

MUTHOOTTU MINI FINANCIERS LIMITED

Muthoottu Mini Financiers Limited ("our Company" or the "Company" or the "Issuer") was originally incorporated as 'Muthoottu Mini Financiers Private Limited', a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated March 18, 1998 issued by Registrar of Companies, Kerala and Lakshadweep ("RoC"). Pursuant to a special resolution passed in the general meeting of our Shareholders held on September 14, 2013, our Company was converted into a public limited company and a fresh certificate of incorporation was issued by the RoC on November 27, 2013, and our name was changed to 'Muthoottu Mini Financiers Limited'. Our Company holds a certificate of registration dated April 13, 2002 bearing registration number N-16.00175 issued by the Reserve Bank of India ("RBI") to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934, Pursuant to the name change of our Company, a fresh certificate of registration dated January 1, 2014, was issued by RBI. For further details about our Company, see "History and Certain Other Corporate Matters" on page 99.

Corporate Identification Number: U65910KL1998PLC012154

Registered Office: 2/994, Muthoottu Buildings, Kozhencherry, Pathanamthitta – 689 641, Kerala, India; Tel: +91 468 231 4391; Fax: +91 468 231 4390

Corporate Office: Muthoottu Royal Towers, Kaloor, Cochin - 682 017, Kerala, India; Tel: +91 484 291 2100; Fax: +91 484 291 2127

Compliance Officer and Contact Person: Smitha K. S.; Tel: +91 484 291 2178; Fax: +91 484 291 2127 E-mail: cs@minimuthoottu.com; Website: www.muthoottumini.com

PUBLIC ISSUE BY OUR COMPANY OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹1,000 EACH ("NCDS"), AGGREGATING UP TO ₹10,000 LAKHS (HEREINAFTER REFERRED TO AS THE "BASE ISSUE"), WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹10,000 LAKHS, AGGREGATING UP TO ₹20,000 LAKHS (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED, AND THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.

OUR PROMOTERS

Our Promoters are Nizzy Mathew and Mathew Muthoottu. For further details see, "Our Promoters" on page 108.

GENERAL RISKS

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 page 15 and "Material Developments" on page 149, before making an investment in this Issue. This Prospectus has not been and will not be approved by any regulatory authority in India, including the RBI, the Securities and Exchange Board of India ("SEBI"), the RoC 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 'IND BBB-/Stable' by India Ratings & Research Private Limited for an amount of up to ₹ 20,000 lakhs vide its rationale dated August 14, 2018. The rating of the NCDs by India Ratings & Research Private Limited indicate that 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 India Ratings & Research Private Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold securities and Investors should take their own decisions. Please refer to Annexure II for the rationale for the above rating.

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

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount and eligible Investors of the NCDs, please see "Issue Structure" on page 161.

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 its letter dated March 7, 2019. 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 to be kept open for public comments for a period of 7 (seven) Working Days, i.e., until 5:00 pm on March 7, 2019.

LEAD MANAGER TO THE ISSUE

DEBENTURE TRUSTEE*





VIVRO FINANCIAL SERVICES PRIVATE LIMITED 607/608 Marathon Icon, Opp. Peninsula Corporate Park Off. Ganpatrao Kadam Marg Veer Santaji Lane, Lower Parel

Mumbai - 400 013, Maharashtra, India Tel: +91 22 6666 8040/41/42 Fax: +91 22 6666 8047 Email: mmfl@vivro.net Investor Grievance Email: investors@vivro.net Website: www.vivro.net Contact Person/Compliance Officer: Jayesh Vithlani SEBI Registration Number: INM000010122

ISSUE OPENS ON MARCH 18, 2019

VISTRA ITCI

VISTRA ITCL (INDIA) LIMITED

The IL&FS Financial Center Plot No. C - 22, G Block Bandra Kurla Complex Bandra (East), Mumbai - 400 051 Maharashtra, India Tel: +91 22 2659 3333 Fax: +91 22 2653 3297 Email: itclcomplianceofficer@vistra.com Website: www.vistraitcl.com Investor Grievance Email: investorgrievancesitcl@vistra.com Contact Person: Jatin Chonani SEBI Registration Number: IND000000578

Vikhroli (West) Mumbai - 400 083 Maharashtra, India Tel: +91 22 4918 6200 Fax: +91 22 4918 6195 Email: mmfl.ncd2019@linkintime.co.in Investor Grievance Email: mmfl.ncd2019@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration Number: INR000004058

ISSUE PROGRAMME

ISSUE CLOSES ON APRIL 16, 2019**

*Vistra ITCL (India) Limited, by its letter dated November 29, 2018, has 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 38.

**The subscription list for the Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m., 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 at the discretion of the Board or the Debenture Committee, as the case maybe, 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 or the initial Issue Closing Date through advertisement/s in a leading national daily newspaper. For further details, please refer to "General Information - Issue Programme" on page 42.

A copy of this 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, Public Issue Account Bank, 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 RoC, in terms of Section 26 of the Companies Act, 2013 along with the requisite endorsed/certified copies of all requisite documents. For further details, please see "Material Contracts and Documents for Inspection" beginning on page 256.

LINK INTIME INDIA PRIVATE LIMITED

C-101, 1st Floor, 247 Park L.B.S. Marg

TABLE OF CONTENTS

SECTION I - GENERAL	2
DEFINITIONS AND ABBREVIATIONS	2
PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION	11
FORWARD LOOKING STATEMENTS	13
SECTION II - RISK FACTORS	15
SECTION III – INTRODUCTION	36
GENERAL INFORMATION	36
CAPITAL STRUCTURE	44
STATEMENT OF TAX BENEFITS	54
OBJECTS OF THE ISSUE	61
SECTION IV - ABOUT OUR COMPANY	64
INDUSTRY OVERVIEW	64
OUR BUSINESS	83
HISTORY AND CERTAIN OTHER CORPORATE MATTERS	99
OUR MANAGEMENT	101
OUR PROMOTERS	108
RELATED PARTY TRANSACTIONS	110
SECTION V - FINANCIAL INFORMATION	111
FINANCIAL STATEMENTS	111
MATERIAL DEVELOPMENTS	149
FINANCIAL INDEBTEDNESS	150
SECTION VI – ISSUE RELATED INFORMATION	161
ISSUE STRUCTURE	161
TERMS OF THE ISSUE	166
ISSUE PROCEDURE	179
SECTION VII - LEGAL AND OTHER INFORMATION	203
OUTSTANDING LITIGATIONS	203
OTHER REGULATORY AND STATUTORY DISCLOSURES	215
KEY REGULATIONS AND POLICIES	225
SECTION VIII - SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION	236
SECTION IX -OTHER INFORMATION	256
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	256
DECLARATION	258
ANNEXURE I- DAY COUNT CONVENTION	259
ANNEXURE II - RATING RATIONALE	261

SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Prospectus to "Issuer", "our Company", "Company" or "MMFL" are to Muthoottu Mini Financiers Limited, a company incorporated under the Companies Act, 1956, registered as non-deposit taking systemically important non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934. The Registered Office is situated at 2/994, Muthoottu Buildings, Kozhencherry, Pathanamthitta – 689 641, Kerala, India.

Unless specified elsewhere or the context otherwise indicates, all references in this Prospectus to "we" or "us" or "our" are to our Company.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Prospectus, and references to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended from time to time.

