

## MUTHOOTTU MINI FINANCIERS LIMITED

Our Company was originally incorporated on March 18, 1998 as a private limited company under the provisions of the Companies Act, 1956 as Muthoottu Mini Financiers Private Limited. Our Company was converted into a public limited company with the name "Muthoottu Mini Financiers Limited" on receipt of a fresh certificate of incorporation consequent to change in status on November 27, 2013 from the Registrar of Companies, Kerala and Lakshadweep. Our Company is registered as a Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Corporate Identification Number issued by the ROC: U65910KL1998PLC012154.

**Registered Office:** 2/994, Muthoottu Buildings, Kozhencherry, Pathanamthitta – 689 641, Kerala, India; **Tel.:** +91 468 2214946; **Fax:** +91 468 2314390;  
**Corporate Office:** Mini Muthoottu Tech Towers, Kaloor, Cochin – 682 017, Kerala, India; **Tel.:** +91 484 410 1010; **Fax:** +91 484 410 1027 **Website:** www.minimuthoottu.com  
For details of changes in Name and Registered Office, please refer to the chapter "History and Certain other Corporate Matters" on page 87.  
**Compliance Officer and Contact Person:** Ms. K.S. Smitha, **Tel.:** +91 484 410 1078; **Fax:** +91 484 410 1027; **E-mail:** cs@minimuthoottu.com

**PUBLIC ISSUE BY MUTHOOTTU MINI FINANCIERS LIMITED, ("COMPANY" OR "ISSUER") OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹1,000 EACH, ("NCDs"), AGGREGATING UPTO ₹12,500 LACS, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UPTO ₹12,500 LACS AGGREGATING UPTO ₹25,000 LACS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE".**

### PROMOTERS

Mr. Roy M. Mathew, Ms. Nizzy Mathew and Mr. Mathew Muthoottu. For further details refer to the chapter "Our Promoters" on page 100.

### GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, the investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the investors is invited to the chapter titled "Risk Factors" on pages 12 to 30. This document has not been and will not be approved by any regulatory authority in India, including the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), any registrar of companies or any stock exchange in India.

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated 'BBB-' [Triple B Minus] by CARE for an amount of up to ₹25,000 lacs vide its letter dated June 17, 2015. The rating of NCDs by CARE indicates instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. The rating provided by CARE 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. Please refer to page 241 for the rationale for the above rating.

### COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Maturity Date and Maturity Amount of the NCDs, please refer to the chapter "Terms of the Issue" on page 155. For details relating to Eligible Investors please refer to the chapter "The Issue" on page 43.

### LISTING

The NCDs offered through this Prospectus are proposed to be listed on the BSE Limited ("BSE"). Our Company has obtained 'in-principle' approval for the Issue from BSE vide their letter dated July 9, 2015. BSE shall be the Designated Stock Exchange for this Issue.

### PUBLIC COMMENTS

The Draft Prospectus was filed with BSE pursuant to the regulation 6(2) of the SEBI Debt Regulations on July 2, 2015, for public comments for a period of 7 (seven) Working Days i.e., until 5 p.m. on July 9, 2015.

LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE	REGISTRAR TO THE ISSUE
 <p><b>Vivro Financial Services Private Limited</b> 607/608 Marathon Icon, Opp. Peninsula Corporate Park, Off. Ganpatrao Kadam Marg, Veer Santaji Lane, Lower Parel, Mumbai – 400 013, Maharashtra, India</p> <p><b>Tel.:</b> +91 22 6666 8040 <b>Fax:</b> +91 22 6666 8047 <b>Email:</b> mmfl@vivro.net <b>Investor Grievance Email:</b> investors@vivro.net <b>Website:</b> www.vivro.net <b>Contact Person:</b> Shyamal Trivedi, Amit Porwal <b>Compliance Officer:</b> Jayesh Vithlani <b>SEBI Registration No.:</b> INM000010122 <b>CIN:</b> U67120GJ1996PTC029182</p>	 <p><b>IL&amp;FS Trust Company Limited</b> The IL&amp;FS Financial Centre, Plot No. C – 22, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India</p> <p><b>Tel:</b> +91 22 2653 3333 <b>Fax:</b> +91 22 2653 3297 <b>Email:</b> amit.gurbani@ilfsindia.com <b>Website:</b> www.itclindia.com <b>Contact Person:</b> Amit Gurbani <b>SEBI Registration Number:</b> IND0000000452 <b>CIN:</b> U66020MH1995PLC095507</p>	 <p><b>Link Intime India Private Limited</b> C- 13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078, Maharashtra, India</p> <p><b>Tel:</b> +91 22 6171 5400 <b>Fax:</b> +91 22 2596 0329 <b>Email:</b> mmfl.ncd5@linkintime.co.in <b>Investor Grievance mail:</b> mmfl.ncd5@linkintime.co.in <b>Website:</b> www.linkintime.co.in <b>Contact Person:</b> Dinesh Yadav <b>SEBI Registration Number:</b> INR0000004058 <b>CIN:</b> U67190MH1999PTC118368</p>

### ISSUE SCHEDULE

Issue opens on July 16, 2015

Issue closes on August 14, 2015\*

\*The subscription list for the Issue shall remain open for subscription upto 5pm, with an option for early closure, up to a period of 30 days from the date of opening of the Issue, as may be decided by the Board or a duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given as the case may be on or before such early date of closure/ Issue Closing Date, as applicable, through advertisement/s in a leading national daily newspaper. For further details please refer to "General Information – Issue Programme" on page 37.

IL&FS Trust Company Limited has, by its letter dated July 2, 2015, given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debenture issued pursuant to this Issue. For further details please refer to "General Information – Debenture Trustee" on page 33.

A copy of the Prospectus and written consents of our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Auditor, the Lead Manager, the Registrar to the Issue, Escrow Collection Bank(s), Refund Bank, Credit Rating Agency, the Legal Advisor, the Bankers to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities shall be filed with the Registrar of Companies, Kerala and Lakshadweep, in terms of section 26 of the Companies Act along with the requisite endorsed/certified copies of all requisite documents. For further details please refer to the chapter titled "Material Contracts and Documents for Inspection" beginning on page 235.

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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires the following terms shall have the following meanings ascribed thereto in this Prospectus. Reference to any statutes, regulations and policies shall include amendments thereto, from time to time.

All references to “Issuer”, “we”, and “us”, “our” and “our Company” are to Muthoottu Mini Financiers Limited.

#### Company Related Terms

Term	Description
“Issuer”, “the Company” and “our Company”	Muthoottu Mini Financiers Limited having its registered office at 2/994, Muthoottu Buildings, Kozhencherry, Pathanamthitta – 689 641, Kerala, India
AoA / Articles / Articles of Association	Articles of Association of our Company, as amended
Board / Board of Directors/ BoD	The Board of Directors of our Company and includes any Committee thereof
Debenture Committee	The committee constituted by our Board of Directors by a resolution dated December 10, 2013
Corporate Office	Mini Muthoottu Tech Towers, Kaloor, Cochin – 682 017, Kerala, India.
DIN	Director identification number
Equity Shares	Equity shares of face value of ₹100 each of our Company
Existing Lenders	South Indian Bank Limited, Federal Bank Limited, Dhanalaxmi Bank Limited and State Bank of Travancore.
Group Companies/ Muthoottu Mini Group	Entities, that are ultimately promoted and controlled by Mr. Roy Mathew, Ms. Nizzy Mathew and Mr. Mathew Muthoottu, i.e. Muthoottu Mini Nidhi Limited, Cochin Mini Muthoottu Nidhi Limited, Mini Muthoottu Nidhi Kerala Limited, Muthoottu Mini Hotels Private Limited, Muthoottu Mini Theaters Private Limited, Kandamath Cine Enterprises Private Limited, Mini Muthoottu Credit India Private Limited, Mini Muthoottu Nirman and Real Estate Private Limited, R M Properties India Private Limited, Kozhencherry Properties India Private Limited, Kozhencherry M Financial Services Private Limited, Mini Muthoottu Insurance Services Private Limited, India vision Satellite Communications Limited, Amritha Cyber Park Private Limited, Kapico Kerala Resorts Private Limited, Kapico Beach Hotels and Holidays India Private Limited and Yesvision Communications Private Limited.
Loan Assets	Assets under financing activities
Memorandum / MoA / Memorandum of Association	Memorandum of association of our Company, as amended.
Net Loan Assets	Assets under financing activities net of Provision for non-performing assets.
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934.
Promoters	Mr. Roy M. Mathew, Ms. Nizzy Mathew and Mr. Mathew Muthoottu
RoC	The Registrar of Companies, Kerala and Lakshadweep
Reformatted Financial Statements	The statement of reformatted audited assets and liabilities of our Company, and the related statement of reformatted statement of profit and loss of our Company and the related statement of reformatted cash flow of our Company as at and for Financial Years ending March 31, 2015, 2014, 2013, 2012 and 2011 extracted from the audited financial statements as at Financial Years ended March 31, 2015, 2014, 2013, 2012 and 2011 and the notes thereto, as examined by our Company’s Statutory Auditors, M/s. Vishnu Rajendran & Co.
Registered Office	2/994, Muthoottu Buildings, Kozhencherry, Pathanamthitta – 689 641, Kerala, India.
Statutory Auditors /	M/s. Vishnu Rajendran & Co.

**Auditors**

**Issue Related Terms**

<b>Term</b>	<b>Description</b>
Allotment / Allotted	Unless the context otherwise requires, the allotment of the NCDs to the Allottees pursuant to this issue.
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allottee	The successful Applicant to whom the NCDs are being/have been Allotted pursuant to the Issue.
Applicant/ Investor	Any person who makes an Application pursuant to this Prospectus and the Application Form. For more information on eligibility of the prospective applicant please refer to the chapter titled “ <b>Issue Procedure</b> ” on page 160.
Application	An application to subscribe to NCDs offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under this Prospectus.
Application Amount	Shall mean the amount of money that is paid by the Applicant while making the Application in the Issue by way of a cheque or demand draft or the amount blocked in the ASBA Account.
Application Form	The form used by an Applicant to apply for NCDs being issued through this Prospectus.
Application Supported by Blocked Amount/ ASBA, ASBA Application	Shall mean the Application (whether physical or electronic) used by an investor to make an Application authorizing the SCSB to block the amount payable on Application in its specified bank account.
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form made in ASBA mode.
Bankers to the Issue / Escrow Collection Banks	The banks which are clearing and registered with SEBI as Bankers to the Issue, with whom the Escrow Accounts and/or Public Issue Accounts and/or Refund Accounts will be opened as disclosed in the chapter “ <b>General Information</b> ” on page 31.
Base Issue	Public Issue of NCDs by our Company aggregating upto ₹12,500 lacs.
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in “ <b>Issue Procedure – Basis of Allotment</b> ” on page 183.
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.
CARE	Credit Analysis and Research Limited
CRISIL	CRISIL Limited
Debentures/ NCDs/ Bonds	Secured Redeemable Non-Convertible Debentures of face value of ₹1,000 each.
Debt Listing Agreement	The listing agreement between our Company and BSE Limited in connection with the listing of debt securities of our Company
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated June 30, 2015 entered into between our Company and the Debenture Trustee.
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date as may be determined by the Board or a duly constituted committee thereof, and notified to the Exchange. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable.
Depositories Act	The Depositories Act, 1996
Depository(ies)	National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL)

<b>Term</b>	<b>Description</b>
DP / Depository Participant	A depository participant as defined under the Depositories Act.
Designated Stock Exchange/ DSE	BSE Limited
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html</a> or at such other web-link as may be prescribed by SEBI from time to time.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account or the amount blocked by the SCSBs is transferred from the ASBA Accounts specified by the ASBA Applicants to the Public Issue Account, as the case may be, following which the Board of Directors/or duly authorised Committee of Directors approves the Allotment of the NCDs.
Draft Prospectus / Draft Offer Document	The Draft Prospectus dated July 2, 2015 filed with the Designated Stock Exchange for receiving public comments in accordance the Regulation 6 (2) of the SEBI Debt Regulations.
Escrow Agreement	Agreement dated July 8, 2015 entered into amongst our Company, the Registrar, the Escrow Collection Bank and Lead Manager for collection of the Application Amount and for remitting refunds, if any, of the amounts collected, to the applicants (excluding the ASBA Applicants) on the terms and conditions contained thereof.
Escrow Account	Accounts opened in connection with the Issue with the Escrow Collection Bank(s) and in whose favour the applicant will issue cheques or bank drafts in respect of the Application Amount while submitting the Application.
Ex-servicemen	Any person who has served in any rank (whether as a combatant or not) in the Armed Forces of the Union of India (i.e. Army, Navy and Air Force), has been released therefrom otherwise than by way of dismissal or discharge on account of misconduct or inefficiency and holding the Ex-Servicemen identity card issued by the Zilla Sainik Board and does not include the spouse or dependents of the person.
Existing Debenture Holders	Debenture holders of our Company who hold non-convertible debentures in our Company, issued as on the Issue Opening Date.
Existing Lenders	The South Indian Bank Limited, The State Bank of Travancore, The Federal Bank Limited and Dhanalaxmi Bank Limited.
IND-RA	India Ratings & Research Private Limited, a FITCH group Company.
Institutional Portion	Portion of Applications received from Category I of persons eligible to apply for the issue which includes Resident Public Financial Institutions as defined in Section 2(72) of the Companies, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs, Provident Funds of minimum corpus of ₹2,500 lacs, Pension Funds of minimum corpus of ₹2500 lacs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs, Venture Capital funds and / or Alternative Investment Funds registered with SEBI. Insurance Companies registered with the IRDA, National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India), Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India Mutual Funds, registered with SEBI.
Issue	Public Issue of NCDs by our Company aggregating upto ₹12,500 lacs with an option to retain over-subscription upto ₹12,500 lacs aggregating upto ₹25,000 lacs.
Issue Opening Date	July 16, 2015
Issue Closing Date	August 14, 2015, or such earlier date that the Board of Directors/ authorized Committee of the Board of Directors of our Company decide, as the case may be, and communicated to the prospective investors and the Stock Exchange through

<b>Term</b>	<b>Description</b>
	notice of such early closure given on such early date of closure through advertisement/s in a leading national daily newspaper.
Lead Manager	Vivro Financial Services Private Limited
Market Lot	1 (One) NCD
Maturity Amount	In respect of NCDs Allotted to Debenture Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the Redemption Date.
NCD Holder/ Debenture Holder	Any debenture holder who holds the NCDs issued in this Issue and whose name appears on the beneficial owners list provided by the Depositories (in case of NCDs held in dematerialized form) or whose name appears in the Register of Debenture Holders maintained by our Company/ Registrar (in case of NCDs held in physical form).
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes Companies falling within the meaning of Section 2(20) of the Companies Act; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs, Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorized to invest in the NCDs, Trust Including Public/private charitable/religious trusts which are authorised to invest in the NCDs, Association of Persons, Scientific and/or industrial research organisations, which are authorised to invest in the NCDs, Partnership firms in the name of the partners, Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lacs.
Prospectus / Offer Document	The Prospectus to be filed with the ROC in accordance with the SEBI Debt Regulations, containing inter alia the coupon rate for the NCDs and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and from ASBA Accounts with the SCSBs on the Designated Date
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.
	In case Record Date falls on a day when stock exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Refund Account	The account opened with the Escrow Banks, from which refunds, if any, of the whole or part of the Application Amount (excluding the ASBA Applicant) shall be made.
Refund Bank	HDFC Bank Limited
Registrar to the Issue/Registrar	Link Intime India Private Limited
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account, and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html</a> or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Manager, Members of the Syndicate or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange is available at <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html</a> or at such other web-link as may be prescribed by SEBI from time to time.



<b>Term</b>	<b>Description</b>
Security	The principal amount of the Secured NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first paripassu charge on immovable property located at Chennai, Tamil Nadu and first charge on current assets, including book debts, loans and advances, cash and bank balance and receivables, both present and future, of our Company ranking pari passu with the existing secured debenture holders of our Company, except those receivables specifically and exclusively charged in favour of the Existing Lenders, more particularly described in the Debenture Trust Deed.
Secured NCDs	NCDs offered under this Issue which are redeemable and are secured by a charge on the assets of our Company, as detailed in this Prospectus.
Secured Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the Secured NCDs issued under the Issue.
Senior Citizen	All Applicants who are aged more than 60 years as on or prior to the date of the Issue Opening.
SEBI Debt Regulations/ Debt Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended.
Stock Exchange	BSE Limited
Subordinated Debt	Subordinated Debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument shall be subjected to discounting as provided hereunder, in the computation of the Tier II of Capital, in the exercise to ascertain the Capital Adequacy of the NBFC.  Remaining maturity of the instruments rate of discount (a) up to one year 100% (b) more than one year but up to two years 80% (c) more than two years but up to three years 60% (d) more than three years but up to four years 40% (e) more than four years but up to five years 20% to the extent such discounted value does not exceed fifty percent of Tier I capital.
Syndicate ASBA	An application submitted by an ASBA Applicant through the Members of Syndicate and Trading Members of the Stock Exchange(s) at the Syndicate ASBA Application Locations.
Syndicate ASBA Application Locations	Application centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the Members of the Syndicate shall accept ASBA Applications.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html</a> or at such other website as may be prescribed by SEBI from time to time.
Tier I Capital	Tier I capital means, owned fund as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten percent of the owned fund and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier-II capital includes the following:

Term	Description
	(a) preference shares other than those which are compulsorily convertible into equity; (b) Revaluation reserves at discounted rate of fifty five percent; (c) General provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets (d) Hybrid debt capital instruments; (e) Subordinated debt to the extent the aggregate does not exceed Tier-I capital. and (f) Perpetual debt instruments issued by a systemically important non- deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital.
Trading Member(s)	Individuals or companies registered with SEBI as “trading members” under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges whose list is available on stock exchanges.
Tripartite Agreement(s)	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories act as depositories for the securities issued by our Company
Trustees / Debenture Trustee	Trustees for the holders of the NCDs, in this case being IL&FS Trust Company Limited.
Transaction Registration Slip/ TRS	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of upload of the Application on the application platform of the Stock Exchange.
Working Days	All days other than a Sunday or a public holiday in Mumbai or Kochi on which commercial banks are open for business, except with reference to Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.

#### Business/Industry Related Terms

Term	Description
ALM	Asset liability management
ALCO	Asset – liability committee
ATS	Average ticket size
Average Cost of Borrowing	Amount that is calculated by dividing the interest paid during the period by average of the monthly outstanding.
Capital Market Finance	Loans against securities, margin funding, IPO financing and other structured lending transactions
CRAR	Capital-to-risk-weighted assets ratio
DPN	Demand promissory note
DSA	Direct sales agent
FIR	First information report
Gross Spread	Yield on the average minus the cost of funds
KYC/ KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority.
LC	Loan company
Loan Book	Outstanding loans net of provisions made for NPAs
LTV	Loan to value
NAV	Net asset value
Non-Deposit Accepting NBFC Directions	Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 issued



<b>Term</b>	<b>Description</b>
	vide RBI Master Circular No. DNBR (PD) CC. No. 044 / 03.10.119 / 2015-16 dated July 1, 2015.
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systemically Important NBFC-ND
NPA	Non-performing asset
Prudential Norms	Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
Secured Loan Book	Secured loan given against hypothecation of asset
SME	Small and medium enterprises
1 <sup>st</sup> Public Issue	Public issue of secured non-convertible debentures of face value ₹1,000.00 each aggregating to ₹19,558 lacs pursuant to the Prospectus dated February 12, 2014.
2 <sup>nd</sup> Public Issue	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,963 lacs pursuant to the Prospectus dated July 7, 2014.
3 <sup>rd</sup> Public Issue	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹26,913 lacs pursuant to the Prospectus dated September 23, 2014.
4 <sup>th</sup> Public Issue	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,908.73 lacs pursuant to the Prospectus dated February 18, 2015.

#### **Conventional and General Terms or Abbreviations**

<b>Term</b>	<b>Description</b>
Act / Companies Act	The Companies Act, 2013 (to the extent notified) read with rules framed by the Government of India from time to time
1956 Act/ Companies Act, 1956	The Companies Act, 1956
AGM	Annual general meeting
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
DIN	Director identification number
DRR	Debenture redemption reserve
EGM	Extraordinary general meeting
EPS	Earnings per share
FDI Policy	FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy.
FEMA	Foreign Exchange Management Act, 1999
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
FPI	Foreign Institutional Investors defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as repealed by Foreign Portfolio Investors defines under the SEBI (Foreign Portfolio Investors) Regulations, 2014.
Financial Year / FY	Financial year ending March 31
GDP	Gross domestic product
GoI	Government of India
G-Sec	Government securities
HUF	Hindu undivided family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Indian GAAP	Generally Accepted Accounting Principles in India

**Muthootu Mini Financiers Limited**

IRDA	Insurance Regulatory and Development Authority
IT Act	The Income Tax Act, 1961
IT	Information technology
KYC	Know your customer
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
MIS	Management information system
MoU	Memorandum of understanding
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NII(s)	Non-institutional investor(s)
NIM	Net interest margin
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
PAN	Permanent account number
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RM	Relationship manager
RTGS	Real time gross settlement
SBI	State Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992
TDS	Tax deducted at source
WDM	Wholesale debt market

**Notwithstanding the foregoing:**

1. In the chapter titled “**Summary of Main Provisions of the Articles of Association**” beginning on page 214, defined terms have the meaning given to such terms in that section.
2. In the chapter titled “**Financial Statements**” beginning on page 101, defined terms have the meaning given to such terms in that chapter.
3. In the paragraphs titled “**Disclaimer Clause of SEBI**” beginning on page 196 and “**Disclaimer Clause of BSE**” beginning on page 197 in the chapter “**Other Regulatory and Statutory Disclosures**” beginning on page 196 defined terms shall have the meaning given to such terms in those paragraphs.
4. In the chapter titled “**Statement of Tax Benefits**” beginning on page 53, defined terms have the meaning given to such terms in that chapter.
5. In the chapter titled “**Key Regulations and Policies**” beginning on page 204, defined terms has the meaning given to such terms in that chapter.
6. In the chapter titled “**Our Business**” beginning on page 71, defined terms have the meaning given to such terms in that chapter.

## PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

### Certain Conventions

In this Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to “Muthoottu Mini”, “Issuer”, “we”, “us”, “our” and “our Company” are to Muthoottu Mini Financiers Limited.

All references to “India” are to the Republic of India and its territories and possessions and all references to the “Government” or the “State Government” are to the Government of India, central or state, as applicable.

### Financial Data

Our Company publishes its financial statements in Rupees. Our Company’s financial statements are prepared in accordance with Indian GAAP, the Companies Act, 2013 and applicable provisions of the Companies Act, 1956.

The Reformatted Financial Statements are included in this Prospectus along with the examination reports on the Reformatted Summary Financial Statements, as issued by our Company’s Statutory Auditors, M/s. Vishnu Rajendran & Co, Chartered Accountants in the chapter titled “*Financial Statements*” beginning at page 101. Unless stated otherwise, the financial data in this Prospectus is derived from our audited financial statements, prepared in accordance with Indian GAAP, the Companies Act, 1956 and the Companies Act, 2013, to the extent applicable for the Financial Years ended on March 31, 2015, 2014, 2013, 2012 and 2011.

M/s. Vishnu Rajendran & Co., have audited the Financials for the Fiscal Year 2014-2015 and have placed reliance on the Audited financials prepared by M/s. Vijaykumar Easwaran for the Fiscal Years 2013-2014, 2012-2013, 2011-2012 and 2010-2011.

In this Prospectus, any discrepancies in any table, including “*Capital Structure*” and “*Objects of the Issue*” between the total and the sum of the amounts listed are due to rounding off. All the decimals have been rounded off to two decimal places.

There are significant differences between Indian GAAP, US GAAP and IFRS. We urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

### Currency and units of Presentation

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

Except where stated otherwise in this Prospectus, all figures have been expressed in ‘lacs’. All references to ‘Lacs/Lacs/Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million’ and ‘billion/bn./Billions’ means ‘one hundred crores’.

### Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly no investment decision should be made on the basis of such information. Although our Company believes that industry data used in this Prospectus is reliable, it has not been independently verified. Also, data from these sources may not be comparable. Similarly, internal reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

## FORWARD LOOKING STATEMENTS

This Prospectus contains certain statements that are not statements of historical fact and are in the nature of “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “expect”, “estimate”, “intend”, “objective”, “plan”, “potential”, “project”, “will”, “will continue”, “will pursue”, “will likely result”, “will seek to”, “seek” or other words or phrases of similar import. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability and other matters discussed in this Prospectus that are not historical facts.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results, performance or achievements to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to our businesses and our ability to respond to them, our ability to successfully implement our strategies, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

Important factors that could cause actual results to differ materially from our expectations include, but not limited to, the following:

- Any increase in the levels of non-performing assets (“NPA”) on our loan portfolio, for any reason whatsoever, would adversely affect our business and results of operations;
- Any volatility in interest rates which could cause our Gross Spreads to decline and consequently affect our profitability;
- Changes in the value of Rupee and other currency changes;
- Unanticipated turbulence in interest rates or other rates or prices; the performance of the financial and capital markets in India and globally;
- Changes in political conditions in India;
- The rate of growth of our Loan Assets;
- The outcome of any legal or regulatory proceedings we are or may become a party to;
- Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Any changes in connection with policies, statutory provisions, regulations and/or RBI directions in connection with NBFCs, including laws that impact our lending rates and our ability to enforce our collateral;
- Emergence of new competitors;
- Performance of the Indian debt and equity markets;
- Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
- The performance of the financial markets in India and globally;
- Our ability to attract and retain qualified personnel; and
- Other factors discussed in this Prospectus, including under the chapter titled “*Risk Factors*” beginning on page 12.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the section titled “*Risk Factors*” and chapters titled “*Industry*” and “*Our Business*” beginning on pages 12, 61 and 71, 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 speak only as on the date of this Prospectus. The forward-looking

statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. Neither our Company or the Lead Manager, nor any of their respective affiliates has any obligation to, and do not intend 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 Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

## **SECTION II - RISK FACTORS**

*An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled “Our Business” on page 71 and “Financial Statements” on page 101 before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialises, may in the future have a material adverse effect on our business, financial condition and results of operations. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with reformatted financial statements of our Company as of and for the Financial Years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 in each case prepared in accordance with Indian GAAP, including the annexure and notes thereto.*

### **Internal Risk Factors**

- 1. Our Company has received a show cause notice dated July 25, 2014 from the Reserve Bank of India inter alia alleging violation of the RBI directions and circulars. Incase RBI decides to take action against our Company our reputation may suffer. Any punitive action by RBI could in turn result in material adverse effect on our business, prospect and results of operations.**

Our Company has received a show cause notice dated July 25, 2014 from the Reserve Bank of India inter alia alleging that our Company had inter-alia not maintained the CRAR at the minimum required level, permitted premature closure of debentures at any time after their issue even within one year, violations of LTV Ratio requirements, issue of loans against NCDs issued, renewal of NCDs under private placement for amount less than ₹25 lacs, non adherence of fair practices code, deficiencies in gold auction process, non disclosure in the balance sheet, not communicating changes in Board to the RBI and non disclosure of related party transactions, and as to why a penalty of ₹5 lacs should not be imposed on our Company. Our Company replied to the SCN vide letter dated August 7, 2014 clarifying on all the observations made in the SCN.

In case our Company's actions result in violation of RBI's directions and RBI passes an adverse order, it may restrict our Company from undertaking the business of NBFC. Further, we may be subject to similar inspections in the future and any adverse actions may affect our business and operations.

- 2. Our Company has received a show cause notice dated July 2, 2013 from the Reserve Bank of India inter alia alleging violation of the RBI Circular IDMD.DOD.10/11/01/01(A)/2009-10 dated June 23, 2010 and RBI Circular DNBS CC.PD.No.225/03/10.01/2011-12 dated December 30, 2011 (“SCN”). Incase RBI decides to take action against our Company our ability to conduct business may be severely affected, which could in turn result in material adverse effect on our business, prospect and results of operations.**

Our Company has received a show cause notice dated July 2, 2013 from the Reserve Bank of India inter alia alleging that our Company had inter-alia permitted premature closure of debentures at any time after their issue even within one year, our Company was providing different rates of interest for premature closures, several matured NCDs had not been repaid to investors, Company has repaid NCDs aggregating to ₹2,853 lacs prematurely and NCDs worth ₹164 lacs were closed before 90 days of issue, Company had deviated from the terms in the debenture trust deed by giving loans against the NCDs, the company was also alleged to be using the term ‘fixed deposits’ in the pamphlets displayed at the branches, and as to why a penalty of ₹5 lacs should not be imposed on our Company. Our Company replied to the SCN vide letter dated July 12, 2013



clarifying all the allegations made in the SCN. Subsequently, RBI *vide* notice dated August 8, 2013 (“**RBI Letter**”) has directed the Managing Director and each of the directors of our Company to whom the SCN was issued to furnish the reply in their individual capacities within seven days in response to which Mr. Roy M Mathew, Ms. Nizzy Mathew and Mr. Mathew Muthoottu (Directors of our Company) furnished their response to RBI. RBI has *vide* letter dated April 21, 2014, issued in response to our letter dated July 12, 2013, instructed our Company to refrain from violation of RBI directions by not accepting public deposits camouflaging it in any manner, failing which RBI can take necessary action and our registration as an NBFC is liable to be cancelled.

In case our Company’s actions result in violation of RBI’s directions and RBI passes an adverse order, it may restrict our Company from undertaking the business of NBFC. Further, we may be subject to similar inspections in the future and any adverse actions may affect our business and operations.

**3. *We and our Directors are subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business and results of operations.***

We and our Directors are subject to certain legal proceedings including civil suits, consumer litigations, recovery proceedings etc. We incur cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that we or our Directors shall be successful in any or all of these actions. In the event we or our Directors suffer any adverse order, our reputation may suffer and may have an adverse impact on our business and results of operations. Further, our Company has initiated certain criminal proceeding against certain of our employees and third parties in relation to our business operations. For further details of the legal proceedings that we are subject to, please refer to the chapter titled “**Outstanding Litigations**” on page 187.

**4. *We do not currently own our logo ‘Muthoottu Mini’ and it has been licensed to us. Termination, non-renewal or renewal on unfavourable terms of this licensing agreement or any negative impact on the ‘Muthoottu Mini’ brand may adversely affect our business, reputation, goodwill, financial condition and results of operations***

The “Muthoottu Mini” logo is registered with the Registrar of Trademarks in India under Class 36 in the name of our group company Mini Muthoottu Nidhi (Kerala) Limited, a Muthoottu Mini Group company. The trademark has been licensed to us for use on a nonexclusive, non-assignable basis by way of an assignment letter dated May 2, 2009. We cannot assure you that we will continue to have the uninterrupted use and enjoyment of the “Muthoottu Mini” logo if we are unable to confirm with the requirements under the assignment letter. Further, renewal of the agreement may be on terms and conditions that are unfavorable to us. Termination or withdrawal of the permission, may adversely affect our business, reputation, goodwill, financial condition and results of operations.

Further, all the other companies owned by our Promoters also use the “Muthoottu Mini” name and logo. If any of the actions of our Promoters or companies owned by them negatively affect the “Muthoottu Mini” brand, our reputation, business and financial condition may in turn be adversely affected.

**5. *Our business is capital intensive and any disruption or restrictions in raising financial resources would have a material adverse effect on our liquidity and financial condition.***

Our liquidity and ongoing profitability is largely dependent upon our timely access to and the costs associated in raising resources. Our funding requirements historically have been met from a combination of borrowings such as term loans and working capital limits from banks, issuance of secured, redeemable non-convertible debentures on private placement basis and issuance of secured and unsecured redeemable non-convertible debentures by way of public placements. Thus, our business depends and will continue to depend on our ability to access diversified low cost funding sources.

Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the 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.

The crisis in the global credit market that began in mid-2007 destabilized the then prevailing lending model by banks and financial institutions. The capital and lending markets were highly volatile and access to liquidity had been significantly reduced. In addition, it became more difficult to renew loans and facilities as many potential lenders and counterparties also faced liquidity and capital concerns as a result of the stress in the financial markets. If any event of similar nature and magnitude occurs again in the future, it may result in increased borrowing costs and difficulty in accessing debt in a cost-effective manner. Moreover, we are a NBFC-ND-SI, and do not have access to public deposits.

The RBI has issued guidelines DBOD.BP.BC.No. 106/21.04.172/2011-12 on May 18, 2012 whereby it has instructed banks to (i) reduce their regulatory exposure on a single NBFC having gold loans to the extent of 50.00% or more of its financial assets from 10.00% to 7.50% of their capital funds; and (ii) have an internal sub-limit as decided by the Boards of the respective banks on their aggregate exposure to all such NBFCs having gold loans to the extent of 50% or more of their financial assets, taken together, which sub-limit should be within the internal limits fixed by banks for their aggregate exposure to all NBFCs taken together.

The RBI vide its circular RBI/2012-13/560 DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013 and RBI/2013-14/115 DNBS(PD) CC No.349/03.10.001/2013-14 dated July 2, 2013 issued certain guidelines with respect to raising money through private placement by NBFCs in the form of non-convertible debentures. These guidelines include restrictions on the number of investors in an issue to 49 investors, minimum subscription amount for a single investor of ₹25 lacs and in multiples of ₹10 lacs thereafter, prohibition on providing loan against its own debentures, etc. This has resulted in limiting the Company's ability to raise fresh debentures on private placement basis.

A significant portion of our debt matures each year. Out of our total outstanding nonconvertible debentures ₹1,240.51 lacs issued by our Company as of March 31, 2015, non-convertible debentures amounting up to ₹425.47 lacs will mature during the next 12 months. In order to retire these instruments, we either will need to refinance this debt, which could be difficult in the event of volatility in the credit markets, or raise equity capital or generate sufficient cash to retire the debt.

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 an NBFC, 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.

Any disruption in our primary funding sources at competitive costs and would have a material adverse effect on our liquidity and financial condition.

**6. *Our financial performance is primarily dependent on interest rate risk. If we are unable to manage interest rate risk in the future it could have an adverse effect on our net interest margin, thereby adversely affecting business and financial condition of our company.***

Our results of operations are substantially dependent upon the level of our Net Interest Margins. Income from operations is the largest component of our total income, and constituted 99.77%, 99.75%, 99.88% and 99.95% of our total income in Financial Years 2012, 2013, 2014 and 2015, respectively. Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors.

Over the last several years, the Government of India has substantially deregulated the financial sector. As a result, interest rates are now primarily determined by the market, which has increased the interest rate risk exposure of all banks and financial intermediaries in India, including us.

Our policy is to attempt to balance the proportion of our interest earning assets, which bear fixed interest rates, with interest bearing liabilities. A significant portion of our liabilities, such as our NCDs carry fixed rates of interest and the remaining are linked to the respective banks' benchmark prime lending rate/base rate. As of March 31, 2015, 82.40% of our borrowings were at fixed rates of interest. Moreover, we do not hedge our exposure to interest rate changes. We cannot assure you that we can adequately manage our interest rate risk in the future or can effectively balance the proportion of our fixed rate loan assets and liabilities. Further, changes in interest rates could affect the interest rates charged on interest earning assets and the interest rates

paid on interest bearing liabilities in different ways. Thus, our results of operations could be affected by changes in interest rates and the timing of any re pricing of our liabilities compared with the re pricing of our assets.

In a rising interest rate environment, if the yield on our interest earning assets does not increase at the same time 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 at the same time or to the same extent as the yield on our interest earning assets, our net interest income and net interest margin would be adversely affected.

**7. *We face increasing competition in our business which may result in declining interest margins. If we are unable to compete successfully, our market share may also decline.***

Our principal business is providing Gold Loan to retail customers in India secured by used household gold jewellery. Historically, the Gold Loan industry in India has been largely unorganised and dominated by local jewellery pawn shops and money lenders, with little involvement from public sector or private sector banks. Gold Loan financing was availed predominantly by lower income group customers with limited or no access to other forms of credit, however, such income group has gained increased access to capital through organised and unorganised money lenders, which has increased our exposure to competition. The demand for Gold Loans has also increased due to relatively lower and affordable interest rates, increased need for urgent borrowing or bridge financing requirements, the need for liquidity for assets held in gold and increased awareness and acceptance of Gold Loan financing.

All of these factors have resulted in increased competition from other lenders in the Gold Loan industry, including commercial banks and other NBFCs, who also have access to funding from customers' savings and current deposits. We are reliant on higher cost loans and debentures for our funding requirements, which may reduce our margins compared to competitors. Our ability to compete effectively will depend, to some extent, on our ability to raise low cost funding in the future. If we are unable to compete effectively with other participants in the Gold Loan industry, our business, financial condition and results of operations may be adversely affected.

Furthermore, as a result of increased competition in the Gold Loan industry, Gold Loans are becoming increasingly standardised. Variable interest rates, variable payment terms and waiver of processing fees are also becoming increasingly common. We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing competitors. Increasing competition may have an adverse effect on our business, market share and results of operations.

**8. *Our Company has not filed the half yearly unaudited account along with the limited review report with BSE, as stipulated under the Debt Listing Agreement.***

Non-convertible debentures of our Company were listed on BSE on April 2, 2014 pursuant to our maiden public issue of non-convertible debentures in the Financial Year 2013-14. Our Company has entered into the Debt Listing Agreement pursuant to the listing of the non-convertible debentures. The Debt Listing Agreement permits our Company to not to publish the half-yearly unaudited financial results for the last half year if it intimates to the exchange in advance that it shall report the audited annual results within 60 days of the end of the financial year. As our Company got listed on April 2, 2014 and no prior intimation was made to BSE, our Company was required to submit the half yearly unaudited account along with the limited review report. Our Company has not filed the half yearly unaudited accounts with regards to the period ending on March 31, 2014, along with the limited review report; however, our Company has filed the audited annual accounts of the Company within 60 days of the end of the financial year. If the BSE undertakes any action against our Company, it would have a material adverse effect on our reputation.

**9. *We may not be able to realise the full value of our pledged gold jewellery in case of a default, which exposes us to a potential loss.***

We may not be able to realise the full value of our pledged gold jewellery, due to, among other things, defects in the quality of gold. We have in place a strict internal policy on determining the quality of gold prior to disbursement of the Gold Loan. However, we cannot assure that methods followed by us are foolproof and the impurity levels in the gold can be accurately assessed.

In the case of a default, we may auction the pledged gold. We cannot assure you that we will be able to auction such pledged gold jewellery at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with the auction process. Any failure to recover the expected value of pledged gold could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations.

Further we also extend loans secured by gold jewellery provided as collateral by the customer. An economic downturn or sharp downward movement in the price of gold could result in a fall in collateral value. In the event of any decrease in the price of gold, customers may not repay their loans and the value of collateral gold jewellery securing the loans may have decreased significantly in value, resulting in losses which we may not be able to support.

Although we use a technology based risk management system and follow strict internal risk management guidelines on portfolio monitoring, which include periodic assessment of loan to security value on the basis of conservative market price levels, limits on the amount of margin, ageing analysis and predetermined loan closure call thresholds, no assurance can be given that if the price of gold decreases significantly, our financial condition and results of operations would not be adversely affected. The impact on our financial position and results of operations of a decrease in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not pre determinable.

**10. *Our ability to lend against the collateral of gold jewellery has been restricted on account of guidelines issued by RBI, which may have a negative impact on our business and results of operation.***

RBI vide notification DNBS.CC.PD.No. 365/03.10.01/2013-14 dated January 8, 2014 has stipulated all NBFCs to maintain a loan to value (LTV) ratio not exceeding 75% for loans granted against the collateral of gold jewellery and further prohibits lending against bullion/primary gold and gold coins. This notification will limit our ability to provide loan on the collateral of gold jewellery and thereby putting us at a disadvantage vis-à-vis unregulated money lenders offering similar products. Further, RBI by way of notification DNBS.CC.PD.No. 265/03.10.01/2011-12 dated March 21, 2012, has mandated NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) to maintain a minimum Tier 1 capital of 12%. Such restrictions imposed by RBI may erode our margins, impact our growth and business prospects.

RBI vide notification DNBR.CC.PD.No.036/03.10.01/2014-15 dated May 21, 2015, further tightened the norms for lending against the security of gold ornaments by pegging the maximum lendable value (LTV) to 30 day moving average closing price of 22 carat gold quoted by India Bullion and Jewellers Association Limited (formerly known as Bombay Bullion Association Limited).

**11. *As on March 31, 2012 our CRAR fell below the RBI prescribed minimum CRAR of 15%. We corrected the position during 2012-13, 2013-14 and 2014-15 and achieved a CRAR of 16.63% as on March 31, 2013, 20.77% as on March 31, 2014 and 28.75% as on March 2015. Inability to maintain CRAR in the future may invite action from RBI and could restrict our future business growth, which may materially affect our business.***

As per extant RBI norms, from March 31, 2011, all systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio of at least 15% of their risk-weighted assets. Further, RBI has introduced minimum Tier I capital requirement of 12% to be effective from April 1, 2014 for NBFCs primarily for whom loans against gold jewellery comprise more than 50% of their financial assets, including us. Our Company's CRAR for the year ended March 31, 2012 fell below the minimum rate prescribed by RBI. While we have put in place measures to ensure that the CRAR does not fall below this prescribed minimum, inability to maintain CRAR in the future may invite action from RBI including penalty and suspension of our certificate of registration as a NBFC and any such action taken may have an adverse effect on our business, market share and results of operations.

Further, our capital adequacy ratio has increased from 16.63% and 20.77% as of March 31, 2013 and March 31, 2014, respectively to 28.75% as on March 31, 2015 with Tier I capital comprising of 15.75% and 20.41% and 22.16% respectively. If we continue to grow our loan portfolio and asset base, we will be required to

raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios and Tier I capital requirements with respect to our business of Gold Loans. There can be no assurance that we will be able to maintain adequate capital adequacy ratio or Tier I capital by raising additional capital in the future on terms favourable to us, or at all. Failure to maintain adequate capital adequacy ratio or Tier I capital may adversely affect the growth of our business. Further, any regulatory change in capital adequacy requirements imposed by the RBI may have an adverse effect on our results of operation.

**12. *We may not be able to successfully sustain our growth strategy. Inability to effectively manage our growth and related issues could materially and adversely affect our business and impact our future financial performance.***

We have expanded our operations since 2009. We have experienced considerable growth in terms of our loans portfolio and the number of our branches and employees. Our income from operations increased from ₹909.30 lacs in the Financial Year ended March 31, 2009 to ₹35,271.05 lacs in the Financial Year ended March 31, 2015 thereby achieving compounded annual growth rate (“CAGR”) of 83.99%. In this same period, the value of loans advanced by us against pledged gold increased from ₹6,936.63 lacs for the Financial Year ended March 31, 2009 to ₹1,75,862.64 lacs for the Financial Year ended March 31, 2015 at a CAGR of 71.40%.

Our growth strategy includes growing our loan book, expanding network of branches and expanding the range of products and services. We cannot assure you that we will be able to execute our growth strategy successfully or continue to achieve or grow the levels of net profit earned in recent years, or that we will be able to expand further our loan book. Furthermore, there may not be sufficient demand for our services or they may not generate sufficient revenues relative to the costs associated with offering such services. Even if we were able to introduce new services successfully, there can be no assurance that we will be able to achieve our intended return on such investments. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with 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.

Further principal component of our strategy is to continue to grow by expanding the size and geographical scope of our businesses. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. It also includes undertaking permission from various authorities, including RBI and various regulatory compliances. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high risk credit and impose significant costs on us.

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

As of May 31, 2015, we had an outstanding debt of ₹ 1,58,256.01 lacs. We may incur additional indebtedness in the future. Many of our financing agreements include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender before carrying out such activities. For instance, our Company, *inter alia*, is required to obtain the prior written consent in the following instances:

- to declare and/ or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
- to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking;
- to create or permit any charges or lien, sell or dispose off any encumbered assets;
- to alter its capital structure, or otherwise acquire any share capital;
- to effect a change of ownership or control, or management of our Company;
- to enter into long term contractual obligations directly affecting the financial position of our Company;



- to borrow or obtain credit facilities from any bank or financial institution;
- to undertake any guarantee obligations on behalf of any other company;
- to make any share capital investments or advance loans or funds to any other concern including group companies;
- Repayment of dues of promoter/group companies;
- To undertake any new project/ further expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the bank from time to time and approved by the bank;
- Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Banks;
- Change of practice with regard to remuneration of the directors;

Our indebtedness could have several important consequences, including our cash flows being used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund our working capital, capital expenditures and other general corporate requirements. Moreover, our ability to obtain additional financing in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates, particularly because a significant proportion of our financing arrangements are in the form of borrowings from banks. There could be a material adverse effect on our business, financial condition and results of operations 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, which may limit our ability to withstand competitive pressures and may reduce our flexibility in responding to changing business, regulatory and economic conditions.

**14. A major part of our branch network is concentrated in southern India and any disruption or downturn in the economy of the region would adversely affect our operations.**

As of May 31, 2015, 96% of our branches i.e. 981 branches are located in the southern states of Andhra Pradesh, Telangana, Goa, Karnataka, Kerala and Tamil Nadu and these states constituted about 98% of our total Gold Loan portfolio as of May 31, 2015. For details please refer to “**Our Business**” on page 71. Any disruption, disturbance or breakdown in these states could adversely affect the result of our business and operations. Our concentration in these southern states of India exposes us to adverse economic or political circumstances that may arise in that region as compared to other NBFCs and commercial banks that may have diversified national presence and may have an adverse effect on our business, market share and results of operations.

Further, RBI by way of circular dated September 16, 2013 has made it mandatory for NBFC having more than 1,000 branches to obtain prior approval of RBI. This would result in delay in us branching out of the southern states of Andhra Pradesh, Telangana, Karnataka, Kerala and Tamil Nadu into rest of India resulting in continuing exposure for us to adverse economic or political circumstances that may arise in that region which, may have an adverse effect on our business, market share and results of operations.

We had made an application *vide* a letter dated March 1, 2014, for seeking approval from the RBI for opening additional branches. RBI *vide* its letter dated April 1, 2014 has conveyed its inability to grant approval for the additional branches, at this point of time. There is no guarantee that RBI may grant permissions for any further applications made by our Company for opening of new branches. In the absence of such permissions, our future growth prospects may be materially affected.

**15. Our bank funding is concentrated amongst a few lenders and impairment of our relationship with any, or all, of such lenders or our inability to secure loans on favourable terms from such lenders in the future, may have a material adverse effect on our business, results of operations and financial condition.**

As on May 31, 2015, we have working capital limits of ₹16,500 lacs from the South Indian Bank Limited, ₹4,000 lacs from State Bank of Travancore, ₹5,000 lacs from Federal Bank Limited and ₹2,400 lacs from Dhanalaxmi Bank Limited. We may have difficulty in obtaining funding on acceptable terms from these or other lenders and other sources which we have not accessed so far. Any impairment of our relationship with any, or all, of our lenders or our inability to secure loans on favourable terms from such lenders in future may have a material adverse effect on our business, results of operations and financial condition.

**16. Our Gold Loans are due within one year of disbursement, and a failure to disburse new loans may result**



***in a reduction of our loan portfolio and a corresponding decrease in our interest income.***

The Gold Loans we offer are short term loans and are due within one year of disbursement. The relatively short term nature of our loans means that we are not assured of long term interest income streams compared to other products like home loans, business loans, etc. that offer loans with longer terms. In addition, our existing customers may not obtain new loans from us upon maturity of their existing loans, particularly if competition increases. The short term nature of our loan products and the potential instability of our interest income could materially and adversely affect our results of operations and financial position.

***17. Inaccurate appraisal of gold by our personnel may adversely affect our business and financial condition***

Accurate appraisal of pledged gold is a significant factor in the successful operation of our business and such appraisal requires a skilled and reliable workforce. Assessing gold jewellery quickly is a specialised skill that requires assessing jewellery for gold content and quality manually without damaging the jewellery. Our Company provides training for our personnel for assessing jewellery for gold content and quality. However, in spite of rigorous training there is no guarantee that the gold ornaments appraised are accurately. Inaccurate appraisal of gold content, by our workforce may result in the gold ornament being overvalued and pledged for a loan that is higher in value than the actual value of gold content, which could adversely affect our reputation and business. We also run the risk of spurious gold being incorrectly assessed and approved for disbursement. Further, we are subject to the risk of inaccurate or fraudulent estimation of the value of pledged gold by our gold appraisers. Any such inaccuracies or fraud in relation to our appraisal of gold may adversely affect our reputation, business and financial condition.

***18. We depend on customer supplied information when evaluating customer credit worthiness***

In deciding whether to extend credit or enter into other transactions with customers and counter parties, we may rely on information furnished to us by or on behalf of our customers, including the financial information from which we create our credit assessments. We may also rely on customer representations as to the accuracy and completeness of customer supplied information. Any relevant changes in this information may not be made available to us. The information that we have gathered may not be sufficient to create a complete customer risk profile. Because we rely on such customer supplied information, some or all of certain customers' risk profiles may be willfully or inadvertently wrong or misleading, which may lead us to enter into transactions that may adversely affect our financial condition and results of operations.

***19. The implementation of our KYC norms as well as our measures to prevent money laundering may not be completely effective, which could adversely affect our reputation and in turn have an adverse impact on our business and results of operations***

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 completely effective. There can be no assurance that attempts to launder money using us as a vehicle will not be made. If we were identified to be associated with money laundering operations, our reputation may be adversely affected, which in turn could have an adverse impact on our business and results of operations

***20. Our customer base comprises entirely of individual borrowers, who generally are more likely to be affected by declining economic conditions than large corporate borrowers. Any decline in the repayment capabilities of our borrowers, may result in increase in defaults, thereby adversely affecting our business and financial condition.***

Individual borrowers typically are less financially resilient than larger corporate borrowers, and as a result, they are typically more adversely affected by declining economic conditions. In addition, a significant majority of our customer base belongs to the low to medium income group. Furthermore, unlike many developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about individuals, particularly our focus customer segment of the low to medium income group. It is therefore difficult to carry out precise credit risk analyses on our customers. While we follow certain procedures to evaluate the credit profile of our customers before we sanction a loan, we generally rely on the quality of the pledged gold rather than on a stringent analysis of the credit profile of our customers. Although we believe that our risk management controls are sufficient, we cannot be certain

that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect our loan portfolio, which could in turn have an adverse effect on our financial condition and results of operations.

- 21. *Our branches are vulnerable to theft and burglary. While we are insured against the risk of burglary arising from our business, such insurance may not be sufficient to fully cover the losses we suffer and this may result in adverse effect on our financial condition and results of operations.***

Storage of pledged gold jewellery as part of our business entails the risk of theft/ burglary and resulting loss to our reputation and business. The short tenure of the loans advanced by us and our practice of processing loan repayments within short timelines require us to store pledged gold on our premises at all points in time. Some of our branches have had instances of burglaries in the past. With regard to all cases of theft/ burglaries, we may not be able to recover the entire amount of the loss suffered and may receive only a partial payment of the insurance claim. While we are insured against the risk of burglary arising from our business, such insurance may not be sufficient to fully cover the losses we suffer. Further, the actual recovery of the insured amount from the insurer requires the undertaking of certain procedures, and any delay in recovery could adversely affect our reputation and results of operation.

- 22. *We are subject to the risk of fraud by our employees, agents and customers***

We are exposed to the risk of fraud and other misconduct by employees and customers. While we carefully recruit all of our employees and screen all our employees who are responsible for disbursement of Gold Loans and custody of gold, there have in the past been acts of fraud with respect to Gold Loans and cash related misappropriation committed by our employees. Our customers have also committed such acts of fraud and misappropriation. We are required to report cases of internal fraud to the RBI, which may take appropriate action. While we have risk monitoring policies in place, we cannot guarantee you that such acts will not be committed in the future, and any such act could adversely affect our reputation, business and results of operations.

- 23. *We are subject to the risk of unknowingly receiving stolen goods as collateral from customers which may result in loss of collateral for the loan disbursed***

We have in place a policy in place to satisfy ownership of the gold jewellery and have taken adequate steps to ensure that the KYC guidelines stipulated by RBI are followed and due diligence of the customer is undertaken prior to the disbursement of loans. However, in the event that we unknowingly receive stolen goods as collateral from a customer, the goods can be seized by authorities. Once seized by the authorities, gold items will be stored in court storage facilities without a surety arrangement. No recourse is generally available to our Company in the event of such seizure, except the recovery of the loss from the customer. Any seizure of the gold ornaments by the authorities shall result in us losing the collateral for the loan disbursed and could adversely affect our reputation, business and results of operations.

- 24. *Our insurance may not be adequate to protect us against all potential losses to which we may be subjected to and if we were to incur a significant liability for which we were not fully insured, it could adversely affect our business, results of operations and financial conditions.***

We maintain insurance cover for our gold stock and cash with our branches, and cash in transit, against theft, loss or damage by fire as well as against natural calamities including earthquake and floods. As on May 31, 2015, our Company has a total insurance cover of ₹2,68,882.83 lacs. While we exercise due care in taking out adequate cover, given the nature of fluctuating gold prices, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialise. There are many events that could significantly affect our operations, or expose us to third party liabilities, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could adversely affect our business, results of operations and financial condition.

- 25. *We may experience difficulties in expanding our business into additional geographical markets in India, which may adversely affect our business prospects, financial conditions and results of operations.***

While the Gold Loans markets in the south Indian states of Kerala, Tamil Nadu, Karnataka and Andhra Pradesh, Telangana remains and is expected to remain our primary strategic focus, we also evaluate attractive growth opportunities in other regions in India and have expanded our operations in the northern and western states of India. We may not be able to leverage our experience in the states that we are present in to expand our operations in other regions, should we decide to further expand our operations. Factors such as competition, culture, regulatory regimes, business practices and customs, customer attitude, sentimental attachments towards gold jewellery, behavior and preferences in these cities where we may plan to expand our operations may differ from those in south Indian states of Kerala, Tamil Nadu, Andhra Pradesh, Telangana and Karnataka and our experience in these states of Kerala, Tamil Nadu, Andhra Pradesh, Telangana and Karnataka may not provide us with benefits in other geographies. In addition, as we enter new markets and geographical areas, we are likely to compete not only with other large banks and financial institutions in the Gold Loan business, but also the local unorganised or semi-organised lenders, who are more familiar with local conditions, business practices and customs, have stronger relationships with customers and may have a more established brand name within local communities.

If we plan to further expand our geographical footprint, our business may be exposed to various additional challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business partners with whom we may have no previous working relationship; successfully gauging market conditions in new markets; attracting potential customers; being susceptible to local laws in new geographical areas of India; and adapting our marketing strategy and operations to suit regions where different languages are spoken. Our inability to expand our current operations in additional geographical markets may adversely affect our growth, business prospects, financial conditions and results of operations.

***26. System failures or inadequacy and security breaches in computer systems may adversely affect our operations and result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation.***

We are vulnerable to risks arising from the failure of employees to adhere to approved procedures, failures of security systems, computer system disruptions, communication systems failure and data interception during transmission through external communication channels and networks. Failure to prevent or detect such breaches in security or data and communications errors may adversely affect our operations.

Despite our internal controls, policies and procedures, certain matters such as fraud and embezzlement cannot be eliminated entirely given the cash nature of our business. If we fail to maintain and continue to enhance our internal controls, policies and systems, we may be unable to prevent fraud, security breaches or system failures.

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 properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services. 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, financial loss, disruption of our business, regulatory intervention or damage to our reputation may result. In addition, our ability to conduct business may be adversely affected by a disruption in the infrastructure that supports our businesses and the localities in which we are located. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Constant connectivity between our branches across India and our corporate office is key to the functioning of our business. Each of our branches accesses the corporate data centre through the Internet, and all data is stored centrally in the corporate data centre. Data is replicated at our disaster recovery centres in Mumbai and Pune. Our disaster recovery system is fully operational and we continue to engage in technical exercises to test and improve our disaster plan.

***27. Our ability to access capital also depends on our credit ratings. Any downgrade in our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our net interest margin and our business.***

The cost and availability of capital is also dependent on our short term and long term credit ratings. We have been assigned a “CARE BBB-” [TRIPLE B MINUS] rating by CARE for this Issue and “CARE BBB-” (upgraded from “CARE BB+”) rating by CARE for long term bank facilities of ₹60,000 lacs. Further our Company has been rated in the past with a “CARE BB+” rating by CARE for Secured Redeemable Non-Convertible Debentures of ₹20,000 lacs, which CARE has now upgraded to BBB-vide letter dated June 9, 2015 for outstanding amount of ₹19,558 lacs March 31, 2015, “IND BB+” rating by IND-RA for Secured and Unsecured Redeemable Non-Convertible Debentures of ₹25,000 lacs, “IND BB+” rating by IND-RA for Secured and Unsecured Redeemable Non-Convertible Debentures of ₹30,000 lacs and “IND BB+” rating by IND-RA for Secured and Unsecured Redeemable Non-Convertible Debentures of ₹25,000 lacs. Ratings reflect a rating agency’s opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations.

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to debt and bank lending markets and, as a result, would adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement of financing arrangements. For details regarding ratings received by our Company, please refer to “**Our Business - Our Borrowings and Credit Ratings**” on page 84.

**28. We may be subject to regulations in respect of provisioning for non-performing assets (“NPA”). If such provisions are not sufficient to provide adequate cover for loan losses that may occur, this could have an adverse effect on our financial condition, liquidity and results of operations.**

RBI guidelines prescribe the provisioning required in respect of our outstanding loan portfolio. These provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. The RBI in its notification (RBI/2014-15/299 DNBR (PD) CC.No. 024/ 03.10.001/ 2014-15) dated March 27, 2015 has amended the regulatory framework governing NBFCs pertaining to provision for standard assets. The requirement to make a provision for standard assets has been increased from 0.25% to 0.40% of the outstanding, in a phased manner over a period of next three years.

There are multiple factors that affect the level of NPAs in our Company. Prominent among them are fall in value of gold, increase in the LTV ratio for gold loan etc.

The level of our provisions may not be adequate to cover further increases in the amount of our nonperforming assets or a decrease in the value of the underlying gold collateral. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, or if we are required to increase our provisions, this could have an adverse effect on our financial condition, liquidity and results of operations and may require us to raise additional capital. For further details, please refer to “**Our Business - Non-performing Assets (NPAs)**” on page 82.

**29. We are subject to supervision and regulation by the RBI as a non-deposit-taking systemically important NBFC. In case of any adverse change in the regulations, we may have to comply with stricter regulations and guidelines issued by regulatory authorities in India which may adversely affect our business, results of operation and financial condition.**

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us may continue to change as India’s economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India’s Gold Loan industry. Moreover, new regulations may be passed that restrict our ability to do business.

Further, the RBI has recently amended the Prudential Norms vide notification no. DNBR. 009/ CGM (CDS)-2015 dated March 27, 2015. The amendments now make it compulsory for NBFCs that are primarily engaged in lending against gold jewellery, to maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery and to disclose in their balance sheet the percentage of such loans to their total

assets. The amendments also require that such NBFCs having gold loans at least 50% of their financial assets maintain a minimum Tier I capital of 12% from April 1, 2014 and stipulate that they shall not grant any advance against bullion/primary gold and gold coins. The RBI has also reviewed its guidelines on the Fair Practice Code for all NBFCs, which among other things, cover general principles relating to adequate disclosures on the terms and conditions of loans and adopting non-coercive recovery methods. These amendments further require NBFCs engaged in extending loans against jewellery to put in place adequate internal policies to ensure, among other things, proper assessment procedures for the jewellery received as collateral, internal control mechanisms for ascertaining the ownership of gold jewellery, procedures in relation to storage and safeguard and insurance of gold jewellery and adequate measures for prevention of fraudulent transactions.

The RBI vide RBI/2014-15/605 DNBR.CC.PD.No.036/03.10.01/2014-15 dated May 21, 2015 amended its previous circular No. RBI/2013-14/260 DNBS.CC.PD.No.356 /03.10.01/2013-14 dated January 8, 2014 and notification No. DNBS(PD).263/CGM (NSV)-2013 and DNBS(PD).264 /CGM (NSV)-2013 both dated September 16, 2013. The RBI vide its recent amendment has prescribed that the valuation of gold jewellery for arriving at the Loan-To-Value (LTV) shall be done at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the Bombay Bullion Association Ltd. Further, RBI decided that NBFCs may also use the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission. The RBI vide its circular dated September 16, 2013 had earlier implemented the following (i) Verification of the ownership of gold by NBFC before disbursement, (ii) Standardization of value of gold accepted as collateral in arriving at LTV ratio, (iii) Prior approval of RBI for opening branches in excess of 1,000 in number, (iv) Appropriate Infrastructure for Storage of Gold Ornaments (v) requirement of copy of the PAN Card of the borrower for all transaction above ₹5 lacs (vi) High value loans of ₹1 lacs and above must only be disbursed by cheque, (vii) Documentation across all branches must be standardized, (viii) NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

The RBI vide its circular RBI/2014-15/475 DNBR (PD) CC No.021/03.10.001/2014-15 dated February 20, 2015, issued certain guidelines with respect to raising money through private placement by NBFCs in the form of non-convertible debentures. These guidelines provide for the minimum subscription amount for a single investor to be ₹20,000, requirement of issuance of private placement of NCDs to be in two categories (i) those with maximum subscription of less than ₹1 crore and (ii) those with minimum subscription of ₹1 crore and above, per investor. The guidelines levies a restriction of a limit of 200 subscribers for every financial year, for issuance of NCDs with a maximum subscription of less than ₹1 crore, and for such subscription to be fully secured. Further an NBFC is not permitted to extend loans against the security of its own debentures (issued either by way of private placement or public issue). This may result in limiting the Company's ability to raise fresh debentures on private placement basis.

The RBI in its notification RBI/2014-15/520 DNBR (PD) CC.No.024/ 03.10.001/ 2014-15 dated March 27, 2015 and RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 has amended the regulatory framework governing NBFCs to address concerns pertaining to risks, regulatory gaps and arbitrage arising from differential regulations and aims to harmonise and simplify regulations to facilitate a smoother compliance culture among NBFCs. As per this amendment, the requirement of minimum NOF has been amended to the following milestones (a) ₹100 lacs by the end of March 2016 and (b) ₹200 lacs by the end of March 2017. Any failure to achieve the prescribed ceiling within the stipulated time period shall result in cancellation of certificate of registration. Moreover under the amendment, the threshold for defining systemic significance for NBFCs-ND has been revised in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹50,000 lacs and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹50,000 lacs and above, irrespective of whether they have accessed public funds or not, shall comply with the prudential regulations as applicable to NBFCs-ND-SI. We cannot assure you that this notification and its applicability to us will not have a material and adverse effect on our future financial conditions and results of operations.

Compliance with many of the regulations applicable to our operations may involve significant costs and



otherwise may impose restrictions on our operations. We cannot assure you that we will not be subject to any adverse regulatory action in the future. Further, these regulations are subject to frequent amendments and depend upon government policy. Our present operations may not meet all regulatory requirements or subsequent regulatory amendments. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of our Company could be adversely affected. There can be no assurance that changes in these regulations and the enforcement of existing and future rules by governmental and regulatory authorities will not adversely affect our business, results of operation and financial condition.

- 30. Our ability to borrow from various banks may be restricted on account of guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs. Any limitation on our ability to borrow from such banks may increase our cost of borrowing, which could adversely impact our growth, business and financial condition.**

Under RBI Master Circular DBR.BP.BC.No.5/21.04.172/2015-16 on bank finance to NBFCs issued on July 1, 2015, the exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC engaged in lending against collateral of gold jewellery (i.e. such loans comprising 50% or more of its financial assets) should not exceed 10%, of the bank's capital funds. Banks may, however, assume exposures on a single NBFC up to 15%, of their capital funds, provided the exposure in excess of 10% is on account of funds on-lent by the NBFC to the infrastructure sector. Further, banks may also consider fixing internal limits for their aggregate exposure to all NBFCs put together and should include internal sub-limit to all NBFCs providing Gold Loans (i.e. such loans comprising 50% or more of their financial assets), including us.

