custom or trade usage, are independent, cumulative and without prejudice to all other rights available to the Parties, and may be enforced successively or concurrently.

124.3. A waiver (whether expressed or implied) by one of the Parties of any of the provisions of these Articles of Association or of any breach of or default by any other Party in performing any of those provisions shall not constitute a continuing waiver and the waiver shall not prevent the waiving Party from subsequently enforcing any of the provisions of these Articles of Association not waived or from acting on any subsequent breach of or default by the other Party under any of the provisions of these Articles of Association.

125. ASSIGNMENT

125.1. The Ashok Leyland Group, the Hinduja Group, the IIHL Group or any of the HLF Group Companies shall not assign or transfer any of their rights and obligations under these Articles of Association. Except as set out in Article 135.2, Everstone shall not assign or transfer any of its rights, obligations, benefit or interest in or under these Articles of Association.

125.2. Everstone may at any time, assign in whole or in part, these Articles of Association and/or any or all of its rights, benefit or interest under these Articles of Association to an Affiliate (including for the avoidance of doubt any permitted transferee of theSecurities held by Everstone, at that point of time). Where Everstone assigns or transfers in whole or in part any of its rights, benefit or interest under these Articles of Association to an Affiliate pursuant to this Article 135.2, Everstone shall notify each of the other Parties of the assignment of such rights, benefit and/or interest and shall procure that the assignee/transferee concerned enters into a Deed of Adherence.

It is clarified that in the event any Affiliate of Everstone, to whom the whole or part of these Articles of Association and/ or any or all of its rights, benefit or interest under these Articles of Association have been assigned, ceases to be an Affiliate of Everstone, then in such event:

(a) a written notice of 21 (twenty one) days shall be provided by Everstone to the remaining Parties of the Agreement prior to such Affiliate ceasing to be an Affiliate of Everstone; and

(b) the assignment of whole or part of these Articles of Association and/or any or all of its rights, benefit or interest under these Articles of Association (as the case may be) to such assignee/transferee shall be revoked forthwith and any of the Securities held by Everstone, at that point of time, transferred to such assignee/transferee shall be transferred back to Everstone.

125.3. Upon execution by the assignee/ transferee of a Deed of Adherence as above, the rights, obligations, benefit and/or interest to the extent they relate to the Shares or Securities held by the assignee pursuant to such assignment, unless otherwise specified in the Deed of Adherence, the accrued rights under these Articles of Association shall without any further act or deed automatically be assigned to the assignee concerned.

125.4. **Notices to Directors**

All notices to any Director (including notices of Board meetings and adjournments of Board meetings) shall be sent to the address of that Director as set out in the Company's register of directors by registered pre-paid post with a copy sent to that Director by facsimile to such facsimile number (if any) and by electronic mail to such electronic mail address (if any) which that Director has notified to the Company in writing for this purpose with an electronic confirmation of transmission received by the sender.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder, may be inspected at our Registered Office at 1, Sardar Patel Road, Guindy, Chennai 600 032, Tamil Nadu, India, from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Material Contracts to the Offer

1. Offer Agreement dated March 29, 2016, entered into by and among our Company, the Investor Selling Shareholder and the BRLMs.

2. Agreement dated March 29, 2016, entered into by and among our Company, the Investor Selling Shareholder and the Registrar to the Offer.

3. Tripartite Agreement dated November 29, 2012, entered into by and among our Company, NSDL and Integrated Enterprises (India) Limited.

4. Tripartite Agreement dated September 28, 2015 entered into by and among our Company, CDSL and Integrated Enterprises (India) Limited.

5. Escrow Agreement dated [●], entered into by and among our Company, the Investor Selling Shareholder, the BRLMs, Anchor Escrow Collection and Refund Bank, and the Registrar to the Offer.

6. Syndicate Agreement dated [●], entered into by among our Company, the Investor Selling Shareholder, the BRLMs and Syndicate Members.

7. Underwriting Agreement dated [●], entered into by and among our Company, the Investor Selling Shareholder, the BRLMs and Syndicate Members.

8. Share Escrow Agreement dated [●], entered into by and among our Company, the Investor Selling Shareholder, Escrow Agent and the BRLMs.

Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.

2. Certificate of incorporation dated November 12, 2008 and a certificate of commencement of business dated March 4, 2009.

3. Certificate of registration dated March 22, 2010 as an SI-NBFC-ND and fresh certificate dated May 12, 2014 re-classifying our Company as an NBFC-AFC.

4. Resolutions of the Board of Directors of our Company dated February 12, 2016, and EGM of our Company dated March 23, 2016, authorizing the Offer and other related matters.