Term	Description
AoA/Articles/Articles of Association	Articles of Association of our Company, as amended from time to time
Auditor/Statutory Auditor	Vishnu Rajendran & Co.
Board/Board of Directors	Board of directors of our Company or any duly constituted committee thereof
Company Secretary	The company secretary of our Company, i.e. Smitha K. S.
Compliance Officer	The compliance officer of our Company appointed in relation to this Issue, i.e. Smitha K. S.
Corporate Office	The corporate office of our Company, situated at Muthoottu Royal Towers, Kaloor, Cochin – 682 017, Kerala, India
Debenture Committee	The committee of the Board of Directors of the Company constituted for the purposes of, <i>inter alia</i> , issuance of debentures of the Company. For further details, see " <i>Our Management</i> " on page 101
Equity Shares	Equity shares of face value of ₹100 each of our Company
KMP/Key Managerial Personnel	The key managerial personnel of our Company in accordance with the provisions of the Companies Act, 2013. For details, see " <i>Our Management</i> " on page 101
Group Companies/Muthoottu Mini Group	Muthoottu Mini Theatres Private Limited, Muthoottu Mini Hotels Private Limited, Mini Muthoottu Credit India Private Limited, Mini Muthoottu Nirman & Real Estate Private Limited, Kandamath Cine Enterprises Private Limited, Kozhencherry MM Financial Services Private Limited, R M M Properties India Private Limited, Kozhencherry Properties India Private Limited, Mini Muthoottu Nidhi (Kerala) Limited, Muthoottu Mini Nidhi Limited and Cochin Mini Muthoottu Nidhi Limited
Limited Review Financial Statements	The unaudited interim financial statements of our Company for the six-month period ending on September 30, 2018, comprising of the balance sheet as at September 30, 2018, the related statement of profit and loss and the statement of cash flows for the six months period ending on September 30, 2018
Limited Review Report	Report dated November 12, 2018 on the Limited Review Financial Statements, prepared by the Statutory Auditor
Loan Assets	Assets under financing activities
Memorandum/MoA/Memorandum of Association	Memorandum of association of our Company, as amended from time to time
NBFC	Non-banking financial company as defined under Section 45-IA of the RBI Act, 1934
Promoters	Nizzy Mathew and Mathew Muthoottu
Reformatted Standalone Financial Statements/Reformatted Financial Statements	The reformatted standalone statement of assets and liabilities as at March 31, 2018, March 31, 2017. March 31, 2016, March 31, 2015 and March 31, 2014, and the schedules forming part thereof; reformatted standalone statement of profits and losses for each of the years March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, and the schedules forming part

Company Related Terms

Term	Description
	thereof, and the reformatted standalone statement of cash flows for each of the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014
	The audited financial statements of the Company as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014form the basis for such Reformatted Financial Statements
Reformatted Financial Report	The report dated January 31, 2019 on the Reformatted Financial Statements, prepared by the Statutory Auditor
Registered Office	The registered office of our Company is situated at 2/994, Muthoottu Buildings, Kozhencherry, Pathanamthitta – 689 641, Kerala, India
Risk Management Committee	The committee of the Board of Directors of the Company constituted for the purposes of, <i>inter alia</i> , to assist the Board in the execution of its risk management accountabilities. For further details, see " <i>Our Management</i> " on page 101
RoC	Registrar of Companies, Kerala and Lakshadweep
Shareholders	The shareholders of our Company

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of this Prospectus
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
Allot/Allotment/Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue
Allottee	The successful Applicant to whom the NCDs are being/have been Allotted pursuant to the Issue
Applicant/Investor	Any prospective applicant who makes an Application pursuant to this Prospectus and the Application Form
Application/ ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account which will be considered as the application for Allotment in terms of this Prospectus
Application Amount	The aggregate value of NCDs applied for, as indicated in the Application Form for the Issue
Application Form/ ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process and which will be considered as the Application for Allotment of NCDs and in terms of this Prospectus
Application Supported by Blocked Amount/ASBA	The Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorising the SCSB to block the Application Amount in the specified bank account maintained with such SCSB
ASBA Account	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form by an ASBA Applicant
Base Issue	₹10,000 lakhs
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in "Issue Procedure – Basis of Allotment" on page 196
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms to a Trading Member. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchange
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

Term	Description
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for registered brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs
Collecting Depository Participants/CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the Debt Application Circular
Collecting Registrar and Share Transfer Agents/CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the Debt Application Circular
Credit Rating Agency/India Ratings	For the present Issue, the credit rating agency being, India Ratings & Research Private Limited
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with this Prospectus. For further details, see " <i>Issue Structure</i> " on page 161
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the NCDs issued under the Issue
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated February 25, 2019 entered into between our Company and the Debenture Trustee
Debentures/NCDs	Secured, redeemable, non-convertible debentures issued pursuant to the Issue
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date as may be determined by the Board or Debenture Committee, and notified to the Stock 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
Debt Application Circular	Circular No. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012 as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI
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 and/or Central Depository Services (India) 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 https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time
Designated CDP Locations	Such centres of the Collecting Depository Participants where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the website of the Stock Exchange and updated from time to time
Designated Date	The date on which the Registrar to the Issue issues instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account in terms of this Prospectus and the Public Issue Account Agreement and following which the Board, shall Allot the NCDs to the successful Applicants
Designated Intermediaries	The Members of the Syndicate, SCSBs, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Designated Stock Exchange/DSE	BSE Limited
Designated RTA Locations	Such centres of the CRTAs where Applicants can submit the Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the website of the Stock Exchange (www.bseindia.com) and updated from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act

Term	Description
Direct Online Application	The application made using an online interface enabling direct application by Investors to a public issue of their debt securities with an online payment facility through a recognised stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialised form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange
Draft Prospectus	The Draft Prospectus dated February 26, 2019 filed with the Designated Stock Exchange and with SEBI for receiving public comments, in accordance with the provisions of the Companies Act, 2013, as applicable and the SEBI Debt Regulations
Existing Secured Creditors	The South Indian Bank Limited, Union Bank of India, Dhanlaxmi Bank Limited, Oriental Bank of Commerce, State Bank of India, Andhra Bank, IndusInd Bank Limited, the debenture holders of the privately placed secured non-convertible debentures and debenture holders of the secured non-convertible debentures issued by way of public issues
Fugitive Economic Offender	Fugitive economic offender means an individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
Interest Payment Date / Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment specified in this Prospectus. Please see "Issue Structure – Interest and Payment of Interest" on page 164
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 under Section 2(72) of the Companies Act 2013, 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 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, systemically important non-banking financial companies, 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 IRDAI, 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 by our Company of NCDs aggregating up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs, on the terms and in the manner set forth herein
Issue Closing Date	April 16, 2019
Issue Opening Date	March 18, 2019
Issue Size	Public issue by our Company of NCDs aggregating up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs
Lead Manager	Vivro Financial Services Private Limited
Market Lot	1 (one) NCD
Maturity Amount	In respect of NCDs Allotted to NCD 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 pursuant to this Issue and whose name appears on the beneficial owners list provided by the Depositories
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 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 authorised 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