This limits the exposure that banks may have on NBFCs such as us, which may restrict our ability to borrow from such banks and may increase our cost of borrowing, which could adversely impact our growth, business and financial condition.

- 31. Attrition rate in our business is quite high and in order to be successful, we must attract, retain and motivate key employees, and failure to do so could adversely affect our business. Failure to hire key executives or employees could have a significant impact on our operations.**

In order to be successful, we are required to attract, train, motivate and retain highly skilled employees, especially branch managers and gold assessment technical personnel. If we cannot hire additional personnel or retain existing qualified personnel, our ability to expand our business will be impaired and our revenue could decline. Hiring and retaining qualified and skilled managers and sales representatives are critical to our future, and competition for experienced employees in the Gold Loan industry can be intense. In addition, we may not be able to hire and retain enough skilled and experienced employees to replace those who leave, or may not be able to re-deploy and retain our employees to keep pace with continuing changes in technology, evolving standards and changing customer preferences. The failure to hire key executives or employees could have a significant impact on our operations.

- 32. We have entered into certain transactions with related parties. Any transaction with related parties may involve conflicts of interest.**

We have entered into transactions with several related parties, including our Promoters, Directors and related entities. We can give no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest.

For details regarding our related party transactions entered into by us as on March 31, 2015, please refer to “**Financial Statements**” on page 101.



**33. *We have not entered into any definitive agreements to utilise a substantial portion of the net proceeds of the Issue.***

We intend to use the Net Proceeds for the purposes described in “*Objects of the Issue*” on page 59. 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. Our funding requirements are based on current conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time. Any such change in our plans may require rescheduling of our current plans or discontinuing existing plans and an increase or decrease in the fund requirements for the objects, at the discretion of the management. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in liquid (not equity) mutual funds. Such investments would be in accordance with the investment policies approved by our Board from time to time.

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

Certain decisions concerning our operations or financial structure may present conflicts of interest among our Promoters, other shareholders, Directors, executive officers and the holders of Equity Shares. Our Promoters, Directors and related entities have interests in the following entities that are engaged in businesses similar to ours:

- 1) Mini Muthootu Nidhi Kerala Limited
- 2) Cochin Mini Muthootu Nidhi Limited
- 3) Muthootu Mini Nidhi Limited

Commercial transactions in the future between us and related parties could result in conflicting interests. A conflict of interest may occur directly or indirectly between our business and the business of our Promoters which could have an adverse effect on our operations. Conflicts of interest may also arise out of common business objectives shared by us, our Promoters, Directors and their related entities. Our Promoters, Directors and their related entities may compete with us and have no obligation to direct any opportunities to us. There can be no assurance that these or other conflicts of interest will be resolved in an impartial manner.

**35. *Most of our branch premises are acquired on lease. Any termination of arrangements for lease of our branches or our failure to renew the same in a favourable, timely manner, could adversely affect our business and results of operations.***

As on May 31, 2015 we have 1,022 branches in ten states and one union territory. Most of our branches are located on leased premises. If any of the owners of these premises does not renew an agreement under which we occupy the premises, attempts to evict us or seeks to renew an agreement on terms and conditions non-acceptable to us, we may suffer a disruption in our operations or increased costs, or both in those locations, which may adversely affect our business and results of operations.

**36. *We are required to comply with the requirements of certain labour laws which may impose additional costs on us.***

Our branches are required to be registered under the relevant shops and establishments laws and verifications under Standards of Weights and Measures Act, 1976 of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays, leave and overtime compensation. Some of our branches have not applied for such registration and other branches have pending applications for registration. If we fail to obtain or retain any of these approvals, exemptions 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 conditions, our certificate of registration may be suspended or cancelled and we may not be able to carry on such activities.

In addition, our employees are required to be registered under the provisions of certain labour laws such as the Employees’ State Insurance Act, 1948, the Payment of Gratuity Act, 1972 the Kerala Shops and

Commercial Establishments Act, 1960, the Kerala Labour Welfare Fund Act, 1975, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. We are also required to maintain certain records under the provisions of these laws, which add to our costs. Certain claims have also been raised against us for non-compliance with the provisions of the Minimum Wages Act, 1948. If we are subject to penalties under these labour laws or if we do not obtain the requisite approvals, our business, financial condition and results of operations may be adversely affected.

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

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

In addition, our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. Some of our branches have not applied for such registration while other branches still have applications for registration pending. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

**RISKS PERTAINING TO THIS ISSUE**

**38. *We are required to create a debenture redemption reserve (DRR) equivalent to 25% of the value of the NCD offered through this Issue out of profits available for distribution of dividends. In the absence of sufficient profits, we may not be able to transfer adequate amounts to the DRR.***

Sub rule 7 of Rule 18 of the Companies (Share Capital and Debenture) Rules, 2014 read with Section 71 of the Act states that any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company available for payment of dividend until the debentures are redeemed. The quantum of DRR to be created before the redemption liability actually arises in normal circumstances should be 'adequate' which has been prescribed to be 25% of the value of debentures issued through public issue, for NBFCs, like our Company (NBFCs which are registered with the RBI under section 45-IA of the RBI Act), till the debentures are redeemed and cancelled. Accordingly our Company is required to create a DRR of 25% of the value of debentures issued through the public issue. No DRR is required for Debentures placed privately. As further clarified by the DRR Circular, the amount to be credited as DRR will be carved out of the profits of the Company only and there is no obligation on the part of the Company to create DRR if there is no profit or no adequate profit for the year to pay dividends for the particular year. Accordingly, if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet the 25% of the value of the NCDs issued. As the profits generated by our Company and available for distribution as dividend was inadequate to create a DRR of 25% value of the debentures issued through the public issues, our Company has not created the prescribed adequate DRR. Current balance in the DRR is 16.81% of the amounts outstanding March 31, 2015.

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

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity, markets' risk perception and the

increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

- 40. You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs. Failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the Secured NCDs could expose you to a potential loss.**

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

Further, in case of Secured NCDs, although our Company will create appropriate security in favour of the Debenture Trustee for the Secured Debenture Holders on the assets adequate to ensure 100.00% asset cover for the Secured NCDs, which shall be free from any encumbrances, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Secured NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the Secured NCDs could expose you to a potential loss.

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

In accordance with Indian law and practice, permission for listing and trading of the NCD issued pursuant to this issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs in BSE.

- 42. There may be no active market for the NCDs on the retail debt market/capital market segment of the BSE. As a result the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.**

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

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

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, or (ii) oversubscription, (iii) technical rejections (iv) partial allotment or (v) failure to obtain the final approval from the BSE for listing of the NCDs, will be refunded to you in a timely manner. We however, shall refund such monies, with any interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

- 44. Our Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders. In such a scenario, the Debenture Holders holding Secured NCDs will rank *pari passu* with other creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation**

Our Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. Our Company is free to decide the nature of security that may be provided for future borrowings. In such a scenario, the Debenture Holders holding

Secured NCDs will rank pari passu with other creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation.

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

The Secured NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding up, our Company's assets will be available to pay obligations on the Secured NCDs only after all of those liabilities that rank senior to these Secured NCDs have been paid as per section 530 of the Companies Act, 1956 or section 327 of the Companies act 2013, whichever applicable. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets remaining to pay amounts due on the Secured NCDs.

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

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for our various financing activities including but not limiting to lending and investments, to repay our existing loans and our business operations including for our capital expenditure and working capital requirements. For further details, please refer to the "**Objects of the Issue**" at page 59. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

### **External Risk Factors**

- 47. *Our results of operations have been, and may continue to be, adversely affected by Indian and international financial market and economic conditions.***

Our business is highly dependent on Indian and international markets and economic conditions. Such conditions in India include fluctuations in interest rates; changes in consumer spending; the level of consumer confidence; housing prices; corporate or other scandals that reduce confidence in the financial markets, among others. International markets and economic conditions include the liquidity of global financial markets, the level and volatility of debt and equity prices and interest rates, investor sentiment, inflation, the availability and cost of capital and credit, and the degree to which international economies are expanding or experiencing recessionary pressures. The independent and/or collective fluctuation of these conditions can directly and indirectly affect demand for our lending finance and other financial products, or increase the cost to provide such products. In addition, adverse economic conditions, such as declines in housing values, could lead to an increase in mortgage and other home loan delinquencies and higher write-offs, which can adversely affect our earnings.

Global financial markets were and continue to be extremely volatile and were materially and adversely affected by a significant lack of liquidity, decreased confidence in the financial sector, disruptions in the credit markets, reduced business activity, rising unemployment, declining home prices and erosion of consumer confidence. These factors have contributed to and may continue to adversely affect our business, financial condition and results of operations.

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

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks and NBFCs being merged with stronger entities. The problems faced by

individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

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

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

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

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

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example the erratic progress of the monsoon in 2012 affected sowing operations for certain crops. Further, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy thereby, adversely affecting our business.

***51. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.***

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

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

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

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

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



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

Tax and other levies imposed by the central and state governments in India that affect our tax liability include: (i) central and state taxes and other levies; (ii) income tax; (iii) value added tax; (iv) turnover tax; (v) service tax; (vi) stamp duty; and (vii) other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For example, a new tax code is proposed to be introduced in the Indian Parliament.

The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 33.99%. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

**PROMINENT NOTES**

1. This is a public issue of Secured NCDs by our Company aggregating upto ₹12,500 lacs with an option to retain over-subscription upto ₹12,500 lacs, aggregating upto ₹25,000 lacs.
2. For details on the interest of our Company's Directors, please refer to the sections titled "**Our Management**" and "**Capital Structure**" beginning on pages 88 and 47, respectively.
3. Our Company has entered into certain related party transactions, within the meaning of AS 18, as notified under the Companies (Accounting Standards) Rules, 2006 and disclosed in the chapter titled "**Financial Statements**" beginning on page 101.
4. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
5. Investors may contact the Registrar to the Issue, Compliance Officer and Lead Manager for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue. All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the Stock Exchange.
6. In the event of oversubscription to the Issue, allocation of NCDs will be as per the "**Basis of Allotment**" set out in the chapter "**Issue Procedure**" on page 183.
7. Our Equity Shares and all our previously issued privately placed NCDs are currently unlisted.
8. Our Company has issued 96,34,317 NCDs, in aggregate, by way of four previous Public Issues of non-convertible debentures in the Financial Years 2013-14 and 2014-15, which have been listed on BSE on April 2, 2014, August 12, 2014, November 14, 2014 and April 9, 2015 respectively.
9. Our Company has had no contingent liabilities as of March 31, 2013, March 31, 2014 and March 31, 2015.
10. For further information relating to certain significant legal proceedings that we are involved in, please refer to the chapter "**Outstanding Litigation**" on page 187.



## **SECTION III – INTRODUCTION**

### **GENERAL INFORMATION**

#### **Muthoottu Mini Financiers Limited**

Our Company was originally incorporated on March 18, 1998 as a private limited company under the provisions of the Companies Act, 1956 as Muthoottu Mini Financiers Private Limited. Our Company was converted into a public limited company with the name “Muthoottu Mini Financiers Limited” on receipt of a fresh certificate of incorporation consequent to change in status on November 27, 2013 from the ROC. Our Company is registered as a Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

#### **Registration**

Company Registration Number with ROC: 012154

Corporate Identification Number issued by the ROC: U65910KL1998PLC012154.

Our Company holds a Certificate of Registration dated April 13, 2002 bearing Registration No. N-16.00175 issued by the RBI to carry on the activities of an NBFC under section 45 IA of the Reserve Bank of India Act, 1934. This certificate was renewed on January 1, 2014, to reflect the change in the constitution of the Company, to a Public Limited Company.

Our Company holds a Certificate of Registration dated July 5, 2012 bearing Registration Number IN-DP-CDSL-660- 2012 issued by SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

#### **Registered Office**

2/994, Muthoottu Buildings, Kozhencherry,  
Pathanamthitta – 689 641  
Kerala, India.  
**Tel.:** +91 468 231 4391, 227 9258  
**Fax:** +91 468 231 4390  
**Website:** www.minimuthoottu.com

#### **Corporate Office**

Muthoottu Mini Tech Towers, Kaloor,  
Cochin – 682 017,  
Kerala, India.  
**Tel.:** +91 484 410 1010  
**Fax:** +91 484 410 1027  
**Website:** www.minimuthoottu.com

#### **Chief Financial Officer**

##### ***Mr. Anoop T. Jacob***

Muthoottu Mini Tech Towers,  
Kaloor, Cochin – 682 017,  
Kerala, India.  
**E-mail:** cfo@minimuthoottu.com  
**Tel.:** +91 484 410 1050  
**Fax:** +91 484 410 1027

#### **Company Secretary and Compliance Officer:**

##### ***Ms. K.S.Smitha***

Muthoottu Mini Tech Towers,  
Kaloor, Cochin – 682 017,  
Kerala, India.  
**E-mail:** cs@minimuthoottu.com  
**Tel.:** +91 484 410 1078  
**Fax:** +91 484 410 1027

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related

### ***Muthootu Mini Financiers Limited***

issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs, refund orders or interest on application money.

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

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

All grievances relating to ASBA process where the application is submitted to a Member of Syndicate should be addressed to the Registrar to the Issue with a copy to the relevant Member of Syndicate and the relevant SCSB.

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

### ***Registrar of Companies, Kerala and Lakshadweep***

Company Law Bhavan,  
BMC Road, Thrikkakara,  
Kochi – 682 021, Kerala, India.  
**Tel.:** +91 484 242 3749  
**Fax:** +91 484 242 2327

### **Board of Directors**

The following table sets out the details regarding the Board of Directors as on the date.

<b>Name, Designation and DIN</b>	<b>Age (in number of years)</b>	<b>Address</b>
<b>Roy M. Mathew</b>  <b>Designation:</b> Managing Director  <b>DIN:</b> 01680866	66	Muthootu House, Kozhencherry, Pathanamthitta, 689641, Kerala, India.
<b>Nizzy Mathew</b>  <b>Designation:</b> Whole-Time Director  <b>DIN:</b> 01680739	62	Muthootu House, Kozhencherry, Pathanamthitta, 689641, Kerala, India.
<b>Mathew Muthootu</b>  <b>Designation:</b> Whole- Time Director  <b>DIN:</b> 01786534	25	Muthootu House, Kozhencherry, Pathanamthitta, 689641, Kerala, India.
<b>Thomas Cherian</b>  <b>Designation:</b> Non-executive and Independent Director  <b>DIN:</b> 00492598	64	Angadisseril House, Kollad P.O., Kottayam – 686 289, Kerala, India.
<b>Philomina Thomas</b>  <b>Designation:</b> Non-executive and Independent Director	62	2035-1, Polayil, 15, Vazhuthacaud, Thiruvananthapuram – 695 573, Kerala, India.

**DIN: 02551080**

**K.P. Venugopal**

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T C 9/2763 – 4, Pavithram, CSM Nagar,  
Edappazhinji, Sasthamangalam,  
Thiruvananthapuram – 695010,  
Kerala, India.

**Designation:** Additional Director

**DIN: 02287037**

For further details of Directors of our Company, please refer to chapter titled “*Our Management*” beginning on page 88.

### **Lead Manager to the Issue**

#### ***Vivro Financial Services Private Limited***

607/608 Marathon Icon, Opp. Peninsula Corporate Park,  
Off. Ganpatrao Kadam Marg,  
Veer Santaji Lane, Lower Parel,  
Mumbai- 400013,  
Maharashtra, India.

**Tel.:** +91 22 6666 8040

**Fax:** +91 22 6666 8047

**Email:** mmfl@vivro.net

**Investor Grievance Email:** investors@vivro.net

**Website:** www.vivro.net

**Contact Person:** Shyamal Trivedi/Amit Porwal

**Compliance Officer:** Jayesh Vithlani

**SEBI Registration No.:** INM000010122

**CIN:** U67120GJ1996PTC029182

### **Debenture Trustee**

#### ***IL&FS Trust Company Limited***

The IL&FS Financial Center  
Plot No. C – 22, G Block, 3<sup>rd</sup> Floor,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400 051,  
Maharashtra, India.

**Tel:** +91 22 2653 3333

**Fax:** +91 22 2653 3297

**Email:** amit.gurbani@ilfsindia.com

**Website:** www.itclindia.com

**Contact Person:** Amit Gurbani

**SEBI Registration Number:** IND000000452

**CIN:** U66020MH1995PLC095507

IL&FS Trust Company Limited has by its letter dated July 2, 2015 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

### **Registrar to the Issue**

#### ***Link Intime India Private Limited***

C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai 400 078,  
Maharashtra, India.

**Tel:** +91 22 6171 5400

**Fax:** +91 22 2596 0329

***Muthootu Mini Financiers Limited***

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**Email:** mmfl.ncd5@linkintime.co.in  
**Investor Grievance mail:** mmfl.ncd5@linkintime.co.in  
**Website:** www.linkintime.co.in  
**Contact Person:** Dinesh Yadav  
**SEBI Registration Number:** INR000004058  
**CIN:** U67190MH1999PTC118368

**Credit Rating Agency**

***Credit Analysis & Research Limited***

Unit No O-509/C, Spencer Plaza,  
5<sup>th</sup> Floor, No. 769, Anna Salai,  
Chennai 600 002,  
Tamil Nadu, India.  
**Tel:** +91 44 2849 7812  
**Fax:** +91 44 2849 0876  
**Email:** pradeep.kumar@careratings.com  
**Contact Person:** V. Pradeep Kumar  
**Website:** www. careratings.com  
**SEBI Registration No:** IN/CRA/004/1999

**Legal Counsel to the Issue**

***Khaitan & Co***

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

**Statutory Auditors of our Company**

***Vishnu Rajendran & Co.***

Chartered Accountants  
3<sup>rd</sup> Floor, CSI Commercial centre,  
Baker Jn, P.B No.227, Kottayam-686001  
**Tel:** +91 481 2301999, 2581999  
**Email** kottayam@vrc.co.in  
**Partner:** CA PA Joseph  
Membership No. 201101

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

***Axis Bank Limited***

367/4,  
Thempadan Hydrose Memorial Building,  
Opposite St. Francis High School,  
Ernakulam – 683 101  
Kerala, India

**Tel:** +91 484 441 1215

**Fax:** +91 484 262 0028

**Email:** aluva.operationshead@axisbank.com,  
suraj.das@axisbank.com

**Contact Person:** Fabian Joy P, Divya Khosla

**Website:** www.axisbank.com

**SEBI Registration No:** INBI00000017

***HDFC Bank Limited***

FIG – OPS Department,  
Lodha – I Think Techno Campus, O-3 Level,  
Next to Kanjurmarg Railway Station,  
Kanjurmarg (East),  
Mumbai – 400 042,  
Maharashtra, India

**Tel:** +91 22 3075 2928

**Fax:** +91 22 2579 9801

**Email:** uday.dixit@hdfcbank.com

**Contact Person:** Uday Dixit

**Website:** www.hdfcbank.com

**SEBI Registration No:** INBI00000063

***IndusInd Bank Limited***

PNA House, 4<sup>th</sup> Floor,  
Plot No 57 & 57/1,  
Road No. 17,  
Near SRL, MIDC, Andheri East,  
Mumbai – 400 093,  
Maharashtra, India

**Tel:** +91 22 6106 9248

**Fax:** +91 22 6623 8021

**Email:** suresh.esaki@indusind.com

**Contact Person:** Suresh Esaki

**Website:** www.indusind.com

**SEBI Registration No:** INBI00000002

***Federal Bank Limited***

P B No. 14,  
College Road,  
Pathanamthitta – 689 645,  
Kerala, India.

**Tel:** +91 468 222 2359

**Fax:** +91 468 222 2403

**Email:** pta@federalbank.co.in

**Contact Person:** Benny John

**Website:** www.federalbank.co.in

**Refund Bank**

***HDFC Bank Limited***

FIG - OPS Department,  
Lodha - I Think Techno Campus,  
O-3 Level, Next to Kanjurmarg Railway Station,  
Kanjurmarg (East),  
Mumbai – 400 042, Maharashtra

**Tel:** +91 22 3075 2928

**Fax:** +91 22 2579 9801

**Email:** uday.dixit@hdfcbank.com

**Contact Person:** Uday Dixit

**Website:** www.hdfcbank.com

**SEBI Registration No:** INBI00000063

**Bankers to our Company**

***The South Indian Bank Limited***

Elias Chambers,  
Banerji Road,  
Ernakulam – 682 018,  
Kerala, India.

***Federal Bank Limited***

P B No. 14,  
College Road,  
Pathanamthitta – 689 645,  
Kerala, India.



### ***Muthootu Mini Financiers Limited***

**Tel:** +91 484 235 2699  
**Fax:** +91 468 236 4526  
**Email:** br0098@sib.co.in  
**Contact Person:** Rani Zachariah  
**Website:** www.southindianbank.com

**Tel:** +91 468 222 2359  
**Fax:** +91 468 222 2403  
**Email:** pta@federalbank.co.in  
**Contact Person:** Benny John  
**Website:** www.federalbank.co.in

### ***State Bank of Travancore***

Commercial Branch,  
Ernakulam – 682 018  
Kerala, India.

**Tel:** +91 484 237 4493  
**Fax:** +91 484 238 0176  
**Email:** cbernakulam@sbt.co.in  
**Contact Person:** Neelkantan G  
**Website:** www.statebankoftravancore.com

### ***Dhanalaxmi Bank Limited***

Shanmugham Road Branch  
C/40/664(2), Alex Building, Marine Drive,  
Ernakulam – 682 031  
Kerala, India.

**Tel:** +91 487 645 3521  
**Fax:** +91484 645 3523  
**Email:** dlb.shanmugamroadernakulam@dhanbank.co.in  
**Contact Person:** Hariharan. V  
**Website:** www.dhanbank.com

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

The list of Designated Branches that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI at [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1380263338017.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html) or any other link as prescribed by SEBI from time to time. For details of the Designated Branches of the SCSBs which shall collect ASBA Application Forms, please refer to the above-mentioned link.

### **Impersonation**

*As a matter of abundant precaution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act relating to punishment for fictitious Applications.*

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹9,375 lacs, within 30 days from the date of Issue of this Prospectus or such other period as may be specified by SEBI, the entire Application Amounts shall be refunded to the Applicants within 12 days from closure of the Issue. If there is delay in the refund of Application Amounts beyond the time prescribed above, our Company will pay interest for the delayed period at rate of 15% per annum for the delayed period.

### **Credit Rating**

Credit rating information on the NCDs proposed to be issued - The Secured NCDs proposed to be issued under this Issue have been rated "CARE BBB- [TRIPLE B MINUS]" by CARE for an amount of up to ₹25,000 lacs vide its letter dated June 17, 2015. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

### **Consents**

The written consents of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, our Statutory Auditor, the legal counsels, the Lead Manager, the Registrar to the Issue, Escrow Collection Bank(s), Refund Bank, Credit Rating Agency, the Bankers to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities, will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act and such consents have not been withdrawn up to the time of delivery with Stock Exchange.

### **Utilisation of Issue proceeds**

Boards of Directors of our Company certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account maintained with a scheduled bank as referred to in sub-section (3) of Section 40 of the Act;
- details of all monies utilised and unutilised out of this Issue referred above and the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be appropriately disclosed in the Financial statements indicating the purpose for which such monies have been utilised along with details, if any, till the time any part of the proceeds of this Issue or such previous issue remains unutilized;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- the Issue proceed shall be kept in the escrow accounts opened in terms of this Prospectus and shall be available to the Company only upon execution of the documents for creation of security as stated in this Prospectus; and
- the Issue Proceeds shall not be utilized towards providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management as our Company; and
- Application Money shall be refunded within fifteen days of Closure of the Issue in case of failure of the issue because of non-receipt of Minimum Subscription within thirty days from the date of Issue of this Prospectus. If there is delay in the refund of Application Amounts beyond 12 days from the Closure of the Issue our Company will pay interest for the delayed period at rate of 15% per annum for the delayed period.

### **Issue Programme**

**ISSUE OPENS ON**  
**ISSUE CLOSES ON**

**JULY 16, 2015**  
**AUGUST 14, 2015\***

*\*The subscription list for the Issue shall remain open for subscription upto 5pm, with an option for early closure, up to a period of 30 days from the date of opening of the Issue, as may be decided, by the Board or a duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given, as the case may be, on or before such early date of closure / Issue Closing Date, as applicable, through advertisement/s in a leading national daily newspaper.*

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange, as the case may be, at the centers mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange, as the case maybe. On the Issue Closing Date the Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Manager, Members of the Syndicate or Trading Members of the Stock Exchange is liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise.

Please note that the Basis of Allotment under the Issue will be on a date priority basis. The Issue may close on such earlier as may be decided at the discretion of the duly authorised committee of Directors of our Company subject to necessary approvals. In the event of such early closure, our Company shall ensure that notice of the same is provided to the prospective investors, on or before such early date of closure/ Issue Closing Date, as applicable, through advertisement/s in a leading national daily newspaper.

## SUMMARY OF BUSINESS, STRENGTHS AND STRATEGIES

We are a non deposit taking systemically important NBFC in the Gold Loan sector lending money against the pledge of used household gold jewellery ("**Gold Loans**") in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Delhi, Goa, Haryana, Uttar Pradesh, Pondicherry and Maharashtra. We also provide short-term personal loans primarily to individual customers who require immediate availability of funds. Our Gold Loan portfolio as of March 31, 2013, March 31, 2014 and March 31, 2015 comprised of 3,74,830, 2,75,895 and 2,42,525 gold loan accounts respectively, aggregating to ₹1,81,589.13 lacs, ₹1,76,881.16 lacs and ₹1,75,862.64 lacs which is 98.87%, 94.80% and 99.02% of our total loans and advances as on those dates. We, as on May 31, 2015 have a network of 1,022 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Delhi, Goa, Haryana, Uttar Pradesh, Pondicherry and Maharashtra and we employ 4,448 persons in our business operations.

We are registered with RBI as a non-deposit taking, systemically important, NBFC (Registration No. N-16.00175 dated April 13, 2002) under section 45 IA of the Reserve Bank of India Act, 1934. We are headquartered in the state of Kerala. Our company belongs to the Muthoottu Mini Group. Muthoottu Mini Group is headed by Mr. Roy M. Mathew who belongs to the Muthoottu Family of Kozhencherry, which was founded by Mr. Ninan Mathai Muthoottu, who started the family business enterprise in 1887. In 1939 three sons of Mr. Ninan M. Muthoottu, viz, Mr. M. George Muthoot, Mr. M. Mathew and Mr. M. Pappachan Muthoot started a finance company called Muthoot M. George & Brothers ("MGB"). In the early 1970, they separated their business enterprises into three groups i.e. the current Muthoot Finance group of companies which is controlled by the sons of Mr. George M. Muthoot, the Muthoot Fincorp Group which is controlled by the sons of Mr. M. Pappachan Muthoot and the Muthoottu Mini Group which is controlled by the son Mr. M. Mathew i.e. Mr. Roy M. Muthoottu. Other than the aforementioned family connection, all the groups are distinct from each other and none of them are having any inter-group shareholdings or controls or business dealings. The Muthoottu Mini Group commenced operations at Kozhencherry, district Pathanamthitta, Kerala and has over two decades of established history in the money lending business, mainly in small scale money lending against used household gold jewellery. Our Group has been in the gold loan financing since 1986 and our Company has been extending Gold Loans since 2006.

Our Gold Loan customers are individuals primarily from rural and semi-urban areas. What distinguishes us from banks is our focus on non-organized sections of society and our turnaround time. In the last Financial Year, as on March 31, 2015, the average loan amount advanced by us was ₹37,650.64 per loan transaction and the average tenor per loan for the said period was 106 days. All of our Gold Loans have a term of 12 months (365 days). As on March 31, 2015, our yield on Gold Loan assets was 18.87%.

We focus on rapid, on the spot approval and disbursement of loans with minimal procedural formalities which our customers need to complete in order to avail a loan from us. We have developed various Gold Loan schemes, which offer variable terms in relation to the amount advanced per gram of gold, the interest rate and the amount of the loan, to meet the different needs of various customers.

Our lending functions are supported by an in-house, custom developed information technology platform that allows us to, record relevant customer details and approve and disburse the loan. Our web based centralised IT platform which connects all branches also handles internal audit, risk monitoring and management of the relevant loan and pledged gold related information. Our employees undergo periodic training sessions related to evaluation of the worth and authenticity of the gold that is pledged with us.

In addition to the loan business, we also offer depository participant services, money transfer services and insurance broking services.

During the Financial Years 2015, 2014 and 2013, our total income was ₹35,271.04 lacs, ₹35,366.86 lacs and ₹34,262.18 lacs, respectively. Our profit after tax, the Financial Years 2015, 2014 and 2013 was ₹1,847.81 lacs, ₹3,366.13 lacs and ₹4,731.71 lacs, respectively. In the Financial Years 2015, 2014 and 2013, revenues from our Gold Loan business constituted 94.12%, 97.33% and 98.83%, respectively, of our total income

As of May 31, 2015, March 31 2014 and March 31 2013, our portfolio of Gold Loans under management was ₹1,75,862.64 lacs, ₹1,76,881.16 lacs and ₹1,81,589.13 lacs, respectively. Gross non-performing gold loan assets were 1.84%, 0.71% and 0.36% of our gross Gold Loan portfolio under management as of Financial Years ending on March 31, 2015, March 31, 2014 and 2013, respectively.

A summary of our key operational and financial parameters for the last three completed financial years, as specified below, are as follows:

Parameters	Financial Year		
	2015	2014	2013
Networth	44,291.31	42,443.50	34,077.36
Total Debt	1,53,402.58	1,85,351.47	1,69,061.45
of which			
- Non-Current Maturities of Long Term Borrowing	83,614.90	68,769.84	45,594.04
- Short Term Borrowing	26,496.28	23,367.03	20,441.14
- Current Maturities of Long Term Borrowing	43,291.40	93,214.60	1,03,026.27
Net Fixed Assets	15,444.34	15,447.80	12,178.85
Non-Current Assets	19,388.46	18,403.03	14,110.17
Cash and Cash Equivalents	4,087.26	24,276.49	9,596.31
Current Investments	39.56	39.62	-
Current Assets	1,82,676.52	2,11,538.51	1,93,732.10
Current Liabilities	72,809.29	1,17,769.96	1,27,490.86
Assets Under Management	1,77,593.47	1,86,579.13	1,83,657.43
<i>Off Balance Sheet Assets</i>			
Interest Income	35,102.92	35,209.29	34,132.70
Interest Expense	19,701.34	17,792.88	16,576.17
Provisioning & Write-offs	377.10	265.70	343.10
PAT	1847.81	3,366.14	4,731.71
Gross NPA (%)	1.84%	0.71%	0.36%
Net NPA (%)	1.48%	0.57%	0.29%
Tier I Capital Adequacy Ratio (%)	22.16%	20.41%	15.75%
Tier II Capital Adequacy Ratio (%)	6.59%	0.36%	0.88%
<i>Gross Debt: Equity Ratio of the Company:-</i>			
Before the issue of debt securities		3.46	
After the issue of debt securities*		4.03	
* The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹25,000 lacs from the proposed public issue, as on June 30, 2015			

## Our Strengths

We feel that the following competitive strengths position us well for continued growth:

***We are a non deposit taking systemically important NBFC in the Gold Loan sector in South India associated with Muthoottu Mini Group which has a long operating history and large customer base.***

Our group has been engaged in gold loan financing since 1986. We have, over the years, been successful in expanding our brand name, as well as our customer base to different geographical locations in India. Our total number of Gold Loan customers grew from 36,824 as of March 31, 2011 to 2,42,525 as of May 31, 2015. We attribute our growth, in part, to our market penetration, particularly in areas which we believe are less served by organized lending institutions, which is reflected in the fact majority of our branches are located in rural and semi-urban areas as on May 31, 2015 and simple and streamlined procedural formalities which our customers need to complete in order to complete a loan transaction with us, which enables us to attract new and retain existing customers. We also attribute our growth to customer loyalty. We believe that a large portion of our customer base returns to us when they are in need of funds.

### ***Flexible loan schemes, efficient customer service and short response time***

We believe the growth in our Gold Loan portfolio is partly due to the flexible Gold Loan schemes that we offer to our customers and efficient customer service. Depending on the individual needs, we provide our customers multiple options with respect to the loan amount, advance rate per gram of gold and interest rate. We also allow customers to prepay their loans without penalty.

We provide our customers with a simple and transparent process to avail Gold Loans and other services with trained staff members at all our branch locations. We endeavor to staff our branches with persons belonging to the same locality as our customers which enables us to know our customers and their specific requirements better and enables

us to meet up to their expectations in an efficient manner. In addition, we strive to complete our Gold Loan transactions within a short timeframe, which we believe provides us with a competitive edge. Efficient technology support, skilled workforce and clear policies on internal processes enable us to achieve the above objective. Although disbursement time may vary depending on the loan size and the number of items pledged, we can generally disburse a loan within a short span of the time the gold is tendered to the branch staff.

Furthermore, since our loans are all collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, which shorten our turnaround time.

#### ***Extensive branch network across rural and semi-urban areas in South India***

In the past we have rapidly expanded our branch network across rural and semi-urban areas in South India, which we believe has provided us with an advantage over our competitors. Our total number of branches grew from 224 branches as of March 31, 2011 to 577 branches as of March 31, 2012 and to 959 branches as of March 31, 2013. After reaching a peak level of 1,053 Branches, in the phase of consolidation, we have pruned our branch network to 1,022 branches as on May 31, 2015. This was done by either merging branches in areas where we had more than one operation, in close proximity, or closing off branches, which were a drag on the profits. As of May 31, 2015 we have our branches in the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Goa, Delhi, Haryana, Uttar Pradesh, Pondicherry and Maharashtra. For further details please refer to “***Our Business – Branch Network***” on page 79. About 70% of our branches are in rural and semi-urban areas in South India. We believe that the presence of these rural branches has contributed to a robust growth in our revenue, over the last few years, from Gold Loan business.

#### ***Advanced technology systems and established processes***

We believe that we have implemented a state of the art technology platform across our operations. We have invested in our technology systems and processes to improve overall productivity and ensure good management of customer credit quality and security quality. Our IT infrastructure has been developed and implemented in the Financial Year 2008 and links our network of branches across the country with the corporate office. We have a core banking platform with real time data transmission and updates, and have managed to minimise errors, ensure faster data transmission and risk monitoring. Our management has also benefited from availability of real time information. We upload data at each branch to facilitate online information access for faster decision making. In addition, our technology platform has helped us develop an effective system based risk assessment and internal control system and internal audit. We also have a disaster recovery system located outside of Kerala which replicates data on a real time basis. Our centralized technology aids us in offsite surveillance of all our branches. Our technology also helps reduce the time it takes to complete Gold Loan transactions.

Our Company has put in place well defined and efficient process that enables us to achieve uniformity in our operations across all our branches. Our processes are developed at the corporate office level by professionals who have extensive experience in the areas of banking and financial services with supervision from our management. Well defined processes and an efficient technology platform, enables us to keep a better check over our entire branch network and helps us in detecting shortcomings.

We believe that our advanced technology systems and established processes enable us to respond to market opportunities and challenges swiftly, improve the quality of service to our customers and improve our risk management capabilities.

#### ***Strong support system, including appraisal, internal audit and inventory control and safety systems***

Our ability to appraise the quality of the gold jewellery to be pledged in a short period of time is critical to our business. Assessing the gold jewellery quickly and accurately is a specialized skill that involves an assessment for gold content and quality manually without damaging the jewellery. We undertake the assessment activity in-house using tested methods of appraisal of gold.

Once the Gold Loan is made, we have a system in place for continuous monitoring of the pledged gold by internal audit and risk management teams. In accordance with our internal audit policy, all of our branches are subject to inspection between 120 days and 150 days depending upon management perception of the risk associated with the branch. High value gold loans of ticket size of ₹1 lac and above are verified by Regional Managers during their branch visits and vigilance audits can be conducted at any branch at any time between two audits. At the time of conducting an inspection, a quality check on the inventory is also carried out, which involves physical security checks and checks on the quality of pledged gold. All our branches are fitted with strong rooms which are reinforced concrete cement



structures built per industry standards and practices to ensure high level of security.

### ***Experienced management team and skilled personnel***

Our Promoter, Mr. Roy M. Mathew is a third generation entrepreneur and has over three decades of experience in Gold Loan business. Our senior and operating level management teams have extensive experience in the areas of banking and financial services and we believe that their considerable knowledge of and experience in the industry enhances our ability to operate effectively. Our staff, including professionals, covers a variety of disciplines, including gold appraisal, internal audit, technology, accounting, marketing and sales. Our management has experience in identifying market trends and suitable locations for expanding and setting up branches to suit our target customers. Our workforce also consists of appraisers who are skilled in the evaluation of the worth and authenticity of the gold that is pledged with us and we conduct periodic training programs to augment their knowledge and efficiency in performing this task

### **Strategy**

Our business strategy is designed to capitalize on our competitive strengths and enhance our leadership position in the Gold Loan industry. Key elements of our strategy include:

#### ***Further growth in gold loan business in rural and semi-urban markets to tap into the potentially large market for gold loans***

Indian gold loan market expanded considerably in recent years. The recent developments in the gold loan market have both positive and negative implications. In a country, where loans are required to be raised for meeting some sudden medical exigency or an educational loan or a business loan by a small and medium enterprise owner, the gold loans extended by the NBFCs are very handy and flexible, though costlier than such loans disbursed by banks. At a time, when financial inclusion is a major policy goal, the services rendered by the gold loans NBFCs, which are a part of the organised loan market are contributing in a reasonable measure to cater to the borrowing requirements of a needy section of the society. Secondly, gold is an idle asset in the hands of individuals and there is a huge unlocked economic value in the Indian economy, which is said to have anywhere between 18,000 to 20,000 tonnes of gold. Just a small fraction of about three percent of this idle gold stock is being used for raising gold loans, at present (*Source: RBI Report of the Working Group to study the issues related to gold imports and gold loan NBFCs in India Feb 2013*).

We intend to increase our presence in under-served rural and semi-urban markets, where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all. A typical Gold Loan customer expects high loan-to-value ratios, rapid and accurate appraisals, easy access, low levels of documentation, quick approval and disbursement and safekeeping of their pledged gold. We believe we meet these criteria, and thus our focus is to expand our Gold Loan business.

#### ***Diversifying our business into metros and select Tier 1 cities across India***

In addition to our continuing focus on rural and semi-urban markets in the states that we are present, we intend to open branches in metros and select Tier 1 cities where we believe our business has high growth potential. Subject to necessary approvals we intend to open new branches in the states of Andhra Pradesh, Telangana, Delhi, Goa, Haryana, Karnataka, Uttar Pradesh and Union territory of Pondicherry during the current Financial Year in addition to Kerala and Tamil Nadu. We carefully assess the market, location and proximity to target customers when selecting branch sites to ensure that our branches are set up close to our target customers. We believe our customers appreciate this convenience and it enables us to reach new customers.

#### ***Expanding the visibility of the Muthoottu Mini Brand to attract new customers***

Our brand is key to the growth of our business. We started focusing on brand building exercise in 2011. Our logo was re-designed and the tag- line '*stands by you always*' was introduced. We believe that we have built a recognizable brand in the rural and semi-urban markets of India, particularly in the southern states of Kerala, Tamil Nadu, Karnataka and Andhra Pradesh, Telangana. We intend to continue to build our brand through advertising and public relations campaigns and undertaking other marketing efforts on radio, television and outdoor advertising.

***Undertaking new business initiatives to diversify our revenue stream by leveraging our branch network and customer base.***

Gold Loan and Personal Loan as on May 31, 2015 account for 99.02% and 0.84% of total loans of our Company, respectively. These contribute to over 99.30% of our total revenues, making us very dependent on this single income stream, interest on loans. With a view to diversify our incomes and be less dependent on interest alone, we have initiated negotiations to broaden our fee based income. We are in the process of finalizing corporate agency agreements with life, health and general insurance companies for marketing their life insurance plans, health insurance products and other non-life products. We entered into Memorandum of Understanding dated April 12, 2013 with Doha Broking & Finance Co. Limited for carrying out online trading in equity derivative and commodity segments using our Depository Participant platform. We are in advanced stages of negotiations with other South India based brokerages to leverage our client base, to bring in brokerage and commission incomes. Our Company is also, subject to regulatory clearances, contemplating to offer Mutual Fund products and Insurance repository service. Further, our Company recently procured registration with the IRDA, to act as a corporate agent for procuring and soliciting insurance business both in the life insurance and general insurance category. The license no. LVG 10402404 was assigned to our Company and is valid till February 8, 2018. Our Company intends to capitalise on the huge client base and large branch network, to offer these additional products and services.

***Strengthening our risk management, loan appraisal and technology systems to have an error less streamlined growth in business***

Risk management is viewed by us as a crucial element for the expansion of our Gold Loan business. We therefore continually focus on improving our integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal risk, custodial risk, market risk and operational risk. We propose to make significant investments in personnel, technology and infrastructure in order to improve process efficiencies and mitigate business risks. We have recruited individuals who have significant risk management experience and plan to retain this focus in hiring additional risk management personnel. Going forward, we plan to continue to adapt our risk management procedures to take account of trends we have identified, including our loan loss experience. We believe that prudent risk management policies and development of tailored credit procedures will allow us to expand our Gold Loan financing business without experiencing significant increases in non-performing assets.

Since we plan to expand our geographic reach as well as our scale of operations, we intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. We are focused on improving our comprehensive knowledge base and customer profile and support systems, which in turn will assist us in the expansion of our business.

## THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “**Terms of the Issue**” beginning on page 155 of this Prospectus.

### Common Terms of NCDs

Issuer	Muthoottu Mini Financiers Limited						
Lead Manager	Vivro Financial Services Private Limited						
Debenture Trustee	IL&FS Trust Company Limited						
Registrar to the Issue	Link Intime India Private Limited						
Type and nature of Instrument	Secured NCDs.						
Face Value of NCDs (₹/ NCD)	₹1,000						
Issue Price (₹/ NCD)	₹1,000						
Minimum Application	10 NCDs i.e., ₹10,000 ( across all Options of NCDs)						
In Multiples of	One NCD after the Minimum Application						
Seniority	Senior (the claims of the Debenture Holders holding NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements).  The NCDs would constitute secured obligations of our Company and shall rank <i>pari passu</i> inter se, present and future and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first <i>pari passu</i> charge on immovable property located at Chennai, Tamil Nadu and first <i>pari passu</i> charge on current assets, book debts, loans and advances, and receivables, both present and future, of our Company, except those receivables specifically and exclusively charged in favour of the Existing Lenders and to be more particularly described in the Debenture Trust Deed.						
Mode of Issue	Public Issue						
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e. ₹9,375 lacs						
Issue	Public Issue by our Company of Secured Redeemable NCDs aggregating up to ₹12,500 lacs with an option to retain over-subscription up to ₹12,500 lacs, aggregating up to ₹25,000 lacs, on the terms and in the manner set forth herein; Base Issue Size being ₹12,500 lacs.						
Stock Exchange proposed for listing of the NCDs	BSE						
Listing and timeline for Listing	The NCDs shall be listed within 12 Working Days of Issue Closure						
Depositories	NSDL and CDSL						
Security	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first <i>paripassu</i> charge on immovable property located in Chennai, Tamil Nadu and first charge on current assets, including book debts, loans and advances, cash and bank balance and receivables, both present and future, of our Company ranking <i>pari passu</i> with the existing debenture holders holding NCDs of our Company, more particularly described in the Secured Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of the Existing Lenders.						
Security Cover	Our Company shall maintain a minimum 100% security cover on the outstanding balance of NCDs plus accrued interest thereon.						
Rating	<table><tr><td>Rating Agency</td><td>Instrument</td><td>Rating Symbol</td><td>Date of credit rating Letter</td><td>Amount rated</td><td>Rating Definition</td></tr></table>	Rating Agency	Instrument	Rating Symbol	Date of credit rating Letter	Amount rated	Rating Definition
Rating Agency	Instrument	Rating Symbol	Date of credit rating Letter	Amount rated	Rating Definition		

	Credit Analysis & Research Limited	Long Term – Issue of Secured, Non-Convertible Debentures	‘CARE BBB-’ [Triple B Minus]	June 17, 2015	₹25,000 lacs	The rating of NCDs by CARE indicates instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
<b>Issue Size</b>	Public Issue by our Company of Secured NCDs aggregating up to ₹12,500 lacs with an option to retain over-subscription up to ₹12,500 lacs aggregating up to ₹25,000 lacs, on the terms and in the manner set forth herein.					
<b>Pay-in date</b>	Three (3) Business Days from the date of upload of application in the book building system of the Exchanges or the date of realisation of the cheques/demand drafts, whichever is later. Interest on Application Money shall start on the Pay-in date and shall be payable upto one day prior to the date of Allotment.					
<b>Application money</b>	The entire Application Amount is payable on submitting the application.					
<b>Record Date</b>	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.					
<b>Issue Schedule*</b>	The Issue shall be open from July 16, 2015 to August 14, 2015 with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closer date/ date of closure upto maximum 30 days from the date of opening of the Issue.					
<b>Objects of the Issue</b>	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 59.					
<b>Put/Call Option</b>	None					
<b>Details of the utilisation of the proceeds of the Issue</b>	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 59.					
<b>Coupon rate and redemption premium</b>	Please refer to the chapter titled “ <i>Issue Structure – Terms and Conditions in connection with the NCDs</i> ” on page 140.					
<b>Working Days convention/Day count convention / Effect of holidays on payment</b>	Actual/Actual - All days excluding, Sundays and a public holiday in Cochin or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.  Interest shall be computed on a 365 days a year basis on the principal outstanding on the NCDs for Options II, IV, V and VII which have tenors either on yearly basis or cumulative basis.  For Options I, III and VI, the interest shall be calculated from the first day till the last date of every month on an actual/ actual basis during the tenor of such NCDs. However, if period from the Deemed Date Of Allotment / anniversary date of Allotment till one day prior to the next anniversary / redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.  If the date of payment of coupon does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest (the “Effective Date”). Coupon will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date, interest for period between actual interest					

	payment date and the Effective Date will be adjusted in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the payment will be made on the succeeding Working Day, with interest being adjusted accordingly.
<b>Issue Opening Date</b>	July 16, 2015
<b>Issue Closing Date</b>	August 14, 2015, with an option to close earlier, the Issue upto maximum 30 days from Issue Opening date, as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closer date/ date of closure.
<b>Default interest date</b>	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed.
<b>Interest on Application Money</b>	Please refer to the chapter titled “ <b>Issue Structure - Interest on Application Money</b> ” on page 153.
<b>Deemed Date of Allotment</b>	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
<b>Transaction documents</b>	This Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Secured Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trusteeship Agreement, the Escrow Agreement, the MoU with the Registrar and the MoU with the Lead Manager. Refer to section titled “ <b>Material Contracts and Documents for Inspection</b> ” on page 235.
<b>Affirmative and Negative covenants precedent and subsequent to the Issue</b>	The covenants precedent and subsequent to the Issue will be finalised upon execution of the Debenture Trust Deed which shall be executed within three months of closure of the Issue as per Regulation 15 of SEBI Debt Regulations.
<b>Events of default</b>	Please refer to the chapter titled “ <b>Issue Structure - Events of Default</b> ” on page 152.
<b>Cross Default</b>	Please refer to the chapter titled “ <b>Issue Structure - Events of Default</b> ” on page 152.
<b>Roles and responsibilities of the Debenture Trustee</b>	Please refer to the chapter titled “ <b>Issue Structure - Debenture Trustees for the Debenture Holders</b> ” on page 152.
<b>Settlement Mode</b>	Please refer to the chapter titled “ <b>Issue Structure- Payment on Redemption</b> ” on page 150.
<b>Governing law and jurisdiction</b>	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Cochin.

The specific terms of each instrument are set out below:

<b>Tenure</b>	<b>500 days</b>		<b>36 months</b>		<b>45 months</b>	<b>72 months</b>	
<b>Options</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>VI</b>	<b>VII</b>
<b>Frequency of Interest Payment</b>	Monthly	Cumulative	Monthly	Annual	Cumulative	Monthly	Cumulative
<b>Minimum Application</b>	10 NCDs (₹10) (across all options of NCDs)						
<b>In Multiples of</b>	1 NCD after the minimum application						
<b>Face Value of NCDs (₹/ NCD)</b>	₹1,000						
<b>Issue Price (₹/ NCD)</b>	₹1,000						
<b>Mode of Interest Payment/Redemption</b>	Through Various options available						
<b>Coupon (%) per annum in Category I, II &amp; III</b>	11.00%	NA	11.25%	11.50%	NA	11.00%	NA
<b>Coupon (%) for Existing Debenture Holders, Ex-servicemen and Senior Citizen</b>	11.25%	NA	11.50%	11.75%	NA	11.25%	NA
<b>Coupon Type</b>	Fixed						
<b>Redemption Amount (₹/NCD) for Debenture Holders in Category I, II</b>	1,000	1,158.45	1,000	1,000	1,500*	1,000	2,000**

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Tenure	500 days		36 months		45 months	72 months	
Options	I	II	III	IV	V	VI	VII
<b>&amp; III</b>							
<b>Redemption Amount (₹/NCD) for Existing Debenture Holders, Ex-servicemen and Senior Citizen</b>	1,000	1,162.07	1,000	1,000	1,500*	1,000	2,000**
<b>Effective Yield (per annum)</b>	11.57%	11.25%	11.85%	11.50%	11.42%	11.57%	12.25%
<b>Effective Yield (per annum) –for Existing Debenture Holders, Ex-servicemen and Senior Citizen</b>	11.85%	11.50%	12.13%	11.75%	11.42%	11.85%	12.25%
<b>Nature of Indebtedness</b>	Secured and Non-Convertible						
<b>Put and Call Option</b>	Not Applicable						
<b>Deemed Date of Allotment</b>	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.						

\* The instrument may be called “1.5 x in Val”.

\*\*The instrument may be called “Doubling”.

For details of category wise eligibility and allotment in the Issue please refer to “**Issue Procedure – How to apply – Who can apply**” and “**Issue Procedure – Basis of allotment**”, on pages 162 and 183, respectively.



## CAPITAL STRUCTURE

### Details of share capital

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

Share Capital	In ₹
<b>Authorised Share Capital</b>	
2,25,00,000 Equity Shares of ₹100 each	2,25,00,00,000
<b>Issued, Subscribed and Paid-up share capital</b>	
2,25,00,000 Equity Shares of ₹100 each	2,25,00,00,000

### Issue size

Public Issue by our Company of Secured NCDs, aggregating up to ₹12,500 Lacs to the public, (“**Base Issue**”), with an option to retain oversubscription of up to ₹12,500 Lacs, aggregating up to ₹25,000 Lacs, in the terms and in the manner set forth herein.

### Changes in the authorised capital of Our Company as on the date of this Prospectus:

Date of Approval	Authorised Share Capital (in ₹)	Particulars
March 18,1998 (Date of Incorporation)	75,00,000	Authorised Share Capital of our Company on incorporation as mentioned in Clause V of the Memorandum of Association was ₹75,00,000 divided into 75,000 equity shares of ₹100 each.
November 12, 1999 (AGM)	2,00,00,000	Authorised Share Capital was increased from ₹75,00,000 divided into 75,000 equity shares of ₹100 each to ₹2,00,00,000 divided into 2,00,000 Equity Shares of ₹100 each.
September 30, 2010 (AGM)	60,00,00,000	Authorised Share Capital was increased from ₹2,00,00,000 divided into 2,00,000 Equity Shares of ₹100 each to ₹60,00,00,000 divided into 60,00,000 Equity Shares of ₹100 each.
November 30, 2010 (EGM)	1,20,00,00,000	Authorised Share Capital was increased from ₹60,00,00,000 divided into 60,00,000 Equity Shares of ₹100 each to ₹1,20,00,00,000 divided into 1,20,00,000 Equity Shares of ₹100 each.
September 29, 2012 (EGM)	1,75,00,00,000	Authorised Share Capital was increased from ₹1,20,00,00,000 divided into 1,20,00,000 Equity Shares of ₹100 each to ₹1,75,00,00,000 divided into 1,75,00,000 Equity Shares of ₹100 each.
November 25, 2013 (EGM)	2,25,00,00,000	Authorised Share Capital was increased from ₹1,75,00,00,000 divided into 1,75,00,000 Equity Shares of ₹100 each to ₹2,25,00,00,000 divided into 2,25,00,000 Equity Shares of ₹100 each.

### Equity Share Capital History of our Company:

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
March 18, 1998	4,000	100	100	Cash	Subscribers to MOA <sup>1</sup>	4,000	4,00,000	NIL
December 28, 1999	1,96,000	100	100	Cash	Preferential Allotment <sup>2</sup>	2,00,000	2,00,00,000	NIL
October 1, 2010	58,00,000	100	100	Cash	Preferential Allotment to Roy M. Mathew	60,00,000	60,00,00,000	NIL
November 30, 2010	60,00,000	100	100	Cash	Preferential Allotment to Roy M. Mathew	1,20,00,000	1,20,00,00,000	NIL
December	10,00,000	100	200	Cash	Preferential	1,30,00,000	1,30,00,00,000	10,00,00,000

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Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
28, 2012					Allotment to Mini Muthootu Credit India Private Limited			
March 28, 2013	27,50,000	100	200	Cash	Preferential Allotment <sup>3</sup>	1,57,50,000	1,57,50,00,000	37,50,00,000
March 28, 2013	17,50,000	100	--	Not Applicable	Bonus issue at the ratio of 1 Equity Shares for every 9 Equity Shares held by existing shareholders as on March 28, 2013	1,75,00,000	1,75,00,00,000	37,50,00,000
November 26, 2013	25,00,000	100	--	Not Applicable	Bonus issue at the ratio of 1 Equity Shares for every 7 Equity Shares held by existing shareholders as on November 25, 2013	2,00,00,000	2,00,00,00,000	37,50,00,000
November 30, 2013	15,00,000	100	200	Cash	Preferential Allotment <sup>4</sup>	2,15,00,000	2,15,00,00,000	52,50,00,000
December 10, 2013	10,00,000	100	200	Cash	Preferential Allotment to Roy. M. Mathew	2,25,00,000	2,25,00,00,000	62,50,00,000
<b>Total</b>						<b>2,25,00,000</b>	<b>2,25,00,00,000</b>	<b>62,50,00,000</b>

<sup>1</sup> Allotment of 1,000 Equity Shares each to Mr. Roy. M. Mathew, Ms. Nizzy Mathew, Mr. Mathew Muthootu and Ms. Sosamma Mathew

<sup>2</sup> Allotment of 1,38,000 Equity Shares to Mr. Roy M. Mathew and 29,000 Equity Shares each to Ms. Nizzy Mathew and Ms. Sosamma Mathew

<sup>3</sup> Allotment of 3,50,000 Equity Shares to Mr. Roy M. Mathew, 5,00,000 Equity Shares to RMM Properties India Private Limited and 19,00,000 Equity Shares to Muthootu Mini Hotels Private Limited

<sup>4</sup> Allotment of 13,50,000 Equity Shares to Mr. Mathew Muthootu and 1,50,000 Equity Shares to Mini Muthootu Credit India Private Limited

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

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of shares held in dematerialized form	Total shareholding as a percent of total number of Equity Shares	Shares pledged or otherwise encumbered
1.	Roy M. Mathew	1,66,06,352	Nil	73.81	Nil
2.	Muthootu Mini Hotels Private Limited	24,12,698	Nil	10.72	Nil
3.	Mini Muthootu Credit India Private Limited	14,19,841	Nil	6.31	Nil
4.	Mathew Muthootu	13,88,094	Nil	6.17	Nil
5.	RMM Properties India Private Limited	6,29,207	Nil	2.80	Nil
6.	Nizzy Mathew	38,094	Nil	0.17	Nil
7.	Muthootu Mini Theatres Private	5,714	Nil	0.02	Nil

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of shares held in dematerialized form	Total shareholding as a percent of total number of Equity Shares	Shares pledged or otherwise encumbered
	Limited				
	<b>Total</b>	<b>2,25,00,000</b>		<b>100</b>	

### Promoter Built-up

*Mr. Roy M. Mathew*

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Sources
March 18, 1998	1,000	100	100	Cash	Subscription to MOA	Own funds
December 28, 1999	1,38,000	100	100	Cash	Preferential Allotment	Own funds
October 1, 2010	58,00,000	100	100	Cash	Preferential Allotment	Own funds
November 30, 2010	60,00,000	100	100	Cash	Preferential Allotment	Own funds
March 28, 2013	3,50,000	100	200	Cash	Preferential Allotment	Own funds
March 28, 2013	13,65,556	100	--	Not Applicable	Bonus issue at the ratio of 1 Equity Shares for every 9 Equity Shares held by existing shareholders as on March 28, 2013	Bonus issue
November 26, 2013	19,50,635	100	--	Not Applicable	Bonus issue at the ratio of 1 Equity Shares for every 7 Equity Shares held by existing shareholders as on November 25, 2013	Bonus issue
December 10, 2013	10,00,000	100	200	Cash	Preferential Allotment	Own funds
<b>Total</b>	<b>1,66,06,352</b>					

*Mrs. Nizzy Mathew*

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Sources
March 18, 1998	1,000	100	100	Cash	Subscription to MOA	Own funds
December 28, 1999	29,000	100	100	Cash	Preferential Allotment	Own funds
March 28, 2013	3,333	100	--	Not Applicable	Bonus issue at the ratio of 1 Equity Shares for every 9 Equity Shares held by existing shareholders as on March 28, 2013	Bonus issue
November 26, 2013	4,761	100	--	Not Applicable	Bonus issue at the ratio of 1 Equity Shares for every 7 Equity Shares held by existing shareholders as on November 25, 2013	Bonus issue
<b>Total</b>	<b>38,094</b>					

*Mr. Mathew Muthoottu*

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Sources
March 18, 1998	1,000	100	100	Cash	Subscription to MOA	Own funds
December 28, 1999	29,000	100	100	Cash	Preferential Allotment	Own funds
March 28, 2013	3,333	100	--	Not Applicable	Bonus issue at the ratio of 1 Equity Shares for every 9 Equity Shares held by existing shareholders as on March 28, 2013	Bonus issue

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November 26, 2013	4,761	100	--	Not Applicable	Bonus issue at the ratio of 1 Equity Shares for every 7 Equity Shares held by existing shareholders as on November 25, 2013	Bonus issue
November 30, 2013	13,50,000	100	200	Cash	Preferential Allotment	Own funds
<b>Total</b>	<b>13,88,094</b>					

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

Sr. No.	Name of Shareholders	Address	Number of Equity Shares held	As a percent of total No. of Equity Shares
1.	Roy M. Mathew	Muthootu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	1,66,06,352	73.81
2.	Muthootu Mini Hotels Private Limited	Muthootu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	24,12,698	10.72
3.	Mini Muthootu Credit India Private Limited	Door No 10/95262, Kozhencherry P O, Pathanamthitta – 689 641, Kerala, India	14,19,841	6.31
4.	Mathew Muthootu	Muthootu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	13,88,094	6.17
5.	RMM Properties India Private Limited	Muthootu Building, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	6,29,207	2.80
6.	Nizzy Mathew	Muthootu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	38,094	0.17
7.	Muthootu Mini Theatres Private Limited	Beta Flat No -15, Amritavarshini Apartments, 2 <sup>nd</sup> Floor, Mogappair East, Chennai – 600 037, Tamil Nadu, India	5,714	0.02
	<b>Total</b>		<b>2,25,00,000</b>	<b>100.00</b>

**List of top ten holders of listed Secured Non-Convertible Debentures of face value ₹1,000 as on the date of this Prospectus is:**

Sr. No.	Name of holders	Address	Amount (in ₹lacs)
1.	Vamanan	Velupparambu Madam, Jayanthi Road, Maradu Pachalam S O, Ernakulam – 682304	200
2.	Ashokan K	Mahima Samarthynagar, Vydyasala Junction, Asramam, Kolllam – 691002	100
3.	K C Philipose.	Blue Heaven, Musavarikunnu, Punalur, Punalur – 691305	57.25
4.	Gomathy Viswambaran	Punthilethu House, Vallikunnam P O, Mavelikkara Vallikunnam – 690501	55
5.	Liza George	XI/1647, Banerjee Road, Kochi – 682018	50
6.	Arasu B T.	Anandam Ramaraserry Lane, Near NSS Karayogam Vattappara, Thiruvananthapuram – 695028	50
7.	Stella Domainick	Cross Villa tc, 34/431, Beach P O, Kannanthura Trivandrum – 695007	49.3
8.	Biju Raghavan	Thiruvonam, 19/2229 Palluruthy, Cochin – 695006	48.95
9.	Bindu Nair	Porunnalazhikathu Puthen Veedu, Kunnicothu P O, Kunnicothu, Kollam – 691508	46
10.	Naseema Beevi	Jyothi Nilayam,	45

Sr. No.	Name of holders	Address	Amount (in ₹lacs)
		Arasumoodu, Neyyattinkara Trivandrum – 695121	

**List of top ten holders of unlisted Secured Non-Convertible Debentures as on the date of this Prospectus is:**

Sr. No.	Name of holders	Address	Amount (in ₹lacs)
1.	Roy M Mathew	Muthootu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	195.83
2.	S M Venkata Narayanan	Mayyanattu Garden (S M V Gardens) Main Road, Kollam	105
3.	S M Venkatanarayan	S M V Gardens Main Road, Kollam.	105
4.	Baby K George and/or Maryamma Baby	Karikkal, Neendoor Kottayam - 686601.	60
5.	Tresa Rose	Edamana, Sakthikulanagara Kollam - 691581.	55
6.	V Vasantha and S M Venkatanarayanan	S M V Gardens, Main road, Kollam - 691001.	55
7.	Vipin A S and Sruthi S Sugunan	Ampadiyil New Bunglow, Pannivizha, Adoor	50
8.	Abyin A S and Jothi Vijay	Ampadiyil New Bunglow Pannivizha, Adoor	50
9.	J Chandra	SMV Illam,tc 35/159,no 45 Padma Nagar,Thiruvananthapuram.	50
10.	Jeya Sundara Pandian M s/o. Masilamani	No.3/442, Middle Street Kumaragiri, Pudukottai, Thoothukudi- 628103.	45

**List of top ten holders of listed Unsecured Non-Convertible Debentures of face value ₹1,000 as on the date of this Prospectus is:**

Sr. No.	Name of holders	Address	Amount (in ₹lacs)
1.	Nandakumar P D	Perumtholil, Thalachiraeram P O, Pathanamthitta – 689664	70
2.	Rosamma Philip	Kaleekal, Edayaranmula P O Pathanamthitta – 689532	58
3.	Lekshmi Pillai G	Lathaj Vihar West Pattom M C PO Trivandrum Kerala – 695011	50
4.	Mita Suresh	TC 15 1515 1, Thulasi, Tara, 105, Thampuramukku, Vanchiyoar, Trivandrum – 695035	50
5.	Nita Suresh	TC 15 1515 1 Thulasi Tara, 105, Kannammoola, Thampuramukku, Vanchiyoar, Trivandrum – 695035	50
6.	Karunakaran Pillai	K Bhavan mozhiyil House, Thevalappuram, Puthoor, Kollam – 691507	41.50
7.	Silvy Simon	Valiaputhenpurackal, Kaipuzha P O, Kottayam – 686602	40
8.	Neenu Susan Varkey	Cherikalethu House,	40

### Muthoottu Mini Financiers Limited

		Peoples nagar-415, Kadappakada P O Kollam – 691008	
9.	Elangattu Sukumaran	Sherly Bhavan, Venmony – 689509	37.66
10.	Mariamamma Roy Manaloor	Manaloor House, Niranam P O, Kadapra, Thiruvalla, Pathanamthitta – 689621	36

### Details of Promoter holding in our Company as on the date of this Prospectus

Sr. No.	Name of the Promoter	Total number of Equity Shares	Total shareholding as a percent of total number of Issued and Subscribed Equity Shares
1.	Roy M. Mathew	1,66,06,352	73.81
2.	Nizzy Mathew	38,094	0.17
3.	Mathew Muthoottu	13,88,094	6.17
	<b>Total</b>	<b>1,80,32,540</b>	<b>80.15</b>

### Debt - equity ratio

The debt-equity ratio of our Company, prior to this Issue is based on a total outstanding debt of ₹153,402.56 lacs and shareholder funds amounting to ₹44,291.33 lacs as on March 31, 2015.

