

regulations or tax laws and regulations, may materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition, cash flows and future prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. The GoI has announced the interim union budget for Financial Year 2025, pursuant to which the Finance Bill, 2024, introduced various amendments. While the Finance Act, 2024 does not propose any significant changes to the Income Tax Act, 1961, the entire union budget which is likely to be announced later this year may introduce amendments to the Income Tax Act, 1961. Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

The Government of India recently enacted the Data Protection Act, which received President of India assent on August 11, 2023 which will come into force on such date as the Central Government may, by notification in the Official Gazette. The Data Protection Act, when notified, would require data fiduciaries (persons who alone or in conjunction with other persons determine purpose and means of processing of personal data), such as us, to implement organizational and technical measures to ensure compliance under the Data Protection Act, protect personal data and impose reasonable security safeguards to prevent reach of personal data and establish mechanism for redressal of grievances of data principles. In case we are notified as a significant data fiduciary under the Data Protection Act, we may have additional obligations imposed on us. Overall, changes in laws or regulations relating to privacy, data protection, and information security, particularly any new or modified laws or regulations, such as the General Data Protection Regulation adopted by the European Union, or changes to the interpretation or enforcement of such laws or regulations, that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer, or disclosure, could require us to modify our existing systems or invest in new technologies to ensure compliance with such applicable laws, which may require us to incur additional expenses. Any actual, alleged or perceived failure to prevent a security breach or to comply with our privacy policies or privacy-related legal obligations, failure in our systems or networks, or any other actual, alleged or perceived data security incident we or our suppliers suffer, could result in damage to our reputation, negative publicity, loss of customers and sales, loss of competitive advantages over our competitors, increased costs to remedy any problems and provide any required notifications, including to regulators and/or individuals, and otherwise respond to any incident, regulatory investigations and enforcement actions, costly litigation such as civil claims including representative actions and other class action type litigation, and other liabilities.

Further, the GoI introduced new laws relating to social security, occupational safety, industrial relations and wages namely, the Code on Social Security, 2020 (“**Social Security Code**”), the Occupational Safety, Health and Working Conditions Code, 2020, the Industrial Relations Code, 2020 and the Code on Wages, 2019, which consolidate, subsume and replace numerous existing central labor legislations, were to take effect from April 1, 2021 (collectively, the “**Labor Codes**”) and the Bharatiya Nyaya (Second) Sanhita, 2023, Bharatiya Nyaya Sakshya Sanhita, 2023 and Bhartiya Sakshya Sanhita, 2023 have replaced the Indian Penal Code, 1860, Code of Criminal Procedure, 1973 and the Indian Evidence Act, 1872, respectively. The GoI has deferred the effective date of implementation of the respective Labour Codes, and they shall come into force from such dates as may be notified. While the rules for implementation under these codes have not been finalized, as an immediate consequence, the coming into force of these codes could increase the financial burden on our Company, which may adversely impact our profitability.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. Any future amendments may affect our benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future and may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would adversely affect our profitability.

RISKS RELATING TO INDIA

1. India’s existing credit information infrastructure may cause increased risks of loan defaults.

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

2. Financial difficulty and other problems in certain financial and other non-banking financial institutions in India could materially adversely affect our business and the price of our Equity Shares.