Term	Description
	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 lakhs
Prospectus	This Prospectus dated March 12, 2019 to be filed with the RoC in accordance with the SEBI Debt Regulations, containing <i>inter alia</i> the Coupon Rate for the NCDs and certain other information
Public Issue Account	Account(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs on the Designated Date
Public Issue Account Bank	HDFC Bank Limited
Public Issue Account Agreement	Agreement dated March 11, 2019 entered into amongst our Company, the Registrar, the Public Issue Account Bank, the Refund Bank and the Lead Manager for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 Working 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
Refund Account	Date Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in this Prospectus
Refund Bank	HDFC Bank Limited
Registrar to the Issue/Registrar	Link Intime India Private Limited
Register of NCD Holders	The statutory register in connection with any NCDs which are held in physical form on account of rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Companies Act
RTAs/ Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue at the Designated RTA Locations
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 https://www.sebi.gov.in 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 https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time
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 ranking pari passu charge with Existing Secured Creditors, on current assets, including book debts, loans and advances, cash and bank balances (not including reserves created in accordance with law) and receivables, both present and future of the Company
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form
Stock Exchange	BSE Limited
Syndicate ASBA	Applications through the Designated Intermediaries

Term	Description
Syndicate ASBA Application Locations	Collection centers where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in and at such other websites as may be prescribed by SEBI from time to time
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 https://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
Tenor	Tenor shall mean the tenor of the NCDs as specified in this Prospectus
Trading Member(s)	Individuals or companies registered with SEBI as "trading member(s)" 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
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
Tripartite Agreement(s)	Agreements as entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company
Trustee/Debenture Trustee	Trustee for the holders of the NCDs, in this case being Vistra ITCL (India) Limited
Wilful Defaulter	A person who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes an issuer whose director or promoter is categorised as such
Working Days	All days excluding Sundays or a holiday of commercial banks in Mumbai and/or Cochin, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closing Date to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018, however, with reference to payment of interest/redemption amount of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai

Business/Industry Related Terms

Term	Description
ALM	Asset Liability Management
ALCO	Asset Liability Committee
AUM	Asset Under Management
CRAR	Capital-To-Risk-Weighted Assets Ratio
DPN	Demand Promissory Note
EMI	Equated Monthly Instalments
FIR	First Information Report
Gross Spread	Yield on the average minus the cost of funds
HFC	Housing Finance Company
IMF	International Monetary Fund
IND AS	Indian Accounting Standards
IRR	IRR Advisory Services Private Limited
IRR Report	Report titled "Gold Loan Industry in India-2018", dated December 12, 2018,

Term	Description
	prepared and issued by IRR Advisory Services Private Limited
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
Loan Book	Outstanding loans net of provisions made for NPAs
LTV	Loan to value
Master Directions	RBI's Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended
NAV	Net Asset Value
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, i.e. a non-banking financial company not accepting / holding public deposits and having total assets of ₹50,000 lakhs and above as per the last audited balance sheet
NOF	Net Owned Fund
NPA	Non-performing asset
Public Issue 1	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹19,559 lakhs pursuant to the prospectus dated February 12, 2014
Public Issue 2	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,963 lakhs pursuant to the prospectus dated July 7, 2014
Public Issue 3	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹26,913 lakhs pursuant to the prospectus dated September 23, 2014
Public Issue 4	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,909 lakhs pursuant to the prospectus dated February 18, 2015
Public Issue 5	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹22,827 lakhs pursuant to the prospectus dated July 10, 2015
Public Issue 6	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,401 lakhs pursuant to the prospectus dated December 21, 2015
SME	Small and medium enterprises
Tier I Capital	Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; 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:
	(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 (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets;

Term	Description
	(d) hybrid debt capital instruments;
	(e) subordinated debt; and
	(f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I Capital
WGC	World Gold Council

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual general meeting
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
CGST Act	Central Goods and Services Tax Act, 2017
Cr.P.C	Code of Criminal Procedure, 1973
Companies Act, 1956	The Companies Act, 1956 to the extent in force, repealed as of January 30, 2019
Companies Act/Companies Act 2013	The Companies Act, 2013 read with rules framed by the Government of India from time to time
DIN	Director identification number
DTH	Direct to home
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, 2017
FPI	Foreign Institutional Investors defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as repealed by Foreign Portfolio Investors defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014
Financial Year/FY/Fiscal	Financial year ending March 31
GDP	Gross domestic product
GoI	Government of India
G-Sec	Government securities
GST	Goods and services tax
HUF	Hindu undivided family
IRDAI	Insurance Regulatory and Development Authority of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IGST Act	Integrated Goods and Services Tax Act, 2017
IND AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
Insurance Act	The Insurance Act, 1938
IT Act	The Income Tax Act, 1961
IT	Information technology

Term	Description
ISD	International subscriber dialling
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
MIS	Management information system
MoU	Memorandum of understanding
NA	Not applicable
NACH	National Automated Clearing House
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
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
SEBI Debt Regulations/ Debt Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2009
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SGST Act	State Goods and Services Tax Act, 2017, as enacted by various state governments
STD	Subscriber trunk dialling
TDS	Tax deducted at source
VOIP	Voice over internet protocol
WDM	Wholesale debt market

Notwithstanding anything contained herein, capitalised terms that have been defined in the chapters titled "*Capital Structure*", "*Key Regulations and Policies*", "*History and Certain Corporate Matters*", "*Statement of Tax Benefits*", "*Our Management*", "*Financial Indebtedness*", "*Outstanding Litigations*", "*Financial Statements*", "*Summary of Main Provisions of the Articles of Association*" and "*Issue Procedure*" on pages 44, 225, 99, 54, 101, 150, 203, 111, 236 and 179, respectively will have the meanings ascribed to them in such chapters.

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

Certain Conventions

In this Prospectus, unless the context otherwise indicates or implies, references to "you," "offeree," "purchaser," "subscriber," "recipient," "investors" and "potential investor" are to the prospective Investors to this Issue, references to "our Company", the "Company" or the "Issuer" are to Muthoottu Mini Financiers Limited.

Unless otherwise stated, references in this Prospectus to a particular year are to the calendar year ended on December 31 and to a particular "fiscal" or "fiscal year" are to the fiscal year ended on March 31.

All references to "India" are to the Republic of India and its territories and possessions, and the "Government", the "Central 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 and the Limited Review Financial Statements are included in this Prospectus along with the examination reports on the Reformatted Summary Financial Statements and the Limited Review Financial Statements, as issued by our Statutory Auditor, Vishnu Rajendran & Co., in the chapter titled *"Financial Statements"* on page 111.

Unless stated otherwise, the financial data in this Prospectus is derived from (i) our audited financial statements, prepared in accordance with Indian GAAP, the applicable provisions of Companies Act, 1956 and the Companies Act 2013 for the Financial Years ended on March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 and (ii) the limited review of the unaudited financial results of our Company for the six month period ended September 30, 2018.

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 legal currency of the Republic of India.

Except where stated otherwise in this Prospectus, all figures have been expressed in 'lakhs'. All references to 'lakhs/lakh' mean '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 and publicly available information. Industry publications and publicly available information 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. Certain information and statistics in relation to the industry in which we operate, which has been included in this Prospectus has been extracted from an industry report titled "*Gold Loan Industry in India-2018*", dated December 12, 2018, prepared and issued by IRR Advisory Services Private Limited ("**IRR Report**"). Please refer to "*Industry Overview*" on page 64 for further details. Following is the disclaimer of IRR Advisory Services Private Limited in relation to the IRR Report:

"This report is prepared by IRR Advisory Services Pvt Ltd (IRR Advisory). IRR Advisory has taken utmost care to ensure accuracy and objectivity while developing this report. IRR Advisory is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that IRR advisory has no financial liability whatsoever to the user of this report. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of IRR Advisory."