(₹ in Lacs)

Particulars	Pre- Issue	Post- Issue
Long Term Debts	83,614.89	108,614.89
Short Term Debts (incl. Current maturities of long term debt)	69,787.67	69,787.67
<b>Total Debts</b>	<b>153,402.56</b>	<b>178,402.56</b>
<b>Shareholders' Funds</b>		
Equity Share Capital	22,500.00	22,500.00
<b>Reserves &amp; Surplus</b>	<b>21,791.33</b>	<b>21,791.33</b>
<b>Total Shareholders' Funds</b>	<b>44,291.33</b>	<b>44,291.33</b>
<b>Debt / Equity<sup>#</sup></b>	<b>3.46</b>	<b>4.03</b>

<sup>#</sup>The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹25,000 lacs from the proposed public issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

For details on the total outstanding debt of our Company, please refer to the chapter titled “**Financial Indebtedness**” beginning on page 133.

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

Our Company has not made any reorganization/ reconstruction in the last one year.

Our Company does not have any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.

### Employee Stock Option Scheme

Our Company does not have any employee stock option scheme.



## STATEMENT OF TAX BENEFITS

The following tax benefits will be available to the debenture holders as per the existing provisions of law. The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The debenture holder is advised to consider the tax implications in respect of subscription to the debentures after consulting his tax advisor as alternate views are possible. We are not liable to the debenture holder in any manner for placing reliance upon the contents of this statement of tax benefits.

### A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 (“I.T. ACT”)

#### i. To the Resident Debenture Holder

1. Interest on NCD received by debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:

- (a) In case the payment of interest on debentures to Debenture Holder being a resident individual or a Hindu undivided family (“HUF”) does not or is not likely to exceed ₹5,000.00 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.
- (b) On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under (with effect from June 01, 2008).
- (c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
- (d) (i) When the resident Debenture Holder with Permanent Account Number (“PAN”) (not being a company or a firm) submits a declaration as per the provisions of Section 197A(1A) of the I.T. Act in the prescribed form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under Section 197A(1B) of the I.T. Act, “form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in Section 194 of the I.T. Act, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax”.

To illustrate, as on April 01, 2015, the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is ₹250,000.00; in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial Year (Senior Citizen) is ₹300,000.00; and in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial Year (Super Senior Citizen) is ₹5,00,000.00 for Financial Year 2015-16.

Further, section 87A of the I.T. Act provides a rebate of 100% of income-tax or an amount of ₹2,000.00 whichever is less to a resident individual whose total income does not exceed ₹500,000.00.

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

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued under Section 197(1) have to be filed with

the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.
3. As per Section 2(29A) of the I.T. Act, read with Section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. Under Section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration.

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

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

4. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 3 above would also apply to such short term capital gains.
5. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

**i) To the Non Resident Debenture Holder**

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:
  - (a) As per Section 115E of the I.T. Act, interest income from Debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
  - (b) As per Section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein. If only part of such net sales consideration is invested within the prescribed period, then such gains would be chargeable to tax on a proportionate basis.
  - (c) As per Section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under Section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under Section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
  - (d) Under Section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under Section 139 for the assessment year for which he is assessable as a resident, to the effect that the

- provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
2. In accordance with and subject to the provisions of Section 115-I of the I.T. Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act. In that case,
    - (a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
    - (b) Investment income and short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act
    - (c) Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.
  3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per Section 115E, and at the normal rates for Short Term Capital Gains if the payee Debenture Holder is a Non-Resident Indian.
  4. The income tax deducted shall be increased by a surcharge and education cess as under:
    - (a) In the case of non-resident Indian surcharge at the rate of 10% of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹10,000,000.00.
    - (b) In the case of non domestic company, at the rate of 2% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds ₹10,000,000.00 but does not exceed ₹100,000,000.00.
    - (c) In the case of non-domestic company, at the rate of 5% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹100,000,000.00.
    - (d) 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is also deductible.
  5. As per Section 90(2) of the I.T. Act read with the circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (“DTAA”) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate, is a mandatory condition for availing benefits under any DTAA.
  6. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under Section 197(1) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of Section 206AA.

## ii) To the Foreign Institutional Investors (FIIs)

1. In accordance with and subject to the provisions of Section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and education and secondary and higher education cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and education and secondary and higher education cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of Section 48 of the I.T. Act will not apply.
2. Income other than capital gains arising out of debentures is taxable at 20% (plus applicable surcharge and education and secondary and higher education cess) in accordance with and subject to the provisions of Section 115AD of the I.T. Act.
3. In accordance with and subject to the provisions of Section 194LD of the I.T. Act, lower rate of withholding tax at the rate of 5% on payment by way of interest payable by an Indian company to FIIs and qualified foreign investor in respect of rupee denominated bond of an Indian company between June 01, 2013 and July 01, 2017 provided such rate does not exceed the rate as may be notified by the Government.
4. In accordance with and subject to the provisions of Section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs.
5. The provisions at paragraph ii (4, 5 and 6) above would also apply to FIIs.

## iii) To the Other Eligible Institutions

All mutual funds registered under Securities Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein.

## iv) Exemption under sections 54EC and 54F of the I.T. Act

1. Under Section 54EC of the I.T. Act, long term capital gains arising to the debenture holders on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. However, the exemption is subject to a limit of investment of ₹5,000,000.00 during any financial year in the notified bonds. Where the benefit of Section 54EC of the I.T. Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under Section 80C of the IT Act.
2. As per the provisions of Section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the condition that the debenture holder does not own more than one residential house (other than the new residential house referred above), at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Debenture Holder purchases within a period of one year or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

## v) Requirement to furnish PAN under the I.T. Act

**1. Section 139A(5A)**

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

**2. Section 206AA:**

- (a) Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIIB ('deductee') to furnish his PAN to the deductor, failing which attracts tax shall be deducted at the higher of the following rates:
  - 1) at the rate specified in the relevant provision of the I.T. Act; or
  - 2) at the rate or rates in force; or
  - 3) at the rate of twenty percent.
- (b) A declaration under Sections 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per paragraph(a) above in such a case.
- (c) Where a wrong PAN is provided, it will be regarded as non furnishing of PAN and paragraph (a)above will apply

**vi) Taxability of gifts received for nil or inadequate consideration**

As per Section 56(2)(vii) of the I.T. Act, where an individual or HUF receives debentures from any person on or after October 01, 2009:

- (a) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;
- (b) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration shall be taxable as the income of the recipient at the normal rates of tax

However, this provision would not apply to any receipt:

- (a) from any relative; or
- (b) on the occasion of the marriage of the individual; or
- (c) under a will or by way of inheritance; or
- (d) in contemplation of death of the payer or donor, as the case may be; or
- (e) from any local authority as defined in Section 10(20) of the I.T Act; or
- (f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Sec. 10(23C); or
- (g) from any trust or institution registered under Section 12AA.

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

Wealth-tax is not applicable on investment in debentures under Section 2(ea) of the Wealth Tax Act, 1957 and wealth-tax shall not be charged in respect of assessment year commencing on or after 1st day of April, 2016.

Further it may be noted that;

1. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.
2. The above statement covers only certain relevant benefits under the Income Tax Act, 1961 and Wealth Tax Act, 1957(collectively referred to as '**Direct Tax Laws**') and does not cover benefits under any other law.
3. The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2016-17. Several of these benefits are dependent on the debenture holder fulfilling the conditions prescribed under the relevant provisions.
4. This statement is intended only to provide general information to the Debenture Holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.
5. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.
6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.
7. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.
8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For Vishnu Rajendran & Co  
Chartered Accountants  
FRN: 004741S

P.A. Joseph M.Sc., FCA  
(Partner)  
M.No.201101

**Place:** Kochi

**Date:** June 24, 2015



## OBJECTS OF THE ISSUE

Our Company is in the business of gold loan financing and as part of our business operations, we raise/avail funds for onward lending and for repayment of interest and principal of existing loans.

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“**Net Proceeds**”), estimated to be approximately ₹24,675 lacs, towards funding the following objects (collectively, referred to herein as the “**Objects**”):

1. For the purpose of onward lending and for repayment of interest and principal of existing loans; and
2. General Corporate Purposes;

The Main Objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

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

(₹in lacs)		
Sr. No.	Description	Amount
1.	Gross proceeds of the Issue	Up to 25,000
2.	(less) Issue related expenses	325
3.	Net Proceeds	24,675

### Requirement of funds and Utilisation of Net Proceeds

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

Sr. No.	Objects of the Fresh Issue	Percentage of amount proposed to be financed from Issue Proceeds
1.	Onward lending and for repayment of interest and principal of existing loans	atleast 75%
2.	General Corporate Purposes*	upto 25%
<b>Total</b>		<b>100%</b>

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

### Funding plan

NA

### Summary of the project appraisal report

NA

### Schedule of implementation of the project

NA

### Interim Use of Proceeds

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

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

There is no requirement for appointment of a monitoring agency in terms of the Debt Regulations. The Board shall monitor the utilization of the proceeds of the Issue. For the relevant Financial Years commencing from Fiscal March 31, 2015, our Company will disclose in our financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

### **Other Confirmation**

In accordance with the Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoter, our Directors, Key Managerial Personnel, or companies promoted by our Promoter except in the usual course of business.

The Issue Proceeds from NCDs allotted to Banks will not be utilized for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

Further our Company undertakes that the Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines on bank financing to NBFCs.

## SECTION IV - ABOUT OUR COMPANY

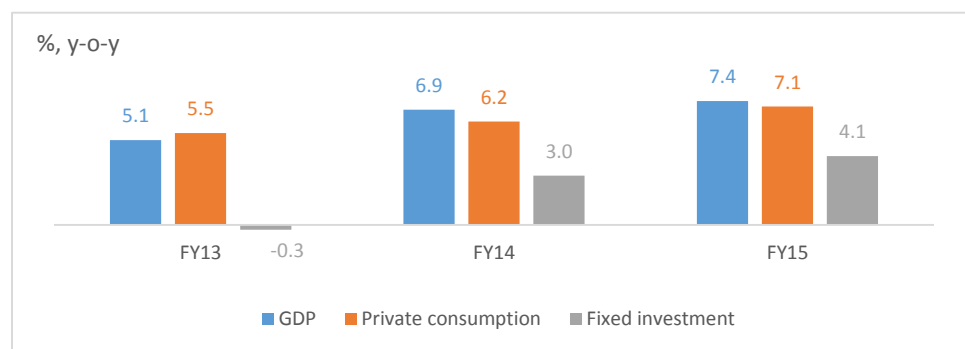
### INDUSTRY

*The following information includes extracts from publicly available information, data and statistics derived from report prepared by CRISIL, 'CRISIL – Gold Loans', which have not been prepared or independently verified by the Company, the Lead Manager or any of their respective affiliates or advisors. Such information, data and statistics may be approximations or may use rounded numbers. Certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.*

#### Indian Economy Overview

##### Growth

Figure: Consumption and investment growth trailing GDP



**Source: Central Statistics Office, CRISIL Research**

India's economic growth fell sharply in fiscal 2012 and the rise since then has been sluggish. Though private consumption is looking up, it has risen at a slow pace, with growth averaging 6.3% during fiscals 2013 to 2015. In fiscal 2016, we expect GDP growth to rise to 7.9%, most of which will continue to be led by private consumption pick-up.

At the same time, investment pick-up in the economy has been much slower, bringing down its share in GDP to 29.8% in fiscal 2015 from 33.6% in fiscal 2012. While high inflation and poor income visibility hindered consumption, policy uncertainty leading to delay in project clearances and shortages in fuel supply brought down efficiency of investments. Sluggish demand conditions and huge existing unutilised capacities in the manufacturing sector further held back fresh investments.

Now, with a new government at the Centre taking steps to debottleneck decision-making, and with the windfall from the fall in oil prices, optimism has returned. India's economy is on a gradual uptrend. The slump in global crude oil prices has helped keep inflation and the fiscal and current account deficits in check. The government initiated several steps to clear infrastructure bottlenecks, which should benefit the economy in the medium term. In addition, Reserve Bank of India (RBI), has cut interest rates by 50 basis points so far in 2015, to 7.5% from 8%.

Despite many positives, the investment cycle in India is yet to show any signs of pick-up. And high non-performing assets in the banking sector foster risk aversion and mute monetary transmission and credit growth. The investment outlook for fiscal 2016, therefore, hinges on increased public investments. In such a scenario, the ability of the government to kick-start investments through fiscal measures is crucial. It's here that infrastructure – specifically roads, power transmission/distribution and railways – comes into the picture because spending on it has a significant multiplier effect of creating demand for steel, cement, capital goods and commercial vehicles and spurring investments in the manufacturing space as well.

Nevertheless, India appears as a bright spot among emerging markets. It is now the fastest growing economy among BRICS nations (Brazil, Russia, India, China, and South Africa) and is no longer seen as part of the "fragile five" (the others being Turkey, Indonesia, Brazil, and South Africa). India's strengthening economy now makes it better prepared to face the volatility in capital flows arising from interest rates hikes by the US Federal Reserve.

## **Inflation and monetary policy**

2014-15 turned out to be a good year for inflation. For the year as a whole, CPI inflation fell to 6% in 2014-15 from 9.5% in the previous fiscal, thanks to a favourable base effect, lower MSP increase, quick fix measures taken by the government to keep a tap on food inflation, reduction in vegetable inflation volatility and subdued oil prices among other things.

Inflation in April fell to 4.9% from 5.3% last month. Recently, there is a reversal in some of the 'good luck factors' that helped bring down inflation last year. On the back of unseasonal rains damaging the rabi crop, the Indian Meteorological Department has predicted 7% deficient rainfall in 2015. Global crude oil prices have also started rising and are already 9.1% higher than March levels, and the rupee too is weaker by nearly 4.5% y-o-y. But, we still believe that inflation will head lower this fiscal as it is still early days and risks to inflation remain benign at the current juncture. In the event that some of these risks materialise, the government has ample ammunition to control food inflation – such as low increase in MSP and efficient use of food grain stocks, among other things.

We expect inflation to average 5.8% in 2015-16 as compared to 6% for 2014-15. The dampeners to inflation this fiscal will be 1) lower crude oil prices - we expect crude oil prices to decline to \$60-65/barrel (Brent) in 2015-16 from \$85-90/barrel in 2014-15. This is the first-round effect. Additionally, second-round effects through lower production and transportations costs will also play out. 2) Normal monsoons in 2015-16. Factors that will keep inflation low in 2015-16 and beyond include 1) proactive steps by the government such as lower MSP increases and better utilisation of food grain stocks 2) improved monetary and fiscal coordination with the adoption of the new monetary policy framework and government's commitment to reduce the fiscal deficit in the recent budget. In addition, clarity on inflation targets will also help anchor inflation expectations.

While the 6% target this fiscal is achievable for 2015-16, squeezing inflation to 4% in the medium term sustainably is a tall order. This will require the government to take concrete measures to improve agricultural productivity and curb wastage.

RBI kept the policy rate unchanged at 7.5% in April. This is after it surprised the street with a 25 bps cut in an out of cycle policy decision in March. The RBI chose to wait for more clarity on the risks to inflation and transmission of recent rate cuts to lending rate, before lowering interest rates further. Going ahead, RBI stated that monetary policy will continue to remain accommodative but will depend on 1) transmission to lending rates 2) weather-related disturbances impacting inflation 3) continued policy efforts to improve supply conditions through reform on land and power 4) Normalisation of the US policy rate. Domestic factors will play a dominant role in interest rate decisions, according to RBI. Given our outlook on inflation we expect RBI to lower the repo rate by about 25 to 50 bps in the first half of the fiscal.

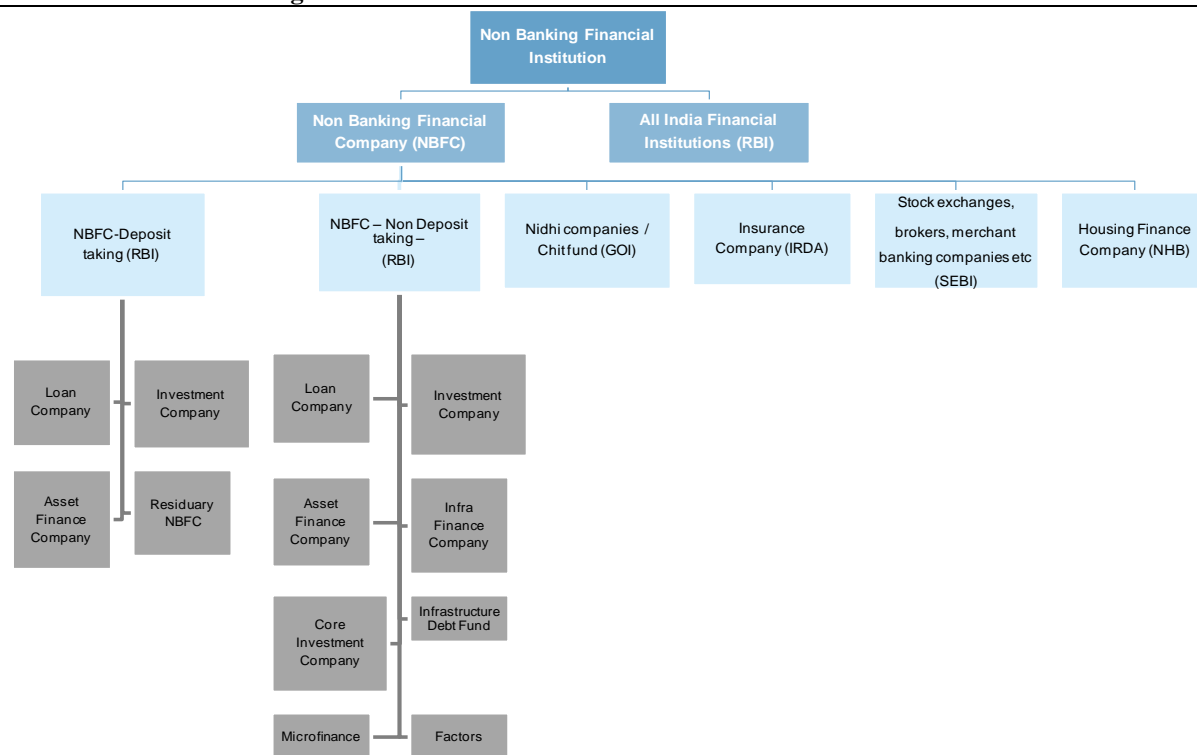
## **G-Sec yields**

The yield on the 10-year benchmark 8.40% 2024 bond ended 2014-15 at 7.7% - lower than 8.8% in 2013-14. In recent month, G-sec yields increased to 7.86% - the highest in 3 months - from 7.74% in March on a month-end basis, increasing the gap with the repo rate. This was due to foreign debt outflows as yields in US and Germany continue to firm up. Also, risks to inflation have been cropping up in recent weeks. In addition, RBI, on behalf of the government, raised debt in April, putting upward pressure on yields. We expect the 10-year G-sec yields to settle at 7.5% by March-end, 2016. Our view takes into account the comfortable liquidity conditions, lower inflation, rate cut by the RBI and benign crude oil prices and, therefore, no strain on the fiscal deficit.

## Non-Banking Financial Institution structure in India

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

### Structure of Non-banking financial institutions in India



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

All India Financial Institutions includes NABARD, SIDBI, EXIM Bank

Source: RBI, CRISIL Research

## NBFCs – an important part of credit system

The Indian economy has witnessed high growth rates in the past decade or so. Financing needs also have risen commensurately and will continue to increase in order to support economic growth. Non-Banking Financial Companies (NBFCs) have been playing a complementary role to the other financial institutions like banks in meeting the funding needs of the economy. They help fill gaps in the availability of financial services with respect to the products as well as customer and geographical segments.

NBFCs over the years have played a very vital role in the economy. They have been at the forefront of catering to the financial needs of the un-bankable masses in the rural and semi-urban areas. Through strong linkage at the grass root level, they have created a medium of reach and communication and are very effectively serving this segment. Thus, NBFCs have all the key characteristics to enable the government and regulator to achieve the mission of financial inclusion.

## Classification of NBFCs regulated by RBI

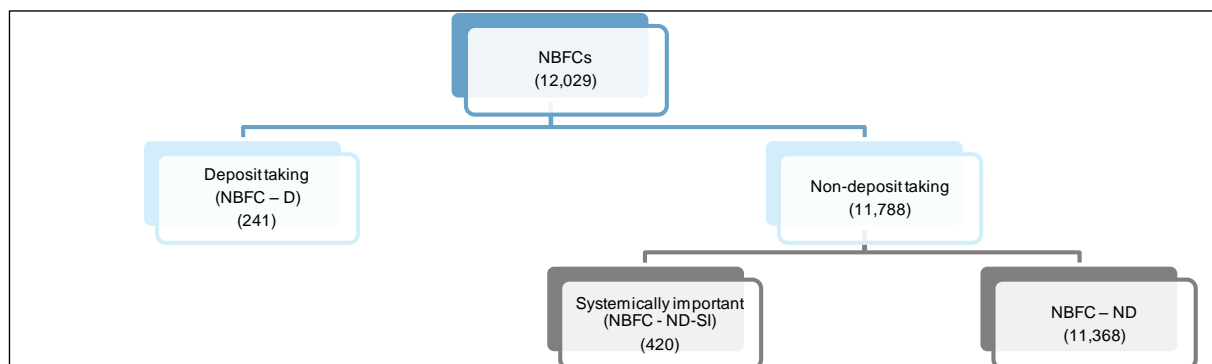
NBFCs have been classified on the basis of the kind of liabilities they access, the type of activities they pursue and based on their perceived systemic importance. Housing finance companies have been excluded in this section as they are governed and regulated by National Housing Bank (NHB) and not RBI.

## Liabilities based classification

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

Further, in 2006, non-deposit taking NBFCs with asset size of ₹1 billion and above were labelled as ‘systemically important non-deposit taking NBFCs’ (NBFC – ND – SI) and prudential regulations were made applicable to them. This threshold for defining systemic significance for NBFC-ND has been revised to ₹5 billion in November 2014. Hence, NBFC-ND-SI will be the NBFC-ND which has asset size of ₹5 billion and above.

## Classification of NBFCs based on liabilities



Note: Figures in brackets represent number of entities registered with RBI as of March 2014 and following old classification for NBFC-ND-SI

Source: RBI, CRISIL Research

## Activity based classification

### I. Asset Finance Company (AFC) :

An AFC is a company which is a financial institution carrying on as its principal business the financing of 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. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising there from is not less than 60% of its total assets and total income respectively.

### II. Investment Company (IC) :

IC means any company which is a financial institution carrying on as its principal business the acquisition of securities,

### III. Loan Company (LC):

LC means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.

### IV. Infrastructure Finance Company (IFC) :

IFC is a non-banking finance company a) which deploys at least 75% of its total assets in infrastructure loans, b) has a minimum Net Owned Funds of ₹30,000 lacs, c) has a minimum credit rating of ‘A ‘or equivalent d) and a CRAR of 15%.

### V. Systemically Important Core Investment Company (CIC-ND-SI) :

CIC-ND-SI is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions:-



- a. it holds not less than 90% of its total assets in the form of investment in equity shares, preference shares, debt or loans in group companies;
- b. its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its total assets;
- c. it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;
- d. it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI Act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
- e. it accepts public funds

**VI. Infrastructure Debt Fund: Non- Banking Financial Company (IDF-NBFC)**

IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raise resources through issue of Rupee or Dollar denominated bonds of minimum 5 year maturity. Only Infrastructure Finance Companies (IFC) can sponsor IDF-NBFCs.

**VII. Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI):**

NBFC-MFI is a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:

- (a) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹60,000 or urban and semi-urban household income not exceeding ₹1,20,000;
- (b) loan amount does not exceed ₹35,000 in the first cycle and ₹50,000 in subsequent cycles;
- (c) total indebtedness of the borrower does not exceed ₹50,000;
- (d) tenure of the loan not to be less than 24 months for loan amount in excess of ₹15,000 with prepayment without penalty;
- (e) loan to be extended without collateral;
- (f) aggregate amount of loans, given for income generation, is not less than 75% of the total loans given by the MFIs;
- (g) loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower

**VIII. Non-Banking Financial Company – Factors (NBFC-Factors):**

NBFC-Factor is a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 75% of its total assets and its income derived from factoring business should not be less than 75% of its gross income.

**Key regulations pertaining to NBFCs**

Given the importance of NBFCs in financial system especially by accessing public funds and inter-connectedness with banking, they are subject to prudential regulations by the Reserve Bank of India (RBI) as given below.

**Regulatory distinction between banks and NBFCs**

	<b>NBFC - ND - SI</b>	<b>NBFC - D</b>	<b>Banks (Basel - III)</b>
Minimum net owned funds	₹200 lacs	₹200 lacs	₹50,000 lacs
Capital adequacy	15.00%	15.00%	9.0% *
Tier - I capital	7.5% #	7.5% #	7.0% *
Cash Reserve Ratio (CRR)	NA	NA	4.00%
Statutory liquidity ratio (SLR)	NA	15.00%	22.00%
Asset classification	180 days\$	180 days\$	90 days
Standard asset provisioning	0.25% ^	0.25% ^	0.40%

\* under phase-wise implantation of Basel III by March 2018; numbers are excluding capital conservation buffer of 2.5%

# NBFCs will have to maintain a Tier-I capital of 8.5% by the end of March 2016 and 10 % by the end of March 2017

\$ 150 days for FY2016, 120 days for FY2017 and 90 days from FY 2018

^ 0.30% by March 2016, 0.35% by March 2017 and 0.40% from March 2018

**Source: RBI, CRISIL Research**

**Gold loan Industry**

Possessing gold has always been a symbol of prosperity in India and the yellow metal is always a safe haven that hedges against inflation. Gold is purchased either as jewellery, bars or coins and is also a readily acceptable collateral by lenders, as it is highly liquid. Ironically enough, for the huge gulf between urban and rural households, most of the gold in India is held by people in rural areas, and is mostly the only asset they possess though in small quantity. In cases of crop failure or a medical exigency, people in rural areas raise cash quickly from pawn-brokers and money-lenders, given a lack of access to banking facilities.

**Regulatory curbs halted the exponential growth of gold loan disbursements**

Unorganised lenders have dominated the gold loan market, still commanding a nearly 75% share. Though moneylenders and pawn brokers understand the psyche of local borrowers well and offer immediate liquidity without any formalities/ documentation, the absence of regulatory oversight leaves customers vulnerable to exploitation. Organised lenders (banks & NBFCs) thus moved to seize this vast untapped market through an aggressive focus, garnering a significant market share from unorganised lenders, growing at a 76% CAGR between 2008-09 and 2011-12.

The rapid growth in the NBFCs' gold loan offtake alarmed the Reserve Bank of India (RBI), given the significant amount of public funds (deposits) borrowed by the NBFCs and the high concentration of gold loans in their books (gold loans accounted for 90% of the loan book).

The RBI thus moved to tighten regulations on gold loans, through several measures including: 1) a cap on the loan-to-value (LTV) ratio; 2) guidelines on fair practice codes; 3) guidelines on collateral auctions and 4) a curb on lending against bullion or gold coins. These measures, along with a dip in the gold prices led to a slowdown in the overall gold loan book, which expanded by 22% in 2012-13 to ₹1,998 billion. While NBFC AUMs grew by a paltry 4%, growth was driven by banks, which focused more on secured lending avenues in a scenario of slowdown in corporate credit.

### **Growth in gold loan AUMs of organized lenders**



Note: Includes agriculture lending by banks with gold as collateral

Source: **CRISIL Research**

In September 2013, the RBI issued new norms for NBFCs:

1. Adoption of a uniform valuation methodology
2. Prior approval for any expansion exceeding 1000 branches.
3. Disbursement of loans exceeding ₹1 lac and above only through cheques.

RBI also raised the permissible LTV ratio up to 75% in January 2014 from 60% earlier. Banks were also asked to cap the LTV ratio at 75% and also standardise procedures for valuing collateral. Post these changes, both banks and NBFCs came at a level playing field.

In 2013-14, a 3% fall in gold prices along with the restrictions imposed by the RBI led to a 4% dip in gold loan AUMs. Growth was again driven by banks, while NBFC AUMs declined by 18%. In 2014-15 however, despite a 6% decline in gold prices, gold loan AUMs grew by 5%. NBFC AUMs recovered 10%, driven by greater demand for gold loans.

### **Smoother and faster disbursements give NBFCs the competitive edge**

NBFCs and banks operate on differing philosophy and approach in the gold loan market, as is reflected in their interest rates, ticket sizes and loan tenures for different lenders.

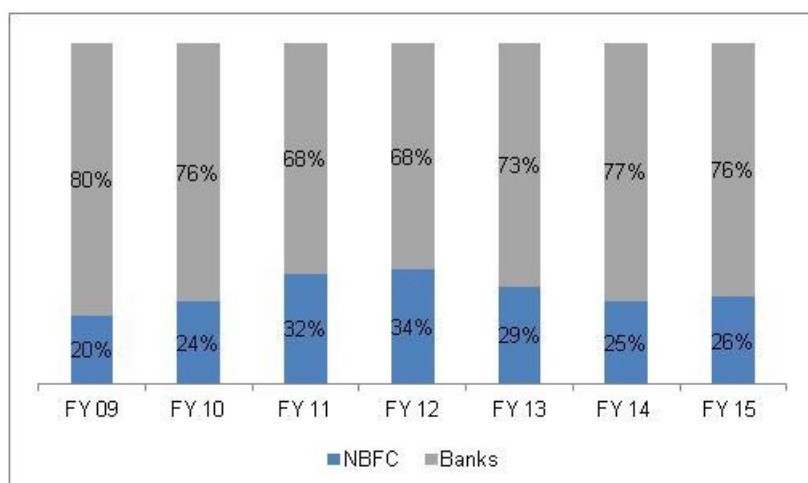
NBFCs focus more on the gold loans business and have, therefore, built their service offerings by investing significantly in manpower, systems and processes and branch expansion. This has helped them attract and serve more customers.

NBFCs also ask for fewer documents, which enables a faster turnaround, while adequate systems ensure quick disbursals. For example, NBFCs have dedicated personnel to value the gold jewels at the branches.

Banks, on the other hand, take a more vigilant approach. They view gold loans as a safer means to meet their priority sector lending targets, especially agricultural loans. Even for non-agricultural gold loans, they mostly target organised segment or their existing customers, as they are unable to offer flexible and rapid disbursals that specialised NBFCs can. Among banks too, south-based banks — Indian Overseas Bank, Indian Bank, South Indian Bank — have a higher share in non-agricultural gold loan disbursements, given the region's proclivity for gold loans.

While the RBI's curbs had helped banks eat into NBFCs hold on the gold loan market in 2012-13, the latest regulations provided a level playing field for both classes of lenders, thus helping NBFCs to gradually recover market share in 2014-15.

### **Movement in market share of NBFCs vis-a-vis banks**



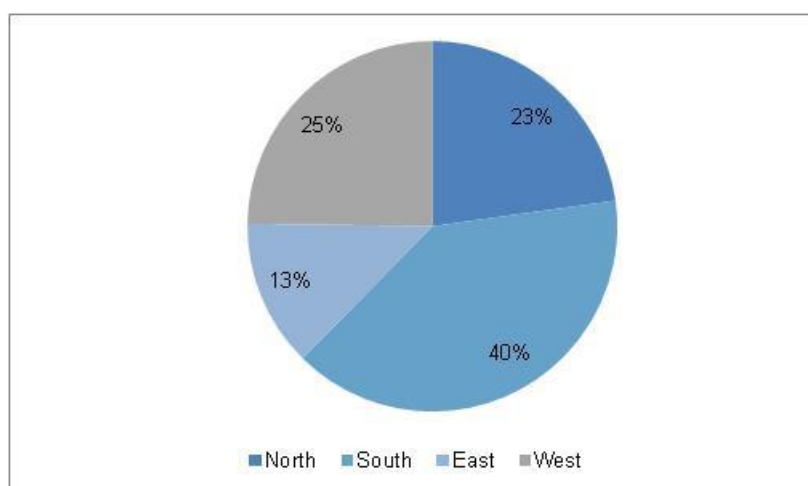
Note: Includes agriculture lending by banks with gold as collateral

Source: CRISIL Research

### South remains key market; even as other regions emerge

Demand for gold is skewed towards the Southern states (*see chart below*), as households here account for the largest share of accumulated gold stock in the form of ornaments, coins, bars, etc.

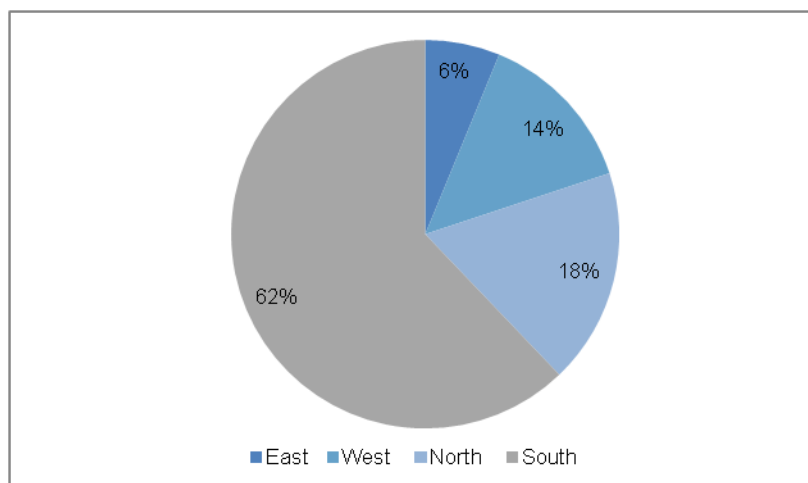
### Regional Gold demand



Source: CRISIL Research

Moreover, gold holders in the south are more open to pledging gold to raise funds than people in the other regions. For instance, Tamil Nadu, Kerala, Andhra Pradesh, Karnataka and Pondicherry together account for about 62% of gold loan AUMs. Although attempts by NBFCs to expand in certain pockets of northern and western India have lowered the share of the southern markets from 71% earlier, it still remains a stronghold.

### South accounts for major share of NBFC AUMs



Aggregate includes region-wise AUM split of Muthoot Finance, Manappuram Finance, Muthootu Mini and Muthoot Fincorp

**Source: CRISIL Research**

Though the south will continue to dominate, more growth is expected to emerge from the other underpenetrated regions such as in northern and western India. Growth will also be aided by the changing consumer perception about gold loans, and rising funding requirements.

However, NBFCs will still have to contend with public sentiment against pledging gold and the distrust against financiers as they look to expand beyond the south.

#### **NBFC profitability witnessing a gradual improvement**

As the RBI's regulations had led to intensified competition from banks, NBFCs lowered interest rates in a bid to acquire customers, while the cost of borrowing remained constant. This dragged down gross margins. A moderation in AUMs also drove up fixed costs, in turn causing operating expenses to rise. An increase in defaults also increased credit costs of NBFCs, hitting their net margins too.

In 2014-15, NBFCs' net margins increased by 20 bps. Yields declined as competition in specific markets added pressure on interest rates. Negative realisations on the auction of collateral also affected yields. Cost of borrowings was lower, as credit ratings of major NBFCs were upgraded.

#### **Profitability of gold loan NBFCs**

	FY 12	FY 13	FY 14	FY 15 E
Interest yield	24.0%	21.0%	21.2%	21.0%
Cost of borrowings	12.5%	12.3%	12.3%	11.3%
<b>Gross Spread</b>	<b>11.5%</b>	<b>8.7%</b>	<b>8.9%</b>	<b>9.7%</b>
Operating expenses	5.0%	4.8%	5.5%	6.3%
Other income	0.2%	0.1%	0.1%	0.1%
Credit costs	0.3%	0.5%	0.3%	0.1%
<b>NPMs</b>	<b>6.4%</b>	<b>3.5%</b>	<b>3.2%</b>	<b>3.4%</b>

Aggregate includes Muthoot Finance and Manappuram Finance

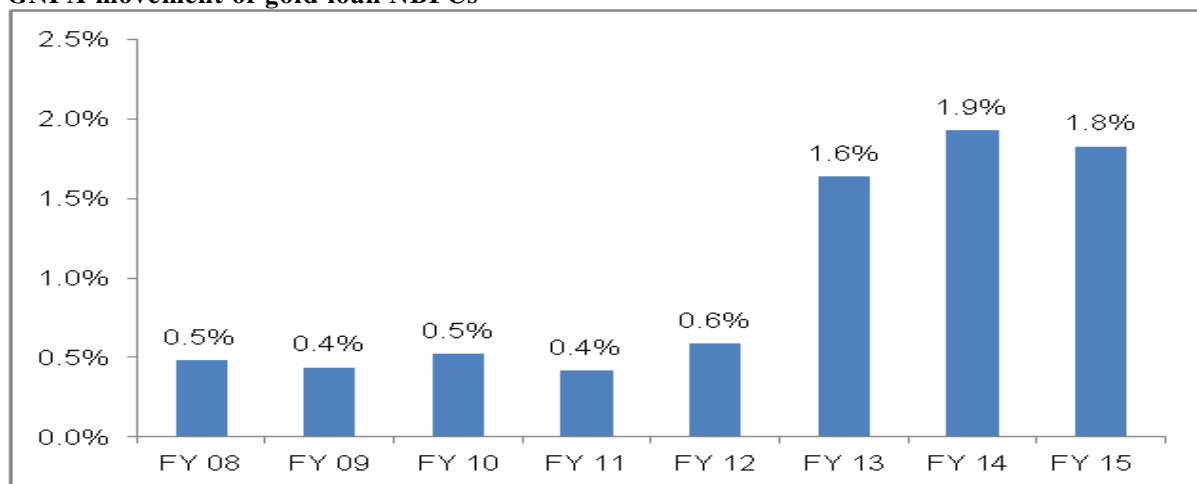
**Source: Company reports, CRISIL Research**

#### **Decline in gold prices have led to an increase in NPAs**

Historically, the emotional value attached to gold and its rising prices kept defaults under control. However, gross NPAs rose significantly by 105 bps in 2012-13, as gold prices plummeted. Delinquencies also rose for loans where the collateral's value fell below the repayment (principal and accumulated interest) due. Moreover, changing regulations forced NBFCs to slow down on collateral auctions which also contributed to the rise in NPAs. With gold prices tending downwards for most part of the subsequent years and little progress on the auctioning front, NPAs have remained high.

In 2014-15, gross NPAs declined by about 10 bps as better clarity on the auctioning process, helped financiers auction the collateral on bad loans (including the backlog in the previous years). The restrictions on LTVs also helped bring down GNPA.

#### GNPA movement of gold loan NBFCs



Note: Aggregates include Muthoot Finance, Manappuram and Muthoot Fincorp

Source: CRISIL Research



## OUR BUSINESS

*In this section only, any reference to “we”, “us” or “our” refers to Muthoottu Mini Financiers Limited. Unless stated otherwise, the financial data in this section is as per our reformatted financial statements prepared in accordance with Indian GAAP set forth elsewhere in this Prospectus.*

*The following information should be read together with the more detailed financial and other information included in this Prospectus, including the information contained in the chapter titled “Risk Factors” beginning on page 12.*

We are a non deposit taking systemically important NBFC in the Gold Loan sector lending money against the pledge of used household gold jewellery (“**Gold Loans**”) in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Delhi, Goa, Haryana, Uttar Pradesh, Pondicherry and Maharashtra. We also provide short-term personal loans primarily to individual customers who require immediate availability of funds. Our Gold Loan portfolio as of March 31, 2013, March 31, 2014 and March 31, 2015 comprised of 3,74,830, 2,75,895 and 2,42,525 gold loan accounts respectively, aggregating to ₹1,81,589.13 lacs, ₹1,76,881.16 lacs and ₹1,75,862.64 lacs which is 98.87%, 94.80% and 99.02% of our total loans and advances as on those dates. We, as on May 31, 2015 have a network of 1,022 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Delhi, Goa, Haryana, Uttar Pradesh, Pondicherry and Maharashtra and we employ 4,448 persons in our business operations.

We are registered with RBI as a non-deposit taking, systemically important, NBFC (Registration No. N-16.00175 dated April 13, 2002) under section 45 IA of the Reserve Bank of India Act, 1934. We are headquartered in the state of Kerala. Our company belongs to the Muthoottu Mini Group. Muthoottu Mini Group is headed by Mr. Roy M. Mathew who belongs to the Muthoottu Family of Kozhencherry, which was founded by Mr. Ninan Mathai Muthoottu, who started the family business enterprise in 1887. In 1939 three sons of Mr. Ninan M. Muthoottu, viz, Mr. M. George Muthoot, Mr. M. Mathew and Mr. M. Pappachan Muthoot started a finance company called Muthoot M. George & Brothers (“MGB”). In the early 1970, they separated their business enterprises into three groups i.e. the current Muthoot Finance group of companies which is controlled by the sons of Mr. George M. Muthoot, the Muthoot Fincorp Group which is controlled by the sons of Mr. M. Pappachan Muthoot and the Muthoottu Mini Group which is controlled by the son Mr. M. Mathew i.e. Mr. Roy M. Muthoottu. Other than the aforementioned family connection, all the groups are distinct from each other and none of them are having any inter-group shareholdings or controls or business dealings. The Muthoottu Mini Group commenced operations at Kozhencherry, district Pathanamthitta, Kerala and has over two decades of established history in the money lending business, mainly in small scale money lending against used household gold jewellery. Our Group has been in the gold loan financing since 1986 and our Company has been extending Gold Loans since 2006.

Our Gold Loan customers are individuals primarily from rural and semi-urban areas. What distinguishes us from banks is our focus on non-organized sections of society and our turnaround time. In the last Financial Year, as on March 31, 2015, the average loan amount advanced by us was ₹37,650.64 per loan transaction and the average tenor per loan for the said period was 106 days. All of our Gold Loans have a term of 12 months (365 days). As on March 31, 2015, our yield on Gold Loan assets was 18.87%.

We focus on rapid, on the spot approval and disbursement of loans with minimal procedural formalities which our customers need to complete in order to avail a loan from us. We have developed various Gold Loan schemes, which offer variable terms in relation to the amount advanced per gram of gold, the interest rate and the amount of the loan, to meet the different needs of various customers.

Our lending functions are supported by an in-house, custom developed information technology platform that allows us to, record relevant customer details and approve and disburse the loan. Our web based centralised IT platform which connects all branches also handles internal audit, risk monitoring and management of the relevant loan and pledged gold related information. Our employees undergo periodic training sessions related to evaluation of the worth and authenticity of the gold that is pledged with us.

In addition to the loan business, we also offer depository participant services, money transfer services and insurance broking services.

During the Financial Years 2015, 2014 and 2013, our total income was ₹35,271.04 lacs, ₹35,366.86 lacs and ₹34,262.18 lacs, respectively. Our profit after tax, the Financial Years 2015, 2014 and 2013 was ₹1,847.81 lacs, ₹3,366.13 lacs and ₹4,731.71 lacs, respectively. In the Financial Years 2015, 2014 and 2013, revenues from our Gold Loan business constituted 94.12%, 97.33% and 98.83%, respectively, of our total income

### **Muthoottu Mini Financiers Limited**

As of May 31, 2015, March 31 2014 and March 31 2013, our portfolio of Gold Loans under management was ₹1,75,862.64 lacs, ₹1,76,881.16 lacs and ₹1,81,589.13 lacs, respectively. Gross non-performing gold loan assets were 1.84%, 0.71% and 0.36% of our gross Gold Loan portfolio under management as of Financial Years ending on March 31, 2015, March 31, 2014 and 2013, respectively.

A summary of our key operational and financial parameters for the last three completed financial years, as specified below, are as follows:

Parameters	Financial Year		
	2015	2014	2013
Networth	44,291.31	42,443.50	34,077.36
Total Debt	1,53,402.58	1,85,351.47	1,69,061.45
<i>of which</i>			
- Non-Current Maturities of Long Term Borrowing	83,614.90	68,769.84	45,594.04
- Short Term Borrowing	26,496.28	23,367.03	20,441.14
- Current Maturities of Long Term Borrowing	43,291.40	93,214.60	1,03,026.27
Net Fixed Assets	15,444.34	15,447.80	12,178.85
Non-Current Assets	19,388.46	18,403.03	14,110.17
Cash and Cash Equivalents	4,087.26	24,276.49	9,596.31
Current Investments	39.56	39.62	-
Current Assets	1,82,676.52	2,11,538.51	1,93,732.10
Current Liabilities	72,809.29	1,17,769.96	1,27,490.86
Assets Under Management	1,77,593.47	1,86,579.13	1,83,657.43
<i>Off Balance Sheet Assets</i>			
Interest Income	35,102.92	35,209.29	34,132.70
Interest Expense	19,701.34	17,792.88	16,576.17
Provisioning & Write-offs	377.10	265.70	343.10
PAT	1847.81	3,366.14	4,731.71
Gross NPA (%)	1.84%	0.71%	0.36%
Net NPA (%)	1.48%	0.57%	0.29%
Tier I Capital Adequacy Ratio (%)	22.16%	20.41%	15.75%
Tier II Capital Adequacy Ratio (%)	6.59%	0.36%	0.88%
<i>Gross Debt: Equity Ratio of the Company:-</i>			
Before the issue of debt securities		3.46	
After the issue of debt securities*		4.03	
* The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹25,000 lacs from the proposed public issue, as on June 30, 2015			

### **Our Strengths**

We feel that the following competitive strengths position us well for continued growth:

***We are a non deposit taking systemically important NBFC in the Gold Loan sector in South India associated with Muthoottu Mini Group which has a long operating history and large customer base.***

Our group has been engaged in gold loan financing since 1986. We have, over the years, been successful in expanding our brand name, as well as our customer base to different geographical locations in India. Our total number of Gold Loan customers grew from 36,824 as of March 31, 2011 to 2,42,525 as of May 31, 2015. We attribute our growth, in part, to our market penetration, particularly in areas which we believe are less served by organized lending institutions, which is reflected in the fact majority of our branches are located in rural and semi-urban areas as on May 31, 2015 and simple and streamlined procedural formalities which our customers need to complete in order to complete a loan transaction with us, which enables us to attract new and retain existing customers. We also attribute our growth to customer loyalty. We believe that a large portion of our customer base returns to us when they are in need of funds.

### ***Flexible loan schemes, efficient customer service and short response time***

We believe the growth in our Gold Loan portfolio is partly due to the flexible Gold Loan schemes that we offer to our

customers and efficient customer service. Depending on the individual needs, we provide our customers multiple options with respect to the loan amount, advance rate per gram of gold and interest rate. We also allow customers to prepay their loans without penalty.

We provide our customers with a simple and transparent process to avail Gold Loans and other services with trained staff members at all our branch locations. We endeavour to staff our branches with persons belonging to the same locality as our customers which enables us to know our customers and their specific requirements better and enables us to meet up to their expectations in an efficient manner. In addition, we strive to complete our Gold Loan transactions within a short timeframe, which we believe provides us with a competitive edge. Efficient technology support, skilled workforce and clear policies on internal processes enable us to achieve the above objective. Although disbursement time may vary depending on the loan size and the number of items pledged, we can generally disburse a loan within a short span of the time the gold is tendered to the branch staff.

Furthermore, since our loans are all collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, which shorten our turnaround time.

#### ***Extensive branch network across rural and semi-urban areas in South India***

In the past we have rapidly expanded our branch network across rural and semi-urban areas in South India, which we believe has provided us with an advantage over our competitors. Our total number of branches grew from 224 branches as of March 31, 2011 to 577 branches as of March 31, 2012 and to 959 branches as of March 31, 2013. After reaching a peak level of 1,053 Branches, in the phase of consolidation, we have pruned our branch network to 1,022 branches as on May 31, 2015. This was done by either merging branches in areas where we had more than one operation, in close proximity, or closing off branches, which were a drag on the profits. As of May 31, 2015 we have our branches in the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Goa, Delhi, Haryana, Uttar Pradesh, Pondicherry and Maharashtra. For further details please refer to “***Our Business – Branch Network***” on page 79. About 70% of our branches are in rural and semi-urban areas in South India. We believe that the presence of these rural branches has contributed to a robust growth in our revenue, over the last few years, from Gold Loan business.

#### ***Advanced technology systems and established processes***

We believe that we have implemented a state of the art technology platform across our operations. We have invested in our technology systems and processes to improve overall productivity and ensure good management of customer credit quality and security quality. Our IT infrastructure has been developed and implemented in the Financial Year 2008 and links our network of branches across the country with the corporate office. We have a core banking platform with real time data transmission and updates, and have managed to minimise errors, ensure faster data transmission and risk monitoring. Our management has also benefited from availability of real time information. We upload data at each branch to facilitate online information access for faster decision making. In addition, our technology platform has helped us develop an effective system based risk assessment and internal control system and internal audit. We also have a disaster recovery system located outside of Kerala which replicates data on a real time basis. Our centralized technology aids us in offsite surveillance of all our branches. Our technology also helps reduce the time it takes to complete Gold Loan transactions.

Our Company has put in place well defined and efficient process that enables us to achieve uniformity in our operations across all our branches. Our processes are developed at the corporate office level by professionals who have extensive experience in the areas of banking and financial services with supervision from our management. Well defined processes and an efficient technology platform, enables us to keep a better check over our entire branch network and helps us in detecting shortcomings.

We believe that our advanced technology systems and established processes enable us to respond to market opportunities and challenges swiftly, improve the quality of service to our customers and improve our risk management capabilities.

#### ***Strong support system, including appraisal, internal audit and inventory control and safety systems***

Our ability to appraise the quality of the gold jewellery to be pledged in a short period of time is critical to our business. Assessing the gold jewellery quickly and accurately is a specialized skill that involves an assessment for gold content and quality manually without damaging the jewellery. We undertake the assessment activity in-house using tested methods of appraisal of gold.

Once the Gold Loan is made, we have a system in place for continuous monitoring of the pledged gold by internal audit and risk management teams. In accordance with our internal audit policy, all of our branches are subject to inspection between 120 days and 150 days depending upon management perception of the risk associated with the branch. High value gold loans of ticket size of ₹1 lac and above are verified by Regional Managers during their branch visits and vigilance audits can be conducted at any branch at any time between two audits. At the time of conducting an inspection, a quality check on the inventory is also carried out, which involves physical security checks and checks on the quality of pledged gold. All our branches are fitted with strong rooms which are reinforced concrete cement structures built per industry standards and practices to ensure high level of security.

#### ***Experienced management team and skilled personnel***

Our Promoter, Mr. Roy M. Mathew is a third generation entrepreneur and has over three decades of experience in Gold Loan business. Our senior and operating level management teams have extensive experience in the areas of banking and financial services and we believe that their considerable knowledge of and experience in the industry enhances our ability to operate effectively. Our staff, including professionals, covers a variety of disciplines, including gold appraisal, internal audit, technology, accounting, marketing and sales. Our management has experience in identifying market trends and suitable locations for expanding and setting up branches to suit our target customers. Our workforce also consists of appraisers who are skilled in the evaluation of the worth and authenticity of the gold that is pledged with us and we conduct periodic training programs to augment their knowledge and efficiency in performing this task

#### **Strategy**

Our business strategy is designed to capitalize on our competitive strengths and enhance our leadership position in the Gold Loan industry. Key elements of our strategy include:

#### ***Further growth in gold loan business in rural and semi-urban markets to tap into the potentially large market for gold loans***

Indian gold loan market expanded considerably in recent years. The recent developments in the gold loan market have both positive and negative implications. In a country, where loans are required to be raised for meeting some sudden medical exigency or an educational loan or a business loan by a small and medium enterprise owner, the gold loans extended by the NBFCs are very handy and flexible, though costlier than such loans disbursed by banks. At a time, when financial inclusion is a major policy goal, the services rendered by the gold loans NBFCs, which are a part of the organised loan market are contributing in a reasonable measure to cater to the borrowing requirements of a needy section of the society. Secondly, gold is an idle asset in the hands of individuals and there is a huge unlocked economic value in the Indian economy, which is said to have anywhere between 18,000 to 20,000 tonnes of gold. Just a small fraction of about three percent of this idle gold stock is being used for raising gold loans, at present (*Source: RBI Report of the Working Group to study the issues related to gold imports and gold loan NBFCs in India Feb 2013*).

We intend to increase our presence in under-served rural and semi-urban markets, where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all. A typical Gold Loan customer expects high loan-to-value ratios, rapid and accurate appraisals, easy access, low levels of documentation, quick approval and disbursement and safekeeping of their pledged gold. We believe we meet these criteria, and thus our focus is to expand our Gold Loan business.

#### ***Diversifying our business into metros and select Tier 1 cities across India***

In addition to our continuing focus on rural and semi-urban markets in the states that we are present, we intend to open branches in metros and select Tier 1 cities where we believe our business has high growth potential. Subject to necessary approvals we intend to open new branches in the states of Andhra Pradesh, Telangana, Delhi, Goa, Haryana, Karnataka, Uttar Pradesh and Union territory of Pondicherry during the current Financial Year in addition to Kerala and Tamil Nadu. We carefully assess the market, location and proximity to target customers when selecting branch sites to ensure that our branches are set up close to our target customers. We believe our customers appreciate this convenience and it enables us to reach new customers.

***Expanding the visibility of the Muthoottu Mini Brand to attract new customers***

Our brand is key to the growth of our business. We started focusing on brand building exercise in 2011. Our logo was re-designed and the tag- line ‘stands by you always’ was introduced. We believe that we have built a recognizable brand in the rural and semi-urban markets of India, particularly in the southern states of Kerala, Tamil Nadu, Karnataka and Andhra Pradesh, Telangana. We intend to continue to build our brand through advertising and public relations campaigns and undertaking other marketing efforts on radio, television and outdoor advertising.

***Undertaking new business initiatives to diversify our revenue stream by leveraging our branch network and customer base.***

Gold Loan and Personal Loan as on May 31, 2015 account for 99.02% and 0.84% of total loans of our Company, respectively. These contribute to over 99.30% of our total revenues, making us very dependent on this single income stream, interest on loans. With a view to diversify our incomes and be less dependent on interest alone, we have initiated negotiations to broaden our fee based income. We are in the process of finalizing corporate agency agreements with life, health and general insurance companies for marketing their life insurance plans, health insurance products and other non-life products. We entered into Memorandum of Understanding dated April 12, 2013 with Doha Broking & Finance Co. Limited for carrying out online trading in equity derivative and commodity segments using our Depository Participant platform. We are in advanced stages of negotiations with other South India based brokerages to leverage our client base, to bring in brokerage and commission incomes. Our Company is also, subject to regulatory clearances, contemplating to offer Mutual Fund products and Insurance repository service. Further, our Company recently procured registration with the IRDA, to act as a corporate agent for procuring and soliciting insurance business both in the life insurance and general insurance category. The license no. LVG 10402404 was assigned to our Company and is valid till February 8, 2018. Our Company intends to capitalise on the huge client base and large branch network, to offer these additional products and services.

***Strengthening our risk management, loan appraisal and technology systems to have an error less streamlined growth in business***

Risk management is viewed by us as a crucial element for the expansion of our Gold Loan business. We therefore continually focus on improving our integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal risk, custodial risk, market risk and operational risk. We propose to make significant investments in personnel, technology and infrastructure in order to improve process efficiencies and mitigate business risks. We have recruited individuals who have significant risk management experience and plan to retain this focus in hiring additional risk management personnel. Going forward, we plan to continue to adapt our risk management procedures to take account of trends we have identified, including our loan loss experience. We believe that prudent risk management policies and development of tailored credit procedures will allow us to expand our Gold Loan financing business without experiencing significant increases in non-performing assets.

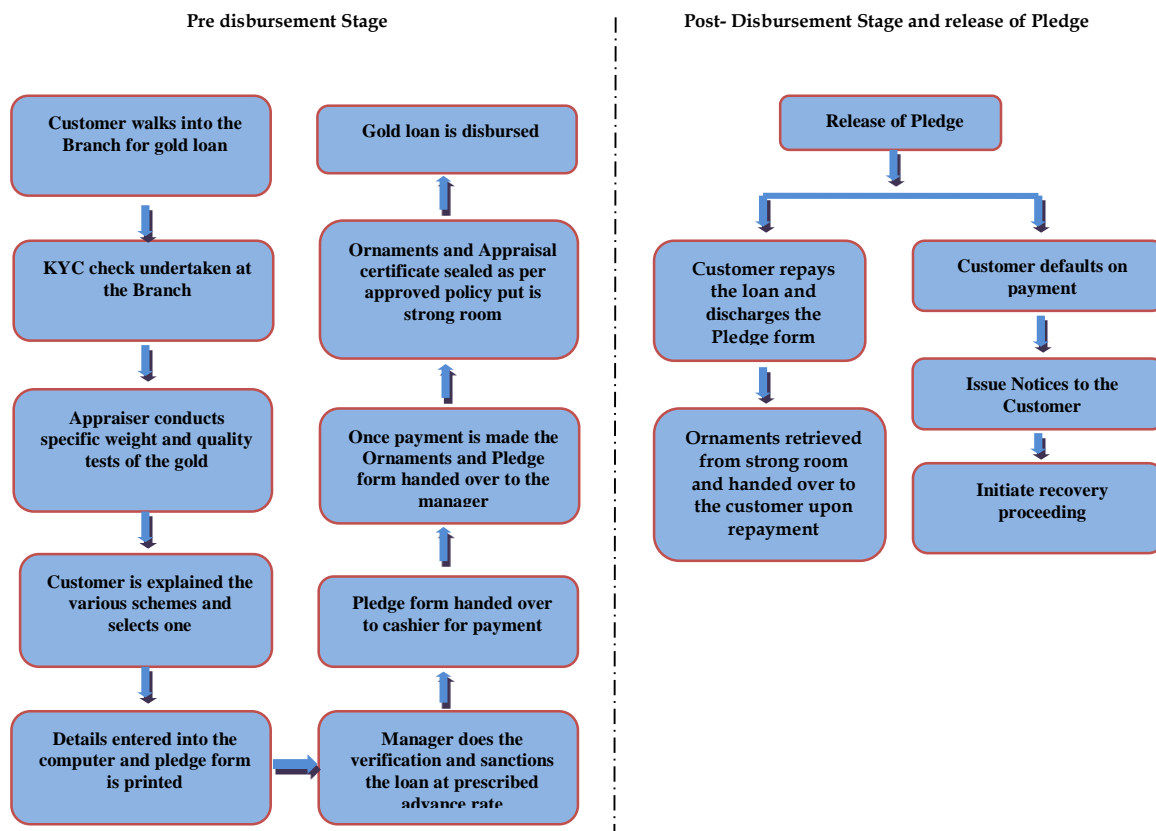
Since we plan to expand our geographic reach as well as our scale of operations, we intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. We are focused on improving our comprehensive knowledge base and customer profile and support systems, which in turn will assist us in the expansion of our business.

**GOLD LOAN BUSINESS**

Our core business is disbursement of Gold Loans, which are typically small ticket loans secured by the pledge of used household gold jewellery. Loan amounts advanced by us are typically within the range of ₹682 to ₹29,30,000 per loan transaction and typically remain outstanding approximately for an average tenor of 93 to 116 days. As of March 31, 2015, March 31, 2014 and March 31, 2013, we had approximately 2,84,795, 2,84,795, 2,75,895 and 3,74,830 Gold Loan accounts respectively, aggregating to balance of ₹1,75,862.64 lacs, ₹1,76,881.15 lacs and ₹1,81,589.13 lacs, respectively. In the Financial Years 2015, 2014, 2013 and 2012, our Gold Loan portfolio yield representing interest income on gold loans as a percentage of average outstanding of gold loans, for the same period were 18.82%, 19.21%, 22.78%, and 24.13%, respectively, per annum. In the current financial year upto May 31, 2015, Financial Years 2014, 2013, 2012 and 2011, income from interest earned on our Gold Loans constituted 99.25%, 96.45%, 97.33%, 98.83%, and 98.94%, respectively, of our total income. We are able to offer a variety of Gold Loan schemes to our customers to suit their individual needs. As of May, 31, 2015 we have various new and different schemes in place. The schemes differ in relation to the amount advanced per evaluated gram of gold, the interest rate concessions offered for the particular tenor and the amount of the loan.



### Gold Loan disbursement process



The principal form of security that we accept is used household gold jewellery. We do not accept bullion, gold biscuits, gold bars, new mass produced gold jewellery or medallions, and we restrict acceptance of jewellery from other money lenders. While these restrictions narrow the pool of assets that may be provided to us as security, we believe that it provides us with the following key advantages:

- It filters out spurious jewellery that may be pledged by jewellers and goldsmiths. We find that household, used jewellery is less likely to be spurious or fake.
- The emotional value attached by each household to the pledged jewellery acts as a strong incentive for timely repayment of loans and revoking the pledge.
- As we only accept the pledge of household jewellery, the value of the pledged gold is typically only as much as the worth of gold that is owned by an average Indian household. This prevents our exposure to large sized loans where the chances of default and subsequent losses are high.

The amount that we finance against the pledged gold jewellery is typically based on a fixed rate per gram of gold content in the jewellery. We value the gold jewellery brought by customers based on our corporate policies and guidelines. As per the policy we grant gold loans on 22 Carat gold ornaments. However in case the jewels that are being pledged are less than 22 carat, the branches are required to convert the carat of gold jewels to the equivalent of 22 Carat. Under no-circumstances gold ornaments below 19 carat are accepted by our Company. The rates per gram is fixed by us on weekly intervals, based on the extant RBI guidelines and the 30 day average closing gold rate for 22 carat fixed by India Bullion and Jewellers Association Limited (formerly known as Bombay Bullion Association Limited). The actual loan amount varies according to the type of jewellery pledged. While jewellery can be appraised based on a variety of factors, such as total weight, weight of gold content, production cost, style, brand and value of any gemstones, we appraise the gold jewellery solely based on its gold content. Our Gold Loans are, therefore, generally well collateralized because the actual value of the gold jewellery is higher than our appraised value of the gold jewellery when the loan is disbursed. The amount we lend against an item and the total value of the pledged gold we hold fluctuates according to the market price of gold. An increase in the price of gold will not automatically result



in an increase in the value of our Gold Loan portfolio unless the rate per gram is revised by our Corporate Office. It only results in a favourable movement in the value of the security, pledged with us. Similarly, since adequate margins are built in at the time of the loan disbursement and owing to the short tenure of these loans, on average, a decrease in the price of gold generally has little impact on our interest income. However, a sustained decrease in the market price of gold could cause a decrease in the growth rate of Gold Loans in our loan portfolio.

All our Gold Loans have a maximum term of 12 months. However, customers may redeem the loan at any time. As per the current policy of the Company, interest is paid only at the time the principal is repaid. In the event that a loan is not repaid on time and after providing due notice to the customer, the unredeemed pledged gold is disposed of, on behalf of the customer in satisfaction of the principal and interest charges. Any surplus arising out of the disposal of the pledged gold is refunded to the customer or is appropriated towards any other liability by the borrower. In the event that the recoverable amount is more than the realizable value of the pledged gold, the customer remains liable for the shortfall.

The processes involved in approving and disbursing a Gold Loan are divided into three phases:

- Pre disbursement;
- Post disbursement; and
- Release of the pledge.

When a loan is repaid, we give the customer the option to pledge the security again and obtain another loan.