5. Resolution of the board of directors of Everfin Holdings dated December 7, 2015, authorizing the Offer for Sale.

6. Resolution of the Board of Directors of our Company dated March 29, 2016, approving this Draft Red Herring Prospectus.

7. Copies of the annual reports of our Company for the five fiscals immediately preceding the date of this Draft Red Herring Prospectus.

8. The examination report of the Auditor, M/s B S R & Co. LLP, Chartered Accountants, on our Restated Financial Information, and statement of tax benefits included in this Draft Red Herring Prospectus.

9. Share subscription agreement dated July 17, 2013 between our Company, ALL, Ashley Investments Limited, Ashley Holdings Limited, IndusInd International Holdings Limited, Aasia Management & Consultancy Private Limited, Hinduja Ventures Limited, Hinduja Realty Ventures Limited, Hinduja Finance Private Limited, HLF Services Limited, Everfin Holdings, Mr. Vinod K. Dasari, Mr. R. Seshasayee and Mr. S. Nagarajan and Mr. K. Sridharan.

10. Shareholders' agreement dated July 17, 2013 between our Company, ALL, Ashley Investments Limited, Ashley Holdings Limited, IndusInd International Holdings Limited, Aasia Management & Consultancy Private Limited, Hinduja Ventures Limited, Hinduja Realty Ventures Limited, Hinduja Finance Private Limited, HLF Services Limited, Everfin Holdings, Mr. Vinod K. Dasari, Mr. R. Seshasayee and Mr. S. Nagarajan and Mr. K. Sridharan.

11. Service Provider Agreement dated September 1, 2013, between our Company and HLF Services Limited.

12. Advisory Services Agreement dated November 3, 2015 between our Company and Hinduja Group Limited.

13. Board resolution dated May 9, 2014 re-appointing Mr. S. Nagarajan as the Managing Director of our Company.

14. Hinduja Employee Stock Option Plan 2013 dated July 1, 2013.

15. Shareholders resolution authorizing the Hinduja Employee Stock Option Plan 2013 dated July 1, 2013.

16. Consents of the Auditor, M/s B S R & Co. LLP, Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an expert, as defined under Section 2(38) of the Companies Act, 2013, in relation to its audit report dated March 23, 2016 on our restated financial information and the statement of tax benefits dated March 23, 2016, in the form and context in which it appears in this Draft Red Herring Prospectus. However the term "expert" shall not be construed to mean an "expert" as defined under U.S. Securities Act.

17. Consents of Bankers to our Company, the lenders to our Company (where such consent is required and wherever available, in connection with the Offer), Investor Selling Shareholder, monitoring agency, if required, the BRLMs, Syndicate Members, Registrar to the Offer, Bankers to the Offer/Escrow Collection Banks, legal counsel to our Company, legal counsel to the Investor Selling Shareholder, legal counsel to the BRLMs, international legal counsel to the BRLMs, Directors, CFO, Company Secretary and Compliance Officer, each, in their respective capacities.

18. Consent from ICRA to include contents or any part thereof from their reports titled, "*Overview of Retail NBFC and HFC Credit*" dated March 2, 2016, "*Indian Automobile Industry Report, Special Report"* dated November 19, 2015, and "*Indian Construction Equipment Report, 2015"* dated November 19, 2015, in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

19. In-principle listing approvals dated [●] and [●], respectively, from BSE and NSE.

20. Due diligence certificate to SEBI from the BRLMs, dated March 29, 2016.

21. SEBI observations letter (Ref. No. [●]) dated [●], 2016.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by other parties, without reference to the shareholders, subject to compliance with applicable law.

DECLARATION

We certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Mr. S. Nagarajan **(Managing Director and Chief Executive Officer)**	**Mr. Dheeraj G Hinduja** **(Non-executive Director)**
Mr. Gopal Mahadevan **(Non-executive Director)**	**Mr. Sudhanshu Tripathi** **(Non-executive Director)**
Mr. Atul Kapur **(Nominee Director)**	**Mr. R. Sundararaman** **(Independent Director)**
Mr. R. S. Sharma **(Independent Director)**	**Mr. Debabrata Sarkar** **(Independent Director)**
Ms. Bhumika Batra **(Independent Director)**	**Mr. Samir Bhatia** **(Independent Director)**

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Mr. G. Vijayakumar
(Chief Financial Officer)

Place: Chennai
Date: March 29, 2016

DECLARATION

Everfin Holdings hereby certifies that all statements and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as an Investor Selling Shareholder and in relation to the Investor Offered Shares, are true and correct. Everfin Holdings assumes no responsibility for any other statements including statements made by the Company or any expert or any other persons in this Draft Red Herring Prospectus.

Signed by the Investor Selling Shareholder

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Soraj Bissoonauth
(Authorized Signatory of Everfin Holdings)

Date: March 29, 2016