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:

- 1. 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;
- 2. Any volatility in interest rates which could cause our Gross Spreads to decline and consequently affect our profitability;
- 3. Changes in the value of Rupee and other currency changes;
- 4. Unanticipated turbulence in interest rates or other rates or prices; the performance of the financial and capital markets in India and globally;
- 5. Changes in political conditions in India;
- 6. The rate of growth of our Loan Assets;
- 7. The outcome of any legal or regulatory proceedings we are or may become a party to;
- 8. 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;
- 9. 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;
- 10. Emergence of new competitors;
- 11. Performance of the Indian debt and equity markets;
- 12. Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
- 13. The performance of the financial markets in India and globally;

14. Volatility in global bullion prices; and

15. Other factors discussed in this Prospectus, including under the chapter titled "*Risk Factors*" on page 15.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the chapters "*Risk Factors*", "*Industry Overview*" and "*Our Business*" on pages 15, 64 and 83, 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 nor the Lead Manager, nor any of its affiliates have 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 the 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 83 and "Financial Statements" on page 111 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 the Limited Review Financial Statements and the Reformatted Financial Statements.

Internal Risk Factors

1. We are in receipt of a show cause notice issued by the RBI. Any adverse action taken against our Company or penalty imposed on our Company by the RBI could adversely affect our business and operations.

Our Company was subjected to RBI's inspection under Section 45N of the RBI Act, from November 7, 2016 to November 18, 2016. Subsequently RBI issued a show cause notice to our Company dated September 28, 2017, bearing reference number DNBS (T) No. 235/02.19.007/2017-18 under Section 58-G of the RBI Act ("SCN"), wherein the RBI observed certain instances of non-compliances by our Company and directed our Company to submit a reply within a period of fifteen days from the receipt of the SCN, showing cause as to why a penalty should not be imposed on our Company. These instances included (i) our Company not reporting all the frauds of ₹1 lakh and above to the Board/Audit Committee; (ii) loans above ₹1 lakh having been disbursed through cash including instances wherein loans above ₹1 lakh were split into multiple loans; (iii) auctioning of pledged gold below the prescribed minimum reserve price; (iv) failure to inform customers about the value fetched in the auction process and adjustments made against outstanding dues; and (v) failure to comply with RBI's instruction in relation to obtaining prior approval of RBI for expansion of branches exceeding 1,000 branches. The SCN also referred to a supervisory letter dated February 15, 2017, response from our Company on which was found to be unsatisfactory to the RBI. Our Company vide its letter dated October 12, 2017 ("Reply"), addressed the concerns raised by RBI vide the SCN and provided a detailed reply to the RBI. Thereafter, RBI issued a letter dated April 16, 2018 in relation to the SCN and the Reply advising our Company to strictly follow, inter alia, the instructions pertaining to the auction process. Any action against our Company or penalty imposed on our Company could have a material adverse impact on our Company's business and reputation.

2. We have been subject to an inspection by the RBI and any adverse action taken could affect our business and operations.

Our Company was subjected to RBI's inspection under Section 45N of the RBI Act, for the financial position as on March 31, 2017. Subsequently, RBI vide a letter dated February 15, 2018 ("Letter"), observed certain supervisory concerns, which inter alia included (a) adherence to applicable guidelines by our Company during the auctioning process of gold; (b) adherence to KYC guidelines; (c) failure to submit compliance in relation to previous inspection report of the RBI; (d) multiple loans being sanctioned to the same borrower; (e) loans above ₹20,000 were issued in cash; (f) the inadequacy of the loan policy of our Company; (g) uploading of credit information; and (h) inadequacy of our Company's MIS and lack of system generated data for inspection. Our Company vide its letter dated March 15, 2018 submitted its detailed response to RBI's Letter. RBI vide letters dated May 21, 2018, July 23, 2018 and September 14, 2018 directed our Company to submit further compliances which were suitably responded to by our Company vide letters dated July 3, 2018, August 7, 2018 and October 22, 2018, respectively. While our Company strives to address all the concerns raised by

RBI in relation to its inspection and observations made thereunder, any adverse action taken by RBI with regard to such inspections could adversely affect our business and operations.

3. We 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 are subject to certain legal proceedings including civil suits, recovery proceedings etc. We incur cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that we shall be successful in any or all of these actions. In the event we 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 few of our employees and third parties in relation to our business operations. Any adverse decision in such proceedings may have a material adverse effect on our business and results of operations. For, further details of the legal proceedings that we are subject to, please refer to the chapter titled "*Outstanding Litigations*" on page 203.

4. We do not own the trademark and we have been authorised to use by one of our Group Companies. Termination or withdrawal on unfavourable terms of this authorisation to use or any negative impact on the 'Muthoottu Mini' brand may adversely affect our business, reputation, goodwill, financial condition and results of operations.

The trademark is registered with the Registrar of Trademarks in India in the name of one of our Group Companies, Mini Muthoottu Nidhi (Kerala) Limited. We have been authorised to use this trademark on a non-exclusive, non-assignable basis by way of letter dated May 2, 2009 ("Letter"). We cannot assure you that we will continue to have uninterrupted use of this trademark, if we are unable to conform to the requirements under the Letter. Further, termination or withdrawal of the permission may adversely affect our business, reputation, goodwill, financial condition and results of operations.

Further, some of the other companies, wherein our Promoters are interested, also use this trademark. If any of the actions of our Promoters or companies in which they hold any interest negatively affect our brand, our reputation, business and financial condition may in turn be adversely affected. Additionally, the logo of our Company, as appearing on the cover page of this Prospectus, has not been registered and we cannot assure you that misuse of the same by any third party shall not be detrimental to our business.

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 are largely dependent upon our timely access to and the costs associated in raising financial resources. Our funding requirements historically have been met from a combination of borrowings such as term loans, working capital limits from banks / financial institutions, issuance of secured and unsecured redeemable non-convertible debentures and subordinated debts. 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.

In case of a global financial crisis, the capital and lending markets typically become highly volatile and access to liquidity becomes significantly reduced. In addition, it may become more difficult to renew loans and facilities as many potential lenders and counterparties could also face liquidity and capital concerns as a result of the stress in the financial markets. If any event of a similar nature and magnitude occurs again in the future, such as the recent liquidity crisis caused on account of debt default by one of the large Indian NBFCs, 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 guideline bearing reference no. DBOD.BP.BC.No. 106/21.04.172/2011-12 dated 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 the Master Directions issued certain guidelines with respect to raising money through private placement by NBFCs in the form of non-convertible debentures. These guidelines include (i) restrictions on the minimum subscription amount for a single investor at ₹20,000; (ii) the issuance of private placement of non-convertible debentures shall be in two separate categories, those with a maximum subscription of less than ₹1 crore and those with a minimum subscription of ₹1 crore per investor; (iii) the restriction of number of investors in an issue to 200 investors for every financial year for a maximum subscription of less than ₹1 crore which shall be fully secured; (iv) there is no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹1 crore and above while the option to create security in favour of subscribers will be with the issuers and such unsecured debentures shall not be treated as public deposits; (v) restriction on NBFCs for issuing debentures only for deployment of funds on its own balance sheet and not to facilitate resource requests of group entities/parent company/associates; and (vi) prohibition on providing loan against its own debentures. This has resulted in limiting our Company's ability to raise fresh debentures on private placement basis.

A significant portion of our debt matures each year. Out of the total amount of our outstanding non convertible debentures, ₹47,512.31 lakhs, issued by our Company as of September 30, 2018, non-convertible debentures amounting to ₹16,399.64 lakhs 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 could 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 99.03%, 98.38%, 99.02%, and 99.52% of our total income for the six month period ended on September 30, 2018 and in Financial Years 2018, 2017 and 2016, 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 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 non-convertible debentures carry fixed rates of interest and the remaining are linked to the respective banks' benchmark prime lending rate/base rate. As of September 30, 2018, 60.34% 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 customers in India secured by 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.