#### *Pre-disbursement process*

Pre disbursement processes include all the actions that are carried out from the moment a customer enters any of our branches for procuring a Gold Loan, up until the customer receives the loan amount and include the following:

Gold Loan appraisal of a customer involves the following steps

- a) *Customer identification* - Gold Loans are sanctioned only to genuine borrowers. Gold Loan can be sanctioned to the members of staff only with prior approval of Competent Authority, as advised by the Corporate Office. The Manager / Sanctioning Authority should take all precautions to confirm that the applicant, pledging the ornaments, is the true owner of those ornaments.
- b) *KYC documentation* – For mandatory compliance of KYC norms, as mandated by RBI and easy identification of each borrower at a later date, a photograph and Proofs of Identity and address acceptable to the Company, are always obtained. Each branch has been provided with a webcam, which may be used to take the photograph, which is then uploaded into the system, also.
- c) *Security appraisal* – Once the manager is satisfied regarding ownership of the ornaments, the ornaments would then be appraised by the manager himself and/or other staff members who are assigned with the responsibility of appraising the gold jewellery. The ornaments being tendered are not appraised by any person who is not associated with our Company nor are the ornaments sent out of the concerned branch for appraisal. We use the services of our in-house gold appraisers in case of large value loans. These gold appraisers are professionally qualified for appraising the quality of gold and usually have multiple years of experience in appraising gold.

The process of measuring the “fineness”, or purity, of gold is referred to as ‘assaying’. There are different methods of assaying the fineness of gold. The most commonly used methods at our branches are touch stone, nitric acid and sound tests. Indian ornaments often contain stones of different types, some of which may be precious. But as a matter of policy, all types of stones are ignored and their weight reduced from gross weight when advancing against ornaments. Sufficient margin is, therefore, retained for the approximate weight of such Stones and for arriving at eligible loan amount; net weight of the ornaments so arrived at alone is taken into account. Reduction in weight is kept comfortably high to safe guard our interests. Wherever weight of stones cannot be ascertained, such ornaments are avoided. All particulars / details of ornaments such as, gross weight, net weight, rate per gram and estimated value will be entered item wise by the appraising staff on serially numbered DPN and also on the paper used for covering / packing ornaments and signed off with the date. The manager also verifies and satisfies himself that the ornaments have been properly tested for purity and details - gross weight as well as net weight, are correctly noted. He should also confirm correctness of valuation made.

- d) *Documentation* - The standard set of documents that are executed in a typical Gold Loan transaction include the

pawn ticket and the demand promissory note cum terms and conditions. Basic details of the pledge, such as the name of the customer and the net weight of the jewellery pledged is recorded on the gold loan slip, which is retained by us. The pawn ticket, which contains the details of the customer and the pledged jewellery, is filled in by the employee who appraised the gold and a copy is retained by the customer. The demand promissory note is an undertaking by the customer to repay the loan amount with the interest to the Company. The terms and conditions that are contained in the demand promissory note empower us to sell the pledged jewellery if the customer defaults on the Gold Loan. After execution of prescribed documents a loan ticket detailing the particulars of the loan including the details of the items pledged, rate per gram, interest rate and maturity date is handed over to the customers along with disbursement of the loan. All disbursements and payments above ₹100,000 are made by cheque as per RBI requirements (DNBS.CC.PD.No.356 /03.10.01/2013-14 dated January 8, 2014 and DNBR.CC.PD.No.036/03.10.01/2014-15 dated May 21, 2015).

#### *Post-disbursement process*

The post disbursement process involve the following steps

- a) *Custody of gold* - Ornaments pledged by customers are kept in separate packets. At the end of the day or whenever possible during the day, the joint custodians shall verify the numbers on the gold loan packets with computer generated printout / vouchers. Thereafter, joint custodians together shall physically check the packets and satisfy themselves as to correctness of their contents. After confirming the correctness of the numbers of packets and their contents, these are tamperproof sealed and are kept inside the safe / cabinet in the strong room by the manager in the presence of the joint custodian. The pledge forms / DPNs are also arranged serially and properly maintained in a file, which shall also be kept under joint custody in the strong room.
- b) *Branch security and safety measures* - Ensuring the safety and security of the branch premises is vital to our business since cash and gold inventory are stored in each branch. Branch security measures implemented, by us, include:
  - Every branch of the Company, without exception, is provided with a strong room constructed as per the specifications of RBI with fire proof strong room doors. This is a provision at each location to ensure safety of the pledged ornaments, of the clients.
  - Access to the strong room is with the help of two distinct keys, which are in the hands of two different individuals attached to the branch. There is an outer door whose keys are with the Branch Manager only. The strong room has a grill door, joint custody of whose keys are with the Branch Manager and another staff in rotation (the "Joint Custodian"). Both the branch head and the Joint Custodian hold the keys to grill in the strong room, which can only be opened if both keys are inserted at the same time.
  - Electronic Security System: All our branches are provided with Electronic Surveillance System and any movement within business area and in the Strong Room are recorded by the cameras placed inside the premises. This is a 24 hours surveillance system and with recorded images of all activities happened in the branch if anything untoward happens. This kind of a surveillance system also helps to avert any major incidents of frauds, thefts, etc. in the branch premises. As of March 31, 2015, we have completed the installation of CCTV cameras at all our branches. We intend to continue to install cameras at our all our new branches.
  - Burglar alarms: Burglar alarms are installed at all branches and phone numbers of the branch head, the concerned police station and control room are integrated into the system. When the alarm goes off, a call triggered to all these phone numbers.
  - Security guards: Security guards are recruited through approved agencies and are present at day/ night at branches in sensitive districts, where we operate, in the opinion of and as decided by the Corporate Office, after assessing the security requirement of the area and the Gold Loans outstanding in the respective branch.
  - Insurance: Entire gold stock of the branches is insured for their gold content against theft and other calamities. The policies are endorsed monthly reflecting the current changes in gold stock at branches.

#### *Release of pledge*

We monitor our loan accounts and recovery of interest on an ongoing basis. Once a loan is fully repaid, the pledged

gold jewellery is returned to the customer. When a customer does not repay a loan on or before its maturity, we initiate the recovery process and dispose of the pledged gold to satisfy the amount, including both the principal and accrued interest, owed to us. Before starting the recovery process, we inform the customer through ordinary post, personal calls and visits, followed by registered letters. We typically send three reminders with the last attempt being through registered letters. The recovery procedure typically commences after 15 days from the date of maturity. When a loan is repaid, we give the customer the option to pledge the security again and obtain another loan. The procedure of re-pledging entails the same procedure as that of a pledge and is accompanied by the same mode of documentation that a pledge entails.

### **Our Other Business initiatives**

For the Financial Years 2015, 2014, 2013, 2012 and 2011, revenues from our businesses other than Gold Loans constituted 5.88%, 2.67%, 1.17%, 1.06% and 1.87% respectively, of our total income. These were made up of:

**Personal Loans** – We have introduced personal loans to our existing customers. The maximum loan advanced is upto ₹5 lacs. The power to sanction personal loans has been reserved with Corporate Office Credit Committee which comprises of the following members, viz, Executive Director, Chief Operating Officer and the Chief Financial Officers.

**Money Transfer Business** – We have entered into corporate agreements with UAE Exchange & Financial Services Limited on May 15, 2013 for rendering money transfers through the ‘Moneygram’ and ‘Xpress Money’. Likewise we entered into a sub-registration agreement for corporate tie-up with Reliance Money Express Limited on March 15, 2011 for handling money transfers of Western Union Financial Services Inc.

**Insurance** - With a view to expand our regular fee and commission based income, we have finalized corporate agency agreements with the Life Insurance Corporation of India for marketing their life insurance plans, as a corporate agent, with effect from February 9, 2015; a corporate agency partnership with Liberty Videocon General Insurance Company Limited for distribution of mutually consented general insurance products; with Orient General Insurance Company Limited for marketing their non-life products and; with Star Health and Allied Insurance Company Limited for marketing their health insurance products. Our Company recently procured registration with the IRDA, to act as a corporate agent for procuring and soliciting insurance business both in the life insurance and general insurance category. The license no. LVG 10402404 was assigned to our Company and is valid till February 8, 2018.

**DP Services** – We secured registration from SEBI as a Depository Participant on July 5, 2012 (bearing Registration Number IN-DP-CDSL-660- 2012 issued by the SEBI to act) and at present we have registered as a Depository Participant of CDSL for both securities and commodity transactions. As on May 31, 2015 we have opened 3,498 commodity and 23,544 securities DP accounts. We are in the process of entering into the DP Account maintenance business leveraging the strength of our branches network.

**Broking services** – We entered into a corporate tie-up with Doha Broking & Finance Company Limited a South India based broking and financial services firm, on April 12, 2013 for undertaking conducting and promoting brokerage business in equity, commodities and currency segments of national stock/ currency exchanges activities on its behalf, for our existing and new clients through selected branches and regional offices.

### **Branch Network**

As on May 31, 2015 we had 1,022 branches in the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Goa, Delhi, Haryana, Uttar Pradesh, Pondicherry and Maharashtra. The branch expansion of the company during the years ended 2015, 2014, 2013 and 2012 are given below:

State	As on March 31			
	2015	2014	2013	2012
Andhra Pradesh and Telangana	129	91	79	8
Delhi (NCR including Uttar Pradesh)	19	15	7	-
Goa	8	7	7	3
Haryana	10	3	-	-
Karnataka	144	128	109	81
Kerala	210	481	450	317
Maharashtra	5	5	-	-

State	As on March 31			
	2015	2014	2013	2012
Tamil Nadu	493	323	307	168
Pondicherry	4	-	-	-
<b>Total</b>	<b>1,022</b>	<b>1,053</b>	<b>959</b>	<b>577</b>

In terms of extant The Reserve Bank of India guidelines, all gold loan companies, having branch strength of over 1,000 branches, should obtain prior approval of RBI, for the opening additional branches. We had made an application vide our letter dated March 1, 2014 for seeking approval from The RBI, for the opening of an additional 241 branches, in various states, where we already had a presence. However, The RBI, vide its letter dated April 1, 2014 conveyed its inability to grant the approval, for these additional branches, at that point in time. We have not made any further applications, to RBI, for opening additional branches.

### **Marketing, Sales and Customer Care**

Our marketing team based out of our Corporate Office provides support to all of our branches located in various parts of India, creates new marketing strategies before the opening of a new branch office, monitors competition and creates new strategies to develop our businesses and achievement of annual business goals.

We undertake publicity through media, both print and electronic and sponsor events which increase visibility of our brand. Our Board has approved publicity budgets to cater to the needs of advertisements through media and also for sponsorship of various activities like sports and games, cultural activities, charitable activities, etc. These activities are carried out across various States wherever our Company has presence. We also undertake low budget marketing activities where different branches in a region or individual branches give publicity through local Cable TV network, notices, local newspaper, participate in festivals of importance in the locality, etc., for giving information on the products of the Company. This helps individual branches to target the public and thereby generate business from the locality. We also market our other third party products and services like health insurance products and money transfer services

We have set in elaborate customer grievance redressal systems. All branches of the company display the names and phone numbers of the nodal officer for customer complaints and complaints from customers are redressed with minimum possible delay.

We use multiple media agencies for creative content and advertising campaigns, and our media department coordinates with various internal departments for managing their publicity requirements. For the Financial Year ended 2015, 2014 and 2013, our total advertisement expenditure was ₹219.52 lacs, ₹1,306.51 lacs and ₹1,019.85 lacs, respectively.

### **Risk Management**

As a lending institution, we are exposed to various risks that are related to our gold lending business and operating environment. Risk management forms an integral element of our business. Our objective in the risk management processes is to appreciate, measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture. We continue to improve our policies and procedures and to implement these rigorously, for the efficient functioning of our business. This also helps in managing the risks, associated with our business. The major types of risk we face in our businesses are credit risk, operational risk, financial risk and market risk.

#### **Credit Risk**

Credit risk is the possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract with us. Credit risk in our Gold Loan business is relatively low because all our loans are generally over collateralized by pledged gold ornaments. We aim to reduce credit risk through a rigorous loan approval and gold appraisal process, KYC compliance procedures and a strong non-performing asset ("NPA") monitoring and recovery mechanism. This risk is diminished because the gold jewellery used as security for our loans can be readily liquidated, and the possibility of recovering less than the amount due to us is relatively low. We also mitigate credit risk by not disbursing loans in excess of specified limits, as fixed by our Company from time to time, to the same customer, and for high value loans we undertake a credit check or profiling of the borrower before a loan is approved. We have developed methods to peg the value of the loan amount to the moving average price of gold. We also decrease

credit risk by focusing on the quality of the pledged gold. Our internal control system ensures independent verification of the gold by at least two officials at the branch level. The level of verification at the branch level increases as the loan value increases. In addition, the quality of gold is checked by the regional manager through random check and by gold auditors through a detailed check.

### *Operational Risk*

Operational risk is broadly covers the risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events. We have instituted a series of checks and balances and audit reviews to address the various operational risks. Although we disburse loans in very short periods of time, we have clearly defined appraisal methods to mitigate appraisal risk. Inaccurate appraisal of the pledged gold may lead to funds being advanced against low value or spurious gold. This risk is also mitigated by our policies on internal control, generation of alert reports and additional requirements for high value loans. We also have detailed guidelines on movement of cash or gold to address custodial risk, which is the risk associated with the safety and security of our gold inventory. In addition, we have installed surveillance cameras across of all our branches, and security guards are present at night at certain sensitive branches. We also have policies that require employee rotation both within the branch, as well as within different branches located within the same area, and we undertake significant employee profiling and background verification checks before hiring and continuously monitor their lifestyle changes.

### *Financial Risk*

Our business is cash intensive and requires substantial funds, on an ongoing basis, to finance the gold loan portfolio and to grow it. Any disruption in the funding sources would have a material adverse effect on our liquidity and financial condition. The Company is proactively pursuing a system of identifying and accessing newer and cheaper sources of funds, to finance the loan book and to grow the business. There is a regular meeting of our Asset Liability Committee (“ALCO”), which reviews the liquidity position of the Company and arranges for sufficient funding in advance, for growth.

### *Market Risk*

Market risk arises from the decline in the value of the pledged gold due to fluctuation in gold prices. This risk is in part mitigated by linking the LTV to the 30 day average price of gold. This risk is further reduced because we appraise the gold jewellery and fund loans based solely on the weight of gold content without considering design cost, production cost or value of gemstones. In addition, the sentimental value of the gold jewellery to the customers may induce repayment and redemption of the pledged gold even if the value of the pledged gold falls below the value of the repayment amount. A prompt and effective recovery mechanism also helps us deal with this risk.

### *Our Risk Management Policy*

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes a risk management committee, internal audit department, vigilance department and a risk management department. Our Risk Management Committee, which is led by one of our Directors, oversees our risk management policies, which help us to identify, measure, monitor and mitigate the various risks that we face in our businesses.

### *Internal Audit Department*

Our internal audit department assists in the management of operational risk using our centralized monitoring systems. Separate divisions of our internal audit department have been put in place to handle the audit of the departments of the corporate office and those of the branch offices. The audit of the corporate office is divided into two categories: (i) system and compliance audit; and (ii) accounts audit. A branch inspection is carried out every five months (within Kerala) and once in four months (outside Kerala) with the focus on the verification of the Gold Loan pledges. In addition, an incremental high value loan check is carried out by Regional Managers as part of their periodical branch inspection.

### *Vigilance Department*

We have a vigilance department for undertaking surprise inspections of high/medium risk branches and other branches, based on any report or detection of serious deviations or irregularities. The department is headed by our Chief Vigilance Officer who is a retired, former Director General of Police, of Kerala State. The vigilance undertakes the responsibility of visiting branches to oversee the implementation of risk mitigation initiatives and improvements



in customer service.

#### *Risk Management Audit*

Our branch auditors also carry out a system driven risk audit on certain identified key risk parameters. These are keyed into the system and alerts are sent to branch controllers and top management in case the risk weight given under a specific parameter goes beyond the prefixed tolerance levels. In all such cases, the concerned branches are inspected by the Branch controllers or top management personnel depending on the severity of risk and immediate remedial actions are initiated.

#### *Assets and Liabilities Management Policy*

The primary objective of our Asset Liabilities Management Policy is to ensure the stability of our net interest income as well as ensuring that we have liquidity and pricing stability. In order to monitor the Asset Liability Policy of the Company, the Board of Directors of the Company at their meeting held on April 24, 2009 constituted an Asset Liability Committee (“**ALCO**”) comprising of the directors and senior management functionaries of the company. The terms of reference of the ALCO are provided in “**Our Management - Details of various committees of the Board**” on page 92.

The Committee holds periodical meetings to ensure that the short-term liquidity position of the company remains comfortable and to ensure that the company has a comfortable net interest margin to meet its recurring liabilities and continue to show healthy net profits

#### *Non-performing Assets (NPA)*

The Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, (“**Prudential Norms Directions**”) require that every non-deposit taking NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard assets;
- Doubtful assets; and
- Loss assets.

Further, the class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for an upgrade. A non-deposit taking NBFC is required to make provisions against sub-standard assets, doubtful assets and loss assets in accordance with the above Prudential Norms Directions. In terms of the Prudential Norms Directions, non-deposit taking NBFC has to make the following provisions on their loan portfolio.

Asset Classification	Provisioning Policy
Standard Assets	0.25%
Sub-standard Assets	10%
Doubtful Assets	100% of unsecured portion + 20-50% of secured portion
Loss Assets	100% provided if not written off

Based on the Prudential Norms Directions for asset classification, details of the classification of our gross NPAs for significant classes of our assets as of March 31, 2015, 2014, 2013 and 2012 are furnished below:

(₹ in lacs)

Asset Type	As on March 31			
	2015	2014	2013	2012
Sub-standard	-	-	-	-
Doubtful	3,275.52	1,328.75	659.76	226.67
Loss	0.00	0.00		



Gross NPA	3,275.52	1,328.75	659.76	226.67
Less Provisions	655.10	272.88	133.51	46.89
Net NPA	2,620.42	1,055.86	526.25	179.78
Net NPA% of Total Assets under management	1.48%	0.56%	0.29%	0.15%

Secured loans are classified or provided for, as per management estimates, subject to the minimum provision required as per Prudential Norms Directions. We have written off ₹90.72 lacs, ₹120.70 lacs and ₹29.20 lacs in the Financial Year ended March 31, 2013, March 31, 2014 and March 31, 2015, respectively.

### **NPA Management Policy**

All loans outstanding beyond the loan validity are disposed off within three months from the expiry of the loan period. In order to undertake this, our Company has put in place a gold loan monitoring, follow-up and disposal mechanism in place. Our Company has an Overdue Loans Cell (“**OLC**”) at the Corporate Office under Chief Operating Officer which interacts with branches and their controllers for speedy recovery of all loans which has exceeded the stipulated loan tenor.

Since disposal of gold loans through individual branches is not feasible, due to small numbers and the high cost of auctioning, it will be desirable to dispose them off through a centralized disposal set up. Our NPA policy spells out the operational workflow for a centralized Gold Loan disposal set up as follows:

- Identification of potential overdue gold loans by OLC and advising them to concerned branches.
- Sending first notice to borrowers latest by 15 days prior to the loan becoming overdue.
- Personal visit by branch manager/ staff member on the defaulting customer within 7 days from the date of notice.
- If no result forthcoming, serving of second repayment notice after a maximum gap of 15 days from the date of personal visit and/or the first notice.
- If the loan remains outstanding even after this, takeover of the gold ornaments by the Regional Manager (RM) within a span of one month and transfer the loan account to Corporate Office overdue Loan Pool account.
- All gold ornaments, underlying the loans, which taken over by the RM would either be auctioned at the HQ branch, if the weight of gold is sizeable or will be transferred to specified auction centres periodically.
- At any point of time before the loan is transferred to auction centre, in case the borrower approaches the company for redemption of pledged ornaments, this will be carried out by the concerned branch (originating or HQ) in the normal manner.
- Auctions are carried out only after publishing the auction date and venue in two vernacular dailies being circulated in the area of concerned branches. Also the concerned branches are instructed to display the auction date and centre, on their notice boards well in advance.
- As further concession to customers, the company may also consider settlement of loan dues by way of concessions in interest as a one-time settlement on a case-to-case basis, only with approval from Corporate Office.

### **Appointment of an Auctioneer**

Since as per the revised RBI guidelines, the company or its promoters cannot participate actively in the auction, a qualified and experienced auctioneer has been appointed by the company to carry out the auction on behalf of the company. The auctioneer’s tenure is one year with reappointment every year.

### **Capital Adequacy Ratio**

As per the Prudential Norms Directions, every non deposit taking NBFC is subject to capital adequacy requirements. Currently, such NBFCs are required to 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. Further, the total of Tier I capital, at any point of time, is required to not be less than 8.5% by March 31, 2016 and 10% by March 31, 2017. However, NBFCs which are primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier I capital of 12%. Also, the total of Tier II capital, for NBFC-MI, at any point of time, shall not exceed one hundred percent of Tier I capital. Additionally, we are required to transfer up to 20% of our Annual Profits after Tax, to a Statutory Reserve Fund and also make provisions for NPAs. We had a capital adequacy ratio of 16.63%, 20.77% and 28.75% as on March 31, 2013, March 31, 2014 and March 2015 respectively. This (CAR) includes Tier I Capital of 22.16% (2015) and 20.41% (2014) of Risk Weighted Assets.

We have satisfied the minimum capital adequacy ratios prescribed by the RBI for the financial year ended March 31, 2015.

### **Technology**

We have invested in our technology systems and processes to improve overall productivity and ensure good management of customer credit quality and security quality. Our IT infrastructure has been developed and implemented in the Financial Year 2008 and links our network of branches across the country with the corporate office. We have a core banking platform with real time data transmission and updates, and have managed to minimise errors, ensure faster data transmission and risk monitoring. Our management has also benefited from availability of real time information. We upload data at each branch to facilitate online information access for faster decision making. In addition, our technology platform has helped us develop an effective system based risk assessment and internal control system and internal audit. We also have a disaster recovery system located outside of Kerala which replicates data on a real time basis. Our centralized technology aids us in offsite surveillance of all our branches. Our technology also helps reduce the time it takes to complete Gold Loan transactions.

Our IT system aids the performance of all the processes involved in a loan transaction. At the pre-disbursement stage, all KYC details as well as other details of customer appraisal are captured and stored in the system for future reference. All the details that are relevant to a loan transaction are captured by the system and filtered at each level to confirm whether a particular set of pledged jewellery meets the required specifications. The branch staff, upon verification of the gold ornaments key in information into the system that uses the input data to arrive at the net weight and calculates the maximum limit for a loan advance that can be offer against it, under the specific scheme chosen by the customer. Based on the saved data, all accounting entries are also passed by the system.

Post-disbursement, the interest due on each loan at any given point in time after disbursement is generated by the system. If the loan is settled by the customer prior to maturity, the system calculates the interest amount repayable at pre-determined concessional rates and also records the repayment and recovery of the pledge. When a loan matures, the system indicates this and subsequently prompts for a notification to the customer. The system generates a list of all loans that are overdue on a particular date, for each branch, prompting collection initiatives. All details of the sale proceeds, of forfeited jewellery, are also entered into the system.

Access to this macro-level data is restricted to certain authorised, designated personnel. Any alerts generated are passed on to the concerned regional head upon the occurrence of specified events. Up-to-date information on gold inventory and cash reserves in each branch helps us track our liquidity position and plan for shortfalls well in advance. We are able to avert liquidity shortfalls in any particular branch by transferring cash from one branch to another or from the corporate fund pool. In this manner, we ensure that each branch is centrally managed by the corporate office and off-site surveillance of each branch is an ongoing process.

### **Our Borrowings and Credit Ratings**

Please refer to the sections titled ***“Financial Statements”*** and ***“Financial Indebtedness”*** on pages 101 and 133, respectively.

Increasingly we have depended on term loans from banks as primary source of funding. We believe that we have developed stable long term relationships with our lenders and have established a track record of timely servicing of our debts.

### **Security threats and measures taken to mitigate them**

Since our branches handle large value of cash and gold on a daily basis, we have initiated specific security measures to prevent theft of our branch assets. These measures can be categorized as under:

- Physical security is provided by means of keeping the valuable gold ornaments in Strong Rooms constructed as per the specifications of Reserve Bank of India with fire proof strong room doors.
- We have a system of Joint Custody of Gold and Cash in strong rooms to ensure that the keys of strong room doors are held in the custody of two different people i.e. the Branch Manager holding the master key and the keys to the grill in the strong room, and another staff member, the Joint Custodian, holding second set of keys.
- All our branches are provided with Electronic Surveillance System and any movement within business area and in the Strong Room are recorded by the cameras placed inside the premises. As of May 31, 2015, we have completed the installation of CCTV cameras at all our existing branches. We intend to continue to install cameras

at all our new branches.

- Burglar alarms are installed at all branches and phone numbers of the branch head, the concerned police station and control room are integrated into the alarm system, which triggers a call to these numbers if the alarm goes off.
- Security guards are recruited through approved agencies and are present at day/ night at sensitive branches as decided by the corporate office depending on the security of the particular area and the Gold Loans outstanding in the respective branch.
- Entire gold stock of the branches is insured for their gold content against theft. The policies are updated monthly to reflect the actual changes in stock of gold held at branches
- Besides the above physical security measures, we also constantly educate our employees at all levels to adhere to guidelines issued by the Company with regard to procedural aspects to be followed against any type of fraudulent actions.
- Proper checking of gold ornaments by Appraiser, Branch Manager as well as audit by Gold Auditor and Internal Auditors at frequent intervals is undertaken to ascertain the quality of gold ornaments and ensure low purity of gold ornaments are not pledged.
- We have also in place a Whistle Blower Policy which will ensure that any malpractices within the branch are reported to senior level executives.

### **Competition**

We face competition from pawnshops, other gold financing companies, banks, co-operative societies and local money lenders. Other lenders may lend money on an unsecured basis, at interest rates that may be lower than our rates of interest and on other terms, which may seem more favourable than ours. However, we believe that the primary elements of our competitive edge are the quality of customer service and relationship management, our branch location and reach and our ability to lend competitive amounts at competitive rates, with full transparency.

### **Property**

All our branches are located in leased premises. We normally enter into long term leases of 3-5 years with provisions of automatic renewal. We select our branch locations keeping the following factors in mind:

- Population of the targeted locality;
- Occupation of the population;
- Security situation in the area; and
- Concentration of competition from other Gold Loan companies and other NBFCs.

Our total number of branches grew from 224 branches in the states of Kerala, Karnataka and Tamil Nadu as of March 31, 2011, to 577 branches in the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana and Goa as of March 31, 2012 and to 959 branches in the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Goa and Delhi as of March 31, 2013. Our branch network has gone up to 1022 branches in the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Goa, Delhi, Haryana, Uttar Pradesh, Pondicherry and Maharashtra as on May 31, 2015.

Our Company owns a flat at House of Hiranadanani, No. 5/63, Old Mahabalipuram Road, Egattur Village, Opp. Siruseri IT Park, Chennai – 600 130, in the State of Tamil Nadu and other properties in the state of Kerala.

We have a centralised Estate Department at Thiruvananthapuram under the supervision of a Chief Development Manager.

### **Intellectual Property**

We currently do not own our trademark. Mini Muthoottu Nidhi (Kerala) Limited, a Muthoottu Mini Group Company, has by way of a letter dated May 2, 2009, licensed the trademark that we currently use.

### **Employees**

As on May 31, 2015 we have 4,448 employees.

### ***Training of Employees***

Being a service industry, our key resource is our manpower. Our Company emphasizes on imparting effective and continual training to its employees in a planned and systematic manner, to acquire and sharpen capabilities required to perform various functions associated with their present/ expected future roles in the business of our Company.

Our Company has laid-down a Board approved Training policy, which:

- enables our Company to train new employees that is necessary to ensure steady expansion of business by way of opening of large number of branches and operating units, viz. regional offices, zonal offices etc.
- helps our employees to adapt to changing business environment, demand and expectation of customers, competition, advances in technology
- helps our Company in improving the quality of service with professional approach which ensures customer satisfaction management
- helps our Company in evolving a culture of business and participative management

As per the Training Policy all categories of staff members should receive training, including:

- induction training at the time of entry into service and refresher program within 6 months of joining service
- in-service training at suitable intervals during career progression, preferably once in a year
- promotion linked training of two to three days duration either before or after promotion, within a specific time interval, preferably five years
- short duration exposure seminars as and when any major development takes place like introduction of new products/systems to put all the staff members on a common wavelength
- re-skilling consequent to redeployment of employees

As per the policy our Company shall have 3 types of training centers, viz. Corporate Training College (Apex College), Zonal and Regional Training Centers. Training Activity as a whole is a functionally responsible to the Corporate HRD Department. The Corporate HRD Department is required to formulate training plans and strategies in consultation with the principal of the Corporate Training College, Cochin.

## **HISTORY AND CERTAIN OTHER CORPORATE MATTERS**

Our Company was originally incorporated on March 18, 1998 as a private limited company under the provisions of the Companies Act, 1956 as 'Muthootu Mini Financiers Private Limited'. Our Company was converted into a public limited company with the name 'Muthootu Mini Financiers Limited' on receipt of a fresh certificate of incorporation consequent to change in status on November 27, 2013 from the Registrar of Companies, Kerala and Lakshadweep.

Our Company has obtained a certificate of registration dated April 13, 2002 bearing registration no. – N-16.00175 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act. Based on the revised regulatory framework prescribed by RBI for NBFCs, our Company was classified under the category "**Loan Company - Non Deposit Accepting**" and is a systemically important non-deposit taking NBFC.

Mr. Roy M. Mathew is the Managing Director of our Company. Other Promoter Directors of our Company are Ms. Nizzy Mathew and Mr. Mathew Muthootu.

Mr. Roy M. Mathew belongs to the Muthootu Family of Kozhencherry, which was founded by Mr. Ninan Mathai Muthootu, who started the family business enterprise in 1887. Mr. Ninan M. Muthootu had four sons, Mr. Muthoot M. Ninan, Mr. M. George Muthoot, Mr. M. Mathew and Mr. M. Pappachan Muthoot. In 1939 three sons of Mr. Ninan M. Muthootu, viz, Mr. M. George Muthoot, Mr. M. Mathew and Mr. M. Pappachan Muthoot started a finance company called Muthoot M George & Brothers (MGB).

In the early 1970, the three brothers separated their business enterprises into three groups i.e. the current Muthoot Finance group of companies which is controlled by the sons of Mr. George M. Muthoot, the Muthootu Mini Group which is controlled by the son Mr. M. Mathew i.e. Mr. Roy M. Muthootu (grandson of Mr. Ninan M. Muthootu) and the Muthoot Fincorp Group which is controlled by the sons of Mr. M. Pappachan Muthoot. Other than the aforementioned family connection, all the groups are distinct from each other and none of them have any inter-group shareholdings or controls or business dealings.

Our Company has raised ₹96,343.17 lacs by way of four public issues of NCDs in the Financial Years 2013-14, 2014-15 and 2015-16.

### **Registered Office**

The registered office of our Company is located at 2/994, Muthootu Buildings, Kozhencherry, Pathanamthitta – 689 641, Kerala, India.

### **Change in registered office of Our Company**

There have been no changes in our registered office since incorporation.

### **Main objects of the MoA are**

1. To borrow, raise or take money, to lend or advance money either upon or without security, to draw, make accept, discount, buy, sell collect and deal in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrant, debenture, certificates, scripts and other instruments and securities whether negotiable or transferable or not in accordance with the guide lines issued by the Reserve Bank of India.
2. To carry on the business of the hire purchasers by advancing or lending money upon or without security. But the Company shall not carry on the business of Banking Regulation Act 1949.
3. To acquire, hold issue on commission underwrite and to deal in stocks, funds, shares, bonds, securities, obligations and investments of all kinds, dealing in commodities and taking membership on commodity exchange and undertaking of depository participant activities.
4. To carry in India all or any or more of the following business, namely the leasing, buying, selling on such terms and conditions as may be determined by the Board of Directors of the Company from time to time.

To do business as corporate Insurance agents by soliciting, procuring and marketing all types of Insurance namely Life, medical and all other general insurance products.

## OUR MANAGEMENT

The Articles of Association of our Company require us to have not less than 3 (three) and not more than 12 (twelve) Directors. As on the date of this Prospectus, we have 6 (six) Directors on the Board which include 3 (three) Executive Directors and 3 (three) Non-Executive Directors.

### Board of Directors

The general superintendence, direction and management of our affairs and business are vested in the Board of Directors. Currently, we have six Directors on the Board of Directors.

### Details relating to Directors

Name, Designation, Nationality, DIN, Occupation and Address	Age (years)	Date of Appointment (Period of Directorship in Years)	Other Directorships
<b>Roy M. Mathew</b>  <b>Designation:</b> Managing Director  <b>DIN:</b> 01680866  <b>Nationality:</b> Indian  <b>Occupation:</b> Business  <b>Address:</b> Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	66	March 18, 1998  (appointed for a period of 5 years, w.e.f. March 17, 2012)	1. Muthoottu Mini Hotels Private Limited; 2. Muthoottu Mini Theatres Private Limited; 3. Kandamath Cine Enterprises Private Limited; 4. Muthoottu Mini Nidhi Limited; 5. Cochin Mini Muthoottu Nidhi Limited; 6. Amrita Cyber Park Private Limited; 7. Mini Muthoottu Nidhi Kerala Limited; 8. Mini Muthoottu Credit India Private Limited; 9. Indiavision Satellite Communications Limited; 10. Kapico Kerala Resorts Private Limited; 11. Yesvision Communications Private Limited; 12. Mini Muthoottu Nirman and Real Estate Private Limited; 13. P K Handa Properties Private Limited; 14. Kapico Beach Hotels and Holidays India Private Limited; 15. R M Properties India Private Limited; 16. Kozhencherry Properties India Private Limited; 17. Kozhencherry M Financial Services Private Limited; 18. Mini Muthoottu Insurance Services Private Limited; and 19. Valleyview Realtors and Constructions Private Limited
<b>Nizzy Mathew</b>  <b>Designation:</b> Wholetime Director  <b>DIN:</b> 01680739	62	March 18, 1998  (appointed for a period of 5 years, w.e.f. March 17, 2012)	1. Muthoottu Mini Theatres Private Limited; 2. Muthoottu Mini Nidhi Limited; 3. Cochin Mini Muthoottu Nidhi Limited; 4. Muthoottu Mini Hotels Private



Name, Designation, Nationality, DIN, Occupation and Address	Age (years)	Date of Appointment (Period of Directorship in Years)	Other Directorships
<b>Nationality:</b> Indian  <b>Occupation:</b> Business  <b>Address:</b> Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India			Limited; 5. Mini Muthoottu Nidhi Kerala Limited; 6. Mini Muthoottu Credit India Private Limited; 7. Mini Muthoottu Nirman and Real Estate Private Limited; 8. R M M Properties India Private Limited; 9. Kozhencherry Properties India Private Limited; and 10. Mini Muthoottu Insurance Services Private Limited
<b>Mathew Muthoottu</b>  <b>Designation:</b> Wholetime Director  <b>DIN:</b> 01786534  <b>Nationality:</b> Indian  <b>Occupation:</b> Business  <b>Address:</b> Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	25	March 7, 2008  (appointed for a period of 5 years, w.e.f. March 17, 2012)	1. Muthoottu Mini Theatres Private Limited; 2. Mini Muthoottu Credit India Private Limited; 3. Mini Muthoottu Nirman and Real Estate Private Limited; 4. Muthoottu Mini Nidhi Limited; 5. Mini Muthoottu Nidhi Kerala Limited; 6. Cochin Mini Muthoottu Nidhi Limited; and 7. Muthoottu Mini Hotels Private Limited;
<b>Thomas Cherian</b>  <b>Designation:</b> Non-Executive and Independent Director  <b>DIN:</b> 00492598  <b>Nationality:</b> Indian  <b>Occupation:</b> Professional  <b>Address:</b> Angadisseril House, Kollad P.O., Kottayam – 686 289, Kerala, India.	64	September 1, 2014  Appointed as an Independent director at the EGM held on March 30, 2015 for a period from March 30, 2015 to September 30, 2018.	1. Ayyar and Cherian Consultants Private Limited 2. Roshini Sea Foods Limited 3. Beancounters Outsourcing Services Private Limited 4. Wintons Plantations Private Limited 5. Roshini Acquaculture Private Limited
<b>Philomina Thomas</b>  <b>Designation:</b> Non-Executive & Independent Director  <b>DIN:</b> 02551080  <b>Nationality:</b> Indian  <b>Occupation:</b> Professional	62	December 17, 2012  Appointed as an Independent director at the EGM held on March 30, 2015 for a period from March 30, 2015 to September 30, 2017.	1. Seshasayee Paper and Boards Limited

Name, Designation, Nationality, DIN, Occupation and Address	Age (years)	Date of Appointment (Period of Directorship in Years)	Other Directorships
<b>Address:</b> 2035-1, Polayil, 15, Vazhuthacaud, Thiruvananthapuram-695573, Kerala, India			
<b>K.P. Venugopal</b>	59	March 1, 2015	Kozhencherry M M Financial Services Private Limited
<b>Designation:</b> Additional Director		Appointed as an Additional Director on March 1, 2015 till the next AGM.	
<b>DIN:</b> 02287037			
<b>Nationality:</b> Indian			
<b>Occupation:</b> Business			
<b>Address:</b> T C 9/2763 – 4, Pavithram, CSM Nagar, Edappazhinji, Sasthamangalam, Thiruvananthapuram – 695010, Kerala, India.			

#### Profile of Directors

**Mr. Roy M. Mathew**, aged 66 years, is the Managing Director of our Company. He holds a Doctor of Philosophy in Entrepreneurship Development from the Open International University, Kuala Lumpur, Malaysia and a master's degree in commerce from Commercial University, Delhi. He has over 40 years' experience in managing a variety of industries, ranging from non-banking and financial institutions, theatre and hotel companies to real estate companies.

**Ms. Nizzy Mathew**, aged 62 years, is a Wholetime Director of our Company. She holds a Doctor of Philosophy in English Literature from the Open International University, Kuala Lumpur, Malaysia. She also holds a bachelors degree in arts from the University of Kerala. She has wide experience in her career managing non-banking financial institutions for over 25 years.

**Mr. Mathew Muthootu**, aged 25 years, is a Wholetime Director of our Company. He holds a bachelor's Degree in commerce from Mahatma Gandhi University, Kerala. He has about five years' experience in managing non-banking and financial institutions. He is responsible for business promotion, expansion and brand building activities in our Company.

**Mr. Thomas Cherian**, aged 64 years, is a Non-executive and Independent Director of our Company. He holds a bachelors degree in Science from University of Kerala. He is an Fellow Member of the Institute of Chartered Accountants of India with over 39 years of experience as a practicing Chartered Accountant.

**Ms. Philomina Thomas**, aged 62 years, is a Non-executive and Independent Director of our Company. She holds a bachelor's degree in law from University of Kerala and a master's degree in arts (English Language and Literature). She has previously worked with the Life Insurance Corporation of India, wherefrom she retired as an executive director.

**Mr. K.P. Venugopal**, aged 59 years, is an Additional Director of our Company. He has business interests in sphere of movies and financial services.

## **Confirmations**

Our Directors have not been identified as willful defaulters by the RBI, ECGC or any other governmental/ regulatory authority.

## **Remuneration of the Directors**

### ***Managing Director***

Mr. Roy M. Mathew was appointed for a period of 5 years, w.e.f. March 17, 2012 as the Managing Director of our Company by a resolution of the Board dated March 17, 2012. His annual salary was revised to not exceed ₹120 lacs per year *vide* Shareholders resolution dated December 27, 2013.

Remuneration paid to Mr. Roy M. Mathew in the Financial Year 2014-15 was ₹96 lacs.

### ***Wholetime Directors***

Ms. Nizzy Mathew and Mr. Mathew Muthoottu were appointed as Wholetime Directors for periods of 5 years each w.e.f. March 17, 2012 by a resolution of the Board dated March 17, 2012. The annual salaries of Ms. Nizzy Mathew and Mr. Mathew Muthoottu were revised to not exceed a sum of ₹50 lacs per annum *vide* a shareholder's resolution dated December 27, 2013.

Remuneration paid to Ms. Nizzy Mathew and Mr. Mathew Muthoottu in the Financial Year 2014-15 was ₹26 lacs and ₹10.40 lacs, respectively.

### ***Non-Executive Directors***

The Board of Directors of our Company in their meeting held on December 17, 2012 has approved payment of sitting fees ₹20,000 to Non-Executive Directors, for attending every meeting of the Board of Directors.

## **Borrowing Powers of the Board**

Pursuant to resolution passed by the shareholders of our Company at their EGM held on December 10, 2013 and in accordance with provisions of Section 180(1)(a) and 180(1)(c) of the Companies Act and all other applicable provisions of the Companies Act and the Articles of Association of our Company, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding ₹3,00,000 lacs (rupees three hundred thousand lacs).

## **Interest of the Directors**

All the directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them.

All the directors of our Company, may also be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All our directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Prospectus and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

Our Company's directors have not taken any loan from our Company.

### Changes in the Directors of our Company during the last three years

The Changes in the Board of Directors of our Company in the three years preceding the date of the Prospectus are as follows:

Name of Director	Date of Change	Reason
Gopala Subramonia Kurup	September 18, 2012	Appointment
Philomina Thomas	December 17, 2012	Appointment
Gopala Subramonia Kurup	September 1, 2014	Resignation
Thomas Cherian	September 1, 2014	Appointment
K.P. Venugopal	March 1, 2015	Appointment

### Debenture holding of Directors

As on date, except as stated below, none of our Directors hold any debentures in our Company.

Name of Director	No. of Debentures held	Series	Aggregate Amt. (₹)
Roy M. Mathew	29,583	7	2,95,83,000
	12,472	18	1,24,72,000
	<b>42,055</b>		<b>4,20,55,000</b>
Nizzy Mathew	500	13	500,000
	250	1 <sup>st</sup> public issue	250,000
	<b>750</b>		<b>750,000</b>
<b>Grand Total</b>	<b>42,805</b>		<b>4,28,05,000</b>

### Shareholding of Directors, including details of qualification shares held by Directors

As per the provisions of our MOA and AOA, Directors are not required to hold any qualification shares.

Details of the Equity shares held in our Company by our Directors, as on date, are provided in the table given below:

Sr. No.	Name of Director	Number of Equity Shares held	Percentage of the total paid-up capital (%)
1.	Roy M. Mathew	1,66,06,352	73.81
2.	Nizzy Mathew	38,094	0.17
3.	Mathew Muthoottu	1388,094	6.17

### Details of various committees of the Board

Our Company has constituted the following committees

#### 1. Audit Committee

The Audit Committee of our Company was constituted on April 24, 2009 pursuant to Section 292A of the Companies Act, 1956 and other applicable regulations. The Audit Committee was reconstituted by a board resolution dated September 1, 2014.

The Committee currently comprises of 3 Directors.

The members of the Committee as on date of this Prospectus are:

Name of the Director	Designation in Committee	Nature of Directorship
Thomas Cherian	Chairman	Non- Executive & Independent Director
Philomina Thomas	Member	Non- Executive & Independent Director
Roy M Mathew	Member	Managing Director

The terms of reference of the Audit Committee, *inter alia*, include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to our Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in our Board's report in terms of clause (5) of Section 133 of the Companies Act;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to our Board for approval;
6. 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;
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
8. 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;
9. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
10. Discussion with internal auditors on any significant findings and follow up there on;
11. 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;
12. 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;
13. To look 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;
14. To review the functioning of the Whistle Blower mechanism, as adopted by the Company;
15. Approval of appointment of Chief Financial Officer (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate; and
16. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or as may be statutorily required to be carried out by the Audit Committee.

The powers of the Audit Committee shall include the power:

1. To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee;
2. To investigate any activity within its terms of reference;
3. To seek information from any employee;
4. To obtain outside legal or other professional advice; and
5. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee; and
6. Financial statement.

## **2. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was formed pursuant to Section 178 of the Companies Act, *vide* a board resolution dated April 10, 2014 and was reconstituted on March 1, 2015. The committee consists of the following members:

<b>Name of the Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship</b>
Thomas Cherian	Chairman	Non- Executive & Independent Director
Philomina Thomas	Member	Non- Executive & Independent Director
KP Venugopal	Member	Additional Director

Terms of reference of the Nomination and Remuneration Committee include the following:

1. Identify persons who are qualified to become directors and may be appointed in senior management in accordance with criteria is laid down, recommended to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, Key managerial personnel and other employees.
3. Ensure that:
  - i. The level and composition of remuneration is reasonable and sufficient to attract, retained motivate directors of the quality required to run the company successfully;
  - ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - iii. Remuneration to director, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.



### 3. Stakeholders Relationship Committee

The Investor Grievance Committee constituted by a board resolution dated December 10, 2013, has been renamed as “Stakeholders Relationship Committee” as per the provisions of Section 178(5) of Companies Act, 2013 and consists the following members:

The members of the Committee as on date of this Prospectus are:

Name of the Director	Designation in Committee	Nature of Directorship
Thomas Cherian	Chairman	Independent Director
Philomina Thomas	Member	Independent Director
Roy M Mathew	Member	Managing Director

Terms of reference of the Investor Grievance Committee include the following:

1. Efficient transfer of shares including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates, non-receipt of balance sheet, etc.;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by the Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
4. Allotment and listing of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. Ensure proper and timely attendance and redressal of investor queries and grievances; and
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

### 4. Corporate Social Responsibility Committee (“CSR Committee”)

The CSR Committee has been constituted vide a board resolution dated April 10, 2014 and was reconstituted on September 1, 2014 as per the provisions of Companies Act, 2013.

The CSR Committee comprises following members:

Name of the Director	Designation in Committee	Nature of Directorship
Roy M. Mathew	Member	Managing Director
Nizzy Mathew	Member	Wholetime Director
Mathew Muthoottu	Member	Wholetime Director
Thomas Cherian	Member	Independent Director

Terms of reference of the CSR Committee include the following:

1. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
3. To monitor the CSR policy of the Company from time to time;

4. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time;
5. Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval;
6. Recommend CSR activities as stated under Schedule VII of the Act;
7. Approve to undertake CSR activities in collaboration with our group companies/ other companies/firms/NGOs, etc. and to separately report the same in accordance with the CSR Rules.
8. Recommend the CSR Budget;
9. Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules;
10. Create transparent monitoring mechanism for implementation of CSR Initiatives in India;
11. Submit the Reports to the Board in respect of the CSR activities undertaken by the Company;
12. Monitor CSR Policy from time to time; and
13. Authorize executives of the Company to attend the CSR Committee Meetings.

#### **5. Debenture Committee**

The Debenture Committee was constituted by a board resolution dated December 10, 2013.

The Committee currently comprises of three Directors.

The members of the Committee as on date of this Prospectus are:

<b>Name of the Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship</b>
Roy M. Mathew	Chairman	Managing Director
Nizzy Mathew	Member	Wholetime Director
Mathew Muthootu	Member	Wholetime Director

Terms of reference of the Debenture Committee include the following:

1. Determining and approving the terms and conditions of the debentures to issued, number of the Debentures to be issued, the timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any, etc.;
2. to approve and make changes to the Prospectus;
3. to approve the final Prospectus, including any corrigendum, amendments supplements thereto, and the issue thereof;
4. to issue and allot the Debentures; and
5. to approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilization of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, of Issue and/or early closure of the Issue

#### **6. Asset Liability Management Committee**

The Asset Liability Management Committee was constituted by a board resolution dated April 22, 2012.

The Asset Liability Management Committee currently comprises of:

<b>Name of the Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship/ Employment</b>
Roy M Mathew	Chairman	Managing Director
K. George Varghese	Member	Chief Operating Officer
Anoop Thomas	Member	Chief Financial Officer
Tom Jyothis.K	Member	Manager, Systems
K. Nirmalanandan	Member	Senior Finance Manager

Terms of reference of the Asset Liability Management Committee include the following:

1. To ensure that the asset liability management strategy and Company's market risk management policies are implemented;
2. To provide a strategic framework to identify, assess, quality and manage market risk, liquidity risk, interest rate risk, price risk etc.
3. To ensure adherence to the risk limits;
4. To articulate current interest rate view of the Company and base its decisions on future business strategy on this view;
5. To decide product pricing, desired maturity profile of assets and liabilities and also the mix of incremental assets and liabilities such as fixed versus floating rate funds, domestic vs. foreign currency funds etc.;
6. To monitor the risk levels of the Company;
7. To review the results of and progress in implementation of the decisions;
8. To report to the Board of Directors on the adequacy of the Company's systems and controls for managing risk, and for recommending any changes or improvements, as necessary;
9. To ensure that all activities are within the overall regulatory framework and government regulation;
10. To ensure proper management within defined control parameters set by the Board, of the Company's net interest income and its structural exposure to movements in external environment;
11. To review and assess the management of funding undertaken by Company and formulate appropriate actions;
12. To review and assess the management of the Company's liquidity with the framework and policies established by the board, as the case may be, and formulate appropriate actions;
13. To consider the significance of ALM of any changes in customer behavior and formulate appropriate actions; and
14. To consider, if appropriate, the composition of the Company's capital structure, taking account of future regulatory requirements and rating agency views and formulate actions wherever required.

## **7. Investment Committee**

The Investment Committee was constituted by a board resolution dated April 24, 2009.

The Investment Committee currently comprises of:

<b>Name of the Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship/Employment</b>
Roy M Mathew	Chairman	Managing Director
Mathew Muthoottu	Member	Whole time Director
K. George Varghese	Member	Chief Operating Officer
Anoop Thomas	Member	Chief Financial Officer

Terms of reference of the Investment Committee are to approve all investments of our Company, other than

routine deposit of surplus/ idle funds of our Company.

#### **8. Risk Management Committee**

The Risk Management Committee was constituted *vide* a board resolution dated April 22, 2013 and reconstituted on April 7, 2015 and the committee consists of the following members;

<b>Name of the Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship/ Employment</b>
Roy M Mathew	Chairman	Managing Director
Mathew Muthootu	Member	Executive Director
K. George Varghese	Member	Chief Operating Officer
Anoop Thomas	Member	Chief Financial Officer
Chandrakumar	Member	Chief Audit Officer

Terms of reference of the Risk Management Committee include the following:

1. To assist the Board in the execution of its risk management accountabilities, the Committee shall be charged with the general responsibilities;
2. To assist the Board in setting risk strategy policies in liason with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting;
3. To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed;
4. To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work;
5. To ensure that the the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk;
6. To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management including internal control;
7. To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained;
8. To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
9. To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
10. To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by the Audit Committee to the Board on all categories of identified risks faced by the Company; and
11. To review the risk bearing capacity of our Company, in light of its reserves, insurance coverage or other such financial structures.

#### **Key Managerial Personnel**

Other than our Managing Director and our Whole Time Directors our Key Managerial Personnel are:

1. **Anoop Thomas Jacob** aged 52 years, Chief Financial Officer. He holds a bachelor's degree in commerce from University of Bombay and he is also an associate of the Institute of Chartered Accountants in India as well as in England & Wales. He joined our Company in November 2011 and has nearly 30 years of professional experience in the finance, accounts and audit functions.
2. **K. S. Smitha** aged 42 years, Company Secretary. She holds a graduate degree in English Literature from University of Calicut and she is also an Associate Member of the Institute of Company Secretaries of India. She joined our Company in May 2015 and has nearly 19 years of post-qualification experience. Prior to joining our Company she was associated with Aspinwall and Company Limited.

For details about our Managing Director and Whole Time Directors please refer to “***Our Management – Profile of Directors***” on page 90.

## OUR PROMOTERS

The Promoters of our Company are

1. Mr. Roy M. Mathew,
2. Ms. Nizzy Mathew, and
3. Mr. Mathew Muthoottu.

Our Promoters hold 80.15% shareholding in our Company.

### *Profiles of our Promoters*

**Mr. Roy M. Mathew**, aged 66 years, is the Managing Director of our Company. He holds a Doctor of Philosophy in Entrepreneurship Development from the Open International University, Kuala Lumpur, Malaysia and a master's degree in commerce from Commercial University, Delhi. He has over 40 years' experience in managing a variety of industries, ranging from non-banking and financial institutions, theatre and hotel companies to real estate companies. Mr. Roy M. Mathew holds 1,66,06,352 Equity Shares amounting to 73.81% of our Company's issued share capital as on the date of this Prospectus.

**Ms. Nizzy Mathew**, aged 62 years, is a Wholetime Director of our Company. She holds a Doctor of Philosophy in English Literature from the Open International University, Kuala Lumpur, Malaysia. She also holds a bachelors degree in arts from the University of Kerala. She has wide experience in her career managing non-banking financial institutions for over 25 years. Ms. Nizzy Mathew holds 38,094 Equity Shares amounting to 0.17% of our Company's issued share capital as on the date of this Prospectus.

**Mr. Mathew Muthoottu**, aged 25 years, is a Wholetime Director of our Company. He holds a bachelor's Degree in commerce from Mahatma Gandhi University, Kerala. He has about five years' experience in managing non-banking and financial institutions. He is responsible for business promotion, expansion and brand building activities in our Company. Mr. Mathew Muthoottu holds 13,88,094 Equity Shares amounting to 6.17% of our Company's issued share capital as on the date of this Prospectus.



## SECTION V - FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

The Board of Directors  
**Muthoottu Mini Financiers Limited**  
Muthoottu Buildings,  
Kozhencherry,  
Pathanamthitta – 689 641,  
Kerala, India

Dear Sirs,

We have examined the attached reformatted standalone financial information of Muthoottu Mini Financiers Limited, (the “Company”) annexed to this report, which is proposed to be included in the Prospectus of the Company in connection with the proposed issue of Secured Non-Convertible Debentures (NCDs) up to ₹ 12,500 lacs, with an option to retain over-subscription up to ₹ 12,500 lacs, aggregating up to ₹ 25,000 lacs, for issuance of additional NCDs in terms of the requirement of Section 26 of the Companies Act, 2013 read with rules thereto (“the Act”), Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (“the Regulations”) issued by Securities and Exchange Board of India (SEBI), as amended from time to time in pursuance of Section 11A of the Securities and Exchange Board of India Act, 1992 (the “SEBI Act”) and related clarifications and in terms of our engagement letter dated 08.11.2014. This financial information has been prepared by the Company and is approved by the debenture committee of the board of directors of the company.

The preparation and presentation of the reformatted financial information is the responsibility of the Company’s management. This reformatted financial information is proposed to be included in the offer documents of the Company in connection with the Issue. These reformatted financial information have been regrouped and reclassified in accordance to Schedule III of Companies Act, 2013 with effective from April 1st, 2014 (but not restated retrospectively for change in any accounting policy) for the year ended March 31<sup>st</sup> 2015 and for the years ended March 31<sup>st</sup> 2014, 2013, 2012 and 2011 audited by Vijayakumar & Easwaran, Chartered Accountants and are to be included in the Offer Documents of the Company in connection with the Issue.

We have examined this financial information taking into consideration the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.

#### 1. **Reformatted Standalone Financial Statements as per Audited Standalone Financial Statements of the Company**

We have examined the following attached statements of the Company:

- a) the “Reformatted Standalone Statement of Assets and Liabilities” as at March 31<sup>st</sup>, 2015, 2014, 2013, 2012 and 2011 (Annexure I) and the schedules forming part thereof (Annexure IV);
- b) the “Reformatted Standalone Statement of Profits and Losses” for each of the years ended March 31<sup>st</sup>, 2015, 2014, 2013, 2012 and 2011 (Annexure II) and the schedules forming part thereof (Annexure V); and
- c) the “Reformatted Standalone Statement of Cash Flows” for each of the years ended March 31<sup>st</sup>, 2015, 2014, 2013, 2012 and 2011. (Annexure III),

together referred to as “Reformatted Standalone Financial Statements”.

The financial statements for the years ended as at March 31<sup>st</sup>, 2015, 2014, 2013, 2012 and 2011 have been approved/ adopted by the Board of Directors and the members of the Company.

We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Financial Information with the Company’s audited financial statements for financial years ended March 31<sup>st</sup>, 2015, 2014, 2013, 2012, and 2011 and regrouping and reclassification as per schedule III of Companies Act 2013 and requirements of ‘SEBI Regulations’.

These Reformatted Standalone Financial Statements have been extracted from the Audited Standalone Financial Statements of the Company after making such adjustments, reclassifications and regroupings as considered appropriate and based on our examination of these Reformatted Standalone Financial Statements, we state that:

- (a) These Reformatted Standalone Financial Statements have been presented in “Rupees in lacs” solely for the convenience of readers;
- (b) These Reformatted Standalone Financial Statements have to be read in conjunction with the relevant Significant Accounting Policies and Notes to Financial Statements on the Reformatted Standalone Financial Statements given as per Annexure XIII;
- (c) The figures of earlier years/Periods have been regrouped (but not restated) wherever necessary, to conform to the classification adopted for the Reformatted Standalone Financial Statements;
- (d) There are no extra-ordinary items that need to be disclosed separately in the Reformatted Standalone Financial Statements;
- (e) There are no qualifications in the auditors reports that require adjustments to the figures in the Reformatted Standalone Financial Information that has been prepared in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014 corresponding to Sec. 26(1) of the Companies Act, 2013; and
- (f) These Reformatted Standalone Financial Statements conform to the requirements of schedule III of Companies Act, 2013 and the Revised Schedule VI of the Companies Act, 1956.