In our microfinance business, we face competition from other NBFCs, microfinance companies as well as both commercial and small finance banks. In addition, the RBI has set out guidelines applicable to microfinance institutions which restrict the number of microfinance institutions that can extend loans to the same borrower and also limit the maximum amount of loan that can be extended. The presence of microfinance institutions in India is not uniform and certain regions have a concentration of a large number of microfinance institutions while there are regions which have very few and even no microfinance institution presence. In any particular region, the level of competition depends on the number of microfinance institutions that operate in such area. In addition, our target customers also borrow from money lenders and non-institutional lenders which may lend at higher rates of interest.

Our ability to compete effectively will depend, to an extent, on our ability to raise low-cost funding in the future as well as our ability to maintain or decrease our operating expenses by increasing operational efficiencies and managing credit costs. As a result of increased competition in the various sectors we operate in, products in our industry have become increasingly standardised and variable interest rate and payment terms and lower processing fees are becoming increasingly common across our products. There can be no assurance that we will be able to effectively address these or other finance industry trends or compete effectively with new and existing commercial banks, NBFCs, payment banks, other small finance banks and other financial intermediaries that operate across our various financing products.

In addition, the government has issued schemes such as Pradhan Mantri Jan-Dhan Yojana to ensure access to financial services in an affordable manner. Further, public sector banks as well as existing private sector banks, have an extensive customer and depositor base, larger branch networks, and in case of public sector banks, Government support for capital augmentation, due to which they may enjoy corresponding economies of scale and greater access to low-cost capital, and accordingly, we may not be able to compete with them. An inability to effectively address such competition may adversely affect our market share, business prospects, results of operations and financial condition.

8. 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, due to, among other things, defects in the quality of gold or wastage that may occur when melting gold jewellery into gold bars. We have in place an extensive 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 fool proof and the impurity levels in the gold can be accurately assessed.

In the case of a default, amongst others we may auction the pledged gold in accordance with our auction policy. 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 or other processes undertaken by us to recover the amount due to us. Any such failure to recover the expected value of pledged gold could expose us to a potential loss and which could adversely affect our financial condition and results of operations.

9. Volatility in the market price of gold may adversely affect our financial condition, cash flows and results of operations.

We extend loans secured mostly by gold jewellery. A sustained decrease in the market price of gold could cause a corresponding decrease in new Gold Loans in our loan portfolio and, as a result, our interest income. In addition, customers may not repay their loans and the gold jewellery securing the loans may have decreased significantly in value, resulting in losses which we may not be able to support. The impact on our financial position and results of operations of a hypothetical 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 the Master Directions has stipulated all NBFCs to maintain a 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 in the Master Directions, 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 I Capital of 12%. Such restrictions imposed by RBI may erode our margins, impact our growth and business prospects.

RBI in the Master Directions further tightened the norms for lending against the security of gold ornaments by pegging the maximum lendable value to preceding 30 day's average of the closing price of 22 carat gold as per the rate as quoted by the Bombay Bullion Association. Any such future restrictions by RBI could have a negative impact on our business and results of operation.

11. 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.

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 at the levels of revenue 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.

12. If we are not able to control the level of non-performing assets in our portfolio, the overall quality of our loan portfolio may deteriorate, and our results of operations may be adversely affected.

We may not be successful in our efforts to improve collections and/or enforce the security interest on the gold collateral on existing as well as future non-performing assets. Moreover, as our loan portfolio increases, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control our level of non-performing assets, the overall quality of our loan portfolio may deteriorate, and our results of operations may be adversely affected. Our gross NPAs as of the six month period ended September 30, 2018 and Financial Years ended March 31, 2018, March 31, 2017, and March 31, 2016 was ₹3,081.78 lakhs, ₹3,254.83 lakhs, ₹4,669.96 lakhs and ₹5,296.91 lakhs, respectively.

The Master Directions prescribe the provisioning required in respect of our outstanding loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our non-performing assets. Furthermore, although we believe that our total provision will be adequate to cover all known losses in our asset portfolio, our current provisions may not be adequate when compared to the loan portfolios of other financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross non-performing assets or otherwise, or that the percentage of nonperforming assets that we will be able to recover will be similar to our past experience of recoveries of nonperforming assets. In the event of any further increase in our non-performing asset portfolio, there could be an even greater, adverse impact on our results of operations.

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 September 30, 2018, we had an outstanding debt of ₹1,12,876.00 lakhs. 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 of 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;
- to repay 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;
- to sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the banks; and
- any 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 or renewal of existing facilities, 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 September 30, 2018, 98.43% of our branches i.e. 755 branches were located in the southern states of Andhra Pradesh, Telangana, Goa, Karnataka, Kerala and Tamil Nadu and the union territory of Puducherry and these constituted about 96.41% of our total gold loan portfolio as of September 30, 2018. For details please refer to "*Our Business*" on page 83. As a result, we are exposed to risks including any change in policies relating to these states, any localised social unrest, any natural disaster and any event or development which could make business in such states less economically beneficial. Further, 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.

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 additional loans and renewal of existing facilities 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 September 30, 2018, we have been sanctioned working capital limits of ₹7,500 lakhs from Andhra Bank, ₹2,400 lakhs from Dhanalaxmi Bank Limited, ₹5,000 lakhs from IndusInd Bank Limited, ₹5,000 lakhs from Oriental Bank of Commerce, ₹16,500 lakhs from the South Indian Bank Limited, ₹5,000 lakhs from State Bank of India and ₹2,500 lakhs from Union Bank of India. 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 additional loans and renewal of existing facilities 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 Company has in the past deviated from the accrual accounting policy.

Our Company has not recognised the interest accrued but not due on the non-convertible debentures issued by our Company, in accordance with the accrual method of accounting for the Financial Year 2012 till Financial Year 2016. However, in the Financial Year 2017, our Company provided for the entire amount of accrued interest but not due liability on such issued non-convertible debentures, amounting to ₹15,463.21 lakhs. For further details, see "*Financial Statements*" on page 111.

17. 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 typically ranging from three to nine months. The relatively short term nature of our loans means that we are not assured of long term interest income streams compared to businesses 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.

18. 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.

19. 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 wilfully or inadvertently wrong or misleading, which may lead us to enter into transactions that may adversely affect our financial condition and results of operations.

20. 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 certain of our customers will not indulge in money laundering activities advertently misusing our business channels. 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.

21. 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.

22. Our Company and certain of our Promoters, Directors, Key Managerial Personnel, Group Companies were subject to a search conducted by income tax authorities. Any adverse action in this regard could have a detrimental impact on our Company's reputation and business operations.

In August 2016, income tax authorities conducted searches at certain branches, Registered Office of our Company, the residence of certain of our Promoters, Directors, Key Managerial Personnel and business consultant along with the offices of certain of our Group Companies. These searches were conducted in relation to proceeds from the gold auctions conducted by our Company. During the search, certain cash were seized by the income tax authorities and certain lockers were sealed. While, our Company has not received any subsequent notice or been subject to any follow-up action by the authorities in relation to the searches and as such the operations of our Company has largely been unaffected, there can be no assurance that similar searches will not be conducted by the authorities in the future. In case of any action taken by the authorities against our Company, resulting out of such searches, our business, reputation and operations could be adversely affected.

23. Our inability to open new branches at correct locations may adversely affect our business.

Our business is dependent on our ability to service and support our customers from proximate locations and thereby giving our customers easy access to our services. Further, it is vital for us to be present in key locations for sourcing business as we depend on these branches to earn revenue. Thus, any inability on our part to open new branches at correct locations may adversely affect our business and results of operations.

24. 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.

25. We are subject to the risk of fraud by our employees and customers. Our lending operations involve significant amounts of cash collection which may be susceptible to loss or misappropriation or fraud by our employees. Specifically, employees operating in remote areas may be susceptible to criminal elements which may adversely affect our business, operations and ability to recruit and retain employees.

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 could be instances of fraud with respect to gold loans and cash related misappropriation by our employees. We are required to report cases of internal fraud to the RBI, which may take appropriate action. We have also filed police complaints alleging fraud and misappropriation of gold by our employees in the past. We cannot guarantee you that such acts of fraud will not be committed in the future, and any such occurrence of fraud would adversely affect our reputation, business and results of operations.

Our lending and collection operations involve handling of significant amounts of cash, including collections of instalment repayments in cash which is the norm in the finance industry. Large amounts of cash collection expose us to the risk of loss, fraud, misappropriation or unauthorised transactions by our employees responsible for dealing with such cash collections. While we obtain insurance, coverage including fidelity coverage and coverage for cash in safes and in transit and undertake various measures to detect and prevent any unauthorised transactions, fraud or misappropriation by our employees, these measures may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our business operations and financial condition. In addition, we may be subject to regulatory or other proceedings in connection with any such unauthorised transaction, fraud or misappropriation by our agents or employees, which could adversely affect our goodwill, business prospects and future financial performance.

Further, our employees operating in remote areas may be particularly susceptible to criminal elements as they are involved in cash collection and transportation due to lack of local banking facilities. In the event of any such adverse incident our ability to continue our operations in such areas will be adversely affected and our employee recruitment and retention efforts may be affected, thereby affecting our expansion plans. In addition, if we determine that certain areas of India pose a significantly higher risk of crime or political strife and instability, our ability to operate in such areas will be adversely affected.

26. 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.

27. 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 September 30, 2018, our Company has a total insurance cover of $\gtrless1,80,000$ lakhs. 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.

28. 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, Andhra Pradesh and 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, behaviour 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.

29. We are not in compliance with the RBI Master Directions – Information Technology Framework for the NBFC Sector.

RBI vide its master direction bearing reference no. DNBS.PPD. No.04/66.15.001/2016-17 dated June 8, 2017, issued the IT framework for the NBFCs ("**Framework**"). RBI in its annual review has, in the past, observed non-compliance by our Company with the requirements of the Framework. Per a GAP analysis exercise carried out by our Company, the major gaps in compliance, included, migration of IPV6 platform, digital signatures, sharing of information on cyber security incidents with RBI, MIS for supervisory requirements, business continuity policy, etc. According to the Framework, RBI had directed NBFCs-Systemically Important to take necessary actions to be in compliance with the Framework by June 30, 2018. However, due to factors not within the control of our Company, we have not been able to comply with the requirements of the Framework. While we strive towards complying with all guidelines/directions issued by the RBI, in case the RBI decides to take an adverse action/levy penalty against our Company, it could have a material adverse effect on our business and results of operation.

30. 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. Our disaster recovery system is fully operational and we continue to engage in technical exercises to test and improve our disaster plan.

31. 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. India Ratings vide their rationale dated August 14, 2018 have rated our bank loans of ₹50,000 lakhs as 'IND BBB-/Stable'. Further, our Company has received rating of 'IND BBB-/Stable' by India Ratings for the NCDs proposed to be issued pursuant to this Issue for an amount of up to ₹20,000 lakhs. 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 97 and Annexure II on page 261.

32. We are subjected to supervision and regulation by the RBI as a systemically important NBFC, and changes in RBI's regulations governing us could adversely affect our business.

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance. Through the Master Directions, RBI 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.

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 lakhs and above as per the last audited balance

sheet. Moreover, as per the requirements of the Master Directions, all NBFCs-ND with assets of ₹50,000 lakhs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential requirements as applicable to NBFCs-ND-SI. We cannot assure you that the Master Directions and its applicability to us will not have a material and adverse effect on our future financial conditions and results of operations.

Even though the RBI, has not provided for any restriction on interest rates that can be charged by non-deposit taking NBFCs, there can be no assurance that the RBI and/or the Government will not implement regulations or policies, including policies or regulations or legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that could have an adverse effect on non-deposit taking NBFCs. In addition, there can be no assurance that any changes in the laws and regulations relative to the Indian financial services industry will not adversely impact our business.

33. We may be subject to regulations in respect of provisioning for non-performing assets. 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 vide the Master Directions provides for the regulatory framework governing NBFCs pertaining to provisioning for standard assets. The requirement to make a provision for standard assets over a period of three years, i.e., 0.30% by the end of March 2016, 0.35% by the end of March 2017 and 0.40% by the end of March 2018. Currently the provisioning requirement for standard assets is 0.40%

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.

34. Microfinance loans are unsecured and are susceptible to certain operational and credit risks which may result in increased levels of NPAs.

As of September 30, 2018, our microfinance AUM was ₹5,384.83 lakhs, representing 3.43% of our aggregate AUM as of such date. Our microfinance customers typically belong to the economically weaker sections and are diverse in nature, which include customers involved in income generating business activities, with limited sources of income, savings and credit records, and are therefore unable to provide us with any collateral or security for their loans. Such customers are at times unable to or may not provide us with accurate information about themselves which is required by us in connection with loans.

In our microfinance business, we rely on non-traditional guarantee mechanisms rather than any tangible assets as security collateral. Our microfinance business involves a joint liability mechanism whereby borrowers form a joint liability group and provide guarantees for loans obtained by each member of such group. There can however be no assurance that such joint liability arrangements will ensure repayment by the other members of the joint liability group in the event of default by any one of them. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if inadequate risk management procedures have been employed to verify the group members and their ability to repay such loans, or as a result of adverse external factors such as natural calamities and forced migration.

As a result, our micro finance customers potentially present a higher risk of loss in case of a credit default compared to that of customers in other asset-backed financing products. In addition, repayment of microfinance loans are susceptible to various political and social risks, including any adverse publicity relating to the microfinance sector accessing capital markets, public criticism of the microfinance sector, the introduction of a stringent regulatory regime, and/or religious beliefs relating to loans and interest payments,

which adversely affect repayment by our customers and may have a material and adverse effect on our business prospects and future financial performance.

There can be no assurance that we will be able to maintain our current levels of NPAs. In addition, it is difficult to accurately predict credit losses, and there can be no assurance that our monitoring and risk management procedures will succeed in effectively predicting such losses or that our loan loss reserves will be sufficient to cover any such actual losses. As a result of the uncertain financial and social circumstances of our microfinance customers and the higher risks associated with lending to such customers, we may experience increased levels of NPAs and we may be required to make related provisions and write-offs that could have a material and adverse effect on our business prospects and financial performance.

35. Our microfinance business involves transactions with relatively high-risk borrowers that typically do not have access to formal banking channels, and high levels of customer defaults could adversely affect our business, results of operations and financial condition.

Our microfinance business involves lending money to smaller, relatively low-income women entrepreneurs who have limited access or no access to formal banking channels, and therefore may not have any credit history and as a result we are more vulnerable to customer default risks including default or delay in repayment of principal or interest on our loans.