## **2. Other Standalone Financial Information of the Company**

We have examined the following Other Standalone Financial Information of the Company for each year ended March 31st 2015, 2014, 2013, 2012 and 2011 proposed to be included in the Prospectus and annexed to this report:

- a) Capitalisation Statement (Annexure VI)
  - b) Statement of Secured & Unsecured Loans (Annexure VII)
  - c) Statement of Accounting Ratios (Annexure VIII)
  - d) Statement of Dividends (Annexure IX)
  - e) Statement of Contingent Liability (Annexure X)
  - f) Statement of Tax Shelter (Annexure XI)
  - g) Statement of List of Related Parties & transaction with them (Annexure XII A & B)
  - h) Significant Accounting Policies & notes to the Financial Statements (Annexure XIII)
3. Based on our examination of these Reformatted Standalone Financial Information, we state that in our opinion, the “Reformatted Standalone Financial Statements as per Audited Standalone Financial Statements of the Company” and “Other Standalone Financial Information of the Company” mentioned above for the years ended March 31st, 2015, 2014, 2013, 2012 and 2011 have been prepared in accordance with Section 26 of the Act, rules prescribed under the Act and the Regulations amended by time to time, by SEBI Act.
4. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the Proposed public issue of NCD aggregating to ₹ 12,500 Lakhs with an option to retain over-subscription up to ₹ 12,500 Lakhs for issuance of additional NCDs and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For Vishnu Rajendran & Co**  
**Chartered Accountants**  
Firm Registration No: 004741S

**P.A. Joseph, FCA**  
Partner  
Membership No: 201101

Place: Kottayam  
Date: 25.06.2015

**Annexure - I: Reformatted Summary Statement of Assets and Liabilities**

(₹ in Lacs)

Particulars	Note No.	As at				
		31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b><u>EQUITY AND LIABILITIES</u></b>						
<b>Shareholders' funds</b>						
(a) Share capital	A/1	22,500.00	22,500.00	17,500.00	12,000.00	12,000.00
(b) Reserves and surplus	B/2	21,791.31	19,943.50	16,577.36	5,245.65	3,115.30
<b>Share application money pending allotment</b>		-	-	-	-	-
<b>Non-current liabilities</b>						
(a) Long-term borrowings	C/3	83,614.90	68,769.84	45,594.04	90,643.85	21,326.02
(b) Deferred tax liabilities (net)	4	-	-	59.99	37.26	40.54
(c) Other long-term liabilities	5	-	88.76	29.01	20.84	13.13
(d) Long-term provisions	E/6	265.57	869.48	591.01	338.63	94.88
<b>Current liabilities</b>						
(a) Short-term borrowings	F/3	26,496.28	23,367.03	20,441.14	15,904.62	10,962.62
(b) Other current liabilities	G/7	46,313.02	94,402.93	105,905.09	1,315.35	1,713.27
(c) Short-term provisions	H/8	1,083.91	-	1,144.63	601.56	-
<b>TOTAL</b>		<b>202,064.98</b>	<b>229,941.54</b>	<b>207,842.27</b>	<b>126,107.76</b>	<b>49,265.76</b>
<b><u>ASSETS</u></b>						
<b>Non-current assets</b>						
<b>(a) Fixed assets</b>						
Tangible assets	H/9	14,629.82	13,991.85	11,884.69	4,556.83	2,771.95
Intangible assets		-	-	-	-	-
Capital work-in-progress		814.51	1,455.94	294.16	-	-
(b) Non-current investments	I/10	373.42	372.79	372.79	372.79	7,682.39
(c) Deferred Tax Asset		94.82	141.04	-	-	-
(d) Long-term loans and advances	J/11	3,475.89	2,441.41	1,558.53	823.45	343.45
<b>Current assets</b>						
(a) Current Investments	I/12	39.56	39.62	-	-	-
(b) Cash and cash equivalents	J/13	4,087.26	24,276.49	9,596.31	3,393.24	1,744.10
(c) Short-term loans and advances	K/14	177,593.47	186,579.13	183,657.43	116,932.45	36,712.27
(d) Other current assets	L/15	956.23	643.27	478.36	29.00	11.60
<b>TOTAL</b>		<b>202,064.98</b>	<b>229,941.54</b>	<b>207,842.27</b>	<b>126,107.76</b>	<b>49,265.76</b>

The accompanying statement of significant accounting policies and notes to accounts on financial statements attached shall form an integral part of this statement

**Annexure - II : Reformatted Summary Statement of Profit and Loss**

(₹ in Lacs)

Particulars	Note No.	For the year ended				
		31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>CONTINUING OPERATIONS</b>						
Revenue from operations	T/16	35,253.91	35,323.44	34,217.93	18,527.67	5,005.83
Other income	U/17	17.14	43.42	44.25	39.72	26.11
<b>Total Revenue</b>		<b>35,271.05</b>	<b>35,366.86</b>	<b>34,262.18</b>	<b>18,567.39</b>	<b>5,031.94</b>
<b>Expenses</b>						
Employee benefits expense	V/18	5,321.57	5,131.20	4,807.55	2,128.51	468.06
Finance costs	W/19	19,701.35	17,792.88	16,576.17	9,820.50	2,965.56
Depreciation and amortization Expense	X/20	1,436.74	1,456.23	797.08	410.91	116.29
Operating & other expenses	Y/21	5,825.40	6,575.28	5,060.24	2,986.32	642.46
<b>Total Expenses</b>		<b>32,285.06</b>	<b>30,955.59</b>	<b>27,241.04</b>	<b>15,346.24</b>	<b>4,192.37</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>2,985.98</b>	<b>4,411.27</b>	<b>7,021.14</b>	<b>3,221.15</b>	<b>839.57</b>
Exceptional &Extraordinary items		-	-	-	54.08	211.62
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>2,985.98</b>	<b>4,411.27</b>	<b>7,021.14</b>	<b>3,167.07</b>	<b>627.95</b>
Prior Period Items		(10.45)	303.84	1.30	-	-
<b>Profit / (Loss) before tax</b>		<b>2,975.53</b>	<b>4,715.11</b>	<b>7,022.44</b>	<b>3,167.07</b>	<b>627.95</b>
<b>Tax expense:</b>						
Current Tax expense		1,081.50	1,550.00	2,268.00	1,040.00	215.00
Short Provision for Income Tax		-	-	-	-	6.80
Fringe Benefit Tax		-	-	-	-	-
Deferred Tax		46.22	(201.03)	22.73	(3.28)	16.50
<b>Profit / (Loss) for the year</b>		<b>1,847.81</b>	<b>3,366.14</b>	<b>4,731.71</b>	<b>2,130.35</b>	<b>389.65</b>
<b>Less: Transferred to Special Reserve Fund</b>		<b>369.56</b>	<b>673.23</b>	<b>946.34</b>	<b>430.00</b>	<b>127.00</b>
<b>Balance Carried to Balance Sheet</b>		<b>1,478.25</b>	<b>2,692.91</b>	<b>3,785.37</b>	<b>1,700.35</b>	<b>262.65</b>

**Annexure - III: Reformatted Summary of Cash Flow Statement**

(₹ in Lacs)

Particulars	For the year ended				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>A Cash Flow from Operating Activities</b>					
Operating Profit/(Loss) for the year	2,985.99	4,411.27	7,021.14	3,167.07	627.95
Adjustment for :					
Provision for Standard Assets	(34.32)	5.63	165.76	199.98	91.76
Provision for NPA	382.22	139.37	86.62	43.77	3.12
Bonus Payable/(Paid or Reversed)	-	(463.83)	750.00	-	-
Provision for Gratuity	132.10	133.47	-	-	-
Profit on sale of Car	(14.16)	(19.63)	-	-	-
Depreciation	1,090.51	1,455.10	797.08	410.91	116.29
Prior Period Items	(10.68)	17.67	1.30	-	-
Income from Non Operating Business	(2.98)	(23.79)	(44.25)	(39.72)	(26.11)
<b>Operating Profit/(Loss) before working capital Adjustments</b>	<b>4,528.67</b>	<b>5,655.26</b>	<b>8,777.65</b>	<b>3,782.01</b>	<b>813.01</b>
Adjustments for :					
Short Term Loans & Advances	8,985.66	(2,921.70)	(66,724.98)	(80,220.18)	(14,073.00)
Current Investments	0.06	(39.62)	-	-	-
Other Current Assets	(312.96)	(164.91)	(449.36)	(17.40)	45.47
Short-term borrowings	3,129.24	2,925.88	4,536.52	4,942.00	1,883.62
Current Liabilities	1,833.29	(1,690.49)	1,590.87	(362.08)	1,350.39
<b>Cash generated from operations</b>	<b>18,163.96</b>	<b>3,764.42</b>	<b>(52,269.30)</b>	<b>(71,875.65)</b>	<b>(9,980.51)</b>
Income taxes paid	1,437.84	2,209.22	2,474.93	401.00	206.95
Fringe Benefit Tax paid	-	-	-	-	6.80
<b>Net Cash from Operating Activity</b>	<b>16,726.12</b>	<b>1,555.20</b>	<b>(54,744.23)</b>	<b>(72,276.65)</b>	<b>(10,194.26)</b>
<b>B Cash Flow from Investing Activities</b>					
Income from Non Operating Business	2.98	23.79	44.25	39.72	26.11
Increase/(Decrease) in Investments	(0.63)	-	-	7,309.60	16.27
Increase/(Decrease) in Long Term Loans and Advances	(678.14)	(618.28)	(735.08)	(517.44)	(176.41)
Sale of fixed Assets	212.89	85.00	-	-	-
Purchase of fixed Assets	(1,285.55)	(4,789.41)	(3,819.10)	(2,195.79)	(701.55)
<b>Net Cash Flow from Investment Activity</b>	<b>(1,748.45)</b>	<b>(5,298.90)</b>	<b>(4,509.93)</b>	<b>4,636.09</b>	<b>(835.58)</b>
<b>C Cash Flow from Financing Activities</b>					
Increase/(Decrease) in Long Term Borrowings	(35,078.16)	13,364.13	57,949.06	69,281.99	(155.37)
Increase/(Decrease) in Other Long Term Liabilities	(88.76)	59.75	8.17	7.71	5.40
Increase/(Reduction) in Capital	-	5,000.00	7,500.00	-	11,800.00
<b>Net Cash Flow from Financing Activity</b>	<b>(35,166.91)</b>	<b>18,423.88</b>	<b>65,457.24</b>	<b>69,289.70</b>	<b>11,650.03</b>
	-	-	-	-	-



Particulars	For the year ended				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>D</b> Net Increase/(Decrease) in cash & Cash Equivalents	(20,189.23)	14,680.17	6,203.08	1,649.14	620.19
<b>E</b> Opening Balance of Cash & Cash Equivalents	24,276.49	9,596.31	3,393.23	1,744.10	1,123.91
<b>F</b> Closing Balance of Cash & Cash Equivalents	4,087.26	24,276.49	9,596.31	3,393.23	1,744.10

**Annexure - IV: Notes to Reformatted Summary Statement of Assets and Liabilities**

**1 Note A/ 1: Share Capital**

(₹ in Lacs)

A	Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
	<b>Share Capital</b>					
	<b>Authorized Capital</b>					
	Equity shares of ₹ 100 each	22,500.00	22,500.00	17,500.00	12,000.00	12,000.00
	<b>Issued, Subscribed and Paid-Up Capital</b>					
	Equity shares of ₹ 100 each	22,500.00	22,500.00	17,500.00	12,000.00	12,000.00

**b The reconciliation of the number of shares outstanding and the amount of share capital as at March 31 of the respective years**

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Shares outstanding at the beginning of the year	22,500,000	17,500,000	12,000,000	12,000,000	200,000
Shares Issued during the year	-	5,000,000	5,500,000	-	11,800,000
Shares outstanding at the end of the year	22,500,000	22,500,000	17,500,000	12,000,000	12,000,000

**c Disclosure as to the shareholders holding more than 5% shares**

Name of Shareholder	No. of Shares Held				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Mr. Roy Mathew	1,66,06,352	16,606,352	13,655,556	11,940,000	11,940,000
Mr. Mathew Muthoottu	13,88,094	1,388,094	33,333	30,000	30,000
Mrs. Nizzy Mathew	38,094	38,094	33,333	30,000	30,000
M/s. Mini Muthoottu Hotels (P) Ltd	24,12,698	2,412,698	2,111,111		
M/s. Mini Muthoottu Credit India Ltd	14,19,841	1,419,841	1,111,111		

Name of Shareholder	Percentage Holding				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Mr. Roy Mathew	73.81%	73.81%	78.03%	99.50%	99.50%
Mr. Mathew Muthoottu	6.17%	6.17%	0.19%	0.25%	0.25%
Mrs. Nizzy Mathew	0.17%	0.17%	0.19%	0.25%	0.25%
M/s. Mini Muthoottu Hotels (P) Ltd	10.72%	10.72%	12.06%	-	-
M/s. Mini Muthoottu Credit India Ltd	6.31%	6.31%	6.35%	-	-

**d. Disclosure as to aggregate number and class of shares allotted as pursuant to contract(s) without payment being received in cash, fully paid up by way of bonus shares and shares bought back**

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>Equity Shares</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	2,500,000	1,750,000	-	-
Shares bought back	-	-	-	-	-
	-	2,500,000	1,750,000	-	-

**2. Note B/2: Reserves and Surplus**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>Reserves and Surplus</b>					
<b>Special Reserve Fund</b>					
Opening Balance	2,802.47	2,129.24	1,182.90	752.90	625.90

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
(+) Current Year Transfer	369.56	673.23	946.34	430.00	127.00
(-) Written Back in Current year	-	-	-	-	-
Closing Balance	3,172.03	2,802.47	2,129.24	1,182.90	752.90
<b>Securities Premium</b>					
Opening Balance	6250.00	3,750.00	-	-	-
(+) Securities premium credited on Share issue	-	2,500.00	3,750.00	-	-
(-) Written Back in Current year	-	-	-	-	-
Closing Balance	6250.00	6,250.00	3,750.00	-	-
<b>Revaluation Reserve</b>					
Opening Balance	350.00	2,850.00	-	-	-
(+) Current Year Transfer	-	-	4,600.00	-	-
(-) Reduced in Current year	-	2,500.00	1,750.00	-	-
Closing Balance	350.00	350.00	2,850.00	-	-
<b>Debenture Redemption Reserve</b>					
Opening Balance	-	-	-	-	-
(+) Current Year Transfer	12,019.28	-	-	-	-
(-) Reduced in Current year	-	-	-	-	-
Closing Balance	12,019.28	-	-	-	-
<b>Surplus in Profit and Loss A/c</b>					
Opening Balance	10,541.03	7,848.12	4,062.75	2,362.40	2,099.75
(+) Net Profit /(Loss) for the Current Year	1,847.81	3,366.14	4,731.71	2,130.35	389.65
(-) Transfer to Special Reserve Fund	369.56	673.23	946.34	430.00	127.00
(-) Transfer to Debenture Redemption Reserve	12,019.28	-	-	-	-
Closing Balance	-	10,541.03	7,848.12	4,062.75	2,362.40
<b>Total Reserves &amp; Surplus</b>	<b>21,791.31</b>	<b>19,943.50</b>	<b>16,577.36</b>	<b>5,245.65</b>	<b>3,115.30</b>

**Note 1:** Statutory Reserve represents the Reserve Fund created u/s 45IC of the Reserve Bank of India Act, 1934. An amount of ₹ 369.56 lacs representing 20% of the Net Profit is transferred to the Fund for the year. No appropriation was made out of the reserve fund during the year.

**Note 2:** Pursuant to Section 71 of the Companies Act, 2013 and Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, the Company is required to transfer 25% of the value of the debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date. The Company has made provision for the same during the year.

### 3. Note C & E/3: Borrowings

(₹ In Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>A. Long Term Borrowings</b>					
<b>I. Secured</b>					
(a) Listed Secured Redeemable NCD - Public Issue I	6,664.50	19,558.57	-	-	-
(b) Listed Secured Redeemable NCD - Public Issue II	8,577.77				
(c) Listed Secured Redeemable NCD - Public Issue III	19,769.51				
(Secured by way of first charge on immovable property located at House of Hiranandhini, No. 5/63, Old Mahabalipuram Road, Egathur Village, Chennai - 600130 and first charge on Current assets including Book debts, Loans &					

**Muthoot Mini Financiers Limited**

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Advances, Cash & Bank Balances and Receivables, both present and future except those receivables specifically and exclusively charged in favour of the existing lenders ranking paripassu with the existing secured debenture holders)					
<b>(d) Secured Redeemable Privately placed NCD</b>	33,970.62	46,296.68	44,551.44	90,643.85	13,059.14
(Secured on floating charge on all assets of the company both present and future, except gold loan receivables charged exclusively to South Indian Bank, State Bank of Travancore, Federal Bank and Dhanalakshmi Bank for availing loan.)					
<b>B.Term Loan from Banks</b>					
<b>(i) South Indian Bank Ltd.</b>	1,839.83	2,463.51	970.36	-	-
(The Rupee term loan is secured on the fixed assets purchased and sundry deposits made in respective new branches. The term loan is availed at an interest rate of 250bps above base rate i.e at present 13.00% and to be repaid in 10 equal half year installments with moratorium of 3 months from the date of first disbursement)					
<b>(ii) HDFC Car Loan (Benz G350)</b>	37.95	55.92	72.24	-	-
( Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 9.95% p.a)					
<b>(iii) HDFC Car Loan (Benz)</b>	19.10	26.64	-	-	-
( Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 9.95% p.a)					
<b>(iv) HDFC Car Loan (Jaquar)</b>	60.55	82.22	-	-	-
( Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.75%)					
<b>(v) HDFC Car Loan (Innova)</b>	7.00	9.62	-	-	-
( Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.50%)					
<b>(vi) SIB, Pathanamthitta Car Loan</b>	92.68	156.23	-	-	-
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.50% )					

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
(vii) <b>HDFC Car Loan BMW X-5</b>	53.58	-	-	-	-
(Secured by Hypothecation on vehicle)					
<b>II. Unsecured</b>					
(a) <b>Listed Unsecured Debentures - Public Issue II</b>	<b>4,962.99</b>	-	-	-	-
(b) <b>Listed Unsecured Debentures - Public Issue III</b>	<b>7,143.37</b>	-	-	-	-
(c) <b>Unsecured Debentures</b>	415.45	120.45	-	-	-
(The Company privately placed Unsecured, Redeemable Non-Convertible Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, of which ₹1,16,72,000.00 to be repaid within 61 months and balance within 100 months from the date of issue with interest @ 13.33-24.70% p.a)					
(d) <b>Loan from Directors</b>	-	-	-	-	8,266.88
(e) <b>Loan from Companies Under Same management</b>	-	-	-	-	-
<b>Total Long Term Borrowings</b>	<b>83,614.90</b>	<b>68,769.84</b>	<b>45,594.04</b>	<b>90,643.85</b>	<b>21,326.02</b>
<b>B. Short Term Borrowings</b>					
<b>I. Secured</b>					
(a) <b>South Indian Bank</b>	16,448.41	14,925.87	15,457.63	14,394.28	10,962.62
(Secured by Gold Loan receivables of specific branches allocated exclusive to bank and collateral security of immovable property and personal guarantee of promoters)					
(b) <b>Federal Bank Limited</b>	4,977.86	2,457.82	2,273.99	1,510.34	-
(Secured by Gold Loan receivables of specific branches allocated exclusive to bank and collateral security of immovable property and personal guarantee of promoters)					
(c) <b>State Bank of Travancore</b>	2,609.67	3,577.70	2,709.52	-	-
(Secured by Gold Loan receivables of specific branches allocated exclusive to bank and collateral security of immovable property and personal guarantee of promoters)					
(d) <b>Dhanalakshmi Bank</b>	2,460.35	2,405.64	-	-	-

**Muthoot Mini Financiers Limited**

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
(Secured by way of Gold Loan Receivables of specific branches allocated exclusively to bank with 25% margin, Equitable Mortgage of 34.39 acres (84.943 cents) of land, Personal Guarantee of Roy M Mathew, Nizzy Mathew and Mathew Muthootu and corporate Guarantee of Muthootu Mini Theatres Private Limited)					
<b>Total Short Term Borrowings</b>	<b>26,496.28</b>	<b>23,367.03</b>	<b>20,441.14</b>	<b>15,904.62</b>	<b>10,962.62</b>
<b>Total Borrowings</b>	<b>110,111.18</b>	<b>92,136.87</b>	<b>66,035.18</b>	<b>106,548.47</b>	<b>32,288.64</b>

**3.1 Secured Redeemable NCD - Public Issue**

(₹ In Lacs)

Sl.	Date of Allotment (Interest Rate)	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011	Redemption Period
I	28/03/2014 (Interest rate 12% to 13.5%)	-	19,558.57	-	-	-	400 days to 66 months
II	08/08/2014 (Interest rate 12% to 13.25%)	20,000.00	-	-	-	-	500 days to 66 months
III	11/11/2014 (Interest Rate 11.50% to 13.43%)	19,769.51	-	-	-	-	18 months to 66 months
		<b>39,769.51</b>	<b>19,558.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**3.2 Secured Non-Convertible Debentures**

(₹ In Lacs)

Sl.	Date of Allotment (Interest Rate)	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011	Redemption Period
XVI II	15/03/2013 - till date (12% to 18.18%)	9,777.72	10,291.72	1,225.42	-	-	1 year to 6 years
XVI I	01/11/2012 - 14/03/2013 (12.5% to 18.18%)	5,186.71	9,407.88	9,407.88	-	-	1 year to 6 years
XVI	29/09/2012 - 31/10/2012 (12.5% to 18.18%)	1,240.56	2,670.34	2,670.34	-	-	1 year to 6 years
XV	23/05/2012 - 28/09/2012 (12.5% to 18.18%)	4,811.73	6,664.79	6,801.55	6,392.08	-	1 year to 6 years
XIV	27/01/2012 - 31/03/2012 (12.5% to 18.18%)	2,618.80	3,055.48	3,845.13	39,683.31	-	1 year to 6 years
XIII	26/03/2012 - 22/05/2012 (12.5% to 18.18%)	3,268.89	5,586.82	5,732.58	9,998.88	-	1 year to 6 years
XII	10/01/2012 - 25/03/2012 (12% to 18.18%)	1,584.78	2,008.39	3,807.11	4,989.98	-	1 year to 6 years
XI	09/12/2011 - 09/01/2012 (11.5% to 18.18%)	851.29	1,566.68	1,566.68	4,899.90	-	1 year to 6 years
X	16/11/2011 - 08/12/2011 (11.5% to 18.18%)	589.27	728.33	1,073.17	4,998.90	-	1 year to 6 years
IX	22/08/2011 - 15/11/2011 (11.5% to 13.75%)	2,041.28	2,214.99	3,836.66	4,896.00	-	1 year to 6 years
VIII	22/06/2011 - 21/08/2011 (11.5% to 13.75%)	1,371.04	1,372.58	2,460.42	2,465.00	-	1 year to 6 years
VII	02/06/2011 - 21/06/2011 (11.5% to 13.75%)	602.36	686.01	755.37	2,478.00	-	1 year to 6 years
VI	07/03/2011 - 01/06/2011 (11% to 13.25%)	20.85	22.72	1,349.17	2,473.17	-	1 year to 6 years
V	04/11/2010 - 06/03/2011 (10% to 13.25%)	5.34	19.83	19.83	2,499.82	1,612.38	1 year to 6 years
IV	23/09/2010 - 03/11/2010 (10% to 13.25%)	-	0.12	0.12	2,394.90	2,231.44	1 year to 6 years
III	27/07/2010 - 22/09/2010	-	-	-	2,450.46	9,191.17	1 year to 6 years



Sl.	Date of Allotment (Interest Rate)	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011	Redemption Period
	(10.5% to 12.75%)						
II	17/03/2010 – 26/07/2010 (10.5% to 12.75%)	-	-	-	12.14	12.34	1 year to 6 years
I	01/08/2009 – 16/03/2010 (10.5% to 12.75%)	-	-	-	11.31	11.81	1 year to 6 years
		<b>33,970.62</b>	<b>46,296.68</b>	<b>44,551.44</b>	<b>90,643.85</b>	<b>13,059.14</b>	

**4. Deferred Tax Liabilities**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Deferred Tax Liability	-	-	59.99	37.26	40.54
<b>Total Deferred tax Liability</b>	<b>-</b>	<b>-</b>	<b>59.99</b>	<b>37.26</b>	<b>40.54</b>

**5. Other Long Term Liabilities**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Security Deposits	-	81.65	18.53	18.53	13.13
Advances from Customers	-	7.11	10.48	2.31	-
<b>Total Other Long Term Liabilities</b>	<b>-</b>	<b>88.76</b>	<b>29.01</b>	<b>20.84</b>	<b>13.13</b>

**6. Long Term Provisions**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Provision for Non-Performing Assets	-	272.88	133.51	46.89	3.12
Contingent Provision for Standard Assets	-	463.13	457.50	291.74	91.76
Provision for Gratuity	265.57	133.47	-	-	-
<b>Total Long Term Provisions</b>	<b>265.57</b>	<b>869.48</b>	<b>591.01</b>	<b>338.63</b>	<b>94.88</b>

**7. Other Current Liabilities**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Current maturity of Long Term Borrowings	43,291.39	93,214.60	103,026.27	27.40	63.24
Interest accrued but not due on borrowings	2,720.51	1,107.82	2,790.78	-	-
Interest accrued and due on borrowings	-	18.84	22.56	1,254.47	1,487.86
Unpaid matured debentures	-	-	-	-	-
Interest on unpaid matured debentures	-	-	-	-	-
Statutory payables	154.91	53.79	36.60	29.18	155.26
Other Payables	146.20	7.88	28.88	4.30	6.92
<b>Total Other Current Liabilities</b>	<b>46,313.02</b>	<b>94,402.93</b>	<b>105,905.09</b>	<b>1,315.35</b>	<b>1,713.27</b>

**Muthootu Mini Financiers Limited**

**7.1 Current Maturities of Long Term Debt**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Current Maturity of Privately placed NCD	18,230.73	92,439.70	102,768.98	27.40	63.24
Current Maturity of Listed NCD	24,316.30	-	-	-	-
Current Maturity of Term Loan	744.37	774.90	257.29	-	-
<b>Total Current Maturity of Long Term Debt</b>	<b>43,291.39</b>	<b>93,214.60</b>	<b>103,026.27</b>	<b>27.40</b>	<b>63.24</b>

**8 Short Term Provisions**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Provision for Income Tax (Net of Advance Tax)	-	-	394.63	601.56	-
Provision for Fringe Benefit Tax	-	-	-	-	-
Provisions for Bonus	-	-	750.00	-	-
Provision for Non-Performing Assets	655.10	-	-	-	-
Contingent Provision for Standard Assets	428.81	-	-	-	-
<b>Total Short Term Provisions</b>	<b>1,083.91</b>	<b>-</b>	<b>1,144.63</b>	<b>-</b>	<b>601.56</b>

**8.1 Movement of Provision for Standard and Non- Performing Assets**

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>Provision for Standard Assets</b>					
Provision at the beginning of the year	463.13	457.50	291.74	91.76	-
Additional Provisions made during the year	(34.32)	5.63	165.76	199.98	91.76
<b>Provision at the close of the year</b>	<b>428.81</b>	<b>463.13</b>	<b>457.50</b>	<b>291.74</b>	<b>91.76</b>
<b>Provision for Non- Performing Assets</b>					
Provision at the beginning of the year	272.88	133.51	46.89	3.12	-
Add: Additional Provisions made during the year	382.22	139.37	86.62	43.77	3.12
<b>Provision at the close of the year</b>	<b>655.10</b>	<b>272.88</b>	<b>133.51</b>	<b>46.89</b>	<b>3.12</b>

**9 Note 9: Fixed Assets**

(₹ in Lacs)

Type of Assets	31/03/2015	31/03/2014	Gross Block As at 31/03/2013	31/03/2012	31/03/2011
<b>Tangible Assets</b>					
Land*	6,549.03	6,271.37	6,079.17	1,479.17	1,479.17
Buildings	1,029.74	1,129.50	833.89	833.09	729.28
Plant & Machinery	1,171.10	1,153.48	806.48	216.78	13.64
Furniture and Fixtures	7,128.67	6,060.09	4,210.88	1,956.36	511.80
Vehicles	844.46	743.54	385.90	214.69	128.62
Electrical Fittings	412.30	275.14	209.44	90.51	34.57
Computer	1,426.79	1,200.50	804.17	414.39	112.13
<b>Total</b>	<b>18,562.09</b>	<b>16,833.62</b>	<b>13,329.93</b>	<b>5,204.99</b>	<b>3,009.21</b>
<b>Type of Assets</b>	<b>31/03/2015</b>	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
<b>Accumulated Depreciation</b>					
Land	-	-	-	-	-

Type of Assets	Gross Block As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Buildings	250.54	212.44	177.57	143.06	108.37
Plant & Machinery	271.98	201.46	68.74	18.19	1.47
Furniture and Fixtures	2,194.39	1,580.51	759.56	309.89	76.62
Vehicles	287.25	189.72	101.00	42.08	5.27
Electrical Fittings	91.21	60.84	30.56	10.60	3.24
Computer	836.91	596.80	307.81	124.34	42.29
<b>Total</b>	<b>3,932.28</b>	<b>2,841.77</b>	<b>1,445.24</b>	<b>648.16</b>	<b>237.26</b>
Type of Assets					
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>Net Tangible Assets</b>					
Land	6,549.03	6,271.37	6,079.17	1,479.17	1,479.17
Buildings	779.20	917.06	656.32	690.03	620.91
Plant & Machinery	899.12	952.02	737.74	198.59	12.17
Furniture and Fixtures	4,934.28	4,479.58	3,451.32	1,646.47	435.18
Vehicles	557.21	553.82	284.90	172.61	123.35
Electrical Fittings	321.09	214.30	178.88	79.91	31.33
Computer	589.88	603.70	496.36	290.05	69.84
<b>Total</b>	<b>14,629.82</b>	<b>13,991.85</b>	<b>11,884.69</b>	<b>4,556.83</b>	<b>2,771.95</b>

**10 Non Current Investments**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>Long Term Investments (At Cost)</b>					
<b>a) Quoted</b>					
5000 Equity Shares of ₹103.57 /- each fully paid up in The South Indian Bank Ltd.	5.18	5.18	5.18	5.18	5.18
<b>b) Unquoted</b>					
31,00,000 Equity Shares of ₹ 10/- each fully paid up in India vision Satellite Communication Ltd.	-	-	-	-	310.00
367000 Equity Shares of ₹ 100.67/- each fully paid up in Kapico Kerala Resorts Pvt. Ltd.	367.61	367.61	367.61	367.61	367.61
503 Equity Shares ₹ 125/- Of Wonderla Holidays fully paid	0.63				
<b>Others</b>					
Investment in Property	-	-	-	-	-
Investments in Partnership Firms	-	-	-	-	6,295.33
Other Business Investments	-	-	-	-	704.27
<b>Total Non Current Investments</b>	<b>373.42</b>	<b>372.79</b>	<b>372.79</b>	<b>372.79</b>	<b>7,682.39</b>

**11 Long term Loans & Advances**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>Other Loans and Advances</b>					

**Muthootu Mini Financiers Limited**

**a) Secured, Considered Good**

Income Tax including TDS (Net of Provisions)	620.94	264.60	-	-	37.44
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**b) Unsecured, Considered Good**

Rent Deposit	1,972.00	1,968.06	1,546.03	823.45	306.01
Security Deposit with NSE, BSE & CDSL	882.95	208.75	12.50	-	-
<b>Total Long Term Loans &amp; Advances</b>	<b>3,475.89</b>	<b>2,441.41</b>	<b>1,558.53</b>	<b>823.45</b>	<b>343.45</b>

**12 Current Investments**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>Other Short Term Investments (At Cost)</b>					
Investment in E Gold	39.56	39.62	-	-	-
	<b>39.56</b>	<b>39.62</b>	<b>-</b>	<b>-</b>	<b>-</b>

**13 Cash and Cash Equivalents**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>a) Balance with banks</b>					
In Deposit Account (For 12 months)	372.89	225.25	181.35	181.35	440.89
In Current Account	844.68	2,220.69	3,499.67	1,799.85	898.79
In Public Issue Account	-	19,558.57	-	-	-
<b>b) Cash in hand</b>	<b>2,869.69</b>	<b>2,271.98</b>	<b>5,915.29</b>	<b>1,412.04</b>	<b>404.42</b>
<b>Total Cash and Bank Balances</b>	<b>4,087.26</b>	<b>24,276.49</b>	<b>9,596.31</b>	<b>3,393.24</b>	<b>1,744.10</b>

**14 Short term Loans & Advances**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>(a)Secured</b>					
<b>Gold Loan</b>					
Secured, Considered good	172,587.13	1,75,552.41	1,80,929.37	1,15,602.34	36,394.81
Interest receivable	-	-	-	-	-
Secured considered Doubtful	3,275.52	1,328.75	659.76	226.67	15.60
<b>Loan against Debentures</b>					
Secured, Considered good	240.27	457.53	2,067.06	1,034.46	177.15
<b>Loan against Security</b>					
Secured, Considered good	-	0.18	0.31	-	-
<b>(b)Unsecured</b>					
<b>Education Loan</b>					
Unsecured, Considered good	0.20	0.32	0.93	0.74	-
<b>e) Personal Loan</b>					
Unsecured, considered good	1,490.36	9,239.94	-	-	-
<b>f) Directors and Company Under Same Management</b>					
Secured, Considered good	-	-	-	55.23	115.23

**g) Others**

Unsecured, Considered good	-	-	-	13.01	9.48
<b>Total Short Term Loans and Advances</b>	<b>177,593.47</b>	<b>186,579.13</b>	<b>183,657.43</b>	<b>116,932.45</b>	<b>36,712.27</b>
<b>Loan and advances due by</b>					
a) Directors	-	-	-	-	-
b) Other Offices of the company either severally or jointly with any other persons	-	-	-	-	-
c) firms or private companies respectively in which any director is a partner or a director or a member	-	-	-	55.23	115.23
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.23</b>	<b>115.23</b>

**15 Other Current Assets**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Deposits	1.29	1.01	0.80	0.26	0.15
Other Advances/Receivables	221.96	223.86	202.97	-	-
Others	732.98	418.40	274.59	28.74	11.45
<b>Total Other Current Assets</b>	<b>956.23</b>	<b>643.27</b>	<b>478.36</b>	<b>29.00</b>	<b>11.60</b>

**Annexure - V: Notes to Reformatted Summary Statement of Profit and Loss**

**16. Revenue from Operation**

(₹ In Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>a) Interest</b>					
On Gold Loan	33,196.77	34,423.36	33,862.55	18,371.36	4,938.06
On Loan against debentures	49.16	225.06	246.40	102.01	13.63
On Personal Loan	1,829.59	538.97	-	-	-
On Terms deposits	25.79	19.95	19.54	10.79	26.07
Others	1.61	1.95	4.21	-	-
	35,102.92	35,209.29	34,132.70	18,484.16	4,977.76
<b>b) Other Financial Services</b>					
Commission & Brokerage	127.74	112.29	77.72	43.51	28.07
Other Interest Income	20.43	-	-	-	-
DP Fees	2.82	1.86	7.51	-	-
	150.99	114.15	85.23	43.51	28.07
<b>Total Revenue from Operations</b>	<b>35,253.91</b>	<b>35,323.44</b>	<b>34,217.93</b>	<b>18,527.67</b>	<b>5,005.83</b>

**17 Note 17: Other Income**

(₹ In Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>a) Dividend Income</b>	0.37	0.32	0.27	0.23	0.18
<b>b) Other Non Operating Income</b>					
Rental Income	-	16.46	28.85	33.51	17.52
Agricultural Income	1.89	5.38	5.57	5.85	6.14
Profit on sale of car	14.16	19.63	-	-	-
Interest on Income Tax refund	-	-	7.35	-	2.24
Miscellaneous Income	0.73	1.63	2.21	0.13	0.03
	16.77	43.10	43.98	39.49	25.93
<b>Total Other Income</b>	<b>17.14</b>	<b>43.42</b>	<b>44.25</b>	<b>39.72</b>	<b>26.11</b>

**18. Employee Benefits Expenses**

(₹ In Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>a) Salaries &amp; Wages</b>					
Directors remuneration	132.40	129.60	135.23	19.38	9.21
Others	4,358.82	4,549.97	3,904.78	2,095.03	449.22
Gratuity	140.84	141.48	3.27	1.77	-
Exgratia	-	0.33	-	-	-
Employee Performance Appraisal Scheme	-	274.74	-	-	-
Bonus	215.68	26.63	750.00	-	-
<b>b) Staff welfare Expenses</b>	473.83	8.45	14.27	12.33	9.63
<b>Total Employee Benefit Expenses</b>	<b>5,321.57</b>	<b>5,131.20</b>	<b>4,807.55</b>	<b>2,128.51</b>	<b>468.06</b>

**19 Finance Costs**

(₹ In Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>Interest Expenses:</b>					
Interest on Debentures	12,322.17	14,743.93	14,227.31	7,921.67	985.09
Interest on Public Issue NCD I	2,748.46	-	-	-	-
Interest on Public Issue NCD II	1,233.84	-	-	-	-
Interest on Public Issue NCD III	828.72	-	-	-	-
Interest on Application Money (NCD)	328.86	103.21	-	-	-
Interest on Loan	2,189.67	2,844.36	2,287.45	1,873.25	1,237.51
Others	49.63	101.38	61.41	25.58	742.96
<b>Total Finance Cost</b>	<b>19,701.35</b>	<b>17,792.88</b>	<b>16,576.17</b>	<b>9,820.50</b>	<b>2,965.56</b>

**20. Note 20 : Depreciation and Amortization Expenses**

(₹ In Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Depreciation	1,090.51	1,455.10	797.08	410.91	116.29
Amortization of Public Issue Expenses	346.24	1.13	-	-	-
<b>Total</b>	<b>1,436.74</b>	<b>1,456.23</b>	<b>797.08</b>	<b>410.91</b>	<b>116.29</b>

**21. Note 21: Operating & Other Expenses**

(₹ In Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Power and Fuel	190.94	218.29	155.71	72.00	9.23
Rent	2,687.89	2,374.16	1,345.45	723.76	154.63
Repairs & Maintenance	78.23	73.05	97.34	98.06	40.28
Insurance	102.25	119.20	84.68	41.39	6.26
Rate & Taxes, excluding tax on income	37.59	16.38	94.22	118.40	98.97
Payments to auditors	13.05	5.62	8.43	2.25	1.65
<b>Other Expenses:</b>					
Commission paid	13.37	5.88	13.82	3.01	4.86
Business Promotion Expenses	553.23	518.99	612.55	323.43	29.99
General Office Expenses	248.69	327.20	353.91	341.64	42.31
Advertisement Charges	219.52	1,306.52	1,019.85	511.16	42.50
Bad Debt written off	29.20	120.70	90.72	-	-
Travelling Expenses:					
Directors	21.97	34.57	35.24	-	-
Others	256.15	300.80	201.24	156.93	43.55
Honorarium	-	0.03	4.10	-	-
Legal Professional charges	70.81	83.20	91.54	70.42	2.96
Telephone Charges	279.34	266.72	164.73	94.74	23.74
Audit Expenses	29.74	28.52	66.02	46.57	6.78
Donation and Charity	17.30	37.16	69.95	34.40	3.55
Subscription & Periodicals	0.23	5.94	2.60	3.35	0.07
Postage & Courier	25.26	44.80	28.41	14.23	2.69
Printing and Stationery	106.59	216.91	195.75	80.37	27.52
Service Tax	34.19	25.40	15.20	3.14	1.05
Miscellaneous Expenses	0.06	4.58	7.16	3.28	4.99
Water Charges	0.11	0.22	0.09	0.04	-
Provision for Non Performing Assets	382.22	139.37	86.62	43.77	3.12
Contingent Provision for Std. Assets	(34.32)	5.63	165.76	199.98	91.76
Loss on Theft	1.00	-	0.36	-	-
Vehicle Running & Maintenance Exp.	17.39	10.15	13.57	-	-
Security Charges	312.90	252.15	-	-	-
Training & Meeting Expenses	23.46	33.14	25.36	-	-
Subscription Charges- Spot Exchange	5.10	-	3.90	-	-
Loss on sale of Car	-	-	5.96	-	-
DP accounting Opening charges	2.05	-	-	-	-
Corporate Social Responsibility	97.50	-	-	-	-
Expenses of Public Issue NCD	2.34	-	-	-	-
<b>Total Operating &amp; Other Expenses</b>	<b>5,825.40</b>	<b>6,575.28</b>	<b>5,060.24</b>	<b>2,986.32</b>	<b>642.46</b>



**Annexure - VI: Capitalization Statement as at 31-05-2015**

(₹ In Lacs)

Particulars	Pre- Issue	Post- Issue
Long Term Debts	83,614.89	108,614.89
Short Term Debts (incl. Current maturities of long term debt)	69,787.67	69,787.67
<b>Total Debts</b>	<b>153,402.56</b>	<b>178,402.56</b>
<b>Shareholders' Funds</b>		
Equity Share Capital	22,500.00	22,500.00
<b>Reserves &amp; Surplus</b>		
Special Reserve Fund	3,172.03	3,172.03
Securities Premium	6,250.00	6,250.00
Revaluation Reserve	350.00	350.00
Debenture Redemption Reserve	12,019.30	12,019.30
Surplus in Profit and Loss A/c	-	-
<b>Total Shareholders' Funds</b>	<b>44,291.33</b>	<b>44,291.33</b>
<b>Long Term Debts/ Equity</b>	<b>1.89</b>	<b>2.45</b>
<b>Debt/Equity</b>	<b>3.46</b>	<b>4.03</b>

**Notes:**

1. Short term debts represent debts which are due within twelve months from March 31, 2015
2. Long term debts represent debts other than short term debts, as defined above.
3. The figures disclosed above are based on the Reformatted Summary Statement of Assets and Liabilities of the Company as at March 31, 2015
4. Long Term Debts/ Equity = Long Term Debts / Shareholders' Fund.
5. The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹25,000 lacs from the proposed public issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

**Annexure - VII: Statement of Secured Loans and Unsecured Loans**

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>(i) Debentures</b>					
(a) Secured Redeemable NCD - Public Issue	59,328.08	19,558.57	-	-	-
(Secured by way of first charge on immovable property located at House of Hiranandhini, No. 5/63, Old Mahabalipuram Road, Egathur Village, Chennai - 600130 and first charge on Current assets including Book debts, Loans & Advances, Cash & Bank Balances and Receivables, both present and future except those receivables specifically and exclusively charged in favour of the existing lenders ranking paripassu with the existing secured debenture holders)					
(b) Secured Redeemable privately placed NCD	52,201.35	1,38,736.38	147,320.41	90,671.25	13,122.38
(Secured on floating charge on all assets of the company both present and future, except gold loan receivables charged exclusively to South Indian Bank, State Bank of Travancore, Federal Bank and Dhanalakshmi Bank for availing loan.)					
<b>(ii) Term Loans from Banks</b>					
(a) South Indian Bank Ltd.	2,463.51	3,144.99	1,212.95	-	-
(The Rupee term loan is secured on the fixed assets purchased and sundry deposits made in respective new branches. The term loan is availed at an interest rate of 250bps above base rate i.e at present 13.00% and to be repaid in 10 equal half year installments with moratorium of 3 months from the date of first disbursement)					
(b) HDFC Car Loan (Benz G350)	55.92	72.20	86.94	-	-
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 9.95% p.a)					
(c) HDFC Car Loan (Benz)	26.64	33.47	-	-	-
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 9.95% p.a)					
(d) HDFC Car Loan (Jaquar)	82.23	101.69	-	-	-
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.75%)					
(e) HDFC Car Loan (Innova)	9.62	11.98	-	-	-
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.50%)					
(f) SIB, Pathanamthitta Car Loan	150.28	204.71	-	-	-
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.50%)					
(g) HDFC car Loan BMW X 5	66.87	-	-	-	-
(Secured by Hypothecation on vehicle)					
<b>(iii) Working Capital Loan from Banks</b>					
(a) South Indian Bank Ltd.	16,448.41	14,925.87	15,457.63	14,394.28	10,962.62
(Secured by way of Gold Loan Receivables of specific branches)					

**Muthootu Mini Financiers Limited**

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
allocated exclusively to bank with a 25% margin. Additional collateral by way of immovable property owned by the company and its group companies viz. Muthootu Mini Theatres (P) Ltd., Muthootu Mini Hotels (P) Ltd., Mini Muthootu Credit India (P) Ltd. & Kandamath Cine Enterprises (P) Ltd.					
(b) Federal Bank Ltd.	4,977.86	2,457.82	2,273.99	1,510.34	-
(Secured by way of Gold Loan Receivables of specific branches allocated exclusively to bank with 25% margin, additional collateral security of equitable mortgage on 53.450 cents immovable property in Maradu village owned by Kozhencherry Properties India (P) Ltd and personal guarantee of Directors viz. Mr. Roy Mathew, Mrs. Nizzy Mathew and Mathew Muthootu)					
(c) State Bank of Travancore	2,609.67	3,577.70	2,709.52	-	-
(Secured by way of Gold Loan Receivables of specific branches allocated exclusively to bank with 25% margin, Equitable Mortgage of 32.86 ares (81.197 cents) of land at Maradu Village of Muthootu Mini Theatres Private Limited, Personal Guarantee of Roy M Mathew, Nizzy Mathew and Mathew Muthootu and corporate Guarantee of Muthootu Mini Theatres Private Limited)					
(d) Dhanalakshmi Bank	2,460.35	2,405.64	-	-	-
(Secured by way of Gold Loan Receivables of specific branches allocated exclusively to bank with 25% margin, Equitable Mortgage of 34.39 ares (84.943 cents) of land, Personal Guarantee of Roy M Mathew, Nizzy Mathew and Mathew Muthootu and corporate Guarantee of Muthootu Mini Theatres Private Limited)					
<b>Total Secured Loans</b>	<b>140,880.77</b>	<b>1,85,231.01</b>	<b>169,061.45</b>	<b>106,575.87</b>	<b>24,085.00</b>

**2 Unsecured Loans**

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
a) Unsecured Debentures – Listed	12,106.36	-	-	-	-
b) Unsecured Debentures	415.45	120.45	-	-	-
(The Company privately placed Unsecured, Redeemable Non-Convertible Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, of which ₹1,16,72,000.00 to be repaid within 61 months and balance within 100 months from the date of issue with interest @ 13.33-24.70% p.a)					
c) Loans from Directors	-	-	-	-	8,266.88
d) Loan from Companies Under Same management	-	-	-	-	-
<b>Total Unsecured Loans</b>	<b>12,521.81</b>	<b>120.45</b>	<b>-</b>	<b>-</b>	<b>8,266.88</b>

**Annexure - VIII: Statement of Accounting Ratios**

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Earnings Per Share - Basic (₹)	8.21	17.56	38.14	17.75	7.64
Earnings Per Share - Diluted (₹)	8.21	17.56	38.14	17.75	7.64
Return on Net Worth (%)	4.17%	7.93%	13.89%	12.35%	2.58%
Net Asset Value per Equity Share (₹)	196.85	188.64	194.73	143.71	125.96
Weighted Avg. No. of Equity Shares used in calculating Basic EPS	22,500,000	19,164,384	12,498,345	12,000,000	5,100,000
Weighted Avg. No. of Equity Shares used in calculating Diluted EPS	22,500,000	19,164,384	12,498,345	12,000,000	5,100,000
Total No. of Equity Shares outstanding at the end of the year / period	22,500,000	22,500,000	17,500,000	12,000,000	12,000,000

**Notes:**

- The ratios have been computed as below:  

$$\text{Earnings per Share} = \frac{\text{Net Profit/ (Loss) as reformattd, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year (Reformattd)}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Net Profit/ (Loss) after tax, as reformattd}}{\text{Net Worth as reformattd}}$$

$$\text{Net Assets Value per Equity Share (\₹)} = \frac{\text{Net Worth as reformattd}}{\text{Number of equity shares outstanding at the end of the year}}$$
- Net Worth = Equity Share Capital (+) Reserves and Surplus
- Earning per share calculations are in accordance with Accounting Standard 20 "Earning per share".
- Return on Net Worth is calculated on Annual basis.

**Annexure - IX: Statement of Dividend**

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>On Equity Shares</b>					
Fully Paid-up Share Capital (Nos.)	22,500,000	22,500,000	17,500,000	12,000,000	12,000,000
Face Value / Paid Up Value (₹)	100	100	100	100	100
Equity Share Capital (₹ In lacs)	22,500	22,500.00	17,500	12,000	12,000
Rate of Dividend	0.00%	0.00%	0.00%	0.00%	0.00%
Dividend	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-

**Annexure - X: Statement of Contingent Liabilities**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Contingent Liability	NIL	NIL	NIL	NIL	NIL

**Annexure - XI: Statement of Tax Shelter**

(₹ in Lacs)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Profits/ (Losses) before taxes as per books (A)	2,975.53	4,715.11	7,022.44	3,167.07	627.95
Income Tax Rates (including surcharge and education cess) applicable (B)	33.99%	33.99%	32.45%	32.45%	33.22%
Tax Expenses (C)	1,011.38	1,602.67	2,278.78	1,027.71	208.61
<b>Permanent Differences</b>					
Provision for NPA and standard assets	347.90	145.00	252.38	243.75	94.88
Any disallowances	17.30	37.16	69.95	34.40	3.55
Dividend Income	(0.37)	(0.32)	(0.27)	(0.23)	(0.18)
Agricultural Income	(1.89)	(5.38)	(5.57)	(5.85)	(6.14)
<b>Total Permanent Differences (D)</b>	362.95	176.46	316.49	272.07	92.11
<b>Timing Differences</b>					
Difference between Tax and book Depreciation or vice versa (DTA)/DTL	(133.92)	(456.45)	184.90	132.52	119.65
Other Adjustments (DTA)/DTL	-	-	-	(17.68)	(0.39)
<b>Total Timing Differences (E)</b>	(133.92)	(456.45)	184.90	114.84	119.26
<b>Net Adjustments (F) = (D + E)</b>	229.03	(279.99)	501.39	386.91	211.37
<b>Tax impact of adjustments (G) = (F) * (B)</b>	77.85	(95.17)	162.70	125.55	70.22
<b>Taxable Income (H) = (A + F)</b>	3,204.58	4,435.12	7,523.83	3,553.98	839.32
<b>Tax provision based on taxable income (I) = (H * B)</b>	1,089.24	1,507.50	2,441.48	1,153.27	278.82
<b>Total tax provision for current tax (J)</b>	1,081.50	1,550.00	2,268.00	1,040.00	215.00
<b>Deferred Tax Charges/ (Credit) (K)</b>	46.22	(201.03)	22.73	(3.28)	16.50
<b>Provision for FBT (L)</b>	-	-	-	-	-
<b>Total tax expense/ (Credit) during the year on timing difference (M) = (J+K+L)</b>	<b>1,127.72</b>	<b>1,348.97</b>	<b>2,290.73</b>	<b>1,036.72</b>	<b>231.50</b>

**Notes:**

- The aforesaid Statement of Tax Shelters is based on the Profit/ (Losses) as per the "Reformatted Summary Statement of Profit and Losses".
- Provision for Standard Assets is not considered for calculating the Deferred Tax Liability / Asset, assaid provision represents a statutory provision as per the guidelines of RBI and in the opinion of the company, it does not result in a timing difference.
- \*Provision has been made on an estimate basis @ 30.9% of net profit for the period ended 30<sup>th</sup> September 2014.



**Annexure - XII - A : Statement of the list of Related Parties and Nature of Relationships**

**A. Key Managerial Personnel (with whom transactions have taken place during the Year)**

Sl. No.	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
1				Roy.M.Mathew	
2				Nizzy Mathew	
3				Mathew Muthootu	

**B. Relatives of Key Managerial Personnel (with whom transactions have taken place during the period)**

Sl. No.	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
				NIL	

**C. Associates:**

Sl. No.	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
1				Mini Muthootu Nidhi Kerala Ltd.	
2				Muthootu Mini Nidhi Ltd.	
3				Cochin Mini Muthootu Nidhi Ltd.	
4				Muthootu Mini Theatres (P) Ltd.	
5				Muthootu Mini Hotels (P) Ltd.	
6				Mini Muthootu Credit India (P) Ltd.	
7				Mini Muthootu Nirman & Real Estate (P) Ltd.	
8				Kandamath Cine Enterprises (P) Ltd.	
9				Muthootu Mini Builders	
10				Kozhencherry MM financial Services Private Limited	
11				Kapico Kerala Resorts (P) Ltd.	
12				Kapico Beach Hotels & Holidays India (P) Ltd.	
13				P K Handa Properties (P) Ltd.	
14				R M M Properties India (P) Ltd.	
15				Kozhencherry Properties India (P) Ltd.	
16				Indiavision Satellite Communications Ltd.	
17				Yesvision Communications (P) Ltd.	
18.				Amritha Cyberpark Private Limited	

**Annexure - XII - B : Transactions with Related Parties**

(₹ in Lacs)

1	Particulars	Key Managerial Personnel				
		31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>A</b>	<b>Transactions during the year</b>					
	Loans taken / recovered during the year	-	-	-	-	19,392.20
	Loan granted/ repaid during the year	-	-	-	8,266.88	-
	Directors remuneration	132.40	129.60	135.23	19.38	9.21
	Travelling Expense- Directors	21.97	34.57	35.24	-	-
	Rent paid to directors	55.99	47.27	18.00	18.00	-
<b>B</b>	<b>Net Amt. Receivable / (Due) as at the year end</b>					
	Amount Payable at the year/period end	-	-	-	-	890.57
	Amt. Receivable at the year/period end	-	-	-	-	-
<b>2</b>	<b>Particulars</b>	<b>31/03/2015</b>	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
<b>A</b>	<b>Transactions during the year</b>	NIL	NIL	NIL	NIL	NIL
<b>B</b>	<b>Net Amt. Receivable / (Due) as at the year end</b>	NIL	NIL	NIL	NIL	NIL
<b>3</b>	<b>Particulars</b>	<b>31/03/2015</b>	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
<b>A</b>	<b>Transactions during the year</b>					
	Loans taken / recovered during the year	-	-	55.23	1.14	2,140.28
	Loan granted/ repaid during the year	-	-	-	-	-
	Rent/Maintenance Charges paid	138.12	112.97	44.08	75.73	-
<b>B</b>	<b>Net Amt. Receivable / (Due) as at the year end</b>					
	Amount Payable at the year/period end	-	-	-	-	-
	Amt. Receivable at the year/period end	-	123.35	-	55.23	115.23

## **Annexure – XIII - Significant Accounting Policies and Notes to the Financial Statements**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **I. BACKGROUND**

Muthoottu Mini Financiers Limited was incorporated as a Private Limited Company on 18th March 1998 and was converted into a public Company on 27th November 2013. The Company is promoted by Dr. Roy M. Mathew, Dr. Nizzy Mathew and Mr. M. M. Mathew collectively operating under the Brand Name of 'Muthoottu Mini Group' which is in the business of lending money against the pledge of household used gold jewellery (gold loans). The group has diverse interests in the fields of Financial Services, Plantation, Real Estate, Foreign Exchange, Insurance distribution, Hospitality etc. The company has obtained certificate of registration from the Reserve Bank of India for carrying on the business of non Banking Financial Institutions on 13th April 2002 vide Regn. no. N-16.00175, which was renewed on 1<sup>st</sup> January 2014 pursuant to its conversion as a public limited company. The Company is presently classified as Systemically Important Non- Deposit Taking NBFC (NBFC-ND-SI).

The reformatted summary statement of assets and liabilities of the Company as on 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012 and 31st March 2011 and the related reformatted summary statement of profits and losses and cash flows for the years ended 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012 and 31st March 2011 (hereinafter collectively referred to as "Reformatted Summary Statements") relate to Muthoottu Mini Financiers Limited ("the Company").

#### **II. Statement Of Significant Accounting Policies Adopted By The Company In The Preparation Of Financial Statements For The Years Ended March 31<sup>st</sup> 2015/ 2014/2013/ 2012 and 2011:**

##### **A. Basis for preparation of Financial statements**

The Financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) in India which comprises of mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, except where otherwise stated, the accounting policies have been consistently applied.

##### **B. Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires making of estimates and assumptions by the management that affect the reported amounts of assets and liabilities of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialized.

##### **Current – non-current classification**

All assets and liabilities are classified into current and non – current.

##### Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in. or is intended for sale or consumption in, the company's normal operating cycle.
- It is held primarily for the purpose of being traded.
- It is due to be settled within 12 months after the reporting date.
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

### Liabilities

A liability is classified as current when it satisfies the following criteria:

- It is expected to be settled in the company's normal operating cycle.
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non current financial liabilities.

All other liabilities are classified as non-current.

The provisions of Schedule III to the Companies Act 2013 have been applied for the classification of assets and liabilities for the period ended 31<sup>st</sup> March, 2015.

### **C. Fixed Assets**

Fixed assets except land are stated at cost of acquisition or construction less accumulated depreciation. A portion of the land has been revalued based on the valuation made by approved external valuer during the financial year 2012-13. The cost of fixed assets includes freight and other incidental expenditure related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of the assets up to the date the asset is ready for the intended use or sale. Capital Work-in-progress represents assets purchased for branches yet to be opened at the end of the year.

### **D. Depreciation**

Depreciation on Fixed Assets is provided on the basis of estimated useful life of assets as per Schedule II of the Companies Act, 2013.

### **E. Impairment of Assets**

The carrying amount of Fixed Assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

### **F. Revenues**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognises income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Such interests, where installments are overdue in respect of non-performing assets are recognised on realisation basis. Any such income recognised and remaining unrealised after the installments become overdue with respect to non performing assets is reversed. Revenues from fee-based activities are recognised as and when services are rendered.

### **G. Segment Reporting**

The Company primarily operates in the business of "Gold Loan" and its operations are in India. Since the Company has not operated in any other reportable segments, as per AS 17 'Segment Reporting', no segment reporting is applicable.

### **H. Investments**

Investments (Non-trade) are considered as long term and are stated at cost. Trade investments are recorded at the lower of cost and fair value determined either on an individual investment basis or by category of investment, but not on an overall (or global) basis.

**I. Accounting for Taxes on Income**

- i. Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws.
- ii. Deferred tax is recognized on all timing differences between accounting income and taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

**J. Earnings per Share**

In accordance with Accounting Standard 20 (AS-20), 'Earnings per share' issued by the Institute of Chartered Accountants of India, basic and diluted earnings per share is computed using the weighted average number of equity shares outstanding during the period.

**K. Accounting for Provisions**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Gold Loan receivables NPA's are written off/ provided for as per management estimates, subject to minimum provision required as per Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2015.

**L. Debenture Redemption Reserve**

The transfer to debenture redemption reserve is from available distributable profit of the year subject to maximum of 25% of value of the non convertible debentures raised through public issue as per the Circular No. 04/2013 issued by the Ministry of Corporate Affairs, for NBFCs registered with the RBI under section 45 of the RBI (Amendment) act, 1997.

**M. Contingent Liabilities and Contingent Assets**

Contingent liabilities are not recognized in the financial statements, but are only shown by way of disclosures in notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

**N. Borrowing Costs and Debenture Issue Expenses**

Issue expenses of public issue of debentures and borrowings costs for raising other long term borrowings are amortized over the period of debentures and over the tenure of loan on prorata basis.

**O. Short term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. These benefits include benefits like salaries, wages, short term compensated absence such as paid annual leave and sick leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period.

**P. Long term Employee Benefits**

**Defined contribution plans:**

Defined contribution plan is adopted for Provident Fund scheme administered by Government for all eligible employees. The company's contribution to defined contribution plan is recognized in the Statement of Profit & Loss in the financial year to which they relate.

**Defined Benefit Plan**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The company makes provision for gratuity, every year end, for employees who has completed atleast one year of service.

## **MATERIAL DEVELOPMENTS**

Other than as disclosed below there have been no material developments since May 31, 2015 and there have arisen no circumstances that materially or adversely affect the operations, or financial condition or profitability of the Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

- a. Funds raised on account of public issue of Non Convertible Debentures amounting to ₹71,434.44 lacs which was in the Public Issue Account as on May 31, 2015, have been drawn and utilized for business operation as set forth in the objects of the issue given in the Prospectus dated February 18, 2015.
- b. Ms. Priya Menon resigned from the post of the Company Secretary with effect from May 6, 2015 and Ms. K.S. Smitha was appointed as the Company Secretary with effect from May 9, 2015.

## FINANCIAL INDEBTEDNESS

As on May 31, 2015, our Company had outstanding secured borrowing of ₹1,38,885.05 lacs and unsecured borrowing of ₹19,370.96 lacs. A summary of all the outstanding secured and unsecured borrowing together with a brief description of certain significant terms of such financing arrangements are as under:

### Secured Loan Facilities

Name of the Lender, facility and details of documentation	Amount Sanctioned (in ₹lacs)	Principal Amount Outstanding as on May 31, 2015 (in ₹lacs)	Security	Repayment Date/ Schedule
<b>The South Indian Bank Limited</b>	<i>Term Loan</i> 4,500.00	2,378.16	Hypothecation of fixed assets purchased out of loan proceeds – exclusive first charge by way of hypothecation of receivables under gold loan directly given by the 61 branches of the Company and equitable mortgage of immovable properties being land admeasuring 159.95 acres and ½ undivided share in Chengamanad village and land admeasuring 65.98 acres in Chengamanad village	<i>Term Loan</i> Principal to be repaid in 10 equal half yearly instalments of ₹450 lacs after holiday period of 3 months from drawdown. Interest to be serviced monthly.
Credit Facility Agreement for term loan dated January 25, 2013	<i>Cash Credit</i> <i>Open Loan</i> 16,500.00	14,595.58	Equitable mortgage by way of deposit of title deeds of properties valued at ₹13,300 lacs.	<i>Cash Credit Open Loan</i>
Hypothecation Agreement dated January 25, 2013			Personal guarantee of: Mr. Roy M Mathew; Ms. Nizzy Mathew; and Mr. Mathew Muthoottu	
Sanction Letter dated December 31, 2012			Corporate guarantee of	
			1. Muthoottu Mini Theatres Private Limited;	
			2. Muthoottu Mini Hotels Pvt Ltd.;	
			3. Mini Muthoottu Credit India Private Limited;	
			4. Kadamath Cine Enterprises	
<b>The Federal Bank Limited</b>			The whole of the present and future gold loan receivables, book debts, outstanding moneys receivable, claims, contracts, engagements,	On demand
<i>Cash Credit Facility</i>	5,000.00	1,224.56		
Sanction Letter dated				



Name of the Lender, facility and details of documentation	Amount Sanctioned (in ₹lacs)	Principal Amount Outstanding as on May 31, 2015 (in ₹lacs)	Security	Repayment Date/ Schedule
October 20, 2013 / March 09, 2015  Agreement of Cash credit/overdraft/demand loan dated March 24, 2012  Revised by way of Sanction letter dated March 9, 2015			securities, rights, on specific branches are hypothecated with the bank, by way of exclusive hypothecation charge as security for payment with 25% margin  Equitable mortgage of landed property valued not less than ₹1,250 lacs, or Fixed Deposit with the Bank, in lieu thereof.  Personal guarantee of Mr. Roy M Mathew; Ms. Nizzy Mathew and Mr. Mathew Muthootu  Corporate guarantee of Mini Muthootu Nidhi (Kerala) Limited	
<b>State Bank of Travancore</b>			Exclusive hypothecation charge on receivables with 25% margin on specific branches to be allocated to the Bank at the time of availing the limit.	On demand
<i>Cash Credit</i>  Sanction Letter for Renewal dated December 19, 2012  Agreement for Hypothecation of Goods and Assets dated January 7, 2012	4,000.00	3,332.42	Equitable mortgage of 32.86 acres of land  Personal guarantee of Mr. Roy M Mathew; Ms. Nizzy Mathew and Mr. Mathew Muthootu  Corporate guarantee of Muthootu Mini Theatres Private Limited	
<b>Dhanalaxmi Bank Limited</b>			Exclusive charge by way of hypothecation of gold loan receivables of specific branches of the Company with 25% margin.	On demand
<i>Cash Credit</i>  Sanction Letter dated October 28, 2013  Cash Credit Agreement dated October 28, 2013  General Hypothecation Agreement dated October 28, 2013	2,400.00	1,227.07	Collateral security – Equitable mortgage of 34.39 acres of land valued at not less than ₹600 lacs with minimum collateral coverage of 25%  Personal guarantee of Mr. Roy M Mathew; Ms. Nizzy Mathew and Mr. Mathew Muthootu	

Name of the Lender, facility and details of documentation	Amount Sanctioned (in ₹lacs)	Principal Amount Outstanding as on May 31, 2015 (in ₹lacs)	Security	Repayment Date/ Schedule
			Corporate guarantee of Muthoottu Mini Theatres Private Limited	
<b>Total</b>		<b>22,757.79</b>		

*Credit Rating*

Credit Rating Agency	Instrument	Date	Ratings	Rated Amount ₹in lacs
CARE	Long-term Bank Facilities	September 8 <sup>th</sup> , 2014	<b>CARE BBB-</b> [Triple B Minus]	60,000

*Terms and conditions of the Credit Facility Agreement for term loan dated January 25, 2013 from South Indian Bank*

Rescheduling	Pre-payment	Penalty	Default
-	<ul style="list-style-type: none"> <li>Borrower agrees that the Bank is entitled to charge pre-payment charges as mentioned below: <ul style="list-style-type: none"> <li>a. If the loan is closed from own sources after 2 years from the date of availment, no pre-payment charges will be charged.</li> <li>b. If the loan is closed from own sources before 2 years, pre-payment charges @1% of the pre-paid amount will be charged.</li> <li>c. If the loan is closed through take over by other Banks/Financial Institutions, pre-payment charges @2% of the pre-paid amount will be charged.</li> </ul> </li> <li>In the event of pre-payment of loan after 3 months from the date of reset, the Borrower agrees to pay additional interest of 2% of the prepaid amount, calculated from the end of 3 month period till the date of pre-closure.</li> </ul>	<p>The Borrower understands that in the event of the account being classified as NPA, the rating of the Borrower will be automatically downgraded to 'D' Category and Risk Charge component of Spread will increase to the maximum Risk Charge fixed by the Bank from time to time and accordingly the Borrower will be liable to pay interest at the enhanced rate up to the aggregate of the Base Rate plus the revised Spread so fixed by the Bank with monthly rests in addition to penal interest @2% per annum or such other rate fixed by the Bank from time to time.</p> <p>The Borrower shall pay on the Defaulted amounts, an additional penal interest at the rate of 2% per annum, for the period of default.</p>	-

*Restrictive Covenants*

Many of our financing agreements include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender before carrying out such activities. For instance, our Company, *inter alia*, is required to obtain the prior written consent in the following instances:

- to declare and/ or pay dividend to any of its shareholders whether equity or preference, during any financial year

unless our Company has paid to the lender the dues payable by our Company in that year;

- to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking;
- to create or permit any charges or lien, sell or dispose off any encumbered assets;
- to alter its capital structure, or otherwise acquire any share capital;
- to effect a change of ownership or control, or management of our Company;
- to enter into long term contractual obligations directly affecting the financial position of our Company;
- to borrow or obtain credit facilities from any bank or financial institution;
- to undertake any guarantee obligations on behalf of any other company;
- to make any share capital investments or advance loans or funds to any other concern including group companies;
- Repayment of dues of promoter/group companies;
- To undertake any new project/ further expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the bank from time to time and approved by the bank;
- Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Banks;
- Change of practice with regard to remuneration of the directors;

#### **Secured Non-Convertible Debentures**

Our Company has issued

1. Secured redeemable non-convertible debentures amounting to ₹77,387.66 lacs by way of public issues of secured redeemable non-convertible debentures of ₹1,000 each of which ₹64,929.14 lacs is outstanding as on May 31, 2015. The debenture trustee for all public issues is IL&FS Trust Company Limited.
2. Secured redeemable non-convertible debentures under various series to investors on private placement basis, of which ₹50,821.46 lacs is cumulatively outstanding as on May 31, 2015, the details of which are set forth below.

<b>Debenture series</b>	<b>Date of Allotment<sup>#</sup></b>	<b>Coupon (in %)</b>	<b>Amounts outstanding as on May 31, 2015 (₹in lacs)</b>	<b>Maximum Amount of Charge Registered (₹in lacs)</b>	<b>Tenure</b>
IV	September 23, 2010 to November 3, 2010	10.00% to 13.25%	3.12	2,500	1 year to 6 years
V	November 4, 2010 to March 6, 2011	10.00% to 13.25%	43.32	2,500	1 year to 6 years
VI	March 7, 2011 to June 1, 2011	11.00% to 13.25%	96.40	2,500	1 year to 6 years
VII	June 2, 2011 to June 21, 2011	11.50% to 13.75%	590.41	2,500	1 year to 6 years
VIII	June 22, 2011 to August 21, 2011	11.50% to 13.75%	1,361.87	2,500	1 year to 6 years
IX	August 22, 2011 to November 15, 2011	11.50% to 13.75%	2,192.71	5,000	1 year to 6 years
X	November 16, 2011 to December 8, 2011	11.50% to 18.18%	724.23	5,000	1 year to 6 years
XI	December 9, 2011 to	11.50% to	1,097.62	5,000	1 year to

Debenture series	Date of Allotment <sup>#</sup>	Coupon (in %)	Amounts outstanding as on May 31, 2015 (₹in lacs)	Maximum Amount of Charge Registered (₹in lacs)	Tenure
	January 9, 2012	18.18%			6 years
XII	January 10, 2012 to March 25, 2012	12.00% to 18.18%	1,786.35	5,000	1 year to 6 years
XIII	March 26, 2012 to May 22, 2012	12.50% to 18.18%	5,401.23	10,000	1 year to 6 years
XIV	January 27, 2012 to March 31, 2012	12.50% to 18.18%	4,925.13	40,000	1 year to 6 years
XV	May 23, 2012 to September 28, 2012	12.50% to 18.18%	4,814.84	10,000	1 year to 6 years
XVI	September 29, 2012 to October 31, 2012	12.50% to 18.18%	6,024.75	20,000	1 year to 6 years
XVII	November 1, 2012 to March 14, 2013	12.50% to 18.18%	9,298.53	30,000	1 year to 6 years
XVIII	March 15, 2013 to -	12.00% to 18.18%	12,460.95	50,000	1 year to 6 years
<b>Total</b>			<b>50,821.56</b>	<b>1,92,500</b>	

\* All the debentures placed privately are unrated.

# Allotment of Debentures has been made on various dates within the period mentioned above

## Series XVIII is currently open and allotment of debentures on a private placement basis is ongoing

The debenture trustees for the above series' are Mr. K. S. Harikumar and Mr. Varghese Mathew.

### Security

All our publicly placed Secured Debentures have been secured by way of first *pari passu* charge on immovable property located at Chennai, Tamil Nadu and first *pari passu* charge on current assets, book debts, loans and advances, and receivables, both present and future, of our Company, except those receivables specifically and exclusively charged in favour of the Existing Lenders.

All our privately placed Secured Debentures have been secured by

- a floating charge on all assets of the Company, both present and future except gold loan receivables charged exclusively to Existing Lenders for availing loan.
- a charge on all the movable fixed assets of our Company except those specifically charged with South Indian Bank Limited for the balance amount in the term loan.

Our Company maintains a minimum 100% security cover on the outstanding balance of debentures plus accrued interest thereon.

### Unsecured Borrowings

- Un-secured redeemable non-convertible debentures amounting to ₹18,955.51 lacs by way of 3 previous public issues of Un-secured Redeemable Non-Convertible Debentures of ₹1,000 each of which ₹18,955.51 lacs is outstanding as on May 31, 2015. The Debenture Trustee for the above public issues is IL&FS Trust Company Limited; and
- Our Company has outstanding unsecured borrowings, by way of Un-secured, Redeemable, Non-Convertible Debentures of face value ₹1,000 / ₹500,000\* each, issued through Private Placement, of ₹415.45 lacs as on May 31, 2015. The debenture trustees for the above series are Mr. K. S. Harikumar and Mr. Varghese Mathew.  
(\*Before and after the RBI Notification No. DNBD (PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013, on private placement of Non-Convertible Debentures.)

### Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities or securities

Our Company has not defaulted upon or delayed in payment of any interest and/or principal for term loans, working capital loans and the non-convertible debentures, during the last five years prior to the date of the Prospectus. Our Company has not issued any corporate guarantee.



## SECTION VI – ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

**Public Issue of NCDs aggregating up to ₹12,500 lacs with an option to retain over-subscription up to ₹12,500 lacs, aggregating up to ₹25,000 lacs, on the terms and in the manner set forth herein.**

The Issue has been authorized by resolution of the Board passed during meeting held on May 11, 2015.

The key common terms and conditions of the NCDs are as follows:

Particulars	Terms and Conditions
<b>Issuer</b>	Muthoottu Mini Financiers Limited
<b>Lead Manager</b>	Vivro Financial Services Private Limited
<b>Debenture Trustee</b>	IL&FS Trust Company Limited
<b>Registrar to the Issue</b>	Link Intime India Private Limited
<b>Minimum Application Size</b>	10 NCDs i.e., ₹10,000 (across all Options of NCDs either taken individually or collectively)
<b>Mode of Allotment</b>	Both in physical and dematerialised form
<b>Mode of Trading</b>	NCDs will be traded in dematerialised form
<b>Terms of Payment</b>	Full amount on Application
<b>Trading Lot</b>	1 (one) NCD
<b>Who can Apply</b>	<p><b>Category I</b></p> <ul style="list-style-type: none"> <li>Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks,</li> <li>Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs;</li> <li>Provident Funds of minimum corpus of ₹2,500 lacs, Pension Funds of minimum corpus of ₹2,500 lacs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs;</li> <li>Venture Capital funds and / or Alternative Investment Funds registered with SEBI;</li> <li>Insurance Companies registered with the IRDA;</li> <li>National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);</li> <li>Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India</li> <li>Mutual Funds, registered with SEBI;</li> </ul> <p><b>Category II</b></p> <ul style="list-style-type: none"> <li>Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li> <li>Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorized to invest in the NCDs;</li> <li>Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs;</li> <li>Association of Persons;</li> <li>Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>Partnership firms in the name of the partners; and</li> <li>Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lacs;</li> </ul>

Particulars	Terms and Conditions
	<p><b>Category III*</b></p> <ul style="list-style-type: none"> <li>Resident Indian individuals; and</li> <li>Hindu undivided families through the Karta;</li> </ul> <p><i>*applications aggregating to a value not more than ₹5 lacs.</i></p> <p>Valid applications by Existing Debenture Holders, Senior Citizens and Ex-servicemen falling under any of the above 3 categories shall be eligible for an additional coupon as mentioned under “<b>Issue Structure- Coupon of 0.25% p.a. for the Existing Debenture Holders, Ex-servicemen and Senior Citizen</b>” on page 144. Such investors are required to mention the appropriate sub category code provided in the application form and provide the requisite KYC documents, failing which, such additional coupon shall not be payable.</p>

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, the applicants should ensure that the de-mat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please refer to “**Issue Procedure**” on page 160.

#### Principal Terms and Conditions of the Issue

#### TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

<b>Issuer</b>	Muthoottu Mini Financiers Limited
<b>Lead Manager</b>	Vivro Financial Services Private Limited
<b>Debenture Trustee</b>	IL&FS Trust Company Limited
<b>Registrar to the Issue</b>	Link Intime India Private Limited
<b>Type and nature of Instrument</b>	Secured NCDs
<b>Face Value of NCDs (₹/ NCD)</b>	₹1,000
<b>Issue Price (₹/ NCD)</b>	₹1,000
<b>Minimum Application</b>	10 NCDs i.e., ₹10,000 ( across all Options of NCDs)
<b>In Multiples of</b>	One NCD after the Minimum Application
<b>Seniority</b>	Senior (the claims of the Debenture Holders holding NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements).
	<p>The NCDs would constitute secured obligations of our Company and shall rank <i>pari passu</i> inter se, present and future and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first <i>pari passu</i> charge on immovable property located at Chennai, Tamil Nadu and first <i>pari passu</i> charge on current assets, book debts, loans and advances, and receivables, both present and future, of our Company, except those receivables specifically and exclusively charged in favour of the Existing Lenders and to be more particularly described in the Debenture Trust Deed.</p>
<b>Mode of Issue</b>	Public Issue
<b>Minimum Subscription</b>	Minimum subscription is 75% of the Base Issue, i.e. ₹9,375 lacs
<b>Issue</b>	Public Issue by our Company of NCDs aggregating up to ₹12,500 lacs with an option to



	retain over-subscription up to ₹12,500 lacs aggregating up to ₹25,000 lacs, on the terms and in the manner set forth herein; Base Issue Size being ₹12,500 lacs.												
Stock Exchange proposed for listing of the NCDs	BSE Limited (“BSE”) ,The Designated Stock Exchange (“DSE”)												
Listing and timeline for Listing	The NCDs shall be listed within 12 Working Days of Issue Closure												
Depositories	NSDL and CDSL												
Security	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first <i>paripassu</i> charge on immovable property located in Chennai, Tamil Nadu and first charge on current assets, including book debts, loans and advances, cash and bank balance and receivables, both present and future, of our Company ranking <i>pari passu</i> with the existing debenture holders holding secured non-convertible debentures of our Company, more particularly described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of the Existing Lenders.												
Security Cover	Our Company shall maintain a minimum 100% security cover on the outstanding balance of NCDs plus accrued interest thereon.												
Rating	<table><tr><th>Rating Agency</th><th>Security</th><th>Rating Symbol</th><th>Date of credit rating Letter</th><th>Amount rated</th><th>Rating Definition</th></tr><tr><td>Credit Analysis and Research Limited</td><td>Long Term – Bond Issue</td><td>‘BBB-’ [Triple B minus]</td><td>June 17, 2015</td><td>₹25,000 lacs</td><td>The rating of CARE indicates instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk</td></tr></table>	Rating Agency	Security	Rating Symbol	Date of credit rating Letter	Amount rated	Rating Definition	Credit Analysis and Research Limited	Long Term – Bond Issue	‘BBB-’ [Triple B minus]	June 17, 2015	₹25,000 lacs	The rating of CARE indicates instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk
Rating Agency	Security	Rating Symbol	Date of credit rating Letter	Amount rated	Rating Definition								
Credit Analysis and Research Limited	Long Term – Bond Issue	‘BBB-’ [Triple B minus]	June 17, 2015	₹25,000 lacs	The rating of CARE indicates instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk								
Issue Size	Public Issue by our Company of NCDs aggregating up to ₹12,500 lacs with an option to retain over-subscription up to ₹12,500 lacs aggregating up to ₹25,000 lacs, on the terms and in the manner set forth herein.												
Pay-in date	Three (3) Business Days from the date of upload of application in the book building system of the Exchanges or the date of realisation of the cheques/demand drafts, whichever is later. Interest on Application Money shall start on the Pay-in date and shall be payable up to one day prior to the date of Allotment.												
Application money	The entire Application Amount is payable on submitting the application.												
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.												
Issue Schedule*	The Issue shall be open from July16, 2015 to August 14, 2015 with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the closure date.												
Objects of the Issue	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 59.												
Put/Call Option	None												
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 59.												
Coupon rate and redemption premium	Please refer to the chapter titled “ <i>Issue Structure – Terms and Conditions in connection with the NCDs</i> ” on page 140.												

<b>Working Days convention/Day count convention / Effect of holidays on payment</b>	<p>Actual/Actual - All days excluding, Sundays and a public holiday in Cochin or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.</p> <p>Interest shall be computed on a 365 days a year basis on the principal outstanding on the NCDs for Options II, IV, V and VII which have tenors either on yearly basis or cumulative basis.</p> <p>For Options I, III and VI, the interest shall be calculated from the first day till the last date of every month on an actual/ actual basis during the tenor of such NCDs. However, if period from the Deemed Date of Allotment / anniversary date of Allotment till one day prior to the next anniversary / redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.</p> <p>If the date of payment of coupon does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest (the "Effective Date"). Coupon will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date, interest for period between actual interest payment date and the Effective Date will be adjusted in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the payment will be made on the succeeding Working Day, with interest being adjusted accordingly.</p>
<b>Issue Opening Date</b>	July 16, 2015
<b>Issue Closing Date</b>	August 14, 2015 with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closure date.
<b>Default interest date</b>	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed.
<b>Interest on Application Money</b>	Please refer to the chapter titled " <b>Issue Structure- Interest on Application Money</b> " on page 153.
<b>Deemed Date of Allotment</b>	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
<b>Transaction documents</b>	This Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust Deed and other security documents, if applicable, and various other documents / agreements / undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trusteeship Agreement, the Escrow Agreement, the MoU with the Registrar and the MoU with the Lead Manager. Refer to section titled " <b>Material Contracts and Documents for Inspection</b> " on page 235.
<b>Affirmative and Negative covenants precedent and subsequent to the Issue</b>	The covenants precedent and subsequent to the Issue will be finalised upon execution of the Debenture Trust Deed which shall be executed within three months of closure of the Issue as per Regulation 15 of SEBI Debt Regulations.
<b>Events of default</b>	Please refer to the chapter titled " <b>Issue Structure - Events of Default</b> " on page 152.
<b>Cross Default</b>	Please refer to the chapter titled " <b>Issue Structure - Events of Default</b> " on page 152.
<b>Roles and responsibilities of the Debenture Trustee</b>	Please refer to the chapter titled " <b>Issue Structure - Debenture Trustees for the Debenture Holders</b> " on page 152.
<b>Settlement Mode</b>	Please refer to the chapter titled " <b>Issue Structure - Payment on Redemption</b> " on page 150.
<b>Governing law and jurisdiction</b>	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Cochin.

\* The subscription list for the Issue shall remain open for subscription upto 5pm, with an option for early closure or extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided, as may be decided by the Board or a duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure of the Issue or extension, our Company shall ensure that notice of such early closure/ extension is given as the case may be on or before such early date of

closure/ Issue Closing Date, as applicable, through advertisement/s in a leading national daily newspaper. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges.

## Terms of the NCDs

Tenure	500 days		36 months		45 months	72 months	
Options	I	II	III	IV	V	VI	VII
Frequency of Interest Payment	Monthly	Cumulative	Monthly	Annual	Cumulative	Monthly	Cumulative
Minimum Application	10 NCDs (₹10) (across all options of NCDs)						
In Multiples of	1 NCD after the minimum application						
Face Value of NCDs (₹/ NCD)	₹1,000						
Issue Price (₹/ NCD)	₹1,000						
Mode of Interest Payment/Redemption	Through Various options available						
Coupon (%) per annum in Category I, II & III	11.00%	NA	11.25%	11.50%	NA	11.00%	NA
Coupon (%) for Existing Debenture Holders, Ex-servicemen and Senior Citizen	11.25%	NA	11.50%	11.75%	NA	11.25%	NA
Coupon Type	Fixed						
Redemption Amount (₹/NCD) for Debenture Holders in Category I, II & III	1,000	1,158.45	1,000	1,000	1,500*	1,000	2,000**
Redemption Amount (₹/NCD) for Existing Debenture Holders, Ex-servicemen and Senior Citizen	1,000	1,162.07	1,000	1,000	1,500*	1,000	2,000**
Effective Yield (per annum)	11.57%	11.25%	11.85%	11.50%	11.42%	11.57%	12.25%
Effective Yield (per annum) –for Existing Debenture Holders, Ex-servicemen and Senior Citizen	11.85%	11.50%	12.13%	11.75%	11.42%	11.85%	12.25%
Nature of Indebtedness	Secured and Non-Convertible						
Put and Call Option	Not Applicable						
Deemed Date of Allotment	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.						

\* The instrument may be called "1.5 x in Val".

\*\*The instrument may be called "Doubling".

## Interest and Payment of Interest

### 1. Monthly interest payment options

Interest would be paid monthly under Option I, III and VI at the following rates of interest in connection with the relevant categories of Debenture Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of Debenture Holder	Rate of Interest (p.a.) for the following tenures		
	500 Days	36 months	72 months
	Option I	Option III	Option VI

Category I, II and III	11.00%	11.25%	11.00%
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*\*Existing Debenture Holders, Ex-servicemen and Senior Citizen shall be eligible for additional coupon of 0.25% p.a. over and above the coupon for the NCD's Allotted to them in this Issue, irrespective of the category they belong to. For further details refer to "Issue Structure- Coupon of 0.25% p.a. for the Existing Debenture Holders, Ex-servicemen and Senior Citizen" on page 144.*

For avoidance of doubt where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month on an actual/ actual basis during the tenor of such NCDs, and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

## 2. Annual interest payment option

Interest would be paid annually under Option IV at the following rate of interest in connection with the relevant categories of Debenture Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of Debenture Holder	Rate of Interest (p.a.) for the following tenures
	36 months
	Option IV
Category I, II and III	11.50%

*\*Existing Debenture Holders, Ex-servicemen and Senior Citizen shall be eligible for additional coupon of 0.25% p.a. for the NCD's Allotted to them in this Issue. For further details refer to "Issue Structure- Coupon of 0.25% p.a. for the Existing Debenture Holders, Ex-servicemen and Senior Citizen" on page 144.*

## 3. Cumulative bond redemption options

Option II, V and VII NCDs shall be redeemed as below:

Category of Debenture Holder	Redemption Amount (per NCD)		
	500 days	45 months	72 months
	Option II	Option V	Option VII
Category I, II & III	1,158.45	1,500	2,000
Category I, II & III - Existing Debenture Holders, Ex-servicemen and Senior Citizen	1,162.07	1,500	2,000

## 4. Coupon of 0.25% p.a. for the Existing Debenture Holders, Ex-servicemen and Senior Citizen.

Existing Debenture Holders, Ex-servicemen and Senior Citizen, shall be eligible for the additional coupon on the NCDs that is allotted to them under all Options except Option V and VII.

Applicants who are eligible as Existing Debenture Holders, Ex-servicemen and Senior Citizen and intend to avail the coupon of 0.25% p.a. are required to fill in the appropriate category in the Application Form, and submit the KYC documents, as provided for in "Issue Procedure - Additional KYC documentation requirements for Existing Debenture Holders, Senior Citizens and Ex-servicemen" on page 170, which shall be subject to further scrutiny by the Registrars. It will be the responsibility of the applicant(s) to ensure KYC document(s) reach the Registrar by registered post only within 30 days of the opening of the Issue, failing which they will not be eligible for the additional coupon.

Existing Debenture holders are required to check the required box in the Application Form and in case the Existing Debenture holders hold physical certificates, they are required to fill in the Registered Folio Number and the certificate number of the existing debenture certificate that they are providing as above.

Our Company shall provide a list of debenture holders of our Company who hold non-convertible debentures in our Company, issued on a private placement basis, as on the Issue Opening Date, to the Registrar.

The additional Coupon payable on the NCDs shall be applicable only to the original Allottees in this public issue. If NCDs allotted to any of the Existing Debenture Holders, Ex-servicemen and Senior Citizen in this public issue

availing this additional coupon, are transferred or transmitted, subsequent to the allotment thereof, the subsequent holder of such NCDs shall not be entitled to the aforesaid additional coupon except in case where NCDs are transferred to the Joint holder/Nominee in case of death of the primary holder.

In case any of the Existing Debenture Holders, Ex-servicemen and Senior Citizen have transferred or transmitted a part of the NCDs allotted to them pursuant to the Issue, they shall continue be eligible for additional coupon on the balance part of the NCDs originally allotted to them and held as on the Record Date. In case the Existing Debenture Holders, Ex-servicemen and Senior Citizen have acquired further NCDs subsequent to the Issue, such NCDs shall not be eligible for the additional coupon.

#### **Day count convention**

Please refer to Annexure II for details pertaining to the cash flows of the Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

#### **Tax on interest accrued**

As per clause (ix) of Section 193 of the IT Act, no tax is required to be deducted at source on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor (in case of resident individual Debenture Holders and Hindu Undivided Family), if such interest does not exceed ₹5,000 in any financial year and the interest is paid by an account payee cheque. If interest exceeds this prescribed limit of ₹5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of Debenture Holders holding NCDs are claiming non-deduction or lower deduction of tax at source, as the case may be, the holders of NCDs should furnish either (a) a declaration (in duplicate) in the prescribed form, for every financial year, at the beginning of the year before the first coupon date i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No. 13.

The aforesaid documents, as may be applicable, should be submitted to our RTA, at the below mentioned address, quoting the name of the sole/ first Debenture Holder, NCD folio number and the distinctive number(s) of the NCD held, prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/ 15G/certificate in original from Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

#### **Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai 400 078,  
Maharashtra, India.

**Tel:** +91 22 6171 5400

**Fax:** +91 22 2596 0329

**Email:** mmfl.ncd5@linkintime.co.in

**Investor Grievance mail:** mmfl.ncd5@linkintime.co.in

**Website:** www.linkintime.co.in

**Contact Person:** Dinesh Yadav



**SEBI Registration Number:** INR000004058**CIN:** U67190MH1999PTC118368**Payment of Interest to Debenture Holders**

Payment of Interest to Debenture Holders under Option I, III, IV and VI will be made to (i) in case of NCDs in dematerialised form, the persons who for the time being appear in the register of beneficial owners of the NCD as per the Depositories as on the Record Date and (ii) in case of NCDs in physical form, those persons whose names appear in the register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NECS, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help Debenture Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the paragraph on “**Manner of Refund (except ASBA Application)/Payment of Interest / Redemption**” on page 147.

Tax exemption certificate / document, if any, must be lodged at the office of the Registrar at least 7(seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company’s books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be.

A tax deduction certificate will be issued for the amount of tax so deducted.

**Maturity and Redemption**

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 500 Days from the Deemed Date of Allotment for Option I and II, 36 months from the Deemed Date of Allotment for Option III and IV, 45 months from the Deemed Date of Allotment for Option V and 72 months from the Deemed Date of Allotment for Option VI and VII. There is no put or call option available to any Investor.

Payment will be made to (i) in case of NCDs in dematerialised form, the persons who for the time being appear in the register of beneficial owners of the NCD as per the Depositories as on the Record Date and (ii) in case of NCDs in physical form, those persons whose names appear in the register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NECS, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help Debenture Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the paragraph on “**Manner of Refund (except ASBA Application)/Payment of Interest / Redemption**” on page 147.

Tax exemption certificate/document, if any, must be lodged at the office of the Registrar at least 7(seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company’s books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be.

A tax deduction certificate will be issued for the amount of tax so deducted.

**Deemed Date of Allotment**

The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.

## **Application Size**

Each application should be for a minimum of Ten (10) NCDs and multiples of one (1) NCD thereafter. The minimum application size for each application for NCDs would be 10 NCDs i.e., ₹10,000 (across all Options of NCDs) and in multiples of 1 NCD i.e., ₹1,000 thereafter.

**Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.**

## **Terms of Payment**

The face value of ₹1,000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall refund/ unblock the excess amount paid on application to the applicant in accordance with the terms of this Prospectus. For further details please refer to the paragraph on “**Interest on Application Money**” beginning on page 153.

## **Record Date**

The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be.

In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.

## **Manner of Refund (except ASBA Application)/Payment of Interest / Redemption**

The manner of payment of interest / refund/ redemption in connection with the NCDs is set out below:

### *Refund in case of oversubscription/ technical rejection of Application*

#### ▪ **For NCDs applied / held in Demat form:**

The bank details will be obtained from the Depositories for payment of Interest / refund (except ASBA Applications)/ redemption as the case may be. Applicants who have applied for or are holding the NCDs in Demat form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so may result in delays in credit of refunds to the applicant at the applicant's sole risk, and the Lead Manager, our Company nor the Registrar to the Issue shall not have any responsibility and undertake any liability for the same.

#### ▪ **For NCDs applied/held in physical form:**

The bank details as provided in the Application Form will be obtained from the Registrar to the Issue for payment of interest/ redemption as the case may be.

The mode of refund/ interest/ redemption payments shall be undertaken in the following order of preference:

#### **1. Direct Credit**

Investors having their bank account with the Refund Banks shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.

#### **2. NECS**

Payment of interest/ refund/ redemption shall be undertaken through NECS for Debenture Holders/Applicants having an account at the centers mentioned in NECS MICR list.

This mode of payment of refunds would be subject to availability of complete bank account details, which necessarily should include the Magnetic Ink Character Recognition (MICR) code, Indian Financial System



Code (IFSC) code, bank account number, bank name and branch name as appearing on a cheque leaf, from the Depositories. One of the methods for payment of interest / refund / redemption is through NECS for Debenture Holders/ Applicants having a bank account at any of the abovementioned centers.

### **3. RTGS**

Debenture Holders/ Applicants having a bank account with a participating bank and whose interest payment/ refund/ redemption amount exceeds Rupees Two lacs, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible Debenture Holders/ Applicants who indicate their preference to receive interest payment / refund / redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrars to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the Debenture Holders/ Applicants' bank receiving the credit would be borne by the Debenture Holders/ Applicant. In the event the same is not provided, interest payment / refund / redemption shall be made through NECS subject to availability of complete bank account details for the same as stated above.

### **4. NEFT**

Payment of interest / refund / redemption shall be undertaken through NEFT wherever the Debenture Holders/ Applicants' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a Magnetic Ink Character Recognition ("**MICR**"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Debenture Holders/ Applicants have registered their nine digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/refund/redemption will be made to the Debenture Holders/ Applicants through this method.

### **5. Interest payment / refund / redemption orders dispatched through Registered Post/Speed Post**

For all other Debenture Holders/ Applicants, including those who have not updated their bank particulars with the MICR code and if the interest payment through NECS to such Applicants is unsuccessful, interest will be paid to such Applicants and the interest payment / refund / redemption orders shall be dispatched through Speed Post/ Registered Post.

Please note that Debenture Holders/ Applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

Please note that our Company shall not be responsible to the holder of NCD, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

In the case of Applicants other than ASBA Applicants, applying for the NCDs in dematerialised form, the Registrar will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Applicants in their Application Forms. Accordingly, Applicants are advised to immediately update their details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Applicant's sole risk and neither our Company, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within Fifteen Working Days of the Issue Closing Date.

Our Company and the Registrar shall credit the allotted NCDs to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret/ Refund Orders by registered post/speed post/ordinary post at the Applicant's sole risk, within 12 Working Days from the Issue Closure Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants

through Direct Credit/RTGS/NEFT.

*Refund in case of non-receipt of Minimum Application*

▪ **For NCDs applied / held in Demat form:**

The bank details will be obtained from the Depositories for payment of Interest / refund (except ASBA Applications)/ redemption as the case may be. Applicants who have applied for or are holding the NCDs in Demat form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so may result in delays in credit of refunds to the applicant at the applicant's sole risk, and the Lead Manager, our Company nor the Registrar to the Issue shall not have any responsibility and undertake any liability for the same.

▪ **For NCDs applied/held in physical form:**

The bank details as provided in the Application Form will be obtained from the Registrar to the Issue for payment of interest/ redemption as the case may be.

**Printing of Bank Particulars on Interest Warrants**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Debenture Holders/ Applicants' bank account are mandatorily required to be given for printing on the refund orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form either (i) in case of Allotment in physical or (ii) on account of rematerialisation or (iii) transfer of physical debenture certificates, the investors are advised to submit their bank account details with our Company/ Registrar at least 7 (seven) days prior to the next record date failing which the warrants will be filled with the bank account details and dispatched to the postal address of the holder of the NCD (i) provided for in the Application Form in case of physical Allotment (ii) available with the depositories in case of rematerialisation of debentures or as available in the records of our Company as on the record date.

Bank account particulars will be printed on the refund orders/ warrants which can then be deposited only in the account specified.

**Buy Back of NCDs**

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

**Procedure for Redemption by Debenture Holders**

***NCDs held in physical form:***

At the time of maturity, no action would ordinarily be required on the part of the Debenture Holder at the time of redemption and the redemption proceeds would be paid to those Debenture Holders whose names stand in the register of Debenture Holders maintained by us on the record date fixed for the purpose of Redemption. However, our Company may require that those with the physical NCD certificate(s) should surrender these, duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the Debenture Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. Debenture Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those Debenture Holders whose names stand in the register of Debenture Holders maintained by our Registrars, on the record date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also please refer to the paragraph on "Payment on Redemption" given below.

***NCDs held in Demat form:***

No action is required on the part of Debenture Holder(s) at the time of redemption of NCDs.

**Payment on Redemption**

The manner of payment of redemption is set out below:

***i. NCDs held in physical form:***

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Despatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 11 Working Days from the date of receipt of the duly discharged NCD certificate, whichever date is later.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption Date to those Debenture Holders whose names stand in the register of Debenture Holders maintained by our Registrars on the record date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with our Registrars at least 7 (seven) days prior to the record date. In case the transfer documents are not so lodged, at least 7 (seven) days prior to the record date, and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter-se and no claim or action shall lie against us or the Registrars.

***ii. NCDs held in Demat form:***

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the record date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of Debenture Holders.

Our liability to Debenture Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the Debenture Holder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

**Right to Reissue NCD(s)**

Subject to the provisions of Companies Act, where we have fully redeemed any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place, in accordance with the applicable rules and regulations. The aforementioned right includes the right to reissue original NCDs.

**Transfer / Transmission of NCD(s)**

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 1956 and applicable provisions of the Companies Act. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the Companies Act, 1956 and applicable provisions of the Companies Act shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCD(s) as well.

**i. For NCDs held in physical form:**

In respect of the NCDs held in physical form, a suitable instrument of transfer as may be prescribed by law and rules / us, in the absence of such law and rules may be used for the same. Purchasers of NCDs held in physical form are advised to send the Debenture Certificate to the Company or to such persons as may be notified by the Company from time to time. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date, failing which the interest and/or Maturity Amount for the NCDs held in physical form will be paid to the person whose name appears in the register of debenture holders maintained by the Company and the Registrar. In such cases, any claims will be settled inter-se between the parties to the said transfer and no claim or action will be brought against the Company or the Registrar. If a holder of the NCDs held in physical form intends to hold the NCDs, in dematerialized form, the NCDs may be dematerialised by the holder of such NCDs held in physical form through his or her depository participant in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Debenture Holders, at any time after the listing of the NCDs on the Stock Exchanges, can apply for converting NCDs into physical form, by applying to their Depository Participant (DP), for re-materialisation.

**ii. For NCDs held in Demat form:**

The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DP of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the record date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories/ Company, as the case may be. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with us or Registrar.

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in Demat form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In case the transferee does not have a DP account, the seller can re-materialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter the NCDs can be transferred in the manner as stated above.

In case the buyer of the NCDs in physical form wants to hold the NCDs in dematerialised form, he can choose to dematerialise the securities through his DP.

**Joint-holders**

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

**Sharing of Information**

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the Debenture Holders available with us and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

**Notices**

All notices to the Debenture Holder(s) required to be given by us or the Debenture Trustee will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

**Issue of Duplicate NCD Certificate(s)**

If any NCD certificate(s) is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall

be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

## **Security**

The issue comprises of public issue of NCDs of face value of ₹1,000 each.

The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first *pari passu* charge on immovable property located at Chennai, Tamil Nadu (details of which shall be included in the Debenture Trust Deed) and first charge on current assets, including book debts, loans and advances, cash and bank balance and receivables, both present and future, of our Company ranking *pari passu* with the existing secured debenture holders of our Company and to be more particularly described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of the Existing Lenders.

Our Company will create the security for the NCDs in favour of the Debenture Trustee for the Debenture Holders holding NCD on the assets to ensure 100% security cover of the amount outstanding along with accrued interest thereon, at any time.

Our Company has entered in to a Debenture Trusteeship Agreement and intends to enter into an agreement with the Debenture Trustee, (**'Debenture Trust Deed'**), the terms of which will govern the appointment of the Debenture Trustee and the issue of the NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and shall utilize the funds only after the stipulated security has been created.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding NCDs the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs at the rate specified in this Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security subject to prior written consent of the Debenture Trustee and/ or may replace with another asset of the same or a higher value.

Our Company confirms that the issue proceeds shall be kept in an escrow account until the documents for creation of security i.e. the Debentures Trust Deed, is executed.

## **Debenture Trustees for the Debenture Holders**

We have appointed IL&FS Trust Company Limited to act as the Debenture Trustees for the Debenture Holders by way of the Debenture Trusteeship Agreement. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to the NCDs. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holders. Any payment made by us to the Debenture Trustee on behalf of the Debenture Holders shall discharge us *pro tanto* to the Debenture Holders.

The Debenture Trustee will protect the interest of the Debenture Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

## **Events of Default**

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the Debenture Holders, (subject to being indemnified and/or secured by the Debenture Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the respective Debenture Trust Deed:

- (i) default is committed in payment of the principal amount of the NCDs on the due date(s); and



(ii) default is committed in payment of any interest on the NCDs on the due date(s).

### **Lien**

As per the RBI circular No. DNBR (PD) CC No.021/03.10.001/2014-15 dated February 20, 2015 and DNBS (PD)CC.No.330/03.10.001/2012-13 dated June 27, 2013, the Company is not permitted to extend loans against the security of its debentures issued by way of private placement or public issues. The Company shall have the right of set off and lien, present as well as future on the moneys due and payable to the Debenture Holders or deposits held in the account of the Debenture Holders, whether in single name or joint name, to the extent of all outstanding dues by the Debenture Holders to the Company, subject to applicable law.

### **Lien on pledge of NCDs**

The Company may, at its discretion note a lien on pledge of NCDs if such pledge of NCD is accepted by any third party bank/institution or any other person for any loan provided to the Debenture Holder against pledge of such NCDs as part of the funding, subject to applicable law.

### **Future Borrowings**

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ non-convertible debentures/ other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/ regulatory/ contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the Debenture Holders or the Debenture Trustee in this connection. However, until the payment of the outstanding amounts/ secured obligations for the NCDs, the Company shall not create any mortgage or charge on the Security without obtaining prior approval of the Debenture Trustee. Provided that at the time of raising such further loans, advances or such other facilities from Banks, Financial Institutions and / or any other person(s) on the Security, the Company shall maintain the required security cover as prescribed in this Prospectus. In the event of such request by the Company, the Debenture Trustee shall provide its approval for creation of further charges provided that the Company provides a certificate from a chartered accountant stating that after creation of such further charges, the required Security cover will be maintained.

### **Interest on Application Money**

#### ***Interest on application monies received which are used towards allotment of NCDs***

Our Company shall pay interest on application money on the amount allotted, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any Applicant to whom NCDs are allotted pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) or after 3 (three) days from the date of receipt of the application (being the date of upload of each Application on the electronic Application platform of the Stock Exchanges) whichever is later up to one day prior to the Deemed Date of Allotment, at the rate of 7.5% p.a. This amount will be subjected to tax deducted at source, for all types of investors, including those with Demat Accounts.

Please note no interest is to be paid on application monies to the ASBA Applicants.

Our Company may enter into an arrangement with one or more banks in one or more cities for direct credit or suitable electronic transfers of interest to the accounts of the applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment, by Speed Post, at the sole risk of the applicant, to the sole / first applicant.

#### ***Interest on application monies received which are liable to be refunded***

Our Company shall pay interest on application money which is liable to be refunded to the, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) or after 3 (three) days from the date of receipt of the application (being the date of upload of each Application on the electronic Application platform of the Stock Exchanges) whichever is later up to one day prior to the Deemed Date of Allotment, at the rate of 4% per annum. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched / credited (in case of electronic payment) along with the Letter(s) of Refund at the sole risk of the applicant, to the sole/first applicant. This amount will be subjected

to tax deducted at source, for all types of investors, including those with Demat Accounts. Notwithstanding anything contained hereinabove, ASBA Applicants and rejected / withdrawn applications, for whatever reasons, would not be eligible for the interest payments, as above. Please refer to “***Rejection of Application***” at page 181.



## TERMS OF THE ISSUE

### Authority for the Issue

Pursuant to resolution passed by the shareholders of our Company at their EGM held on December 10, 2013 and in accordance with provisions of Section 180(1)(a) and 180(1)(c) of the Companies Act, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) by a sum not exceeding ₹3,00,000 lacs (Rupees Three hundred thousand lacs).

At the meeting of the Board of Directors of our Company, held on May 11, 2015, the Directors approved the issue of NCDs to the public upto an amount not exceeding ₹25,000 lacs (Rupees twenty five thousand lacs).

### Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, applicable provisions of the Companies Act, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trusteeship Agreement, the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/ BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

### Ranking of NCDs

The NCDs would constitute secured obligations of ours and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way first *pari passu* charge on immovable property located at Chennai, Tamil Nadu and first charge on current assets, including book debts, loans and advances, cash and bank balance and receivables, both present and future, of our Company ranking *pari passu* with the existing secured debenture holders of our Company, as further enumerated in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of the Existing Lenders. The NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. Our Company confirms that all permissions and/or consents for creation of a *pari passu* charge on the current assets, book debts, loans and advances, and receivables, both present and future as stated above, have been obtained from all relevant creditors, lenders and debenture trustees of our Company, who have an existing charge over the above mentioned assets.

### Debenture Redemption Reserve

Section 71 of the Companies Act read with the Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 states that any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. The DRR has to be created out of the profits of the company available for payment of dividend, equivalent to at least 25% of the amount raised through the issue of debentures through the public issue before the debenture redemption commences. The amount to be credited as DRR will be carved out of the profits of our Company only if there is profit for the particular year and there is no obligation on the part of our Company to create DRR if there is no profit for the particular year. Our Company shall credit adequate amounts to DRR, from its profits every year until such NCDs are redeemed.

As per Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 our Company shall, on or before April 30 of each year, deposit or invest, as the case may be; a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31<sup>st</sup> day of March next following in anyone or more of the following methods, namely

1. in deposits with any scheduled bank, free from charge, or lien;
2. in unencumbered securities of the Central Government or of any State Government;

### ***Muthootu Mini Financiers Limited***

3. in unencumbered securities mentioned in clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under clause (I) of section 20 of the Indian Trusts Act, 1882;

The amount deposited or invested above, as the case may be, shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the 31<sup>st</sup> day of March of that year.

### **Face Value**

The face value of each NCD to be issued under this Issue shall be ₹1,000.

### **Debenture Holder not a Shareholder**

The Debenture Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company.

### **Rights of Debenture Holders**

Some of the significant rights available to the Debenture Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 1956 and applicable provisions of the Companies Act, confer upon the Debenture Holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered Debenture Holders for their consideration. In terms of Section 136 (2) of the Companies Act, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request being made to us.
2. Subject to applicable statutory/regulatory requirements, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned Debenture Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. The registered Debenture Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned Debenture Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Debenture Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the Debt Regulations, the Companies Act, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. A register of Debenture Holders (**“Register of Debenture holder”**) will be maintained in accordance with Section 88 of the Companies Act and all interest/ redemption amounts and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of Debenture Holders as on the record date. Further as the NCDs issued are also being issued in Demat form, the Depositories shall also maintain the updated register of holders of the NCDs in Demat Form.
6. Subject to compliance with RBI requirements, NCDs can be rolled over only with the consent of the holders

of at least 75% of the outstanding amount of the NCDs, in that series and which are due for redemption, after providing at least 21 days prior notice for such roll over and in accordance with the Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

7. The aforementioned rights of the Debenture Holders are merely indicative. The final rights of the Debenture Holders will be as per the terms of this Prospectus and the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

### **Minimum Subscription**

Under the SEBI Debt Regulations, our Company may stipulate a minimum subscription amount which it seeks to raise. If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹9,375 lacs within 30 days from the date of Issue of the Prospectus or such other period as may be specified by SEBI, the entire Application Amounts shall be refunded to the Applicants within 12 days from closure of the Issue. If there is delay in the refund of Application Amounts beyond the time prescribed above, our Company will pay interest for the delayed period at rate of 15% per annum for the delayed period.

### **Market Lot and Trading Lot**

Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

NCDs which are allotted in physical form shall not be eligible for being traded on the floor of Stock Exchange unless such NCDs are converted into dematerialized form, but shall be freely transferable otherwise, subject to applicable statutory and/or regulatory requirement.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment refer to chapter titled “**Issue Procedure**” beginning on page 160.

### **Nomination facility to Debenture Holder**

In accordance with Section 72 of the Companies Act, the sole Debenture Holder or first Debenture Holder, along with other joint Debenture Holders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCD. A person, being a nominee, becoming entitled to the NCD by reason of the death of the Debenture Holder(s), shall be entitled to the same rights to which he would be entitled as if he were the registered holder of the NCD. Where the nominee is a minor, the Debenture Holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the NCD(s), in the event of his death, during the minority. A nomination shall stand rescinded upon sale of a NCD by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the NCD is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/ Corporate Office or at such other addresses as may be notified by us.

Debenture Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the Debenture Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Section 72 of the Companies Act, any person who becomes a nominee shall upon the production of such evidence as may be required by the Board, to elect either:

- to register himself or herself as the holder of the NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption amounts or other monies payable in respect of the

NCDs, until the requirements of the notice have been complied with.

For nominations made in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

### **Succession**

Where NCDs are held in joint names and one of the joint Debenture Holder dies, the survivor(s) will be recognized as the Debenture Holder(s). It will be sufficient for our Company to delete the name of the deceased Debenture Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased Debenture Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the NCDs. In the event of demise of the sole or first holder of the NCDs, our Company will recognise the executors or administrator of the deceased Debenture Holders, or the holder of the succession certificate or other legal representative as having title to the NCDs only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. Our Directors, in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of Debenture Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased Debenture Holder. He shall approach the respective Depository Participant of the Debenture Holder for this purpose and submit necessary documents as required by the Depository Participant.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Cochin, India.

### **Application in the Issue**

NCDs being issued through this Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable.

### **Period of Subscription**

The subscription list shall remain open for a period as indicated below, with an option for early closure or extension by such period, up to a period of 30 days from the date of opening of the Issue, as may be decided, as may be decided by the Board or a duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure/ extension is given on or prior to such early date of closure/ Issue Closing Date, as applicable, through advertisement in a leading national daily newspaper.

<b>Issue Opening Date</b>	July 16, 2015
<b>Issue Closing Date*</b>	August 14, 2015 <sup>#</sup>

<sup>#</sup>The subscription list for the Issue shall remain open for subscription up to 5pm, with an option for early closure or extension by such period, up to a period of 30 days from the date of opening of the Issue, as may be decided, as may be decided by the Board or a duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure of the Issue or extension, our Company shall ensure that notice of such early closure/ extension is given as the case may be on or before such early date of closure/ Issue Closing Date, as applicable, through advertisement/s in a leading national daily newspaper.

\* Application and any further changes to the Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST") during the Issue Period as mentioned above by the Members of the Syndicate, Trading Members and designated branches of SCSBs, except that on the Issue Closing Date when the Applications and any further changes in details in Applications, if any, shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the Stock Exchange Platform would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to

*submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.*

*Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor any Member of the Syndicate, Trading Members or designated branches of SCSBs is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.*

#### **Restriction on transfer of NCDs**

There are no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as may be required under RBI requirements and as provided in our Articles of Association. Please refer to the chapter titled “**Summary of Main Provisions of the Articles of Association**” beginning on page 214.

## ISSUE PROCEDURE

Our Company and the Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and ensure that their Application does not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

This chapter applies to all categories of Applicants. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Applicants applying through the ASBA process and the Direct Online Application Mechanism should carefully read the provisions applicable to such applications before making their application in this Issue. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB at the time of making the Application. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs.

ASBA Applicants should note that they may submit their ASBA Applications to the Members of the Syndicate or Trading Members of the Stock Exchange only at the Syndicate ASBA Application Locations, or directly to the Designated Branches of the SCSBs. Applicants other than direct ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members (at the application centres of the Members of the Syndicate will be mentioned in the Application Form) or make online Applications using the online payment gateway of the Stock Exchanges. **Please note that the Applicants cannot apply in this Issue by filling in the application form directly through the online interface of BSE.**

Please note that this section has been prepared based on the Circular No. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI. The following Issue procedure is subject to the functioning and operations of the necessary systems and infrastructure put in place by the Stock Exchanges for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by Stock Exchanges and is also subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange(s) and/or SEBI. Please note that the Applicants can apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchanges, if provided for by the Stock Exchanges. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges and we will appropriately notify and/or intimate Investors in connection with the availability of Direct Online Applications Facility either through disclosures in this Prospectus and/or by way of a public announcement or advertisement.

Please note that as per the Circular No. CIR/IMD/DF/18/2013 dated October 29, 2013 issued by SEBI, Allotment in this Issue shall be made on the basis of date of upload of each Application into the electronic book of the Stock Exchange. However, on the date of oversubscription, the allotments shall be made on a proportionate basis.

SEBI, vide its bearing no. IMD/DOF-1/BM/AKS/OW/26698/2014 dated September 11, 2014, has permitted our Company to allot NCDs in physical form along with dematerialised form, pursuant to this Issue.

**PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGE(S) WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE.**

**THE MEMBERS OF THE SYNDICATE AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITY OF SUCH TRADING MEMBERS IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES.**



**FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GREIVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS REGISTERED WITH SUCH STOCK EXCHANGE.**

*Please note that as per Para 4 of SEBI Circular No. CIR/CFD/DIL/12/2012 dated September 13, 2012, for making Applications by SCSBs on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB/s. Such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for ASBA Applications.*

## **1. Who can Apply**

The following categories of persons are eligible to apply in the Issue:

### **Category I**

- Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks,
- Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs;
- Provident Funds of minimum corpus of ₹2,500 lacs , Pension Funds of minimum corpus of ₹2500 lacs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs;
- Venture Capital funds and / or Alternative Investment Funds registered with SEBI;
- Insurance Companies registered with the IRDA;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India
- Mutual Funds, registered with SEBI;

### **Category II**

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorized to invest in the NCDs;
- Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of Persons
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);
- Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lacs;

### **Category III\***

- Resident Indian individuals; and
- Hindu undivided families through the Karta;

*\* applications aggregating to a value not more than ₹5 lacs.*

Valid applications by Existing Debenture Holders, Senior Citizens and Ex-servicemen falling under any of the above 3 categories shall be eligible for an additional coupon as mentioned under “**Issue Structure - Coupon of 0.25% p.a. for the Existing Debenture Holders, Ex-servicemen and Senior Citizen**” on page 144. Such investors are required to mention the appropriate sub category code provided in the application form and provide the requisite KYC documents, failing which, such additional coupon shall not be payable.

**Note:** Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/ or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.



**Applications cannot be made by:**

- Minors without a guardian (A guardian may apply on behalf of a minor. However, the name of the guardian will need to be mentioned on the Application Form)\*;
- Non-resident investors including NRIs, QFIs and FPIs who are (i) based in the USA and/or, (ii) domiciled in or resident of the USA, and/or, (iii) U.S. Persons or those who apply on account of or for the benefit of such persons, and/or, (iv) subject to any tax laws of the USA;
- Foreign nationals;
- Persons resident outside India including without limitation Foreign Institutional Investors, Non-Resident Indians, Qualified Foreign Investors, Foreign Venture Capital Funds and Overseas Corporate Bodies; and
- Persons ineligible to contract under applicable statutory/ regulatory requirements.

*\* Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

*For Applicants applying for NCDs in demat form, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges by the Members of the Syndicate or the Trading Members, as the case may be. Details provided by the Depositories will be taken as final evidence of data.*

**Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.**

**Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.**

The Lead Manager and their associates and affiliates are permitted to subscribe in the Issue.

## **2. How to Apply?**

### **(i) Applicants may use any of the following facilities for making Applications:**

- (a) ASBA Applications through the Members of Syndicate and Trading Members of the Stock Exchange(s), (“**Syndicate ASBA**”);
- (b) ASBA Applications through SCSBs, both in physical and electronic mode (wherever provided by the respective SCSB);
- (c) Non ASBA Applications through the Members of Syndicate and Trading Members of the Stock Exchange(s); and
- (d) Non ASBA Applications through the Members of Syndicate and Trading Members of the Stock Exchange(s) for applicants who intend to hold the NCDs in physical form.

*Please note that there is a single Application Form for ASBA as well as non-ASBA Applicants who are Persons Resident in India.*

### **(ii) Availability of Prospectus and Application Forms**

Copies of the Abridged Prospectus containing the salient features of this Prospectus together with Application Forms and the copies of this Prospectus may be obtained from our Registered Office, the offices of the Lead Manager, Members of the Syndicate, designated branches of the SCSB and Trading members. Additionally this Prospectus will be available for download on the website of BSE at [www.bseindia.com](http://www.bseindia.com) and the websites of the Lead Manager at [www.vivro.net](http://www.vivro.net). The Abridged Prospectus and Application Forms shall be available on the website of BSE at [www.bseindia.com](http://www.bseindia.com), and the Members of the Syndicate.

A unique application number will be generated for every Application Form downloaded from the websites of the Stock Exchange and Members of the Syndicate. In addition, online demat account portals may also provide

the facility of submitting the Application Forms online to their account holders.

The prescribed colour of the Application Form for the Applicants is as follows:

Category	Colour of the Application Form
ASBA Applicants as well as non-ASBA Applicant	white

Electronic Application Forms will also be available on the website of Stock Exchanges. Trading members are required to download the Electronic Application Forms from stock exchanges platforms and submit these forms along with cheques/drafts/payment instrument to the collecting banks.

Applicants are requested to note that in terms of the SEBI Circular No. CIR. /IMD/DF-1/20/2012 dated July 27, 2013 (“**Debt Application Circular**”), SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the Debt Application Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Eligible investors desirous of applying in the Issue through the Direct Online Application Mechanism shall be able to apply through the Direct Online Application Mechanism, as and when provided for by the Stock Exchanges.

The information below is given for the benefit of the investors. Our Company and/or the Lead Manager are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

### **Grouping of Applications**

For the purposes of the basis of allotment:

- Applications received from Category I applicants: Applications received from Category I, shall be grouped together, (“**Institutional Portion**”);
- Applications received from Category II applicants: Applications received from Category II, shall be grouped together, (“**Non-Institutional Portion**”);
- Applications received from Category III applicants: Applications received from Category III, shall be grouped together, (“**Retail Individual Portion**”);

For removal of doubt, “**Institutional Portion**”, “**Non-Institutional Portion**” and “**Retail Individual Portion**” are individually referred to as “**Portion**” and collectively referred to as “**Portions**”

### **3. Filing of the Prospectus with ROC**

A copy of the Prospectus shall be filed with the RoC, in terms of Section 26 of the Companies Act.

### **4. Pre-Issue Advertisement**

Subject to section 30 of the Companies Act, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of this statutory advertisement will be included in the statutory advertisement.

### **5. Procedure for Application**

- Non-ASBA Applications**
  - Applications through the Members of the Syndicate/ Trading Members of the Stock Exchanges through Collecting Banks without using ASBA Facility*

All Application Forms, either in physical or downloaded Application Forms, duly completed, and

accompanied by account payee cheques / bank drafts shall be submitted with the Members of the Syndicate or Trading Members of the Stock Exchanges before the closure of the Issue. The Members of the Syndicate/ Trading Members of the Stock Exchanges, upon receipt of the Non-ASBA Applications, shall upload all the details of the applications on the online platform of the Stock Exchanges. The Applications are to be submitted to the Members of the Syndicate or Trading Members on a timely manner so that the details can be uploaded by the closure of banking hours on to the Stock Exchange platform i.e. from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) during the Issue Period, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and returning it to the Applicant. This acknowledgement slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant should preserve this and should provide the same for any grievances relating to their Application. The Members of the Syndicate/ Trading Members of the Stock Exchanges shall thereafter submit the physical Application Form along with the cheque/ bank draft to the Escrow Collection Banks, which will realize the payment instrument and send the Application details to the Registrar.

**b) Applications for allotment of physical NCDs by Applicants who do not have a Demat Account**

All Applicants who do not have a Demat Account and intend to apply for NCDs in physical form, should submit the Application Forms duly completed in all respects, by providing all the information including PAN and Demographic Details and accompanied by account payee cheques / demand drafts and the Know Your Customer (“KYC”) documents with the Members of the Syndicate, Trading Members of the Stock Exchanges. The cheque/bank draft can be drawn on any bank, including Co-operative Banks which is a member or sub-member of the Bankers’ clearing-house and located at the place where the Application Form is submitted, i.e. where the designated collection centres of the Escrow Collection Banks are located. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected and the Escrow Collection Banks shall not be responsible for such rejections. Payments though stockinvest would also not be allowed as the same has been discontinued by the RBI vide notification No.DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated November 5, 2003. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted. In case payment is effected in contravention of conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. A separate cheque/ bank draft must accompany each Application Form. No cash payments shall be accepted.

All cheques / bank drafts accompanying the application should be crossed “A/c Payee only” and all cheques / bank drafts accompanying the applications made by eligible applicants must be made payable to “**MMFL – NCD Escrow Account**”.

KYC Documents to be submitted by Applicants who do not have a Demat account and are applying for NCDs in the Physical Form

(a) Self-attested copy of the proof of identification (for individuals);

Any of the following documents shall be considered as a verifiable proof of identification:

- Passport;
- Voter’s ID;
- Driving Licences;
- Government ID Card;
- Defence ID Card;
- Photo PAN Card; or
- Photo Ration Card.

(b) Self-attested copy of the PAN card (in case of a minor, the guardian shall also submit the self-attested copy of his/ her PAN card);

(c) Self-attested copy of the proof of residence;

Any of the following documents shall be considered as a verifiable proof of residence:

- ration card issued by the GoI;
- valid driving license issued by any transport authority of the Republic of India;
- electricity bill (not older than three months);
- landline telephone bill (not older than three months);
- valid passport issued by the GoI;
- AADHAAR Letter issued by Unique Identification Authority of India (“UIDAI”);
- voter’s Identity Card issued by the GoI;
- passbook or latest bank statement issued by a bank operating in India;
- leave and license agreement or agreement for sale or rent agreement or flat maintenance bill;
- Registered Office address in case of applicants under Category I or Category II; or
- life insurance policy.

- (d) Copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

Applicants applying for allotment of NCDs in physical form, by signing the Application Form, confirm to the Company, the Lead Manager and the Registrar that they do not hold any Demat account in India.

The Members of the Syndicate/ Trading Members of the Stock Exchanges shall on receipt of the completed Application Form along with the KYC Documents and the cheque/ draft, provide an acknowledgment of the application to the Applicant. After verification of the KYC documents submitted by the Applicant along with the application, the Members of the Syndicate/ Trading Members of the Stock Exchanges shall upload all such details of the Applicant that is required for the purpose of allotment based on the Application Form on the online platform of the Stock Exchanges.

The Members of the Syndicate/ Trading Members of the Stock Exchanges shall thereafter submit the physical Application Form (duly stamped by such Members of the Syndicate/ Trading Members of the Stock Exchanges) along with the cheque/ bank draft and the KYC Documents to the Escrow Collecting Bank(s), which will realise the payment instrument, and send the Application Form and the KYC documents to the Registrar. The Registrar shall check the KYC documents submitted and match Application details as received from the online platform of Stock Exchanges with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of Stock Exchanges will prevail. The Members of the Syndicate/ Trading Members are requested to note that all Applicants are required to be banked with only the banking branches of Escrow Collection Banks, details of which will be available at the websites of the BSE at [www.bseindia.com](http://www.bseindia.com)). Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in towns/ cities which have at least one banking branch of the Escrow Collection Banks. Upon Allotment, the Registrar will dispatch Bond Certificates to the successful Applicants to their addresses as provided in the Application Form.

Please note that, in the event that KYC documents of an Applicant are not in order, the Registrar will withhold the dispatch of Bond Certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar at the earliest. Please note that in such an event, any delay by the Applicant to provide complete KYC documents to the Registrar will be at the Applicant’s sole risk and neither our Company, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the Bond Certificates are withheld by the Registrar. Further, our Company will not be liable for any delays in payment of interest on the Bonds allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the Bonds.

The Members of the Syndicate and the Trading Members of the Stock Exchange shall ensure they shall accept Application Forms only in such cities/ towns where the banking branches (escrow banks) are available. Details of such banking branches are available on the website of BSE on [www.bseindia.com](http://www.bseindia.com).

### **Payment mechanism for non-ASBA Applicants**

The cheque/bank draft can be drawn on any bank, including a co-operative bank which is situated at and is member or sub-member of the Bankers' clearing-house located at the place where the Application Form is submitted, i.e. at designated collection centres of the Escrow Collection Bank. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected and the collecting bank shall not be responsible for such rejections. Payment through stockinvest would also not be allowed as the same has been discontinued by the RBI vide notification No. DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated November 5, 2003. Cash/ Stockinvest/ Money Orders/Postal Orders will not be accepted. In case payment is effected in contravention of conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. A separate cheque / bank draft must accompany each Application Form. No cash payments shall be accepted.

All cheques / bank drafts accompanying the application should be crossed "A/c Payee only" and (a) all cheques / bank drafts accompanying the applications made by eligible applicants must be made payable to "**MMFL- NCD Escrow Account**".

Kindly note, RBI has issued standard operating procedure in terms of paragraph 2(a) of RBI Circular no DPSS.CO.CHD.No./133 / 04.07.05 / 2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations. As per this circular, processing of non-CTS cheques shall be done only on three days of the week. SEBI Circular No. CIR/CFD/DIL/3/2010 dated April 22, 2010 fixes the time between issue closure and listing at 12 working days. In order to ensure compliance with the above timelines, investors are advised to use CTS cheques or use ASBA facility to make payment. Investors using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond six working days from the date of the closure of the Issue, in terms of the aforementioned SEBI circular.

Please note that neither our Company, Lead Manager, nor the Members of the Syndicate, nor the Registrar shall be responsible for redressal of any grievances that Applicants may have in regard to the non-ASBA Applications made to the Trading Members, including, without limitation, relating to non-upload of the Applications data. All grievances against Trading Members in relation to the Issue should be made by Applicants to the relevant Stock Exchange.

### **Escrow Mechanism**

Each Applicant (except for ASBA Applicants) shall draw a cheque or demand draft for the Application Amount as per the following terms:

- a) All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form.
- b) The Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Escrow Accounts and submit the same along with their Application. If the payment is not made favouring the Escrow Accounts along with the Application Form, the Application will be rejected. Application Forms accompanied by cash, stock invest, money order or postal order will not be accepted.
- c) The payment instruments from the Applicants shall be payable into the Escrow Account drawn in favour of "**MMFL - NCD Escrow Account**".
- d) Payments should be made by cheque, or a demand draft drawn on any bank (including a cooperative bank, which is a participant or sub-participant of the clearing house routine in that city/town), which is situated at cities/ towns where the banking branches (escrow banks) are available. Details of such branches of the Escrow Banks where the Application Form along with the cheque/ demand draft submitted by a Non ASBA applicant shall be deposited by the Members of the Syndicate / Trading Members are available on the website of BSE at [www.bseindia.com](http://www.bseindia.com). Outstation cheques/ bank drafts shall be rejected.



Details of the branches of the Escrow Banks where the Application Form along with the cheque/ demand draft submitted by a Non ASBA applicant shall be deposited by the Members of the Syndicate and Trading Members are available on the website of BSE at [www.bseindia.com](http://www.bseindia.com).

Upon creation of Security as disclosed in the Trust Deed and receipt of necessary communication from the Lead Manager to the Issue, as per the provisions of the Escrow Agreement, the Escrow Collection Bank(s) shall transfer the monies from the escrow accounts to separate bank accounts i.e. The Public Issue Accounts.

The Fees for Lead Manager shall be paid out of the Public Issue Account once listing / trading approvals are received from Stock Exchanges, upon receipt of instructions from the Lead Manager as provided for in the Escrow Agreement.

The balance amount in the Escrow Accounts, after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund and interest on Application Amount to the relevant Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Prospectus.

The Escrow Collection Banks will act in terms of this Prospectus and the Escrow Agreement. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein.

### c) ASBA Applications

#### *Procedure for Application through the Members of the Syndicate/ Trading Members of the Stock Exchanges using the Applications Supported by Blocked Amount ("ASBA") facility and Applications through SCSBs using ASBA facility*

This section is for the information of the Applicants proposing to subscribe to the Issue through the ASBA Process ("ASBA Investors"). Please note that application through ASBA is optional for all categories of Applicants. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. ASBA Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

**Our Company, our Directors, affiliates and associates and the Lead Manager, their respective directors, officers, affiliates and associates and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs including, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.**

Applicants can submit their Applications through the ASBA process by submitting the Application Forms in physical mode to the SCSB with whom the ASBA Account is maintained or through the Members of the Syndicate or Trading Members (ASBA Applications through the Members of the Syndicate and Trading Members shall hereinafter be referred to as the "Syndicate ASBA"), prior to or on the Issue Closing Date. **ASBA Applications through the Members of the Syndicate and Trading Members is permitted only at the Syndicate ASBA Application Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat).** Kindly note that Application Forms submitted by ASBA Applicants to Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Member of the Syndicate or the Trading Members to deposit the Application Form (A list of such branches is available at [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1380263338017.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html) or any other link as prescribed by SEBI from time to time). The Members of Syndicate and Trading Members shall accept ASBA Applications only at the Syndicate ASBA Application Locations and should ensure that they verify the details about the ASBA Account and relevant SCSB prior to accepting the Application Form.

Members of Syndicate and Trading Members shall, upon receipt of physical Application Forms from ASBA Applicants, upload the details of these Application Forms to the online platform of the Stock Exchanges and

submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained in accordance with the Debt Application Circular.

An ASBA Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by SCSBs and Trading Members, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Trading Members in relation to the Issue should be made by Applicants directly to the Stock Exchanges.

Please note that you cannot apply for the NCDs through the ASBA process if you wish to be allotted the NCDs in physical form.

ASBA Application in electronic mode will only be available with such SCSBs who provide such facility. In case of application in such electronic form, the ASBA Applicant shall submit the Application Form with instruction to block the Application amount either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA Account held with SCSB, as would be made available by the concerned SCSB.

Applications are liable to be rejected, wherein the SCSBs are not able to block the funds for Application Forms which have been uploaded by the Member of the Syndicate or Trading Members of the Stock Exchange due to any reason.

### **Mode of payment**

The Applicant applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, details of which are provided in the Application Form or through which the Application is being made in case of electronic ASBA Application, the SCSB shall block an amount equivalent to the amount payable on Application mentioned in the Application Form until it receives instructions from the Registrar. After finalisation of Basis of Allotment and upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred into the Public Issue Account maintained by us as per the provisions of section 40(3) of the Companies Act, 2013. The balance amount remaining blocked in the ASBA Accounts, if any, after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account with the SCSB, details of which have been provided by the Applicant in the Application Form, does not have sufficient funds equivalent to the amount payable on application mentioned in the Application Form. Subsequent to the acceptance of the application by the SCSB, the Registrar would have a right to reject the application on any of the technical grounds.

In the event of withdrawal or rejection of Application Form or for unsuccessful Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account within fifteen Working Days of receipt of such instruction. There will be no interest paid on any such refunds.



**Depository account and bank details for Applicants applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE APPLICANTS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR NCDs IN DEMATERIALIZED FORM. ALL APPLICANTS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, PAN DETAILS, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.**

Applicants applying under the ASBA Process should note that on the basis of name of these Applicants, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository demographic details of these Applicants such as PAN, address for printing on Allotment advice and occupation ("Demographic Details"). Hence, Applicants applying under the ASBA Process should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with such Applicants including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Applicants in the Application Form would not be used for any other purposes by the Registrar. Hence, Applicants are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Applicants applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating Allotment and unblocking the funds would be mailed at the address of the ASBA Applicant as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent NCDs are not allotted to such ASBA Applicants. ASBA Applicants may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered.**

**Note that any such delay shall be at the sole risk of the ASBA Applicants and none of our Company, the SCSBs, the Members of the Syndicate or Trading Member shall be liable to compensate the Applicant applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that match three parameters, (a) Client ID, (b) the DP ID and (c) the PAN Number, then such applications are liable to be rejected.

**ADDITIONAL KYC DOCUMENTATION REQUIREMENTS FOR EXISTING DEBENTURE HOLDERS, SENIOR CITIZENS AND EX-SERVICEMEN**

Existing Debenture Holders, Ex-servicemen and Senior Citizen, shall be eligible for the extra coupon on the NCDs that is allotted to them under Options I, II, III, IV and VI. However, the additional coupon shall be available only to those Applicants who have submitted the following documents ("**Additional KYC Documents**")\*:

Type of Applicants	Additional KYC Documents
Retired Servicemen	Self-attested copy of the Ex-Servicemen identity card issued by the Zilla Sainik Board
Senior Citizen	Self-attested copy of PAN Card
Existing Debenture Holder holding physical debenture certificates	Self-attested copy of the existing debenture certificate issued by our Company

The Members of the Syndicate/ Trading Members of the Stock Exchanges shall on receipt of the completed Application Form along with the Additional KYC Documents and the cheque/ draft, provide an

acknowledgment of the application to the Applicant. After verification of the Additional KYC documents submitted by the Applicant along with the application, the Members of the Syndicate/ Trading Members of the Stock Exchanges shall upload all such details of the Applicant that is required for the purpose of allotment based on the Application Form on the online platform of the Stock Exchanges.

The Members of the Syndicate/ Trading Members of the Stock Exchanges shall thereafter submit the physical Application Form (duly stamped by such Members of the Syndicate/ Trading Members of the Stock Exchanges) along with the cheque/ bank draft and the KYC Documents to the Escrow Collection Bank(s).

*\* Submission of Additional KYC Documents is not required in case of those Existing Debenture Holders who hold non-convertible debentures of our Company in Demat form and are applying in the same sequence as they have applied in earlier issues*

## **APPLICATIONS BY VARIOUS APPLICANT CATEGORIES**

### **Applications by Mutual Funds, registered with SEBI**

No mutual fund scheme shall invest more than 15% of its NAV in debt instruments issued by a single Company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company.

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

### **Application by Scheduled Banks, Co-operative Banks and Regional Rural Banks**

Scheduled Banks, Co-operative Banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. The application must be accompanied by certified true copies of (i) Board Resolution authorising investments; (ii) Letter of Authorisation; (ii) Charter Document and (iv) PAN Card. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

**Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.**

### **Application by Insurance Companies**

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

### **Applications by Alternative Investments Funds**

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, must be accompanied by

certified true copies of: (i) the SEBI registration certificate of such Alternative Investment Fund; (ii) a resolution authorising the investment and containing operating instructions; and (iii) specimen signatures of authorised persons. Alternative Investment Funds applying for Allotment of the NCDs shall at all-time comply with the conditions for categories as per their SEBI registration certificate and the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012.

#### **Applications by Trusts**

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

#### **Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the NCDs**

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

#### **Applications by companies, bodies corporate and societies registered under applicable laws in India**

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

#### **Indian Scientific and/or industrial research organizations, which are authorized to invest in NCDs**

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

#### **Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)**

The application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions (Resolution); (iv) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

#### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney by Category I Applicants, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Application Form, failing this, our Company reserves the right to accept or reject any Application for

Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

In case of Investments made pursuant to a power of attorney by Category II and Category III Applicants, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

In case of an ASBA Application pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, our Company, in consultation with the Lead Manager, reserves the right to reject such Applications.

**Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs**

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs in physical form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (iii) a board resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) specimen signature of authorized person; (vi) a certified copy of the registered instrument for creation of such fund/trust; and (vii) any tax exemption certificate issued by Income Tax authorities. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reasons thereof.

**Applications by National Investment Funds**

Application made by a National Invest Fund for Allotment of the NCDs in physical form must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

**Applications by Existing Debenture Holders of our Company holding previously allotted debentures in physical form**

Application made by the Existing Debenture Holders of our Company who intend to participate in the Issue, must be accompanied by self-attested copy of the existing debenture certificate issued by our Company, to be eligible for additional coupon of 0.25%. Further, it shall be the responsibility of the Applicant to ensure that a self-attested copy of the existing debenture certificate reach the Registrar by registered post only within 30 days of the opening of the Issue. Failing this, our Company reserves the right to not consider the Applicant for the additional coupon.

**Applications by Senior Citizens**

Application made by a Senior Citizen who intends to participate in the Issue, must be accompanied by self-attested copy of their PAN card, to be eligible for additional coupon of 0.25%. Failing this, our Company reserves the right to not consider the Applicant for the additional coupon.

**Applications Ex-servicemen**

Application made by an Ex-serviceman who intends to participate in the Issue, must be accompanied by a self-attested copy Ex-Servicemen identity card issued by the Zilla Sainik Board, to be eligible for additional coupon of 0.25%. Failing this, our Company reserves the right to not consider the Applicant for the additional coupon.

**In case an investor is eligible for an additional coupon of 0.25% under more than one of the above mentioned special categories, viz., Senior Citizen, Ex-Servicemen and Existing Debenture holders, they shall still be eligible for an additional coupon of 0.25% only.**

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the aforementioned documents along with the Application Form subject to such terms and conditions that our Company and the Lead Manager may deem fit.

## 6. Applicants' PAN, Depository Account and Bank Account Details

### i. Permanent Account Number

The applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act (Except for Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market). In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN will be rejected, irrespective of the amount of transaction. It is to be specifically noted that the applicants should not submit the GIR number instead of the PAN as the Application will be rejected on this ground.

### ii. Applicant's Depository Account Details

**ALL APPLICANTS APPLYING FOR NCDS IN DEMATRIALISED FORM SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, PAN DETAILS, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.**

Applicant should note that on the basis of name of the applicant, PAN details, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the investor such as address, PAN, bank account details for printing on refund orders or used for refunding through electronic mode, as applicable and occupation ("**Demographic Details**"). Hence, applicants should carefully fill in their Depository Account details in the Application Form. Applicants are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

These Demographic Details would be used for all correspondence with the applicants including mailing of the refund orders/ Allotment Advice and printing of bank particulars on the refund/interest order and the Demographic Details given by applicant in the Application Form would not be used for these purposes by the Registrar.

Refund Orders/Allotment Advice would be mailed at the address of the applicant as per the Demographic Details received from the Depositories. Applicant may note that delivery of Refund Orders/Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the applicant's sole risk and neither our Company nor the Lead Manager or the Registrar, Syndicate Member, Trading Members or SCSBs shall be liable to compensate the applicant for any losses caused to the applicant due to any such delay or liable to pay any interest for such delay.

However in case of applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of Refund Orders /Allotment Advice, the demographic details obtained from the Depository of the applicant shall be used.

In case no corresponding record is available with the Depositories that matches all three parameters, namely, the Depository Participant's identity (DP ID), Client ID and PAN, then such applications are liable to be rejected.



### **iii. Applicant's Bank Account Details**

For the Applicants applying for NCDs in dematerialised form, the Registrar to the Issue will obtain the Applicant's bank account details from the Depository. The applicant should note that on the basis of the name of the applicant, PAN details, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the applicant's DP account, the applicant's bank account details. The investors are advised to ensure that bank account details are updated in their respective DP Accounts as these bank account details would be printed on the refund order(s) or used for refunding through electronic mode, as applicable. Please note that failure to do so could result in delays in credit of refunds to applicants at the applicant's sole risk and neither the Lead Manager, our Company, the Refund Banker(s) nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

## **7. Instructions for completing the Application Form**

### **A. Submission of Application Form (Non-ASBA)**

#### ***General Instructions***

- Applications to be made in prescribed form only;
- The forms to be completed in block letters in English;
- Applications are required to be for a minimum of 10 NCDs and in multiples of 1 NCDs
- Ensure that the details about Depository Participant and Beneficiary Account in the Applications for seeking allotment of NCDs in dematerialized mode are correct, as allotment of NCDs to these Applicants will be in the dematerialized form only.
- Information provided by the Applicants in the Application Form will be uploaded on to the Stock Exchanges Platform system by the Members of the Syndicate, Trading Members of the Stock Exchanges as the case may be, and the electronic data will be used to make allocation/ Allotment. The Applicants should ensure that the details are correct and legible;
- Applications should be made by Karta in case of HUF. Please ensure PAN details of the HUF is mentioned and not of Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8<sup>th</sup> Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form. In case of Joint Applicants, PAN of all Joint Applicants is compulsory;
- Applicants (other than those applying for Allotment of NCDs in physical form) should correctly mention their DP ID and Client ID in the Application Form. For the purpose of evaluating the validity of Applications, the Demographic Details of Applicants shall be derived from the DP ID and Client ID mentioned in the Application Form;
- Application should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying of Allotment of NCDs in demat form).
- Applicants applying for Allotment of NCDs in physical form should submit the KYC documents as mentioned above. The Registrar shall withhold dispatch of the Physical NCD certificates till the proper KYC documents are received;
- All applicants are required to tick the relevant column of "Category of Investor" in the Application Form;
- All applicants are required to tick the relevant box of the "Mode of Application" in the Application Form choosing either ASBA or Non-ASBA mechanism;
- All Application Forms (except in case of Application Forms through ASBA mechanism) duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the Issue to any of the Members of the Syndicate and Trading Members of the Stock Exchanges, who shall upload the same on the Stock Exchange Platform before the closure of the Issue;
- All Applicants applying through Non-ASBA mechanism shall mention the Application Number, Sole/ first Applicant's name and the phone number on the reverse side of the cheque and demand draft;

- No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge the same;
- Where minor applicant is applying through guardian, it shall be mandatory to mention the PAN of the minor in the Application.

**Further Instructions for ASBA Applicants**

- ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch, otherwise the concerned SCSB shall reject the Application;
- If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five applications can be made from one single ASBA Account;
- For ASBA Applicants, the Applications in physical mode should be submitted to the SCSBs or a member of the Syndicate or to the Trading Members of the Stock Exchanges on the prescribed Application Form. SCSBs may provide the electronic mode for making application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for application and blocking funds in the ASBA Account;
- Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchanges and/or SCSB. Application Forms which do not bear the stamp is liable to be rejected.

**ALL APPLICATIONS BY CATEGORY I APPLICANTS SHALL BE RECEIVED ONLY BY THE LEAD MANAGER AND ITS AFFILIATES.**

All Applicants should apply for one or more option of NCDs in a single Application Form only.

To supplement the foregoing, the mode and manner of Application and submission of physical Application Forms is illustrated in the following chart.

<b>Mode of Application</b>	<b>To whom the Application Form has to be submitted</b>
ASBA Applications	i. to the Members of the Syndicate only at the Syndicate ASBA Application Locations; or ii. to the Designated Branches of the SCSBs where the ASBA Account is maintained, in physical and electronic mode (if provided by the respective SCSBs); or iii. to Trading Members only at the Syndicate ASBA Application Locations.
Non- ASBA Applications	i. to the Members of the Syndicate; or ii. to Trading Members.

**B. Terms of Payment**

The face value for the NCDs is payable on application only. In case of allotment of lesser number of NCDs than the number applied, our Company shall refund/ unblock the excess amount paid on application to the applicant.

**8. Electronic registration of Applications**

- (i) The Members of the Syndicate, SCSBs and Trading Members will register the Applications using the on-line facilities of Stock Exchanges. The Lead Manager, our Company, and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs and Trading Members, (ii) the Applications uploaded by the SCSBs and the Trading Members, (iii) the Applications accepted but not uploaded by the SCSBs or the Trading Members, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (iv) with respect to ASBA Applications accepted and uploaded by Members of the Syndicate for which the Application Amounts are not blocked by the SCSBs.
- (ii) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Members of the Syndicate, Trading Members and the



- SCSBs during the Issue Period. On the Issue Closing Date, the Members of the Syndicate, Trading Members and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Members of the Syndicate, Trading Members and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.
- (iii) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchanges, would be made available at the Application centres as provided in the Application Form during the Issue Period.
  - (iv) At the time of registering each Application, SCSBs, the Members of the Syndicate and Trading Members, as the case may be, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts, details of payment instruments (for non – ASBA Applications) and any other details that may be prescribed by the online uploading platform of the Stock Exchanges.
  - (v) On request, a system generated TRS will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the TRS from the SCSBs, Members of the Syndicate or the Trading Members, as the case may be. The registration of the Applications by the SCSBs, Members of the Syndicate or Trading Members does not guarantee that the NCDs shall be allocated/ Allotted by our Company. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
  - (vi) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.
  - (vii) In case of apparent data entry error by either the Members of the Syndicate or the Trading Members, in entering the Application Form number in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid, or such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.
  - (viii) Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for Allotment. The Members of the Syndicate, Trading Members and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order to ensure that your application is properly loaded on the Stock Exchange, avoid making the application near the time of the closure.

## **9. General Instructions**

### **Do's**

- Check if eligible to apply;
- Read all the instructions carefully and complete the Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account in the allotment of NCDs in Dematerialised form through the Members of the Syndicate and Trading Members are correct, as allotment of NCDs to these applicants will be in the dematerialized form only;
- Ensure you have provided all KYC documents (self-attested) along with the Application Form and the

date of birth is mentioned on the Application Form in case of Applications made for Allotment in physical mode;

- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;
- In case of Application by Existing Debenture Holders, Senior Citizens and Ex-servicemen ensure that the appropriate portion in Application Form is filled in and the Application form is accompanied by the applicable Additional KYC Documents to be eligible for additional 0.25% coupon. Further, it will be the responsibility of the Applicant(s) to ensure KYC document(s) in case of Existing Debenture Holders, Senior Citizen and Ex-serviceman reach the Registrar by registered post only within 30 days of the opening of the Issue, failing which they will not be eligible for the additional coupon;
- In case of existing debentures holders are applying in this Issue they shall mention the unique client identification number as provided to them by the Company in the appropriate section in the Application Form;
- Ensure that the Applications are submitted to the Members of the Syndicate and Trading Members on a timely manner on the Issue Closing Date so that the details can be uploaded before the closure of the Bidding Period;
- Ensure that the Applicant's name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;
- Ensure that the first named applicant whose name appears in the Application Form has signed the Application form;
- Ensure that you mention your PAN allotted under the IT Act;
- Ensure that the Demographic Details are updated, true and correct in all respects (except in case where the application is for NCDs in physical form);
- Ensure the use of an Application Form bearing the stamp of the relevant SCSB, Trading Members of the Stock Exchanges or the Members of the Syndicate (except in case of electronic ASBA Applications) to whom the application is submitted;
- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities, as applicable to each category of investor, to apply for, subscribe to and/or seek allotment of NCDs pursuant to the Issue;
- In case you are submitting an Application Form to a trading member ensure that he is located in a town / city that has an escrow banking facility. (list of such locations are available on the websites of Stock Exchanges, a link for the same being available in the Application Form);
- Ensure that you receive an acknowledgement from the Designated Branch, the Trading Member of the Stock Exchanges or from the Members of the Syndicate, as the case may be, for the submission and upload of your Application Form;
- Applicants (other than the ASBA Applicants are requested to write sole / first Applicant's name, phone number and the Application number on the reverse of the Cheque/ Demand Draft through which the payment is made.
- Applicants applying other than by ASBA are requested to apply using CTS cheques as non-CTS cheques are liable to be rejected due to any clearing delays beyond six working days from the date of the closure of the Issue

#### **Do's for ASBA Applicants in addition to the above mentioned general instructions**

- Ensure that you specify ASBA as the 'Mode of Application' and use the Application Form bearing the stamp of the relevant SCSB, Trading Members of the Stock Exchanges or the Members of the Syndicate (except in case of electronic Application Forms) to whom the application is submitted;
- Ensure that your Application Form is submitted either at a Designated Branch of an SCSB where the ASBA Account is maintained, with a Trading Member of the Stock Exchanges at the Syndicate ASBA Application Locations or with the Members of the Syndicate and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- ASBA Applicants applying through a Member of the Syndicate/ Trading Member should ensure that the Application Form is submitted to such Member of the Syndicate/ Trading Member. ASBA Applicants should also ensure that Application Forms submitted to the Members of the Syndicate/ Trading Member will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is

maintained has not named at least one branch at that location for the Members of the Syndicate/ Trading Member to deposit the Application Form from ASBA Applicants (A list of such designated branches is available at [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1380263338017.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html) or any other link as prescribed by SEBI from time to time). ASBA Applicants Applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch, of a SCSB where the ASBA Account is maintained (A list of such branches is available at [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1380263338017.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html) or any other link as prescribed by SEBI from time to time).

- Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
- Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that you have funds equal to or more than the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch, with a Trading Member of the Stock Exchanges or to the Members of the Syndicate;
- Ensure that the Applications are submitted to the SCSBs, Members of the Syndicate and Trading Members on a timely manner on the Issue Closing Date so that the details can be uploaded before the closure of the Bidding Period;
- Ensure that the first named applicant whose name appears in the Application Form has signed the Application form.
- In case you are submitting the Application Form to a Member of the Syndicate, please ensure that the SCSBs with whom the ASBA Account specified in the Application Form is maintained, has a branch specified for collecting such Application Forms in the location where the Application Form is being submitted.
- In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, in case of an SCSB making an ASBA Application, such ASBA Application should be made through an ASBA Account utilised solely for the purpose of applying in public issues and maintained in the name of such SCSB Applicant with a different SCSB, wherein clear demarcated funds are available.
- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form and that your signature in the Application Form matches with your available bank records;
- Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form;
- Ensure that you receive an acknowledgement from the Designated Branch or the concerned Lead Manager or Trading Member of the Stock Exchange, as the case may be, for the submission of the Application Form.

**Don'ts:**

- Do not apply for lower than the minimum application size;
- Do not pay the Application Amount in cash or by money order or by postal order or by stockinvest;
- Do not fill up the Application Form such that the NCDs applied for exceeds the issue size and/or investment limit applicable to such investor under laws or regulations applicable to such investor or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application Form will be rejected on this ground;
- Do not submit the Application Forms without the full Application Amount;
- Do not send Application Forms by post;
- Do not submit Application Forms in non-ASBA mode to any of the Collection Centres of the Bankers to the Issue/ Registrar/Company;

**Don'ts for ASBA Applicants in addition to the above mentioned general instructions**

- Payment of Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts shall not be accepted under the ASBA;
- Do not send your physical Application Form by post. Instead submit the same to a Trading Member of the Stock Exchanges or to a Member of the Syndicate, as the case may be;

- Do not submit more than five Application Forms per ASBA Account;
- Do not submit the Application Form with a Member of the Syndicate or Trading Member of the Stock Exchanges, at a location other than where the Syndicate ASBA Application Locations; and
- Do not submit ASBA Applications to a Member of the Syndicate or the Trading Members of the Stock Exchanges unless the SCSB where the ASBA Account is maintained as specified in the Application Form, has named at-least one Designated Branch, as displayed on the SEBI website [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1380263338017.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html) or any other link as prescribed by SEBI from time to time) in the relevant area for the Members of the Syndicate or the Trading Members of the Stock Exchanges to deposit the Application Forms.

## **10. Other Instructions**

### **A. Joint Applications**

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form and at the address mentioned therein. PAN for all Joint applicants is compulsory.

### **B. Additional/ Multiple Applications**

An applicant is allowed to make one or more applications for the NCDs for the same or other Options of NCDs, subject to a minimum application size of ₹10,000 and in multiples of ₹1,000 thereafter, for each application. Any application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected.

Any application made by any person in his individual capacity and an application made by such person in his capacity as a karta of a Hindu Undivided family and/or as joint applicant, shall not be deemed to be a multiple application but for the purpose of deciding whether the applicant will be considered under the Individual Portion, two or more applications, as above, will be clubbed together.

For the purposes of allotment of NCDs under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together and treated as one application. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same.

### **C. Depository Arrangements**

The allotment of NCDs of our Company can be made in both dematerialised form (i.e. not in the form of physical certificates but be fungible and be represented by the Statement issued through electronic mode) as well as physical form.

We have made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialized form. In this context:

- (i) Tripartite Agreements have been entered into between us, the Registrar to the Issue and CDSL and NSDL, respectively for offering depository option to the investors,
- (ii) An applicant who wishes to apply for NCDs in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application,
- (iii) The applicant seeking allotment of NCDs in the Electronic Form must necessarily fill in the Demographic Details in the Application Form,
- (iv) NCDs allotted to an applicant in the Electronic Account Form will be credited directly to the

- applicant's respective beneficiary account(s),
- (v) For subscription in electronic form, names in the Application Form should be identical to those appearing in the account details in the depository.
- (vi) Non-transferable Allotment Advice/refund orders will be directly sent to the applicant by the Registrars to this Issue,
- (vii) If incomplete/incorrect details are given in the Application Form, it will be rejected.
- (viii) For allotment of NCDs in electronic form, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, our Company would not be liable for losses, if any,
- (ix) It may be noted that NCDs in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- (x) Interest/ redemption amount or other benefits with respect to the NCDs held in dematerialised form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on record date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the record date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of ten (10) Working Days.
- (xi) The trading of the NCDs shall be in dematerialized form only.

#### **D. Communications**

- All future Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the applicant and its application.
- Applicants can contact the Compliance Officer of our Company/Lead Manager or the Registrar to the Issue in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non- receipt of Allotment Advice / credit of NCDs in depository's beneficiary account / refund orders, etc., applicants may contact the Compliance Officer of our Company/Lead Manager or Registrar to the Issue.
- Applicants who have submitted Application Forms with the Trading Members may contact the Trading Member for Issue related problems.

### **11. Rejection of Application**

The Board of Directors and/or any committee of our Company reserves it's full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

***Application may be rejected on one or more technical grounds, including but not restricted to:***

- Applications not duly signed by the sole/joint applicants (in the same sequence as they appear in the records of the depository), signature of sole and/ or joint applicant(s) missing;
- Applications submitted without payment of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- In case of partnership firms (except limited liability partnership firms), NCDs may be registered in the names of the individual partners and any application in the name of the partnership firm shall be rejected;
- Date of Birth for First/ Sole Applicant for persons applying for allotment of NCDs in physical form not mentioned in the Application Form;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors (without the name of guardian) and insane persons;
- PAN of the Applicant not mentioned in the Application Form except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants;
- GIR number furnished instead of PAN;
- Minor applicant (applying through guardian) without mentioning the PAN of the minor applicant



- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications by any persons outside India including Applications by OCBs;
- Non-resident investors including NRIs, FPIs and QFIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- Any application for an amount below the minimum application size;
- Application for number of NCDs, which are not in multiples of one;
- In case of Applicants applying the NCD in physical form, if the address of the Applicant is not provided in the Application Form.
- Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Application Form does not have applicant's depository account details (i.e. DP ID & Client ID) and has not opted for Allotment of NCDs in physical form;
- Applications accompanied by Stockinvest/money order/postal order;
- Application Forms not delivered by the applicant within the time prescribed as per the Application Form and this Prospectus and as per the instructions in this Prospectus and the Application Form;
- In case the subscription amount is paid in cash;
- In case no corresponding record is available with the Depositories that matches three parameters namely, client ID, PAN and the DP ID in case of Application for Allotment in dematerialised form;
- Applications submitted directly to the Escrow Collection Banks, if such bank is not the SCSB;
- Application Form accompanied with more than one payment instrument;
- For applications in demat mode, DP ID/Client ID/PAN as per Electronic file does not match with depository records
- Application not uploaded in to the Electronic files of Stock Exchanges
- Applications directly uploaded to the Electronic files of Stock Exchanges and not through the Members of the Syndicate or Trading Members of the Exchanges.
- Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- ASBA Application Forms not being signed by the ASBA Account holder;
- ASBA Applications not having details of the ASBA Account to be blocked;
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- Applications where clear funds are not available in the Applicant's bank account as per final certificates from Escrow Collection Banks;
- Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable;
- Applications by Applicants whose demat accounts are inoperative or have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- In case of SCSBs applying for Allotment of NCDs, if the ASBA Account is not maintained in the name of such SCSB with a different SEBI registered SCSB;
- ASBA Applications submitted to the Members of Syndicate or Trading Members of the Stock Exchange or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), or those submitted to our Company or the Registrar to the Issue;

**Kindly note that The ASBA Applications being submitted with the Member of the Syndicate or with the Trading Members of the Stock Exchanges should be submitted at the Syndicate ASBA Application Locations. Further, ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one Designated Branch for the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1380263338017.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html) or any other link as prescribed by SEBI from time to time).**

For further instructions regarding application for the NCDs, investors are requested to read the Application Form.

## **12. Allotment Advice / Refund Orders**

The unutilised portion of the application money will be refunded to the Applicant on the Designated Date and no later than Twelve (12) working days from the Issue Closing Date in the manner as provided below:

- a) In case of Applications made by Non-ASBA applicants on the Stock Exchange through the Members of the Syndicate/ Trading Members of the Stock Exchanges by making payment through cheques, the unutilised portion of the application money (includes refund amounts payable to unsuccessful Applicants and also the excess amount paid on Application) will be credited to the Bank Account of the Applicant as per the banking account details (i) available with the depositories for Applicants having Demat accounts and (ii) as provided in the Application Form for others by way of any of the following modes:
  - i. Direct Credit – Investors having bank accounts with the Refund Bankers shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.
  - ii. NECS – Payment of refund would be done through NECS for Investors having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
  - iii. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
  - iv. RTGS – If the refund amount exceeds ₹200,000, the Investors have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) for the same would be borne by us. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
  - v. For all other Investors (non-ASBA) the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Investor and payable at par.
  - vi. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force and are permitted by the SEBI from time to time.
- b) In case of ASBA Applications, the unutilised portion of the application money shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSBs.

Further,

- Allotment of NCDs shall be made within a time period of twelve (12) Working Days from the date of closure of the Issue;
- Credit to demat account will be given no later than twelve (12) Working Days from the date of the closure of the Issue;
- Our Company shall pay interest at 15% (fifteen percent) per annum from the delayed period if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within Twelve Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier.

Our Company will provide adequate funds to the Registrars to the Issue, for this purpose.



### 13. Retention of oversubscription

Our Company is making a public Issue of NCDs aggregating up to ₹12,500 lacs with an option to retain oversubscription of NCDs up to ₹12,500 lacs, aggregating to ₹25,000 lacs.

### 14. Basis of Allotment

**The registrar will aggregate the applications based on the applications received through an electronic book from the stock exchanges and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:**

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

- a) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, (**"Institutional Portion"**);
- b) Applications received from Category II applicants: Applications received from Category II, shall be grouped together, (**"Non-Institutional Portion"**);
- c) Applications received from Category III applicants: Applications received from Category III, shall be grouped together, (**"Retail Individual Portion"**)

For removal of doubt, "**Institutional Portion**", "**Non-Institutional Portion**" and "**Retail Individual Portion**" are individually referred to as "**Portion**" and collectively referred to as "**Portions**"

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹12,500 lacs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the "**Overall Issue Size**".

#### **Basis of Allotment for NCDs**

##### (a) Allotments in the first instance:

- (i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Lead Manager and its Affiliates/ SCSB (Designated Branch or online acknowledgement);
- (ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 30% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/ Trading Members/ SCSB (Designated Branch or online acknowledgement);
- (iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 60% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/ Trading Members/ SCSB (Designated Branch or online acknowledgement);

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first-come first-serve basis, based on the date of upload of each application in to the Electronic Book with Stock Exchanges, in each Portion subject to the Allocation Ratio.

(b) Under Subscription:

Under subscription, if any, in any Portion, priority in allotments will be given in the following order:

- (i) Individual Portion
- (ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹5 lacs;
- (iii) Institutional Portion
- (iv) on a first come first serve basis.

For each Portion, all applications uploaded in to the Electronic Book with Stock Exchanges would be treated at par with each other. Allotment within a day would be on proportionate basis, where NCDs applied for exceeds NCDs to be allotted for each Portion respectively.

Minimum allotments of Ten (10) NCDs and in multiples of one (1) NCD thereafter would be made in case of each valid application.

(c) Allotments in case of oversubscription:

In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis for all days other than the date of oversubscription and thereafter on proportionate basis, i.e. full allotment of NCDs to the applicants on a first come first basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion) and thereafter, if any. In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis.

(d) Proportionate Allotments: For each Portion, on the date of oversubscription:

- (i) Allotments to the applicants shall be made in proportion to their respective application size, rounded off to the nearest integer,
- (ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue size, not all applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference,
- (iii) In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(e) Applicant applying for more than one Options of NCDs:

If an applicant has applied for more than one Options of NCDs, and in case such applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such applications received on the date of oversubscription, the option-wise allocation of NCDs to such applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for allotment made, our Company in consultation with the Lead Manager will allot the residual NCD (s) in the following order:

- (i) Option VII;
- (ii) Option V;
- (iii) Option IV;
- (iv) Option II;
- (v) Option VI;
- (vi) Option III; and
- (vii) Option I.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Our Company would allot Option VII NCDs to all valid applications, wherein the applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹1,000 in accordance with the pecking order mentioned above.

## **15. Investor Withdrawals and Pre-closure**

***Investor Withdrawal:*** Applicants are allowed to withdraw their applications at any time prior to the closure of the Issue. In case an Applicant wishes to withdraw an Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

***Pre-closure:*** Our Company, in consultation with the Lead Manager reserves the right to close the Issue at any time prior to the Issue Closing Date. Our Company shall allot NCDs with respect to the applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given on or before such early date of closure through advertisement/s in leading national daily newspapers in which the statutory advertisement has been published.

## **16. Utilisation of Application Money**

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

## **17. Utilisation of Issue Proceeds**

- (i) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in section 40 (3) of the Companies Act.
- (ii) Details of all monies utilised out of Issue shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilized along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue;
- (iii) Details of all unutilised monies out of issue of NCDs, if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- (iv) We shall utilize the Issue proceeds only upon execution of the documents for creation of security as stated in this Prospectus and receipt of listing and trading approval from the Stock Exchange; and
- (v) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property; however the Issue Proceeds may be used for issuing Loans against securities.

## **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 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

## **Muthootu Mini Financiers Limited**

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

*shall be liable for action under Section 447 of the Companies Act. “*

### **Listing**

The NCDs offered through this Prospectus are proposed to be listed on the BSE. Our Company has obtained an ‘in-principle’ approvals for the Issue from the BSE *vide* letter dated 9 July, 2015. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE are taken within twelve Working Days from the date of closure of the Issue.

### **Undertaking by the Issuer**

We undertake that:

- a) the complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Trading Members) shall be attended to by us expeditiously and satisfactorily;
- b) we shall take necessary steps for the purpose of getting the NCDs listed within the specified time;
- c) the funds required for dispatch of refund orders/ allotment advice/ certificates by registered post shall be made available to the Registrar by our Company;
- d) necessary cooperation to the credit rating Agency shall be extended in providing true and adequate information until the debt obligations in respect of the NCDs are outstanding;
- e) we shall forward the details of utilisation of the funds raised through the NCDs duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;
- f) we shall disclose the complete name and address of the Debenture Trustee in our annual report;
- g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of NCDs as contained in this Prospectus; and
- h) we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

## **SECTION VII - LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATIONS**

*Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against our Company and its Board of Directors that may have an adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional / bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company as of the date of this Prospectus.*

*Save as disclosed herein below, there are no:-*

- *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of our Company during the last five years immediately preceding the year of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority;*
- *pending litigation involving our Company, our Promoter, our Directors, Group Companies or any other person, whose outcome could have material adverse effect on the position of the issuer;*
- *pending proceedings initiated against our Company for economic offences;*
- *default and non-payment of statutory dues etc.*

*Further from time to time, we have been and continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. These legal proceedings are mostly civil in nature. We believe that the number of proceedings in which we are / were involved is not unusual for a company of our size doing business in India.*

#### **Litigations against our Company**

##### **Show Cause Notice**

1. RBI had issued a show cause notice bearing number DNBS (T) No. 19/02.04.012/2013-14 dated July 2, 2013 ("SCN") on the basis of the findings of the RBI inspection conducted on our Company from November 12 and 28, 2012. RBI *vide* the SCN alleged that the Company is in violation of the RBI Circular IDMD.DOD.10/11/01/01(A)/2009-10 dated June 23, 2010 and RBI Circular DNBS CC.PD.No.225/03/10.01/2011-12 dated December 30, 2011. RBI alleges that our Company had inter-alia permitted premature closure of debentures at any time after their issue even within one year, our Company was providing different rates of interest for premature closures, several matured NCDs had not been repaid to investors, Company has repaid NCDs aggregating to ₹2853 lacs prematurely and NCDs worth ₹164 lacs were closed before 90 days of issue, Company had deviated from the terms in the Debenture Trust Deed by giving loans against the NCDs, the company was also alleged to be using the term 'fixed deposits' in the pamphlets displayed at the branches. RBI *vide* the SCN called upon our Company to show cause as to why a penalty of ₹5 lacs should not be imposed on our Company under section 58G (1)(b) read with section 58B(5) of the Reserve Bank of India Act, 1934. Our Company replied to the show cause notice *vide* reply dated July 12, 2013 clarifying all the allegations made in the SCN. Subsequently, RBI *vide* notice bearing number DNBS (T)/02.04.012/2013-14 dated August 08, 2013 ("RBI Letter") has directed the Managing Director and each of the directors of our Company to whom the show Cause Notice was issued to furnish the reply in their individual capacities within 7 days.

Subsequently, Mr. Roy M Mathew, Ms. Nizzy Mathew and Mr. Mathew Muthoottu (Directors of our Company) *vide* their letter dated July 12, 2013 replied to the RBI Letter. The matter is currently pending.

## **Civil cases**

1. Kanthaswamy (“**Appellant**”) has filed an appeal bearing number A.S. No. 13 of 2012 dated March 7, 2012 (“**Appeal**”) before the Court of Principal District Judge, Kanyakumari at Nagercoil (“**District Court**”) against the judgment and decree dated January 12, 2012 (“**Order**”) passed by the Court of Subordinate Judge, Padmanabhapuram (“**Court**”). Our Company had taken a building on monthly rent of ₹0.03 lacs from the Appellant and had paid a security deposit of ₹13 lacs for the arrangement. Our Company claimed that as per the agreement dated November 10, 2006 the Appellant is required to pay the security deposit within 3 months of our Company vacating the rental premises. The Appellant failed to pay the said amount. Aggrieved, our Company had filed a suit bearing number 132/2009 praying for the recovery of the security deposit along with interest. Subsequently, the Court *vide* Order directed the Appellant to pay a sum of ₹1.5 lacs, along with 12% interest amounting to ₹0.3 lacs and cost of the suit amounting to ₹0.2 lacs. Aggrieved by the Order the Appellant filed the Appeal. The matter is currently pending at the District Court.
2. Mr. M Mathew (“**Plaintiff**”) had filed a suit bearing number OS No. 6 of 2013 dated June 16, 2013 (“**Suit**”) before the District Court, Kottayam (“**Court**”) under section 134 of the Trade Mark Act, 1999 read with Order VII Rule I read with section 26 of the code of civil procedure, 1908 against our Company and other (together referred to as the “**Defendants**”). The Plaintiff claims that the trademark “Muthoot” is the exclusive property of the Plaintiff and no one else can claim the right to use the name in their business. The Plaintiff prays that the Court be pleased to pass a judgment and decree of permanent prohibitory injunction restraining the Defendants from directly or indirectly using the trade mark “Muthoot” registered in the name of the Muthoot and thereby infringing it, interfere with or cause harm to the trade of business of Plaintiff in any manner whatsoever, to grant a permanent prohibitory injunction restraining the defendants from using in any manner the registered trade mark of the Plaintiff “Muthoot”, in connection with their business and to grant such other relief as the Court may think fit. The Plaintiff has also filed an application bearing number 1277 of 2013 dated June 16, 2013 for interim injunction restraining the Defendants from using the trade mark ‘Muthoot’. The matter is currently pending.
3. Our Company received a notice bearing number ROC (K)/STAT/F92/196/2012 dated May 2, 2012 (“**Notice**”) from the Registrar of Companies, Kerala and Lakshadweep (“**ROC**”). The ROC had received a letter dated January 31, 2012 from Mr. M Mathew (“**Complainant**”), requesting not to register any company with the name “Muthoot” as the same is registered in the Complainants name on September 19, 2005 by the trademark registry, Mumbai. Hence ROC issued the Notice requesting us to offer our comments within 15 days of receipt of the Notice. Our Company replied to the Notice *vide* letter dated May 31, 2012 stating that we have secured registration for our logo and the “Mini Muthootu” in class 36 *vide* registration dated April 30, 2009 and have absolute right to carry on the business by using “Muthootu” as part of our trademark. The matter is pending.
4. Mr. M. Balasubramaniam has filed an application bearing number 90 of 2010 before the District Munsif Court, Ambasamudram praying for an injunction against our Company restricting us from undertaking any action forcing Mr. M. Balasubramaniam to attend office. The District Munsif Court has issued summons to our Company to appear before the court and the case is currently posted for hearing.
5. Mr NS Ramasamy (“**Plaintiff**”) has filed civil suit bearing number 961 of 2014 dated April 29, 2014 (“**Suit**”) before the District Munsif of Coimbatore (“**District Court**”) against the Manager and Regional Manager of Coimbatore branch of our Company (“**Defendants**”). The Plaintiff had pledged certain properties with the Defendants *vide* gold loan receipts bearing numbers 4555 to 4567 dated December 2, 2011. The Plaintiff has alleged that the Defendants have auctioned the said properties in an unauthorized manner. The Plaintiff has prayed that the District Court grant an order of permanent injunction restraining the Defendants from auctioning the properties. The matter is currently pending.

## **Consumer cases**

1. Ashok Kumar (“**Petitioner**”) has filed a petition under Section 12 of the Consumer Protection Act, 1986, bearing number C.C. No. 213 of 2014, dated November 25, 2014 (“**Petition**”) before the District Consumer Dispute Redressal Forum, Kollam (“**District Consumer Forum**”) against our Company (“**Respondent**”). The Petitioner has stated in the Petition, that a ring was pledged with the Respondent,



for a sum of ₹0.36 lacs, on December 18, 2012. On attempting to redeem the pledge, on October 13, 2014, the Petitioner was informed that the ring had been auctioned by the Respondent. Being aggrieved by the lack of due notice and an opportunity to redeem the pledged ring, the Petitioner approached the District Consumer Forum. The Petitioner, in the Petition has requested the District Consumer Forum to direct the Respondent to pay ₹0.8 lacs toward the cost of the ring and ₹0.05 lacs towards damages. The District Consumer Forum issued a notice dated December 1, 2014 and directed the Respondents to file their reply. The date of hearing was scheduled for December 29, 2014. The matter is currently pending.

### Litigations by our Company

#### Civil cases

1. Our Company has filed a suit bearing number O.S. No. 342 of 2012 dated August 10, 2012 (“**Suit**”) before the Court of District Munsif Judge, Poonamalle (“**Court**”) against Mr. Gautham Patel (“**Defendant**”). Our Company claims that the Defendant and one Mr. Devaram conniving with some of the officials and staffs of our Company had pledged bogus jewels with our Company and had obtained a loan to the tune of ₹10.3 lacs. Further, our Company alleges that the Defendant and his henchman trespassed into our Company’s office with a mala fide intention to disturb our Company’s peaceful running of business and thereby forcefully trying to remove the jewels pledged by him with our Company. Aggrieved, our Company has filed the Suit praying that a permanent injunction be granted restraining the Defendant, his men, agents etc from trespassing or disturbing with our Company’s peaceful running of business under the guise of returning the gold jewels which were pledged by the Defendant with our Company, direct the Defendant to pay the cost of the Suit and to pass such further or other reliefs as the Court may deem fit. The matter is pending.
2. Our Company has filed a petition bearing number 194/2012 dated April 30, 2012 (“**Petition**”) under section 451 and 457 of the criminal procedure code before the court of civil judge junior division and JMFC, Ramanagara praying for release of cash amounting to ₹3 lacs to the interim custody of our Company. Kumari Thulasi Mala (“**Accused**”) had pledged gold articles with our Company for a sum of ₹3 lacs. Subsequently, a case was registered under section 380 of the Indian Penal Code against the Accused by Mr. Pankaj. Subsequently, the police has recovered the gold articles, and cash amounting to ₹35 lacs from the Accused. Our Company has filed the Petition for the release of the amount of ₹3 lacs out of ₹3.5 lacs. The matter is pending.
3. Our Company has filed a consumer complaint number 79/2012 dated June 26, 2012 (“**Complaint**”) before the Consumer Dispute Redressal Forum at Ernakulam (“**Court**”) under section 12 of the Consumer Protection Act, 1986 against QRS Retail Limited (“**Opponent 1**”), M/s Black Berry India (“**Opponent 2**”) and Redington India Limited (“**Opponent 3**”) (together referred to as the “**Opponents**”). The Complainant alleged that there was deficiency of service on the part of the Opponents to deny the fair, effective and sufficient service and also for not selling the goods of merchantable quality/particular standard as warranted. Subsequently, the Court *vide* order dated November 30, 2012 allowed the Complaint and directed the Opponent 1 and Opponent 3 to jointly and severally refund ₹0.3 lacs being the price of the handset to the Complainant with 12% interest per annum from the date of purchase till realization. The Complainant was directed to return the defective gadget to the opposite parties simultaneously, if the Complainant is in possession of the same. Opponent 3 has paid an amount of ₹0.2 lacs only. Our Company has filed an execution petition for the remaining amount no. S.T. No.98/2015 before CDRF Ernakulam (“**Execution Petition**”). The matter is currently pending.
4. Our Company filed a criminal miscellaneous petition bearing number 3925/2011 dated September 4, 2011 (“**Criminal Petition**”) before the Court of Judicial Magistrate, Thoothukudi (“**Court**”) against Mr. P Jesur (“**Accused**”) who was the branch in charge and was entrusted with the gold ornaments. Our Company alleges that the Accused had dishonestly removed the security in violation of the complainant office rules and gulations and thereby caused loss to our Company to the tune of ₹72.9 lacs. Aggrieved, our Company filed the Petition praying that the Court be pleased to call upon the police to register an FIR on the complaint given under section 420, 405 and 406. Subsequently, the Court *vide* order dated July 4, 2011 forwarded the complaint to the Inspector of Police, Thoothukudi to register FIR and to file the report at the earliest. The District Crime Branch Thoothukudi has filed the report before the Court. Subsequently, the Police has filed a reference report in this matter which is kept in abeyance till disposal of O.P.13582/2011 which is pending before the Madras High Court. The matter is currently pending.



5. Our Company has filed a first information report bearing number 193/2013 dated June 13, 2013 (“**FIR**”) against Mr Girish (“**Accused**”) with the Inspector of Police, Sampigehalli Police Station, Bangalore (“**Police**”) alleging him of committing offences against our Company under sections 403, 406, 409, 464, 468, 471 and 420 of the Indian Penal Code, 1860. Our Company has, by letter dated July 12, 2013 filed a complaint with the Police claiming an amount of approximately ₹10 lacs. It is alleged by our Company that during an internal audit conducted from April to May, 2013, it was found that the Accused had cheated our Company by misappropriating more than ₹10 lacs, during the period from November, 2012 to April, 2013. Hence the present FIR was lodged. The final report has been filed in this case and the same is listed for trial as C.C No.13084/2014. The matter is currently pending.
6. Our Company has filed a complaint bearing number CrI. MP No 5111 /2012 dated August 23, 2012 (“**Complaint**”) before the Court of Judicial Magistrate First Class, Ettumanoor (“**Court**”) under section 156 (3), Criminal Procedure Code, 1973 against Mr MG Mohankumar (“**Respondent**”). By way of the Complaint, our Company has alleged that during an audit it was found that the Respondent, an employee of our Company, had misappropriated a sum of ₹15.3 lacs from our Company. Our Company has further alleged loss of ₹17.8 lacs on account of settlement with certain customers who complained of loss of money as a result of misappropriation of the amount by the Respondent. Our Company has filed a first information report bearing number 1118/2012 dated August 27, 2012 (“**FIR**”) before the Ettumanoor police station (“**Police**”) against the Respondent. The Police has accordingly drawn up a charge sheet dated May 20, 2013 in the matter. Our Company has thus claimed by way of the Complaint for remedy under sections 408, 420, 465, 468, 469 and 477A of the Indian Penal Code, 1860. The matter is currently pending.
7. Our Company has filed a suit bearing number 343 of 2010 (“**Suit**”) before the Subordinate Judge’s Court, Kollam (“**Court**”) against Mr. TN Bhaskar (“**Defendant**”). The Defendant had entered into a sanction deed dated April 25, 2007 with our Company for certain construction activities to be carried out by the Defendant. Our Company has sought a decree to be passed by the Court directing the Defendant to pay an amount of ₹5 lacs (along with an interest of 18% per annum till realization of the amount) to our Company for discrepancies and delay in the construction activities of the Defendant. The Honourable Court, on November 30, 2013, saw it fit to partly decree the suit and also partly allowed the counterclaim, which resulted into a set off and our Company was allowed to recover ₹0.8 lacs from the Defendant along with 6% of interest till the date of realization. Further, the Defendant deposited ₹1.1 lacs with the court and our Company is in the process of filing a petition to release the same

### **Criminal cases**

1. Our Company filed a criminal ordinary petition bearing number 13582/2011 in crime number 26/2011 dated September 29, 2011 (“**Criminal Petition**”) before the High Court of Judicature at Madras, Madurai Bench (“**Court**”) against the Sub-Inspector of Police, District Crime Branch, Tuticorin, the Superintendent of Police, Tuticorin, the Superintendent of Police, Chennai and Mr Gunasekaran (“**Respondents**”). The case pertains to misappropriation of ₹75 lacs by way of forgery, cheating and breach of trust. Our Company alleged that there has been inaction to conduct proper investigation by the Respondents and have sought that the Court transfer the investigation of the case and entrust the competent authority with the investigation of the case. The matter is currently pending.
2. Our Company filed a Criminal Miscellaneous Case, CMP No. 6075 of 2013, under Section 482 of the Criminal Procedure Code, 1973 before the Judicial 1<sup>st</sup> Class Magistrate-II at Neyyattinkara, Kerala, against Mr. Aliyarukunju. (“**Accused**”)The accused is alleged to have absconded after collecting investments and gold ornaments from public at large by offering high returns on investments. The said gold ornaments were then pledged with Our Company. The said ornaments were then seized and presented before the Court as evidence. The Court on July 24, 2014 allowed our Company’s petition and granted the interim possession of the gold ornaments, till the matter is resolved and the real owners are ascertained. The accused filed a petition CrI.M.C.No. 4208 of 2014 before the Honourable High Court of Kerala for staying order dated July 24.2014 of Judicial 1<sup>st</sup> Class Magistrate Court II at Neyyatinkara and seeking re-possession of the pledged gold ornaments. Honourable High Court has dismissed the above CrI M.C.

3. Our Company has filed a petition bearing CrI. M.P. No. 1093/2014 dated February 13, 2015 (“**Criminal Petition**”) before the Chief Judicial Magistrate, Ghaziabad (“**Court**”) in relation to the First Information Report no. 1245/2014 filed with the Police station at Ghaziabad dated November 26, 2014 (“**FIR**”). The FIR was filed under Section 394 and 411 of the Indian Penal Code, against unidentified armed persons, who were involved in a robbery at our Company’s Rakesh Marg branch of our Company and who were later apprehended by the Police, with 54 packets of gold ornaments stolen from our branch. The Criminal Petition is filed before the Court seeking the custody of the gold ornaments that were recovered by the Police and which are presently kept in their custody. Our Company, in the Criminal Petition stated that it was apprehensive of damage being caused to the gold ornaments and therefore has sought the custody of the gold ornaments to be returned to our Company. The matter is currently pending.
4. Our Company filed a criminal complaint bearing PCR No. 2835 of 2015, under Section 138 of the Negotiable Instruments Act, 1881 read with Section 200 of the Code of Criminal Procedure, 1973 (“**Complaint**”), before the Additional Chief Metropolitan Magistrate, Bangalore (“**Court**”) against Mr H.L. Anand Kumar (“**Accused**”) for misappropriation of funds. The Accused was an employee of our Company and issued a cheque dated December 25, 2014 for the sum of ₹3 lacs, to discharge his liability towards our Company, which was subsequently dishonoured. Our Company served a legal notice dated January 5, 2015, to the Accused, to which the Accused failed to respond (“**Notice**”). Our Company, in the Complaint has sought appropriate remedy from the Court. The matter is currently pending.

### **Complaints**

1. Our Company has filed a criminal complaint bearing number 1118/2012 with the Eatumanoor Police Station (“**Police Station**”) alleging employee fraud of ₹15.3 lacs. The matter is currently pending.
2. Our Company has filed a criminal complaint bearing number 193/2013 with the Sampigae Halli Police Station (“**Police Station**”) alleging employee fraud of ₹10 lacs. The matter is currently pending.
3. Our Company has filed a criminal complaint bearing number 194/2012 with the Bidadi Police Station (“**Police Station**”) due to pledge stolen gold for an amount of ₹3 lacs. The Police have filed a final report in this matter and the same is renumbered as C.C. 13804/2014. The matter is currently pending

### **Tax Litigations**

1. Our Company has filed an appeal bearing number ITA 41/TVLA/08-09 dated January 9, 2009 (“**Appeal**”) before the Commissioner of Income Tax Appeals, Trivandrum (“**CIT(A)**”) against the order dated December 23, 2008 (“**Order**”) passed by the Deputy Commissioner of Income Tax Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2006-2007. The Assessing Officer vide its Order under section 143 (3) stated that the immovable property acquired by our Company is urban land which is covered by the definition of “assets” as per section 2 of the Wealth Tax Act and proceedings under the Wealth Tax Act shall be initiated for assessing the same. Aggrieved, our Company filed the Appeal praying that the Assessing Officer may be directed to delete the statement regarding initiation of wealth tax proceedings from the Order, as our Company is not liable to wealth tax in view of the facts that the landed property owned by our Company are actually situated in a panchayath area of Chengamanad Village and it will never be an asset under the Wealth Tax Act and hence not includable in the net wealth of our Company. Wealth tax assessment for the assessment year 2006 - 2007 was completed vide order dated December 30, 2009 (“**Order**”) under section 17 read with section 16(3) Wealth Tax Act without tax liability. This appeal is infructuous based on the Order.
2. Our Company filed an appeal dated December 30, 2009 (“**Appeal**”) before the Commissioner of Income Tax Appeals-I, Trivandrum (“**CIT(A)**”) against the order dated December 11, 2009 (“**Order**”) passed by the Assistant Commissioner of Income Tax Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2007-2008. The Assessing Officer has also issued a demand notice dated December 11, 2009 for an amount of ₹6.8 lacs. Our Company claims that the Assessing Officer’s Order is contrary to law and facts of the case and therefore the disallowance of depreciation of ₹17.1 lacs on building, made may be deleted. The matter is currently pending.
3. Our Company filed an appeal dated April 16, 2013 (“**Appeal**”) before the Commissioner of Income Tax Appeals, Trivandrum (“**CIT(A)**”) against the order dated March 19, 2013 (“**Order**”) passed by the

Deputy Commissioner of Income Tax Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2007-2008. The Assessing Office has also issued a demand notice dated March 19, 2013 demanding payment of an amount of ₹11.3 lacs. Our Company claims that the Assessing Officer erred in finding excess addition of ₹32 lacs to building account and disallowance of corporation tax of ₹7.8 lacs. Hence the Appeal is filed against the order passed under section 143(3) read with section 263 of the Income Tax Act, 1961 to delete the finding of WDV of fixed assets excessive by ₹32 lacs and also to delete in full the addition made to the income returned. The matter is currently pending.

4. Our Company has filed an appeal dated April 30, 2013 (“**Appeal**”) before the Commissioner of Income Tax Appeals, Trivandrum (“**CIT(A)**”) against the order dated March 28, 2013 (“**Order**”) passed by the Assistant Commissioner of Income Tax Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2010-2011. The Assessing Officer has also issued a demand notice dated March 28, 2013 for an amount of ₹68.6 lacs. Our Company claims that the Assessing Officer erred in disallowance of depreciation to building a/c ₹52 lacs, disallowance under section 40 (a)(ia) of commission paid amounting to ₹1.7 lacs and disallowance under section 14 A read with Rule 8D in relation to income which does not form part of the total Income i.e., ₹81.5 lacs. The matter is currently pending.
5. Our Company has filed an appeal dated March 4, 2014 (“**Appeal**”) before the Commissioner of Income Tax Appeals, Trivandrum (“**CIT(A)**”) against the order dated February 03, 2014 (“**Order**”) passed by the Assistant Commissioner of Income Tax, Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2011-2012. The Assessing Officer has also issued a demand notice dated February 03, 2014 demanding payment of an amount of ₹138.1 lacs. Our Company claims that the Assessing Officer erred in finding excess addition of ₹51.8 lacs to building account and an unjustified disallowance under section 14A read with rule 8D of the Income Tax Act, 1961 of interest expenses incurred in relation to income which does not form part of the total income of ₹106.5 lacs. Hence the present Appeal is filed against the order passed under section 143(3) read with section 246A(1)(a) of the Income Tax Act, 1961. The matter is currently pending.

#### ***Litigations against our Directors***

1. Mr. M Mathew (“**Plaintiff**”) has filed a suit bearing number O.S. No. 259 of 2012 (“**Suit**”) before the Munsiff Court Pathanamthitta (“**Court**”) against Mr. Roy M Mathew and Mr. Sosamma Mathew (“**Defendants**”). The Plaintiff has filed the suit praying that the Court be pleased to fix the boundary between the plaint schedule item A and B properties by survey and demarcation and install the same through the process of court and permit the plaintiff to construct a permanent boundary along the line so fixed and to realize the expenses thereof from the Defendants and their assets, restrain the Defendants by a decree of permanent prohibitory injunction from causing any sort of injunction. The Plaintiff has filed I.A No.286/2015 for appointing a survey commission for measuring the plaint schedule property and preparing a survey plan. The matter is currently pending.
2. Dr. G Mathew and 8 others (together referred to as the “**Plaintiffs**”) have filed a civil suit bearing number OS 48/2005, dated March 7, 2005, (“**Plaint**”) before the Pathanimthitta Sub-Court (“**Court**”). The Plaint has been filed against Mr Roy M. Mathew and 9 others in the Court for property valued at ₹1.1 lacs. By way of the suit, the Plaintiffs pray for partition and separate possession of schedule property in Kerala. The matter is currently pending.
3. A review petition was filed by Kapiko Kerala Resorts (P) Limited (“**Petitioners**”) against the judgment in writ petition (c) No. 19564/2011 dated July 25, 2013 before the High Court of Kerala, where Mr. Roy M Mathew was one of the Respondents. The review petition was filed against the decision of the High Court classifying Nediathuruth Island and Vettilathuruth Island as forming part of CRZ I. The High Court Vide order dated December 10, 2013 (“**Order**”) dismissed the review petition. Aggrieved by the Order, Petitioners have filed special leave petition (civil) bearing number 34143-34145 of 2013 before the Hon’ble Supreme Court of India. On August 9, 2014, the Honourable Supreme Court, considering a request to file additional documents and for condonation of delay by the State of Kerala, ordered for the maintenance of status quo, by all the parties, with respect to the property in dispute. The matter is currently pending.
4. Roy M Mathew (“**Appellant**”) has filed an appeal before the Commissioner of Income Tax (Appeals) I,

Trivandrum on January 29, 2011 against the assessment order dated December 31, 2010 (“**Order**”) passed under section 147 read with section 143 (3) of the Income Tax Act, 1961 by the Deputy Commissioner of Income Tax Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2006-2007. The Assessing Officer has also issued a demand notice dated December 31, 2010 for an amount of ₹6.9 lacs. The Appellant claims that the Assessing Officer inter-alia erred in assessing the income of ₹3 lacs which was totally exempt under section 10 (1) of the Income Tax Act, disallowing the total interest paid of ₹9.8 lacs against interest earned of ₹13 lacs and shown under income from other sources etc. Tax demanded has already been remitted and the appeal is pending.

5. Roy M Mathew (“**Appellant**”) has filed an appeal dated March 4, 2014 (“**Appeal**”) before the Commissioner of Income Tax Appeals, Trivandrum (“**CIT(A)**”) against the order dated January 31, 2014 (“**Order**”) passed by the Joint Commissioner of Income Tax, Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2011-2012. The Assessing Officer has also issued a demand notice dated January 31, 2014 demanding payment of an amount of ₹58 lacs. The Appellant claims that the Assessing Officer erred in disallowing an amount of ₹30 lacs under section 14A read with rule 8D of the Income Tax Act, 1961 as not forming part of the total income. Hence the Appeal is filed against the order passed under section 143(3) read with section 246A(1)(a) of the Income Tax Act, 1961. The matter is currently pending.
6. The Assistant Labour Officer, Thiruvananthapuram Circle I (“**Applicant**”) has filed a suit bearing number 3 of 2010 (“**Suit**”) before Deputy Labour Commissioner, Thiruvananthapuram appointed under section 20(1) of the Minimum Wages Act 1948 (“**Labour Commissioner**”) against Mr. Roy M Mathew, Chairman, Mini Muthoottu Nidhi Kerala Limited (“**MMNKL**”). The Applicant has found in its Inspection Order number 10177 dated October 16, 2009 (“**Inspection Order**”) that 4 employees of MMNKL were not paid minimum wages fixed for their category of employment for the period from April 2009 to October 2009 as per notification SRO number 643/2009 *vide* GO (Ms) No. 100/2009/LBR dated July 23, 2009 (“**Government Order**”). The Applicant has sought that the Court direct MMNKL to pay the minimum wages as per the Government Order along with compensation. The matter is currently pending.
7. The Assistant Labour Officer, Nedumangad (“**Applicant**”) has filed a suit bearing number 18 of 2010 (“**Suit**”) before Deputy Labour Commissioner, Thiruvananthapuram appointed under section 20(1) of the Minimum Wages Act 1948 (“**Labour Commissioner**”) against Mr. Roy M Mathew, Chairman, Mini Muthoottu Nidhi Kerala Limited (“**MMNKL**”). The Applicant has found in its Inspection Order dated September 29, 2009 (“**Inspection Order**”) that 3 employees of MMNKL were not paid minimum wages fixed for their category of employment. The Applicant has sought that the Court direct MMNKL to pay the minimum wages along with compensation. The matter is currently pending.

#### *Litigations by our Directors*

1. Mr. M Mathew and Ms. Nizzy Mathew (together referred to as the “**Plaintiffs**”) has filed a suit bearing suit number 199 of 1991 dated March 2, 1991 (“**Suit**”) before the Subordinate Judge’s Court, Ernakulam (“**Court**”) against George Thomas and others (together referred to as the “**Defendants**”). The Suit was filed inter-alia praying for a preliminary decree allowing the partition of the plaint schedule properties and buildings into three distinct parts and allotting one share to the Plaintiffs and putting them in exclusive possession of their share of the plaint schedule properties and building, to recover from the defendants their share of the plaint schedule properties and building etc. The matter is currently pending.

#### *Litigations against our Group Companies*

##### **Tax Litigations**

1. Mini Muthoottu Nidhi Kerala Limited has filed an appeal dated November 03, 2006 (“**Appeal**”) before the Commissioner of Income Tax Appeals IV, Trivandrum (“**CIT(A)**”) against the order dated September 27, 2006 (“**Order**”) passed by the Deputy Commissioner of Income Tax, Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2004-2005. The Assessing Officer has also issued a demand notice dated September 27, 2006 demanding payment of an amount of ₹8 lacs. Mini Muthoottu Nidhi Kerala Limited claims that the Assessing Officer erred in classifying agricultural income of ₹8 lacs as ‘undisclosed income’. Hence the Appeal is filed against the order passed under section 143(3)



read with section 246A(1)(a) of the Income Tax Act, 1961. The matter is currently pending.

2. Mini Muthoottu Nidhi Kerala Limited has filed an appeal before the Income Tax Appellate Tribunal, Cochin Bench dated May 11, 2009 (“**ITAT Appeal**”) against the order dated March 30, 2009 passed by the Commissioner of Income Tax Appeals IV, Trivandrum (“**CIT(A)**”). The appeal before the CIT(A) was in turn filed against the order dated December 28, 2007 (“**Order**”) passed by the Deputy Commissioner of Income Tax, Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2005-2006. Mini Muthoottu Nidhi Kerala Limited claims that the addition under “operating expenses” head at 80% of the increase in expenditure and sustained in appeal by the CIT(A) may be deleted as claimed in the grounds of appeal. Mini Muthoottu Nidhi Kerala Limited claims that the CIT(A) and the Assessing Officer erred in classifying agricultural income of ₹10.7 lacs as ‘undisclosed income’. Hence the ITAT Appeal is filed against the order passed under section 143(3) read with section 246A(1)(a) of the Income Tax Act, 1961. The matter is currently pending.
3. Mini Muthoottu Nidhi Kerala Limited has filed an appeal before the Income Tax Appellate Tribunal, Cochin Bench dated January 08, 2010 (“**ITAT Appeal**”) against the order dated October 1, 2009 passed by the Commissioner of Income Tax Appeals IV, Kochi (“**CIT(A)**”). The appeal before the CIT(A) was in turn filed against the order dated December 23, 2008 (“**Order**”) passed by the Deputy Commissioner of Income Tax, Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2006-2007. Mini Muthoottu Nidhi Kerala Limited claims that the CIT(A) erred in restricting the addition to ₹5.3 lacs instead of ₹11.1 lacs as income from undisclosed sources. Further, the CIT(A) erred in restricting the disallowance of business income to ₹1.5 lacs instead of ₹37.9 lacs. Hence the ITAT Appeal is filed against the order passed under section 143(3) read with section 246A(1)(a) of the Income Tax Act, 1961. The matter is currently pending.
4. Mini Muthoottu Nidhi Kerala Limited has filed an appeal before the Income Tax Appellate Tribunal, Cochin Bench dated April 27, 2011 (“**ITAT Appeal**”) against the order dated January 28, 2011 passed by the Commissioner of Income Tax Appeals I, Trivandrum (“**CIT (A)**”). The appeal before the CIT (A) was in turn filed against the order dated December 28, 2009 (“**Order**”) passed by the Assistant Commissioner of Income Tax, Circle 1, Thiruvalla (“**Assessing Officer**”) for the assessment year 2007-2008. Mini Muthoottu Nidhi Kerala Limited claims that the CIT (A) erred in restricting the addition to ₹10.6 lacs and treating ₹15.9 lacs as income from undisclosed sources. Hence the ITAT Appeal is filed against the order passed under section 143(3) read with section 246A(1)(a) of the Income Tax Act, 1961. The matter is currently pending.

### **Litigations by our Group Companies**

#### **Civil cases**

1. Muthoottu Mini Nidhi Limited (“**MMNL**”) has filed consumer complaint number 144 of 2012 dated May 22, 2012 before the National Consumer Disputes Redressal Commission (“**NCDRC**”) against Iffco-Tokio General Insurance Company Limited (“**Respondent**”). The Complaint has been filed under Section 21 of the Consumer Protection Act, 1986 (“**Act**”). MMNL, a company engaged in the profession of pawn broker, had insured its stock-in-trade and cash with the Respondent *vide* Policy number 44076059 (“**Insurance Policy**”). Subsequent to a burglary at the Bangalore premises of MMNL, a claim form dated August 24, 2009 for an amount of ₹129.1 lacs (“**Claim**”) was filed pursuant to the Insurance Policy. However, the Claim was rejected by the Respondent. MMNL has sought the NCDRC to direct the Respondent to pay an amount of ₹129.1 lacs along with an interest of 18% per annum from June 2, 2009 till the date of payment. The matter is currently pending.
2. Muthoottu Mini Nidhi Kerala Limited (“**MMNKL**”) has filed writ petition bearing number 34243 of 2010 dated November 11, 2010 (“**Petition**”) before the High Court of Kerala at Ernakulam (“**High Court**”) against the State of Kerala and another (“**Respondents**”). MMNKL is registered under the Kerala Shops and Commercial Establishment Act, 1960 (“**Act**”) pursuant to which it contributed towards employees’ provident fund as per the provisions of the Act. MMNKL has alleged that the Respondents has wrongfully claimed amounts payable under the Kerala Shops and Commercial Establishments Workers Welfare Fund Act, 2006 (“**Welfare Fund Act**”) for all employees as opposed to employees falling under the definition of ‘employee’ under the Welfare Fund Act. MMNKL has prayed that the

High court quash the revenue recovery notices served on MMNKL by the Respondents. MMNKL has further prayed that the certificate of registration under the Act be renewed by the Respondents and that the Respondents be directed to accept Form 5 from MMNKL under the Welfare Fund Act. The matter is currently pending.

### **Criminal cases**

1. Mini Muthoottu Nidhi Kerala Limited (“**MMNKL**”) filed a criminal miscellaneous petition bearing number 3536/2010 in S.T. number 2117/2011 dated April 19, 2010 (“**Criminal Petition**”) before the Judicial First Class Magistrate, Court I, Nedumangadu (“**Court**”) against Mr. K Bhuvanendran (“**Accused**”). Our Company alleges that the Accused owes a sum of ₹0.15million to the Company in connection with gold loan number 59979 dated October 29, 2009. The complaint has been filed under section 138 read with section 142 of the Negotiable Instruments Act, 1881 as the cheque given by the Accused for an amount of ₹1.5 lacs has been dishonoured. Our Company has sought that the amount of dishonoured cheque be reimbursed to the Company. The matter is currently pending.
2. Mini Muthoottu Nidhi Kerala Limited (“**MMNKL**”) filed a criminal complaint bearing number 1188/2011 dated March 30, 2010 before the Judicial First Class Magistrate, Court I, Nedumangadu (“**Court**”) against Mr. G Sahadevan (“**Accused**”). The complaint has been filed under section 138 read with section 142 of the Negotiable Instruments Act, 1881 as the cheque given by the Accused for an amount of ₹2 lacs has been dishonoured. Our Company has sought that the amount of dishonoured cheque be reimbursed to the Company. The matter is currently pending.

### **Complaints**

1. Mini Muthoottu Nidhi Limited (Bangalore) (“**MMNL**”) has filed a criminal complaint bearing number 416/2010 with the RT Nagar Police Station (“**Police Station**”) alleging employee fraud of ₹22 lacs. The matter is currently pending.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

At the meeting of the Board of Directors of our Company, held on May 11, 2015, the Directors approved the Issue of NCDs to the public up to an amount not exceeding ₹25,000 lacs.

### Prohibition by SEBI

Our Company, persons in control of our Company, Directors of our Company and/or our Promoters have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

### Disclaimer

#### *Disclaimer Clause of SEBI*

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JULY 10, 2015 WHICH READS AS FOLLOWS:**

- 1. WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**
- 3. WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008.**
- 4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956,**



**SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

**WE CONFIRM THAT ALL COMMENTS/ COMPLAINTS RECEIVED ON THE DRAFT OFFER DOCUMENT FILED ON THE WEBSITE OF STOCK EXCHANGES HAVE BEEN SUITABLY ADDRESSED.**

***Disclaimer Clause of BSE***

**BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED JULY 9, 2015 PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:**

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- a) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- b) WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- c) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, IT'S MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

**AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.**

***Disclaimer Clause of RBI***

**THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED APRIL 13, 2002 BEARING REGISTRATION NO. N-16.00175 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, 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 LIABILITY BY THE COMPANY.**

**Listing**

An application will be made to BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within twelve Working Days from the date of closure of the issue.