Some of our customers, especially the first-time borrowers, may not have any documented credit history, may have limited formal education, and are able to furnish very limited information for us to be able to assess their creditworthiness accurately. Consequently, we may not have past data on the customer's borrowing behaviour. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our customers. It is therefore difficult to carry out credit risk analysis on our clients. Although we believe that our risk management controls are stringently applied, there can be no assurance that they will be sufficient or that additional risk management strategies for our customers will not be required.

Further, our customers may default on their obligations as a result of various factors including bankruptcy, lack of liquidity and / or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Although our microfinance business operates through a system of joint liability, we may still be exposed to defaults in payment, which we may not be able to recover in full. If our borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

36. 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 7.5%, of its capital funds. Banks may, however, assume exposures on a single NBFC up to 12.5%, of their capital funds, provided the exposure in excess of 7.5% 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.

37. 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.

38. 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, 2018, please refer to *"Related Party Transactions"* on page 110.

39. 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, and other related entities. Our Promoters, Directors and related entities have interests in the following entities that are engaged in businesses similar to ours:

- 1. Mini Muthoottu Nidhi (Kerala) Limited;
- 2. Cochin Mini Muthoottu Nidhi Limited; and
- 3. Muthoottu 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.

40. 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. 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. 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.

41. 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 on our part 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. 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.

42. All our branch premises, except 14 branches, 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 September 30, 2018, we had 767 branches in nine states and one union territory. Except 14 branches which are owned by us, the remaining 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, which may adversely affect our business and results of operations.

Further, some of our lease deeds for our properties may not be registered and further some of our lease deeds may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. Further, we may not be able to assess or identify all risks and liabilities associated with any properties, such as faulty or disputed title, unregistered encumbrances or adverse possession rights, improperly executed, unregistered or insufficiently stamped instruments, or other defects that we may not be aware of.

43. We have ventured into new business areas and the sustainability, effective management and failure of growth strategy could adversely affect our business and result of operations.

We have entered new businesses as part of our growth strategy. For example, we have entered into corporate agency agreements with insurance companies, to act as their corporate agent for soliciting or procuring insurance business. We have also entered into agreements for money transfer business including with certain money transfer companies to act in the capacity of their sub-representative to offer money transfer services. Our Company has also entered into an agreement with a tour and travel company to act as its sub-agent, to provide travel related activities. Additionally, our Company has also started microfinancing business during Financial Year 2017.

We have little or no operating experience with such businesses, and you should consider the risks and difficulties we may encounter by entering into new lines of business. New businesses may require capital investments and commitments of time from our senior management, and there often is little or no prospect of earnings in a new business for several years. Moreover, there is no assurance any new business we develop or enter will commence in accordance with our timelines, if at all, which could result in additional costs and time commitments from our senior management. There also can be no assurance that our management will be able to develop the skills necessary to successfully manage these new business areas. Our inability to effectively manage any of the above issues could materially and adversely affect our business and impact our future financial performance.

44. We rely significantly on our management team, our Key Managerial Personnel and our ability to attract and retain talent. Loss of any member from our management team or that of our Key Managerial Personnel may adversely affect our business and results of operation.

We rely significantly on our core management team which oversees the operations, strategy and growth of our businesses. Our Key Managerial Personnel have been integral to our development. Our success is largely dependent on our management team which ensures the implementation of our strategy. If one or more members of our management team are unable or unwilling to continue in their present positions, they may be difficult to replace, and our business and results of operation may be adversely affected.

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

This Prospectus includes certain unaudited financial information in relation to our Company, for the sixmonth period ended September 30, 2018 in respect of which the Statutory Auditors of our Company have issued the Limited Review Report. As this financial information, has been subject only to limited review as required under Regulation 52(2)(a) of the SEBI Listing Regulations, and as described in the Standard on Review Engagements ("SRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India, and not to an audit, any reliance by prospective investors on such unaudited financial information should accordingly, be limited. Moreover, our financial results for any given fiscal quarter or period, including the six-month period ended September 30, 2018, may not be directly comparable with our financial results for any full fiscal or for any other fiscal quarter or period. Accordingly, prospective investors to the Issue are advised to read such unaudited financial information provided elsewhere in this Prospectus.

46. Certain of our records including in relation to share transfer to one of our Promoters/Directors are not traceable and in relation to certain delay in filing certain forms to the RoC, we have sought condonation of delay.

Certain of our records in relation to filings under Companies Act and Board resolution related to the details of transfer of Equity Shares made to Mathew Muthoottu, one of our Promoters/Directors, are not traceable. Further, we have been unable to trace copies of the transfer deeds for such transfer of Equity Shares. We have relied on the records and registers available with the Company to provide the build-up of the Equity Shareholding of Mathew Muthoottu in our Company. While we continue to conduct a search for such records, we cannot assure you that such records will be available in the future or that we will not be subject to penalties which may be imposed by the RoC in this regard.

The Registrar of Companies, Kerala and Lakshadweep issued five show cause notices, each dated July 5, 2018, against our Company for not creating charges on the credit facilities availed from HDFC Bank Limited within the prescribed time period under Section 77 of the Companies Act, 2013. Our Company filed petitions under Section 87 of the Companies Act, 2013 before the Regional Director (Southern Region), Ministry of Corporate Affairs, Chennai ("**Regional Director**") for condonation of delay in creating the charges. The Regional Director vide its orders dated August 10, 2018 and September 20, 2018 condoned the delay by our Company in creating the charges, and we filed relevant forms with RoC subsequently. We cannot assure you that such delays may not occur in the future, which may affect our results of operations and business prospects.

RISKS PERTAINING TO THIS ISSUE

47. We are required to create a debenture redemption reserve equivalent to 25% of the value of the NCD offered through this Issue and we may not have access to adequate funds to redeem the full quantum of the NCDs at the closure of the redemption period.

Regulation 16 of the SEBI Debt Regulations and Section 71 of the Companies Act 2013 requires our Company to create a debenture redemption reserve ("**DRR**") out of the profits of the company available for payment of dividend, until the redemption of the debentures. Further, the Companies (Share Capital and Debentures) Rules, 2014 requires our Company to create DRR, 'the adequacy' of which is required to be 25% of the value of outstanding debentures issued through public issue. Further, our company is also required to, on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall

not be less than fifteen percent, of the amount of the debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the following methods, namely: (i) in deposits with any scheduled bank, free from any charge or lien; (ii) in unencumbered securities of the Central Government or of any State Government; (iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (iv) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of Section 20 of the Indian Trusts Act, 1882; (iv) in unencumbered bonds issued by any other company which is notified as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above, provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen percent of the amount of the debentures maturing during the year ending on the 31st day of March of that year. If we do not generate adequate profits, we may not be able to maintain an adequate amount in this respect, for the NCDs issued pursuant to this Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.

48. Changes in interest rates may affect the price of our NCDs which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on 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 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.

49. 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 in recovering the expected value from a sale or disposition of the assets charged as security in connection with the 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 NCDs, although our Company will create appropriate security in favour of the Debenture Trustee for the Debenture Holders on the assets, adequate to ensure 100.00% asset cover for the total value of the 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 NCDs. A failure or delay in recovering the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss. For further details see "*Outstanding Litigations*" on page 203.

50. 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 authorising the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs in BSE.

51. 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.

52. 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 NCDs will rank pari passu with other secured 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 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.

53. Payments to be made on the NCDs are subordinated to certain taxes and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets of our Company remaining, to pay amounts due on the NCDs.

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to the NCDs have been paid as per Section 327 of the Companies Act, 2013 or Section 53 of the Insolvency and Bankruptcy Code, 2016, as the case maybe. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts, due on the NCDs.