## **Consents**

The written consents of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, our Statutory Auditor, the legal advisors to the Issue, the Lead Manager, the Registrar to the Issue, Escrow Collection Bank(s), Refund Banks, Credit Rating Agency, the Bankers to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities are being filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013.

The consents of the Statutory Auditors of our Company, namely M/s. Vishnu Rajendran & Co., for (a) inclusion of their name as the Statutory Auditor, (b) examination reports on Reformatted Standalone Financial Statements in the form and context in which they appear in this Prospectus, have been obtained and the same will be filed along with a copy of this Prospectus with the Designated Stock Exchange.

## **Expert Opinion**

Except the (i) Auditors report on our audited financial statements for the Financial Year ending March 31, 2015, 2014, 2013, 2012, and 2011 issued by M/s. Vishnu Rajendran & Co., dated May 30, 2015, (ii) Statement of Tax Benefits issued by M/s. Vishnu Rajendran & Co. dated June 24, 2015 and (iii) rating rationale issued by CARE Rating, dated 17 June 2015 in respect of the credit rating issued thereby for this Issue which furnishes the rationale for its rating, our Company has not obtained any expert opinions.

## **Common form of Transfer**

We undertake that there shall be a common form of transfer for the NCDs held in physical form and relevant provisions of the Companies Act and all other applicable laws shall be duly complied with in respect of all transfer of the NCDs and registration thereof.

NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

## **Filing of the Prospectus**

This Prospectus is being filed with the designated Stock Exchange in terms of Regulation 6 of the SEBI Debt Regulations for dissemination on its website(s) prior to the opening of the Issue.

## **Debenture Redemption Reserve (“DRR”)**

Section 71 of the Companies Act read with the Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 states that any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. The DRR has to be created out of the profits of the company available for payment of dividend, equivalent to atleast 25% of the amount raised through the issue of debentures through the public issue before the debenture redemption commences. The amount to be credited as DRR will be carved out of the profits of our Company only if there is profit for the particular year and there is no obligation on the part of our Company to create DRR if there is no profit for the particular year. Our Company shall credit adequate amounts to DRR, from its profits every year until such NCDs are redeemed.

As per Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 our Company shall, on or before April 30 of each year, deposit or invest, as the case may be; a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31<sup>st</sup> day of March next following in anyone or more of the following methods, namely

1. in deposits with any scheduled bank, free from charge, or lien;
2. in unencumbered securities of the Central Government or of any State Government;
3. in unencumbered securities mentioned in clauses (a) to (d) & (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under clause (I) of section 20 of the Indian Trusts Act, 1882;

The amount deposited or invested above, as the case may be, shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the 31<sup>st</sup> day of March of that year.

### Issue Related Expenses

The expenses of this Issue include, among others, fees for the Lead Manager, Legal Advisors, printing and distribution expenses, advertisement expenses and listing fees. The estimated Issue expenses to be incurred for the Issue size of up to ₹25,000 lacs (assuming the full subscription including the retention of over subscription of up to ₹12,500 lacs) are as follows:

(₹ in lacs)		
Activity	Amount	Percentage of Overall Issue Size (in%)
Fees to intermediaries (Lead Management Fees, Brokerage, Rating Agency, Registrar, Legal Advisor, Debenture Trustee etc.)	273.00	1.09
Advertising and Marketing Expenses	30.00	0.12
Printing, Stationery and Distribution	12.00	0.05
Other Miscellaneous Expenses	10.00	0.04
<b>Total</b>	<b>325.00</b>	<b>1.30</b>

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

### Underwriting

The Issue has not been underwritten.

### Reservation

No portion of this Issue has been reserved.

### Details regarding the public issue during the last three years by our Company and other listed companies under the same management within the meaning of section 370(1B):

There are no public or rights or composite issue of capital by listed companies under the same management within the meaning of Section 370(1) (B) of the Companies Act, 1956 during the last three years.

Our Company has not made any public issue of Equity Shares or rights issuances in the last five years.

Other than the issues of (1) 19,55,857 Secured Redeemable Non-Convertible Debentures of face value of ₹1,000 each aggregating to ₹19,558.57 lacs in the Financial Year 2013- 2014 and (2) 20,00,000 Secured Redeemable Non-Convertible Debentures of face value of ₹1,000 each and 4,96,299 Un-secured Redeemable Non-Convertible Debentures of face value of ₹1,000 each aggregating to ₹24,963 lacs in the Financial Year 2014- 2015, (3) 19,776,951 Secured Redeemable Non-Convertible Debentures of face value of ₹1,000 each and 71,43,37 Un-secured Redeemable Non-Convertible Debentures of face value of ₹1,000 each aggregating to ₹26,912.88 lacs in the Financial Year 2014- 2015 and (4) 18,05,958 Secured Redeemable Non-Convertible Debentures of face value of ₹1,000 each and 6,84,915 Un-secured Redeemable Non-Convertible Debentures of face value of ₹1,000 each aggregating to ₹24,908.73 lacs in the Financial Year 2014- 2015, our Company has previously not made any public issues of Equity Shares or Debentures.

Other than as specifically disclosed in this Prospectus, our Company has not issued any securities for consideration other than cash.

**Neither the Company nor any other company under the same management within the meaning of section**

**370(1B) of the Companies Act, 1956, has made any capital issue during the last three years except as shown above.**

### **Dividend**

Our Company has no stated dividend policy. The declaration and payment of dividends on our shares will be recommended by the Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Our Company has not declared any dividend since incorporation.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Cochin, India.

### **Commissions and Brokerage on previous issue**

1. An expense of ₹139.66 lacs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000.00 each aggregating to ₹19,558 lacs pursuant to the Prospectus dated February 12, 2014.
2. An expense of ₹189.00 lacs was incurred towards commission and brokerage in connection with the public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,963 lacs pursuant to the Prospectus dated July 7, 2014.
3. An expense of ₹203.00 lacs was incurred towards commission and brokerage in connection with the public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹26,913 lacs pursuant to the Prospectus dated September 23, 2014.
4. An expense of ₹97.65 lacs was incurred towards commission and brokerage in connection with the public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,909 lacs pursuant to the Prospectus dated February 18, 2015.

### **Details regarding lending out of issue proceeds of Previous Issues**

#### **A. Lending Policy**

Please refer to the paragraph titled ‘**Gold Loan Business**’ on page 75 under Chapter ‘**Our Business**’ starting on page 71.

#### **B. Loans given by the Company**

Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of Previous Issues.

### **Utilisation of Issue Proceeds of the previous Issues by our Company and Group Companies**

#### **Our Company**

(₹ in lacs)						
Sl. No.	Particulars of utilization	TOTAL	1 <sup>st</sup> Public Issue	2 <sup>nd</sup> Public Issue	3 <sup>rd</sup> Public Issue	4 <sup>th</sup> Public Issue
a.	Issue Related Expense	1,245	377	291	303	274
	<b>Issue Proceed Less Issue Expenses</b>	<b>95,099</b>	<b>19,182</b>	<b>24,672</b>	<b>26,610</b>	<b>24,635</b>
1.	Onward lending	49,549	19,182	4,648	14,602	11,117
2.	Repayment of existing loans including interest	37,808	-	16,450	10,072	11,286
3.	General Corporate Purposes	7,742	-	3,574	1,936	2,232
	<b>Total</b>	<b>96,344</b>	<b>19,559</b>	<b>24,963</b>	<b>26,913</b>	<b>24,909</b>

**C. Group Companies**

Nil

**D. Type of loans:**

The loans given by the Company out of the proceeds of Previous Issues are loans against security of gold jewellery which are given primarily to individuals.

**E. Maturity Profile**

(₹ in lacs)		
Sl. No.	Particulars of utilization	Amount
1.	Less than 1 month	-
2.	1 to 2 months	-
3.	2 to 3 months	-
4.	3 to 6 months	-
5.	6 months- 1 year (all loans are granted for 12 months)	49,549
6.	More than 1 year	-
<b>Total</b>		<b>49,549</b>

**F. Denomination of the loans:**

(₹ in lacs)		
Sl. No.	Loan Denomination (₹ in lacs)	Amount
1.	Below 3 lacs	42,941
2.	3 lacs to 5 lacs	2,978
3.	5 lacs to 10 lacs	2,683
4.	10 lacs to 50 lacs	947
5.	50 lacs and above	-
<b>Total</b>		<b>49,549</b>

**G. Geographical classification of our borrowers:**

(₹ in lacs)	
State/ Zone	Amount
Kerala	12,206
Tamil Nadu	25,074
Karnataka	5,119
Andhra Pradesh & Telangana	5,383
Rest of India	1,767
<b>Total</b>	<b>49,549</b>

**H. Details of top ten borrowers:**

Sr. No.	Name	Amount
1.	Nagarajan V.V	48,10,400
2.	Veerachamy V	40,79,500
3.	Yash Jayesh Shah	25,00,000
4.	Sonal Jayesh Shah	24,97,000
5.	Suhair Cassim Sheikh	21,03,100
6.	Veerachamy	20,02,200
7.	Purushottam H	19,09,200
8.	Gourav Ketan Shah	19,00,000
9.	Nagaratna	17,66,715
10.	Srinivas Murthy M	15,86,535

**I. Details of top ten loans overdue and classified as non-performing:**

None of the loans issued from the proceeds of previous issues, have been classified as NPA.

**Disclosure of Track Record of Lead Manager to Issue**

The details of the track record of the Lead Manager to the Issue, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on the website of the Lead Manager to the Issue.

Vivro Financial Services Private Limited – <http://vivro.net/offerdocument.aspx#horizontalTab2>

**Revaluation of assets**

Except the revaluation of fixed assets viz land during Financial Year 2012-13 for ₹4,600 Lacs, our Company has not revalued its assets.

**Mechanism for redressal of investor grievances**

MoU dated May 11, 2015 between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of seven years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the applicant, number of NCDs applied for, amount paid on application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the application was submitted.

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

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be 7 (seven) business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The contact details of Registrar to the Issue are as follows:

**Link Intime India Private Limited**

C- 13 Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West),  
Mumbai 400 078,  
Maharashtra, India

**Tel:** +91 22 6171 5400

**Fax:** +91 22 2596 0329

**Email:** mmfl.ncd5@linkintime.co.in

**Investor Grievance mail:** mmfl.ncd5@linkintime.co.in

**Website:** www.linkintime.co.in

**Contact Person:** Dinesh Yadav

**SEBI Registration Number:** INR000004058

**CIN:** U67190MH1999PTC118368

Ms. K. S. Smitha has been appointed as the Compliance Officer of our Company for this issue.

The contact details of Compliance officer of our Company are as follows:

***K.S. Smitha***

Muthoottu Mini Tech Towers,  
Kaloor,  
Cochin, – 682 017  
Kerala, India.

**Tel.:** +91 484 410 1078

**Fax:** +91 484 410 1027

**E-mail:** cs@minimuthoottu.com

**Change in Auditors of our Company during the last three years**

M/s. Vijaykumar & Easwaran, Chartered Accountants have ceased to be our statutory auditors with effect from October 23, 2014 and M/s. Vishnu Rajendran & Co., have been appointed as our Statutory Auditors in the Annual General Meeting of the company held on November 1, 2014.



## **KEY REGULATIONS AND POLICIES**

*The regulations summarized below are not exhaustive and are only intended to provide general information to Investors and is neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.*

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

The major regulations governing our Company are detailed below:

We are a non-deposit taking (which does not accept public deposits), systemically important, NBFC. As such, our business activities are regulated by RBI regulations applicable to non-public deposit accepting NBFCs (“**NBFC-ND**”).

### **Regulations governing NBFCs**

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares / stock / bonds / debentures / securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale / purchase / construction of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its ‘principal business’ is to be treated as an NBFC. The term ‘principal business’ has not been defined in any statute, however, RBI has clarified through a press release (Ref. No. 1998-99/ 1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company’s principal business. The company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act, the Systemically Important Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and the Non-Systemically Important Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 and the provisions of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- NBFCs cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and
- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC (“**NBFC-D**”) or as a non-deposit accepting NBFC (“**NBFC-ND**”). NBFCs registered with RBI are further classified as:

- Asset finance companies;
- Investment companies;
- Core Investment Company;
- Loan companies and/or
- Infrastructure finance companies.
- Infrastructure debt fund - NBFCs; and/or
- NBFC - micro finance institutions.

Our Company has been classified as an NBFC-ND-SI.

#### *Systemically Important NBFC-NDs*

The RBI in its notification (RBI/2014-15/520 DNBR (PD) CC.No.024/03.10.001/2014-15) dated March 27, 2015 revised the threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹50,000 lacs and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹50,000 lacs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists. This amendment also requires that the NBFCs primarily engaged in lending against gold jewellery have to maintain a minimum Tier 1 capital of 12% with effect from April 01, 2014.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio of 15%.

#### *Loan-to-value guidelines*

The RBI vide its Master Circular No. DNBR (PD) CC. No. 044 / 03.10.119 / 2015-16 dated July 1, 2015, introduced the, the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 directing all NBFCs to: (i) maintain a loan-to-value ratio not exceeding 75% for loans granted against the collateral of gold jewellery and; (ii) disclose in their balance sheet the percentage of such loans to their total assets.

Further, NBFC's are also required to not grant any advance against bullion / primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) are required to maintain a minimum Tier I capital of 12.00%.

#### *Rating of NBFCs*

Pursuant to the RBI circular DNBS (PD) CC. No.134/03.10.001 / 2008-2009 dated February 4, 2009, all NBFCs with an asset size of ₹10,000 lacs are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

### *Prudential Norms*

The Prudential Norms Directions amongst other requirements prescribe guidelines on NBFC-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans.

### *Provisioning Requirements*

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realization of the security and erosion overtime in the value of the security charged, shall make provisions against sub-Standard Assets, Doubtful Assets and Loss Assets in the manner provided for in the Prudential Norms Directions.

In the interests of counter cyclicity and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI vide their circular no. DNBS.PD.CC.No.207/ 03.02.002 /2010-11 dated January 17, 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25% of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated June 11, 2015 has sought to raise the provision for standard assets to 0.40% by March 2018. The provisions on standard assets are not reckoned for arriving at net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the 'General Provisions on Standard Assets' in Tier II capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II capital only up to a maximum of 1.25% of the total risk-weighted assets.

### *Capital Adequacy Norms*

Every systemically important NBFC-ND is required to maintain, with effect from April 1, 2007, a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II capital of a NBFC-MFI shall not exceed 100% of the Tier I capital.

*Tier-I Capital*, has been defined in the Prudential Norms – ND as, owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by a systemically important NBFC-ND in each year to the extent it does not exceed 15% of the aggregate Tier I capital of such company as on March 31 of the previous accounting year. Further the RBI vide circular dated March 27, 2015 require the NBFCs primarily engaged in the business of lending against gold jewellery (such loans comprising 50% or more of their financial assets) to maintain a minimum Tier I capital of 12%.

*Owned Funds*, has been defined in the Prudential Norms – ND as, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

*Tier - II Capital* has been defined in the Prudential Norms – ND, includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth percent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt to the extent the aggregate does not exceed Tier - I capital; and (f) perpetual debt instrument issued by a systemically important NBFC-ND, which is in excess of what qualifies for Tier I Capital to the extent that the aggregate Tier-II capital does not exceed 15% of the Tier -I capital.

*Hybrid debt* means, capital instrument, which possess certain characteristics of equity as well as debt.

*Subordinated debt* means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without

the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

### *Exposure Norms*

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Prudential Norms, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFC-ND may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings. Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5% of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important NBFC-ND taken together may not exceed 25% of its owned funds to or in single party and 40% of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings.

### *Asset Classification*

The Prudential Norms require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard Assets;
- Doubtful Assets; and
- Loss assets

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation.

### *Net Owned Fund*

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹2,00,00,000 (Rupees two hundred lacs only). For this purpose, the RBI Act has defined “net owned fund” to mean:

*the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,*

- (i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and
- (ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10% of (a) above.

Further in accordance with RBI Notification No.DNBR.007/ CGM (CDS)-2015 dated March 27, 2015 which provides that a non-banking financial company holding a certificate of registration issued by the Reserve Bank of India and having net owned fund of less than two hundred lacs of rupees, may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of:

- i. one hundred lacs of rupees before April 1, 2016; and

- ii. two hundred lacs of rupees before April 1, 2017.

### ***Reserve Fund***

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

### ***Maintenance of liquid assets***

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI's Non- Deposit Accepting Companies Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no.'s, etc. of its Registered Office, names and addresses of its directors / auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

All NBFCs (whether accepting public deposits or not) having an asset base of ₹10,000 lacs or more or holding public deposits of ₹2,000 lacs or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

### ***Corporate Governance***

RBI vide its recent Master Circular dated July 1, 2015, introduced the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 which requires all systematically important ND NBFCs having an asset size above ₹50,000 lacs are required to consider adopting best practices and transparency in their systems as specified below. RBI pursuant to its Master Circular No. DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 1, 2015 mandated that all NBFC having assets of ₹50,000 lacs and above as per its last audited balance sheet are required to constitute an audit committee, consisting of not less than three members of its Board of Directors. Constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency, connected lending and framing of internal guidelines has also been prescribed in the RBI Master Circular. Further, the Audit Committee are required to ensure that an Information Systems Audit of the internal systems and processes is conducted at least once in two years to assess operational risks.

### ***Accounting Standards & Accounting policies***

Subject to the changes in Indian Accounting Standards and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the Statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases our profit/ loss for the preceding years might not be strictly comparable with the profit/ loss for the period for which such accounting policy changes are being made.



### **Reporting by Statutory Auditor**

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

### **KYC Guidelines**

The RBI has extended the Know Your Customer (“KYC”) guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The KYC policies are required to have certain key elements, including, customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, diligence of client accounts opened by professional intermediaries, customer due diligence and diligence of accounts of politically exposed persons, adherence to KYC guidelines and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents.

### **Financing of NBFCs by bank**

The RBI has issued guidelines *vide* a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) further lending to individuals for the purpose of subscribing to an initial public offer.

In addition to the above the RBI has issued guidelines *vide* a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against Gold has directed banks to (i) reduce their regulator exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks’ capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks’ capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

### **Norms for excessive interest rates**

In addition, the RBI has introduced *vide* a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. 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.

### **Supervisory Framework**

In order to ensure adherence to the regulatory framework by systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk

asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalization of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 227 of the Companies Act, 1956, the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI.

### ***Asset Liability Management***

The RBI has prescribed the Guidelines for Asset Liability Management (“**ALM**”) System in relation to NBFCs (“**ALM Guidelines**”) that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹10,000 lacs, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹2,000 lacs or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

### ***The Recovery of Debts due to Banks and Financial Institutions Act, 1993***

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the “**DRT Act**”) provides for establishment of the Debts Recovery Tribunals (the “**DRTs**”) for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

### ***Anti-Money Laundering***

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 (“**PMLA**”) is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹10 lacs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹10 lacs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹10 lacs. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.



Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

### **SARFAESI Act**

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution may sell financial assets to an asset reconstruction company provided the asset is an NPA. A bank or financial institution may sell a financial assets only if the borrower has a consortium or multiple banking arrangements and at least 75% by value of the total loans to the borrower are classified as an NPA and at least 75% by the value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale.

These assets are to be sold on a “without recourse” basis only. The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

### **Companies Act, 2013**

The Companies Act has been notified by the Government of India on August 30, 2013 (the “Notification”). Under the Notification, Section 1 of the Companies Act has come into effect and the remaining provisions of the Companies Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the Companies Act deals with the commencement and application of the Companies Act and among others sets out the types of companies to which the Companies Act applies. Further the Ministry of Corporate Affairs has by their notifications dated September 12, 2013 and March 26, 2014 notified certain sections of the Companies Act, which have come into force from September 12, 2013 and April 1, 2014.

The Companies Act is expected to replace the Companies Act, 1956 upon notification of all sections of the Companies Act, 1956. The Companies Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, the requirements for independent directors, director’s liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act. As mentioned above, certain provisions of the Companies Act, 2013 have already come into force and the rest shall follow in due course.

Additionally, section 465 (yet to be notified) of the 2013 Act provides for repeals and savings where under anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall, insofar as it is not inconsistent with the provisions of 2013 Act, be deemed to have been done or taken under the corresponding provisions of the 2013 Act.

Under the Companies Act every company having net worth of ₹50,000 lacs or more, or turnover of ₹100,000 lacs or more or a net profit of ₹500 lacs or more during any financial year shall formulate a corporate social

responsibility policy. Further, the board of every such company shall ensure that the company spends, in every financial year, at least two% of the average net profits of the company made during the three immediately preceding financial years in pursuance of its corporate social responsibility policy.

### **Foreign Investment Regulations**

Foreign direct investment (including foreign institutional investment, investments by non-resident Indians, persons of Indian origin and overseas corporate bodies) (“**FDI**”) in an Indian company is governed by the provisions of the Foreign Exchange Management Act, 1999 (“**FEMA**”) read with the Consolidated Foreign Direct Investment Policy effective from April 05, 2013 (“**FDI Policy**”) issued by the Department of Industrial Promotion and Policy, Ministry of Commerce, Government of India (“**DIPP**”). FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/ acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/ acquisition of securities. However, if the foreign investor has any previous joint venture/ tie-up or a technology transfer/ trademark agreement in the “same field” in India, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, the following are the relevant norms applicable for FDI in NBFCs:

- (a) FDI investments upto 100% of the paid-up share capital of the NBFC is allowed under the automatic route in the following NBFC activities:
  - (i) Merchant banking;
  - (ii) Underwriting;
  - (iii) Portfolio Management Services;
  - (iv) Investment Advisory Services;
  - (v) Financial Consultancy;
  - (vi) Stock Broking;
  - (vii) Asset Management;
  - (viii) Venture Capital;
  - (ix) Custodial Services;
  - (x) Factoring;
  - (xi) Credit rating Agencies;
  - (xii) Leasing and Finance;
  - (xiii) Housing Finance;
  - (xiv) Forex Broking;
  - (xv) Credit card business;
  - (xvi) Money changing Business;
  - (xvii) Micro Credit; and
  - (xviii) Rural Credit.
- (b) Minimum Capitalisation Norms for fund based NBFCs:
  - (i) For FDI up to 51% - US \$0.5 million to be brought up front.
  - (ii) For FDI above 51% and up to 75% - US \$5 million to be brought up front.
  - (iii) For FDI above 75% and up to 100% - US \$50 million out of which US \$7.5 million to be brought up front and the balance in 24 months
  - (iv) NBFCs (i) having foreign investment more than 75% and up to 100%, and (ii) with a minimum capitalisation of US\$50.00 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing

in additional capital. The minimum capitalization condition as mandated by the FDI Policy at paragraph 3.10.4.1, therefore, shall not apply to downstream subsidiaries.

Joint venture operating NBFCs that have 75% or less than 75% foreign investment can also set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capitalisation norm mentioned in (b)(i), (ii) and (iii) above and (f) below.

Non- Fund based activities: US \$0.5 million to be brought upfront for all permitted non-fund based NBFCs irrespective of the level of foreign investment subject to the following condition. It would not be permissible for such a company to set up any subsidiary for any other activity, nor can it participate in any equity of an NBFC holding/operating company.

- (c) Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issue price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

#### ***Shops and Establishments legislations in various states***

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

#### ***Labour Laws***

India has stringent labour related legislations. We are required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

#### ***Intellectual Property***

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

## **SECTION VIII - SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. In case of any inconsistency between the Articles of Association of our Company and the Companies Act, 1956 and Companies Act, the provisions of the Companies Act, 1956 and the Companies Act shall prevail over the Articles of Association of our Company. The main provisions of the Articles of Association of our Company are detailed below:*

### **PRELIMINARY**

In the interpretation of these Articles, the following expressions shall have the following meanings, unless repugnant to the subject or context.

“The Act” or “The said Act” means the Companies Act, 1956 (Act 1 of 1956) and subsequent amendments thereto or any statutory modifications or re-enactment thereof for the time being in force

- (1) “The Company” of “this Company” means Muthootu Mini Financiers Limited
- (2) “The Seal” means the Common Seal of the Company.

### **Table “A” not to apply**

1. [a] The regulations contained in Table marked “A” in Schedule I of the Companies Act, 1956, (hereinafter called the Act or the said Act) shall apply to the Company, except in so far as excluded, modified, varied or altered expressly or impliedly by the regulations of the Company hereinafter following or made from time to time.

## **SHARE CAPITAL AND VARIATION OF RIGHTS**

5. (a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and / or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.
- (b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

## **INCREASE REDUCTION AND ALTERATION OF CAPITAL**

6. The Company may from time to time in General Meeting increase its Share Capital by the issue of new shares of such amounts as it thinks expedient.

### **On what conditions the new shares may be issued**

- (a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the General Meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions

of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

### **Further issue of Shares**

- (b) Where at any time after the expiry of two years from the formation of a Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital, then
  - (i) such further shares shall be offered to the persons who at the date of offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the Capital paid up on those shares at that date.
  - (ii) the offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
  - (iii) unless the articles of the company otherwise provide, 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 (b) shall contain a statement of this right. PROVIDED THAT the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
  - (iv) 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 of directors may dispose of them in such manner as they think most beneficial to the Company.
- (c) Notwithstanding anything contained in the preceding sub-clause (1), 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-section (1) in any manner whatsoever:-
  - (i) if a special resolution to that effect is passed by the company in general meeting, or
  - (ii) 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 members who, being entitled so to do, 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.
- (d) Nothing in clause (c) of sub-section (1) shall be deemed –
  - (i) to extend the time within which the offer should be accepted, or
  - (ii) 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 attached to debentures issued or loans raised by the company –

- (iii) to convert such debentures or loans into shares in the company, or
- (iv) to subscribe for shares in the company; (Whether such option is conferred in these Articles or otherwise.

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of debentures or the raising of the loans , or is in conformity with the rules 197, if any, made by that Government in this behalf; and
- (b) in the case of debentures or loans other than debentures issued to, or loans obtained from, the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or the raising of the loans.

#### **Shares at the disposal of the Directors**

- (e) Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered 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.

#### **Same as Original Capital**

- (f) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new shares shall be considered as part of the original Capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

### **SHARES AND CERTIFICATES**

#### **Issue of further Shares not to affect right of existing share holders**

- 13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking pari passu therewith.

#### **Provisions of Sections 85 to 88 of the Act to apply**

- 14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

#### **Register of Members and Debenture holders**

- 15. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture



holders in accordance with Section 157 of the Act.

- (b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.
- (c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, Copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

#### **Restriction on allotment**

- 17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

#### **Shares to be numbered progressively and no shares to be subdivided**

- 18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

#### **Shares at the disposal of the Directors**

- 19. Subject to the provisions of Section 81 of the Act and these Articles the shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in General Meeting to give to any person the option to call for any shares either at par or at a 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 for any property sold and transferred or for services rendered to the Company in the conduct of its business and any shares which may be so 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 General Meeting

#### **‘Buy back of Shares’**

- 22A. Notwithstanding anything contained in any other Article of the Articles of Association, but subject to the provisions of Section 77 A and 77 B of the Act and Securities & Exchange Board of India (Buy back of Securities) Regulations 1998 as may be in force at any time and from time to time, the Company may acquire, purchase, own, resell any of its own fully/partly paid or redeemable Preference Shares or Equity Shares and any other security as may be specified under the Act, Rules and regulations from time to time and may make payment thereof out of funds at its disposal or in any manner as may be permissible or in respect of such acquisition/purchase on such terms and conditions and at such time or times in one or more installments as the Board may in its discretion decide and deem fit. Such Shares which are so bought back by the Company may either be extinguished and destroyed or reissued as may be permitted under the Act or the Regulations as may be in force at the relevant time subject to such terms and conditions as may be decided by the Board and subject further to the rules & regulations governing such issue.



## **CALLS**

### **Directors may make Calls**

31. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares / debentures 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 calls as they think fit upon the members / debenture holders in respect of all moneys unpaid on the shares / debentures held by them respectively and such members / debenture holders shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Directors. A Call may be made payable by installments. A call may be postponed or revoked as the Board may determine. The option or right to call of shares shall not be given to any of the person except with the sanction of the Issuer in general meeting.

### **Calls to date from resolution**

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such Call was passed and may be made payable by members / debenture holders on a subsequent day to be specified by the Directors.

### **Notice of Call**

33. Thirty days' notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members / debenture holders revoke the same.

### **Directors may extend time**

34. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members / debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member / debenture holder shall be entitled to such extension, save as a matter of grace and favour.

### **Sums deemed to be Calls**

35. Any sum, which by the terms of issue of a share / debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share / debenture 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 the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a Call duly made and notified.

### **Installments on shares to be duly paid**

36. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

### **Calls on shares of the same class to be made on uniform basis**

37. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amount have been paid up shall not be deemed to fall under the same class.

### **Liability of joint holders of shares**

38. 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.

### **When interest on call or installment payable**

39. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the installment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

### **Payment in anticipation of calls may carry Interest**

42. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the money due upon the shares held by him beyond the sum 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, 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 dividends. The Directors may at any time repay the amount so advanced.
- (b) The member 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.
43. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

## **TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES**

### **Register of Transfers**

59. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

### **Form of Transfer**

60. The instrument of transfer shall be common, in writing and all the provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof.

### **'Dematerialisation of Securities'**

- 60A. (1) The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.
- (2) (i) The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.
- (ii) Option for Investors :-  
Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

If a person opts to hold its Security with a Depository, the Company shall intimate such

depository the details of allotment of the Security.

- (iii) Securities in Depository to be in fungible form:-  
All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C & 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

- (iv) Rights of Depositories & Beneficial Owners :-
- (a) Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) 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.
- (c) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.
- (v) Service of Documents :-  
Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.
- (vi) Transfer of Securities :-  
Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- (vii) Allotment of Securities dealt with in a depository :-  
Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- (viii) Register and Index of Members :-  
The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

#### **Instrument of transfer to be executed by transferor and transferee**

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

**Directors may refuse to register transfer**

62. (a) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion any by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of 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 or any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
- (b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

**Transfer of Shares**

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of Members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- (b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- (c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the certificate relating to the shares and if no such certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.
- (d) Nothing in clause (c) above shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.
- (e) The Company shall accept all applications for transfer of shares / debentures, however, this condition shall not apply to requests received by the Company.
- (A) for splitting of a share or debenture certificate into several scripts of very small denominations;

- (B) proposals for transfer of shares / debentures comprised in a share / debenture certificate to several parties involving, splitting of a share / debenture certificate into small denominations and that such split / transfer appears to be unreasonable or without any genuine need.
- (i) transfer of equity shares / debentures made in pursuance of any statutory provisions or an order of a Competent Court of law;
  - (ii) the transfer of the entire equity shares / debentures by an existing shareholder / debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.
  - (iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) Debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares / 10 (ten) debentures.
  - (iv) the transfer of less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) to the existing share holder / debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

- (f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share. However, the registration of 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 Issuer on any account whatsoever;

#### **Transfer books and Register of members when closed**

65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year.

#### **Transfer to Minors etc.**

66. Only fully paid shares or debentures shall be transferred to a minor acting through his / her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

#### **Title to shares of deceased holder**

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognise as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

### **Registration of persons entitled to share otherwise than by transfer**

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they 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 titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his 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 free from any liability in respect of such shares.
- (b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

### **‘Nomination’**

- (c) (1) Every Shareholder or Debenture holder or Deposit holder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act.
- (2) Where the Shares or Debentures or Deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under Section 58A(11) and 109A of the Act.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debenture holder or Deposit holder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or Deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

### **‘Transmission of Shares or Debentures’**

- (d) (1) A nominee, upon production of such evidence as may be required by the Board and subject to provisions of Section 109B of the Act and as hereinafter provided, elect, either –
- (a) to register himself as holder of the Share or Debenture, as the case may be; or
- (b) to make such transfer of the Share or Debenture, as the deceased Shareholder or Debenture holder, as the case may be, could have made.
- (2) if the nominee elects to be registered as holder of the Share or Debenture himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debenture holder, as the case may be.

- (3) a nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with.

**Persons entitled may receive dividend without being registered as member**

70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share / debenture.
71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

**Refusal to register nominee**

72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

**Directors may require evidence of transmission**

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

**No Fees on transfer or transmission**

74. No fees shall be charged for registration of transfer transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death of Marriage, Power of Attorney or similar other document.

**The Company not liable for disregard of a notice prohibiting registration of transfer**

75. 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 persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice 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 affect thereto if the Directors shall so think fit.
76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.



## **JOINT HOLDERS**

### **Joint-holders**

77. Where two or more persons are registered as the holders of any shares / debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

#### **No transfer to more than four persons as joint holders**

- (i) The joint holders of any share / debenture shall be liable severally four persons as the holders of any share / debentures.

#### **Transfer by joint holders**

- (ii) In the case of a transfer of shares / debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

#### **Liability of joint holders**

- (iii) The joint holders of any share / debenture shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share / debenture.

#### **Death of one or more joint holders**

- (iv) On the death of any one or more of such joint holders the survivor / survivors shall be the only person or persons recognised by the Company as having any title to the share / debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares / debentures held by him jointly with any other person.

#### **Receipt of one sufficient**

- (v) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share / debenture.

#### **Delivery of certificate and giving of notices to first named holder**

- (vi) Only the person whose name stands first in the Register of Members / debenture holders as one of the joint holders of any shares / debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

#### **Vote of joint holders**

- (vii)(i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.
- (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

## **BORROWING POWERS**

### **Restriction on powers of the Board**

78. The Board of Directors shall not, except with the consent of the Company in General Meeting and subject to Article 172 of the Articles of Association of the Company :

- (a) 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.
- (b) remit, or give time for the repayment of any debt due by a Director.
- (c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.
- (d) borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.
- (e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial year immediately preceding, whichever is greater.

Explanation: Every resolution passed by the Company in General Meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount up to which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

### **Conditions on which money may be borrowed**

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable or such other types of debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.

### **Terms of Issue of Debentures**

80. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution

### **Bonds, debentures etc. to be subject to the control of Directors**

Any bonds, debentures, debenture stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such

manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture stocks or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting by a special resolution.

**Securities may be assignable free from equities**

81. Debentures, debenture stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

**Issue at discount etc. or with special privileges**

82. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following :

**Debentures with voting rights not to be issued**

- a. The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.
- b. The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- c. Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- d. Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.
- e. The term 'charge' shall include mortgage in these Articles.
- f. A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

**Limitation of time for issue of Certificate**

- g. The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

**Right to obtain copies of the inspect Trust Deed**

- h. (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.
  - (1) In the case of a printed Trust Deed of the sum of Rupee One and
  - (2) In the case of a Trust Deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

- (ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of Members of the Company.

### **Mortgage of uncalled Capital**

- 83. If any uncalled Capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled Capital in trust for the person in whose favour such mortgage or security is executed.

### **Indemnity may be given**

- 84. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

### **Registration of charges**

- 85.
  - (a) The provisions of the Act relating to registration of charges shall be complied with.
  - (b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.
  - (c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 125 of the Act.
  - (d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any persons acquiring such property or any part thereof or any share as interest therein shall be deemed to have notice of the charge as from the date of such registration.
  - (e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.
  - (f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders *pari passu*.
  - (g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.
  - (h) The Provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.
  - (i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.
  - (j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.
  - (k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered office of the Company and comply with the

provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Managers as therein provided.

- (l) The Company shall also comply with the provisions of section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.
- (m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:
  - (i) a short description of the property charged;
  - (ii) the amount of the charge; and
  - (iii) except in the case of securities to bearer, the names of persons entitled to the charge.
- (n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

#### **Trust not recognised**

- 86. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders.

### **BOARD OF DIRECTORS**

#### **Board of Directors**

- 126. Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three and not more than twelve.

The First Directors of the Company shall be:

- 1. **Shri Roy M Mathew**
- 2. **Shri M. Mathew**
- 3. **Shri Sosamma Mathew**
- 4. **Shri Nizzy Mathew**

#### **Appointment of Senior Executives as Whole time Directors**

- 127. (a) Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Whole time Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:
  - (i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a Director shall not constitute a break in his appointment as Wholetime Director.
  - (ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.
  - (iii) He shall cease to be a Director of the Company on the happening of any event specified in Section 283 and 314(2C) of the Act. He shall cease to be a Director of the Company, if for any reason whatsoever he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.
  - (iv) Subject to what is stated herein above he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him

by the Managing Director/s and / or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/s and / or the Board may, from time to time determine.

- (b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such wholetime directors

### **Appointment of Chairman**

134. The Directors may from time to time elect among themselves a chairman of the Board and determine the period for which he is to hold office if at any meeting of the Board, the chairman is not present within fifteen minutes after the time appointed for holding the same, the directors present may choose one of their members to be chairman of the meeting.

### **Qualification of Director**

135. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

## **MANAGING DIRECTORS**

### **Power to appoint Managing or Wholetime Directors**

172. (a) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Wholetime Directors and/or Special Director like Technical Director, Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Wholetime Director(s), Technical Director(s), Financial Director(s) and Special Director(s) such of the power 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 condition and subject to such restriction as it may determine, the remuneration of such Directors may be way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

### **Appointment and payment of remuneration to Managing or Wholetime Director**

- (b) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.

## **THE SECRETARY**

173. Subject to the provisions of Section 383 A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called "the Secretary") who shall have such Qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

## **SEAL**

### **The seal its custody and use**

174. (a) The Directors shall provide a Common Seal for the purpose 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 Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence.
- (b) **Seal abroad**  
The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.

### **Unpaid or Unclaimed Dividend**

190. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of MUTHOOTTU MINI FINANCIERS LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund account of the Central Government.
- No claim for such transferred amount will lie against the Company or Central Government.
- (c) No unpaid or unclaimed dividend shall be forfeited by the Board before the claim becomes barred by law;

### **Dividend and call together**

191. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

### **Dividend to be payable in cash**

192. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

## **AUDIT**

### **Accounts to be audited**

206. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

### **Appointment and qualification of auditors**

207. (a) The Company at the annual general meeting each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general



meeting, and shall, within seven days of the appointment, give intimation thereof to every auditor so appointed.

- (b) At any annual general meeting, a retiring Auditor, by whatever authority appointed, shall be reappointed unless :
  - (i) he is not qualified for reappointment;
  - (ii) he has given the Company notice in writing of his unwillingness to be reappointed;
  - (iii) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be reappointed, or
  - (iv) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons, as the case may be, the resolution cannot be proceeded with.
- (c) Where at an annual general meeting no auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.
- (d) The Company shall, within seven days of the Central Government's power under sub-clause (c) becoming exercisable give notice of that fact to the Government.
- (e) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy be caused by the resignation of an auditor, the vacancy shall only be filled by the Company in general meeting.
- (f) A person, other than a retiring Auditor, shall not be capable of being appointed at an annual general meeting unless special notice of the Resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 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 members in accordance with Section 190 of the Act, and the provisions of Section 225 of the Act shall apply in the matter. The provision of this sub-clause shall also apply to a Resolution that a retiring Auditor shall not be re-appointed.
- (g) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.
- (h) None of the persons mentioned in Section 226 of the Act as being not qualified for appointment as Auditors shall be appointed as Auditors of the Company.

#### **Audit of Branch Office**

- 208. The Company shall comply with the provisions of Section 228 of the Act in relation to the audit of the accounts of branch offices of the Company except to the extent to which any exemption may be granted by the Central Government, in that behalf.

### **WINDING UP**

#### **Distribution of Assets**

- 217. (a) Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the

commencement of the winding up or which ought to have been paid up on the shares held by them respectively.

- (b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

218. Subject to the provisions of the Act.

**Distribution in specie or kind**

- (a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributors, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.
- (b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- (c) In case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

**Rights of shareholders in case of sale**

219. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

**SECRECY CLAUSE**

- 220. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of accounts with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to this knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to required discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

## **INDEMNITY AND RESPONSIBILITY**

### **Directors and others rights to indemnity**

221. (a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Wholetime Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which such Director, Manager, Secretary and Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.
- (b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

### **Directors and other officers not responsible for the acts of others**

222. Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the money of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of the office or in relation thereto, unless the same happens through his own dishonesty.

## **SECTION IX -OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following Contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or/ are to be entered into by our Company. These Contracts which are or may be deemed material shall be attached to the copy of the Prospectus to be delivered to the Registrar of Companies, Kerala and Lakshadweep for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the filing of the Prospectus with the Stock Exchange until the Issue Closing Date.

#### *Material Contracts*

1. Memorandum of Understanding dated May 12, 2015 between the Company and the Lead Manager.
2. Memorandum of Understanding dated May 11, 2015 between the Company and the Registrar to the Issue.
3. Debenture Trusteeship Agreement dated June 30, 2015 between the Company and IL&FS Trust Company Limited, the Debenture Trustee.
4. Escrow Agreement dated July 8, 2015 executed by the Company, the Registrar, the Escrow collection Bank(s) and the Lead Manager.
5. Syndicate Agreement dated July 8, 2015 executed between the Company and the Lead Manager.
6. Tripartite Agreement dated January 30, 2014 between CDSL, the Company and the Registrar to the Issue.
7. Tripartite Agreement dated February 5, 2014 between NSDL, the Company and the Registrar to the Issue.

#### *Material Documents*

1. Certificate of Incorporation of Company dated March 18, 1998, issued by Registrar of Companies, Kerala and Lakshadweep.
2. Fresh Certificate of Incorporation the Company dated November 27, 2013, issued by Registrar of Companies, Kerala and Lakshadweep pursuant to the conversion of our Company from private limited company to a public limited company.
3. Memorandum and Articles of Association of the Company, as amended to date.
4. The certificate of registration No. N-16.00175 dated April 13, 2002 issued by Reserve Bank of India u/s 45IA of the Reserve Bank of India Act, 1934.
5. Credit rating letter dated June 17, 2015 from CARE, granting credit ratings to the NCDs.
6. Copy of the Board Resolution dated May 11, 2015 approving the Issue.
7. Resolution passed by the shareholders of the Company at the Extraordinary General Meeting held on December 10, 2013 approving the overall borrowing limit of Company.
8. Consents of the Directors, Chief Financial Officer, Lead Manager, Debenture Trustee, Syndicate Member, Credit Rating Agency for the Issue, Company Secretary and Compliance Officer, Legal Advisor to the Issue, Bankers to the Issue, Refund banks, Bankers to the Company and the Registrar to the Issue, to include their names in this Prospectus.
9. The consent of the Statutory Auditors of our Company, namely M/s. Vishnu Rajendran & Co., for inclusion of their names as the Statutory Auditors dated June 25, 2015.

***Muthootu Mini Financiers Limited***



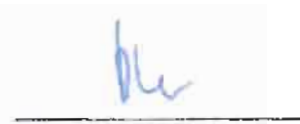
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10. The examination report of the Statutory Auditors M/s. Vishnu Rajendran & Co. dated June 25, 2015, in relation to the Reformatted Summary Financial Statements included herein.
11. Annual Reports of the Company for the last five Financial Years ending March 31, 2011 to March 31, 2015.
12. A statement of tax benefits dated June 24, 2015 received from M/s. Vishnu Rajendran & Co. regarding tax benefits available to us and our debenture holders;
13. Due Diligence certificate dated July 10, 2015 filed by the Lead Manager.
14. In-principle listing approval letter dated July 9, 2015 issued by BSE, for the Issue.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the applicants subject to compliance of the provisions contained in the Companies Act, 2013 and other relevant statutes.

**DECLARATION**

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act, 1956, Companies Act, 2013 and the guidelines issued by the Government of India and/or the regulations, guidelines, circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, have been complied with and that no statement made in this Draft Prospectus is contrary to the applicable provisions of the Companies Act, 1956, applicable provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any mis-statements.

**Signed by the Directors of our Company**  
**Roy M. Mathew**  
**Nizzy Mathew**  
**Mathew Muthoottu**  
**Philomina Thomas**  
**Thomas Cherian**  
**K P Venugopal**Date: **July 10, 2015**Place: **Cochin**

**ANNEXURE I- DAY COUNT CONVENTION**
**Day count convention**

Interest on the NCDs shall be computed on an actual/ actual basis for the broken period, if any. Consequently, interest shall be computed on a 365 days a year basis on the principal outstanding on the NCDs for Options II, IV, V and VII which have tenors either on yearly basis or cumulative basis.

For Options I, III and VI the interest shall be calculated from the first day till the last date of every month on an actual/ actual basis during the tenor of such NCDs. However, if period from the Deemed Date of Allotment / anniversary date of Allotment till one day prior to the next anniversary / redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

However, where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the principal outstanding on the NCDs.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per NCD for all Categories of Debenture Holders.

**Option III**

<b>Company</b>	<b>Muthootu Mini Financiers Limited</b>
<b>Face Value</b>	₹1,000
<b>Issue opening Date/ Date of Allotment (tentative)</b>	July 16, 2015 / August 21, 2015
<b>Tenure</b>	36 months
<b>Coupon (%) for Debenture Holders in Category I,II,III</b>	11.25%
<b>Coupon (%) for Existing Debenture Holders, Ex-servicemen and Senior Citizen</b>	11.50%
<b>Frequency of the Interest Payment with specified dates starting from date of allotment</b>	Monthly
<b>Day Count Convention</b>	Actual / Actual

Category of Debenture Holder	Cash flow	Date of interest/ redemption payment	No. of days in Coupon/ maturity period	Amount (in ₹)	Amount (in ₹)*
Category I, II and III	1st coupon	Thursday, October 1, 2015	42	12.91	13.20
	2nd coupon	Monday, November 2, 2015	32	9.84	10.05
	3rd coupon	Tuesday, December 1, 2015	29	8.91	9.11
	4th coupon	Friday, January 1, 2016	31	9.53	9.74
	5th coupon	Monday, February 1, 2016	31	9.53	9.74
	6th coupon	Tuesday, March 1, 2016	29	8.91	9.11
	7th coupon	Friday, April 1, 2016	31	9.53	9.74
	8th coupon	Monday, May 2, 2016	31	9.55	9.77
	9th coupon	Wednesday, June 1, 2016	30	9.25	9.45
	10th coupon	Friday, July 1, 2016	30	9.25	9.45
	11th coupon	Monday, August 1, 2016	31	9.55	9.77
	12th coupon	Thursday, September 1, 2016	31	9.55	9.77
	13th coupon	Saturday, October 1, 2016	30	9.25	9.45
	14th coupon	Tuesday, November 1, 2016	31	9.55	9.77
	15th coupon	Thursday, December 1, 2016	30	9.25	9.45
	16th coupon	Monday, January 2, 2017	32	9.86	10.08
	17th coupon	Wednesday, February 1, 2017	30	9.25	9.45
	18th coupon	Wednesday, March 1, 2017	28	8.63	8.82



Category of Debenture Holder	Cash flow	Date of interest/ redemption payment	No. of days in Coupon/ maturity period	Amount (in ₹)	Amount (in ₹)*
	19th coupon	Saturday, April 1, 2017	31	9.55	9.77
	20th coupon	Monday, May 1, 2017	30	9.25	9.45
	21st coupon	Thursday, June 1, 2017	31	9.55	9.77
	22nd coupon	Saturday, July 1, 2017	30	9.25	9.45
	23rd coupon	Tuesday, August 1, 2017	31	9.55	9.77
	24th coupon	Friday, September 1, 2017	31	9.55	9.77
	25th coupon	Tuesday, October 3, 2017	32	9.86	10.08
	26th coupon	Wednesday, November 1, 2017	29	8.94	9.14
	27th coupon	Friday, December 1, 2017	30	9.25	9.45
	28th coupon	Monday, January 1, 2018	31	9.55	9.77
	29th coupon	Thursday, February 1, 2018	31	9.55	9.77
	30th coupon	Thursday, March 1, 2018	28	8.63	8.82
	31st coupon	Monday, April 2, 2018	32	9.86	10.08
	32nd coupon	Wednesday, May 2, 2018	30	9.25	9.45
	33rd coupon	Saturday, June 2, 2018	31	9.55	9.77
	34th coupon	Monday, July 2, 2018	30	9.25	9.45
	35th coupon	Thursday, August 2, 2018	31	9.55	9.77
	36th coupon	Monday, August 20, 2018	18	5.55	5.67
	<b>Principal/ Maturity value</b>	<b>Monday, August 20, 2018</b>		<b>1,000.00</b>	<b>1,000.00</b>

\*comprising of Existing Debenture Holders, ex-servicemen and senior citizens

#### Option IV

Company	Muthoottu Mini Financiers Limited
Face Value	₹1,000
Issue opening Date/ Date of Allotment (tentative)	July 16, 2015 / August 21, 2015
Tenure	36 months
Coupon (%) for Debenture Holders in Category I,II,III	11.50%
Coupon (%) for Existing Debenture Holders, Ex-servicemen and Senior Citizen	11.75%
Frequency of the Interest Payment with specified dates starting from date of allotment	Yearly
Day Count Convention	Actual / Actual

Category of Debenture Holder	Cash flow	Date of interest/ redemption payment*	No. of days in Coupon/ maturity period*	Amount (in ₹)	Amount (in ₹)*
Category I,II and III	1 <sup>st</sup> coupon	Saturday, August 20, 2016	366	115.00	117.50
	2 <sup>nd</sup> coupon	Monday, August 21, 2017	366	115.32	117.82
	3 <sup>rd</sup> coupon	Monday, August 20, 2018	364	114.68	117.18
	<b>Principal/ Maturity value</b>	<b>Monday, August 20, 2018</b>		<b>1,000.00</b>	<b>1,000.00</b>

\*comprising of Existing Debenture Holders, ex-servicemen and senior citizens

**Muthootu Mini Financiers Limited**
**Option VII**

<b>Company</b>	<b>Muthootu Mini Financiers Limited</b>
<b>Face Value</b>	₹1,000
<b>Issue opening Date/ Date of Allotment (tentative)</b>	July 16, 2015 / August 21, 2015
<b>Tenure</b>	72 months
<b>Redemption amount for Debenture Holders in Category I, II,III</b>	12.25%
<b>Redemption amount for Existing Debenture Holders, Ex-servicemen and Senior Citizen</b>	12.25%
<b>Frequency of the Interest Payment with specified dates starting from date of allotment</b>	Cumulative
<b>Day Count Convention</b>	Actual / Actual

<b>Category of Debenture Holder</b>	<b>Cash flow</b>	<b>Date of interest/ redemption payment*</b>	<b>No. of days in Coupon/ maturity period*</b>	<b>Amount (in ₹)</b>	<b>Amount (in ₹)*</b>
Category I, II, III	Principal/ Maturity value	Friday, August 20, 2021	2192	2,000.00	2,000.00

*\*comprising of Existing Debenture Holders, ex-servicemen and senior citizen*

**NOTES**

1. Effect of public holidays has been ignored as these are difficult to ascertain for future period.
2. If the interest payment date is falling on a Sunday, the next day has been considered as the effective interest payment date.
3. Deemed date of allotment has been assumed to be Friday, August 21, 2015.
4. The last coupon payment will be paid along with maturity amount at the redemption date.
5. The number of days in a leap year has been taken as 366 and all other case it has been taken as 365.

**ANNEXURE II - RATING RATIONALE**

Please turnover for the rationale.

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**CARE/CRO/RR/2015-16/1024**

**Mr. Anoop T Jacob,**  
Chief Financial Officer,  
**Muthootu Mini Financiers Limited,**  
Mini Muthootu Tech Towers,  
Kaloor, Ernakulam – 682017

June 17, 2015

Dear Sir,

**Credit rating of proposed Non-Convertible Debenture issue for Rs.250 crore**


Please refer to our letter dated **June 17, 2015** on the above subject.

2. The rationale for the rating is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our monthly journal, 'CAREVIEW'.
3. A write-up (brief rationale) on the above rating is proposed to be issued to the press shortly. A draft of this is enclosed for your perusal as **Annexure - II**.
4. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by **June 18, 2015**, we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

  
**P. Edwin Irudayaraj**  
Deputy Manager

Encl: As above

**CREDIT ANALYSIS & RESEARCH LTD.**

**Annexure I**  
**Rating Rationale**  
**Muthoottu Mini Financiers Limited**

**Ratings**

Facilities/Instruments		Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Non-Convertible issue : (Proposed)	Debenture	250	<b>CARE BBB- [Triple B Minus]</b>	Assigned

**Rating Rationale**

*The rating assigned to the proposed Non-Convertible Debenture issue of Muthoottu Mini Financiers Limited (MMFL) factors in account continuous improvement in capital adequacy in the past three financial years ended March 2015, improvement in compliance levels during the same period and significant changes in resource profile resulting from reduction in dependence on privately placed NCDs. The rating also considers strong brand recognition of the group and long track record of the promoters in the gold loan business.*

*The rating continues to be constrained by moderate resource profile, concentration in a single asset class which is exposed to market risk related to gold, geographical concentration of loan portfolio and intense competition in the gold loan business. The rating also takes note of moderation in asset quality and profitability during FY15.*

*Going forward, the ability of the company to maintain its capital adequacy levels, improve its asset profile and profitability levels while increasing scale of operations, diversify its resource profile while improving regulatory compliance and any change in the regulatory scenario are the key rating sensitivities.*

**Background**

Muthoottu Mini Financiers Limited (MMFL) was incorporated on March 18, 1998 and was operating as an investment company for other group entities till FY06. MMFL started gold loan advances from FY07 and undertook rapid branch expansion from FY09 onwards. As on March 31, 2015, the company had a loan portfolio of Rs.1,776 crore and operates through 1,022 branches across Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, Goa, Delhi, Mumbai, Uttar Pradesh, Haryana and Pondicherry. Gold loans constitute around 99% of the loan portfolio as on March 31, 2015. MMFL also operates as an agent of several Money Transfer Services like Western Union, Express Money and Transfast. The company is also engaged in sale of insurance products.

**Credit Risk Assessment**

**Strong brand value and experienced promoters**

The 'Muthoottu Mini' group has been in the gold loan business for several decades and has consequently established a strong brand value in the market. MMFL started gold loan business in FY07. Over the years, the

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

company has expanded its branch network across India. Promoters of the group have rich experience in gold loan business and day-to-day operations are looked after by a team of professionals who have extensive experience in banking and finance.

#### ***Adequate risk management systems***

MMFL has put in place the strong appraisal systems including the evaluation of the gold. Several tests for checking spurious gold including touchstone test, nitric acid test and sound test are conducted by trained staff in the branches. The company has implemented systems for ensuring the gold security and reducing the custodial risks, including highly secured vaults with dual key control and insurance. Further, surveillance cameras have been installed in all its branches to enhance security of assets, with 24X7 recording of events in the branches and their strong-rooms. It also has internal audit system wherein the gold auditors inspect the branches on a regular basis. All the branches of the company are subject to regular internal audit, atleast once in four months, in some regions and more frequently in others. On such visits, the auditors verify all gold ornaments pledged after the previous audit and randomly verify packets already verified. Vigilance Managers are required to visit every branch at irregular intervals to conduct random verification of gold ornaments pledged as well as compliance with company procedures.

#### ***Continuous improvement in capital adequacy levels***

During FY14, promoters and group companies have infused fresh capital of Rs.50 crore, to strengthen Capital Adequacy Ratio (CAR). Consequent to infusion of equity, CAR improved from 16.63% as on March 31, 2013 to 20.34% as on March 31, 2014. Further, the company has mobilized sub-ordinated debt amounting to Rs.121.06 crore during FY15. Consequently, CAR has improved further to 28.75% as on March 31, 2015. Tier I CAR stood at 22.16% as on the same date.

#### ***Reduction in dependence on privately placed NCDs***

The resource profile of MMFL is concentrated and entirely consists of NCDs and bank borrowings. Amount of retail NCDs outstanding as on March 2013 was Rs.1,473 crore (87% of the total debt) as against Rs.1,387 crore (75% of total debt) as on March 31, 2014. The company has redeemed Rs.865 crore NCDs during FY15. Redemption of NCDs matured in FY15 was met through funds raised by way of three public issue aggregating Rs.714 crore. Consequent to redemption of NCDs, the amount of privately placed NCDs outstanding as on March 31, 2015 reduced to Rs.523 crore (34% of total borrowings) as on March 31, 2015. The company has raised further Rs.249 crore through fourth NCD public issue in April 2015 and has planned for few more public issues of NCDs in FY16. In view of the above, the dependence on privately placed NCDs would further come down in the medium term.

However, timely mobilization of funds is a key for maintaining liquidity position.

### ***Moderation in profitability in FY15***

During FY15, the total income witnessed stagnant growth due to moderation in loan portfolio. The loan portfolio declined from Rs.1,866 crore as on March 31, 2014 to Rs.1,776 crore as on March 31, 2015. The moderation in loan portfolio is on account of change in LTV norms set by RBI, standardization of valuation of gold jewellery and competition from other NBFCs/Banks. With increase in interest cost on account of mobilization of funds through public issue and issue related expenses due to NCD issuances, PAT declined to Rs.18 crore during FY15 as against Rs.34 crore in FY14. ROTA moderated to 0.86% as on March 31, 2015 from 1.54% as on March 31, 2014. On redemption of retail NCDs the company's total debt decreased to Rs.1,534 crore as on March 31, 2015 from Rs.1,854 crore as on March 31, 2014. On account of the above, overall gearing stands at 3.49x times as on March 31, 2015 as against 4.40x times as on March 31, 2014.

### ***Moderation in asset quality***

The loans are backed by the gold jewelry that is a liquid and safe security. The company's portfolio consists of loans with an average ticket size of Rs.30,000. The loans are for a period of up to one year. The loans have a bullet payment including the principal and the interest at the end of the loan tenure. In case the borrowers fail to repay the loans within the stipulated time period, the company reserves the right to auction the gold jewelry kept as security. GNPA and NNPA have moderated to 1.84% and 1.50% as on March 31, 2015 as against 0.71% and 0.50% as on March 31, 2014. In order to contain NPA levels and improve the interest collection, the company has introduced new short tenor schemes like EMI scheme, small value item scheme and HNI gold loan scheme. All the above schemes are intended to recover the interest on monthly basis and principal within the shorter tenure.

### ***High product concentration***

The company earns a major portion of the income from the lending of loans against the gold jewelry. The income from the other products and the fee-based services forms the rest. Though the risk is mitigated to an extent as the loans are backed by gold jewelry which is highly liquid in nature, the company is exposed to a price risk associated with the gold which could have a bearing on the full recoverability of the interest portion and, in case of a precipitous fall in Gold prices, of its principal, as well. As on March 31, 2015, gold loans accounted for 99% of the loan portfolio and rest constitutes personal loans.

### ***High geographical concentration***

Of the total loan portfolio of Rs.1,866 crore as on March 31, 2014, Tamil Nadu (43%), Kerala (43%), and Karnataka (14%) accounted for the majority of the gold loan portfolio. During FY14, the share of TN has dropped to 43% as against 56% in FY13 on account of conscious decision of the management to lower the rate per gram disbursements, in TN on account of poor quality of gold. This is also in line with the guidelines issued by the RBI.

The company has been making consistent efforts to increase its presence in the other parts of the country by way



of expanding the branch network and addition of new branches in the other geographies, which is now subject to the RBI's approval.

#### ***Inter-se competition in the gold loan business***

The NBFC sector plays an important role in broadening the access to the financial services and represents a heterogeneous group of companies separated by their type of activity, organizational structure, size and portfolio-mix. The gold loan financing NBFCs have increased their scale of operations substantially during the last decade with a high double-digit growth witnessed by the leading players. The high growth achieved by the gold loan companies in a short term has led to a slew of regulations from the RBI which may impact the business volumes in the near term. Geographically, the gold loan financing industry is predominantly placed in the southern India, with an active interest of both the South India-based banks and the large NBFCs, operating out of this region. While the companies are gradually increasing their operations to the other parts of India, southern India is expected to remain as the primary market for gold loans.

#### ***Prospects***

RBI has imposed stringent regulatory norms for gold loan NBFCs by removing the priority sector status for the gold loan NBFCs, capping the bank's exposure to the gold loan NBFCs from 10% to 7.5% of the bank's net owned funds and bringing in LTV cap of 60% against the pledged gold jewelry. However, during January 2014, RBI has relaxed the LTV cap to 75% as against 60% earlier. Furthermore, RBI also capped LTV at 75% for gold loans extended by banks and standardized the valuation of gold jewelry in similar lines with the NBFCs, thereby creating parity between the NBFCs & banks. This would be favorable for the growth prospects of gold loan company in the long term. The regulations on standardization of valuation of gold jewelry and operational guidelines for the auction of the gold jewelry may impact the profitability of the company in the near term. However, these guidelines would promote orderly growth and maintain the asset quality in the long term. Going forward, the ability of the company to maintain its capital adequacy levels, improve its asset profile and profitability levels while increasing scale of operations, diversify its resource profile while improving regulatory compliance and any change in the regulatory scenario are the key rating sensitivities.

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**Financial Performance**

(Rs. crore)

As on / Year ended March 31	2013 (12m, A)	2014 (12m,A)	2015 (12m,A)
<b>Working Results</b>			
Interest Income	341.3	352.1	351.0
Total Income	342.6	353.7	352.7
Operating Expenses	95.2	114.4	107.6
Total Provision / Write offs	3.4	1.4	3.4
Depreciation	8.0	14.5	14.4
Interest expenses	165.8	177.9	197.0
PBT	70.2	47.1	29.7
PAT	47.3	33.6	18.5
<b>Financial Position</b>			
Tangible Net worth	312.3	421.0	439.4
Total Borrowings	1,690.6	1,854.0	1534.0
Total Loan Portfolio	1,836.6	1,866.0	1775.9
Total Assets	2,085.3	2,295.0	2016.2
<b>Key Ratios (%)</b>			
<b>Solvency</b>			
Overall Gearing (times)	5.41	4.40	3.49
Capital Adequacy Ratio (CAR) (%)	16.62	20.84	28.75
Tier I CAR (%)	15.74	20.48	22.16
Interest Coverage (times)	1.43	1.25	1.15
<b>Profitability</b>			
Net Interest Margin	10.46	7.95	7.15
Return on Total Assets (ROTA)	2.82	1.54	0.86
Operating expenses to Total Assets	5.67	5.89	5.66
<b>Asset Quality</b>			
Gross NPA Ratio	0.36	0.71	1.84
Net NPA Ratio	0.29	0.50	1.50
Net NPA to Net worth (%)	1.69	2.21	5.96

A - Audited

Note: Ratios have been computed based on average of annual opening and closing balances

NIM has been calculated as net interest income/ average annual total assets

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

**Annexure II**  
**Brief Rationale**  
**CARE assigns 'CARE BBB-' rating to the Non-Convertible Debenture issue of**  
**Muthoot Mini Financiers Limited**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Non-Convertible Debenture issue: (Proposed)	250	CARE BBB- [Triple B Minus]	Assigned

**Rating Rationale**

*The rating assigned to the proposed Non-Convertible Debenture issue of Muthoot Mini Financiers Limited (MMFL) factors in account continuous improvement in capital adequacy in the past three financial years ended March 2015, improvement in compliance levels during the same period and significant changes in resource profile resulting from reduction in dependence on privately placed NCDs. The rating also considers strong brand recognition of the group and long track record of the promoters in the gold loan business.*

*The rating continues to be constrained by moderate resource profile, concentration in a single asset class which is exposed to market risk related to gold, geographical concentration of loan portfolio and intense competition in the gold loan business. The rating also takes note of moderation in asset quality and profitability during FY15.*

*Going forward, the ability of the company to maintain its capital adequacy levels, improve its asset profile and profitability levels while increasing scale of operations, diversify its resource profile while improving regulatory compliance and any change in the regulatory scenario are the key rating sensitivities.*

**Background**

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During FY15, the company reported PAT of Rs.18.5 crore on a total income of Rs.352.7 crore as against PAT of Rs.33.6 crore on a total income of Rs.353.7 crore in FY14. The company had a loan portfolio of Rs.1,776 crore as on March 31, 2015 as against loan portfolio of Rs.1,866 crore as on March 31, 2014. CAR stood at 28.75% and Tier I CAR at 22.16% as on March 31, 2015.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**Analyst Contact**

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*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

**Disclaimer**

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