54. 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 the purpose of onward lending and for repayment of interest and principal of existing loans and also for general corporate purposes. For further details, see "*Objects of the Issue*" at page 61. 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 SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

55. The liquidity for the NCDs in the secondary market is very low and it may remain so in the future and the price of the NCDs may be volatile.

The Issue will be a new public issue of NCDs for our Company and the liquidity in NCDs at present is very low in the secondary market. Although an application has been made to list the NCDs on BSE, there can be no assurance that liquidity for the NCDs will improve, and if liquidity for the NCDs were to improve, there is no obligation on us to maintain the secondary market. The liquidity and market prices of the NCDs can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of NCDs. Such fluctuations may significantly affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs.

56. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Gold Loan industry contained in this Prospectus.

While facts and other statistics in this Prospectus relating to India, the Indian economy as well as the gold loan industry have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the Gold Loan industry. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics, the same have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled "*Industry Overview*" beginning on page 64. Due to possibly flawed or

ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

External Risk Factors

57. 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, NBFCs and HFCs 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.

58. 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 neighbouring 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.

59. 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. 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.

60. 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.

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

There is no assurance that the liberalisation policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalisation 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 liberalisation 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 liberalisation 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 liberalisation policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalisation.

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.

62. As notified under Companies Act, 2013, public companies falling under specific categories, are required to prepare financial statements under the new accounting standards namely IND AS with effect from financial year 2016-17. While this is applicable for accounting periods beginning on or after April 1, 2019, for NBFCs such as our Company, we may be negatively affected by this transition.

The MCA, on February 16, 2015 had notified that IND AS will be implemented in a phased manner starting from financial year 2016-17. Subsequently, the MCA vide a notification dated March 30, 2016, amended the Companies (Indian Accounting Standards) Rules, 2015 ("IND AS"), to require NBFCs such as our Company to comply with the Indian Accounting Standards, for accounting periods beginning on or after April 1, 2019, with comparatives for the periods ending March 31, 2019, based on our net worth, calculated in accordance with the standalone financial statements of our Company as on March 31, 2018. We have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. Additionally, IND AS has fundamental differences with the existing accounting standards and therefore, financial statements prepared under IND AS may differ substantially from financial statements prepared under the existing framework of accounting standards. There can be no assurance that our financial condition, results of operation, cash flows or changes in shareholders' equity will not appear materially different under IND AS, Indian GAAP or IFRS. If we adopt IND AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. There can be no assurance that our adoption of IND AS, if required, will not affect our reported results of operations, financial condition and failure to successfully adopt IND AS in accordance with prescribed statutory and/or regulatory requirements within the timelines as may be prescribed may have an adverse effect on our financial position and results of operations.

PROMINENT NOTES

- 1. This is a public issue of NCDs by our Company aggregating up to ₹10,000 lakhs with an option to retain over-subscription up to ₹10,000 lakhs, aggregating to a total of ₹20,000 lakhs.
- 2. For details on the interest of our Company's Directors, please see "*Our Management*" and "*Capital Structure*" beginning on pages 101 and 44, 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 *"Financial Statements"* beginning on page 111.
- 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 respective 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 "*Issue Procedure*" on page 179.

- 7. Our Equity Shares are currently unlisted.
- 8. Our previous public issues of non-convertible debentures are currently listed on BSE.
- 9. Our Company has had contingent liabilities amounting to ₹1,224.51 lakhs as of March 31, 2018.
- 10. For further information, relating to certain significant legal proceedings that we are involved in, see *"Outstanding Litigations"* on page 203.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was originally incorporated as 'Muthoottu Mini Financiers Private Limited', a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated March 18, 1998 issued by the RoC. Pursuant to a special resolution passed in the general meeting of our Shareholders held on September 14, 2013, our Company was converted into a public limited company and a fresh certificate of incorporation was issued by the RoC on November 27, 2013, and our name was changed to 'Muthoottu Mini Financiers Limited'. For further details about our Company, see "*History and Certain Other Corporate Matters*" on page 99.

Registration

The registration number and corporate identity number of our Company are as follows:

- (a) Company Registration Number with RoC: 012154
- (b) Corporate Identification Number issued by the RoC: U65910KL1998PLC012154

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. Our Company is a systemically important non-deposit taking NBFC. Further, a fresh certificate of registration was issued by RBI on January 1, 2014, pursuant to the change of name of our Company from 'Muthoottu Mini Financiers Private Limited' to 'Muthoottu Mini Financiers Limited.'

Our Company has also obtained a certificate of registration bearing registration no. – CA0122 issued by IRDAI, with effect from April 1, 2016, under Section 42D (1) of the Insurance Act, to act as a "Corporate Agent (Composite)".

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, renewed on August 21, 2017.

Registrar of Companies

Our Company is registered with the Registrar of Companies, Kerala and Lakshadweep, which is situated at the following address:

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

Registered Office

2/994, Muthoottu Buildings Kozhencherry Pathanamthitta – 689 641 Kerala, India **Tel**: +91 468 231 4391 **Fax**: +91 468 231 4390 **E-mail**: cs@minimuthoottu.com **Website:** www.muthoottumini.com

Corporate Office

Muthoottu Royal Towers Kaloor, Cochin – 682 017 Kerala, India **Tel**: +91 484 291 2100 **Fax**: +91 484 291 2127 **E-mail**: cs@minimuthoottu.com **Website**: www.muthoottumini.com

Board of Directors

The following table sets out the details regarding the Board of Directors as on the date of this Prospectus:

Name	Designation	DIN	Address				
Nizzy Mathew	Chairman and Wholetime Director	01680739	Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India				
Mathew Muthoottu	Managing Director	01786534	Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India				
Thomas Cherian	Independent Director	00492598	Angadisseril House, Kollad P.O., Kottayam – 686 289, Kerala, India				
Krishnakumar K. R.	Independent Director	07771403	Tc 55/1078, Roshni, Gayatri Gardens, Neeramankara, Kaimanam Po Thiruvananthapuram, Kerala – 695 040, India				
Rajagopal M.S.	Additional Director	08114376	Sreemangalam, Ambedkar Colony, Thiruvarppu P.O, Kottayam – 686 020, Kerala, India				

For further details of Directors of our Company, please see "Our Management" on page 101.

Chief Financial Officer

Ann Mary George

Muthoottu Royal Towers Kaloor, Cochin – 682 017 Kerala, India **E-mail**: annmary@muthoottumini.com **Tel**: +91 484 291 2107 **Fax**: +91 484 291 2127

Company Secretary and Compliance Officer

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below, who is also our Company Secretary:

Smitha K. S. Muthoottu Royal Towers Kaloor, Cochin – 682 017 Kerala, India E-mail: cs@minimuthoottu.com Tel: +91 484 291 2178 Fax: +91 484 291 2127

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-Issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs or refund orders.

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 Centres 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 Centres 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.

Lead Manager to the Issue

Vivro Financial Services Private Limited

607/608 Marathon Icon Opposite Peninsula Corporate Park Off. Ganpatrao Kadam Marg Veer Santaji Lane, Lower Parel Mumbai- 400 013 Maharashtra, India Tel: +91 22 6666 8040/41/42 Fax: +91 22 6666 8047 Email: mmfl@vivro.net Investor Grievance Email: investors@vivro.net Website: www.vivro.net Contact Person/Compliance Officer: Jayesh Vithlani SEBI Registration No.: INM000010122

Debenture Trustee

Vistra ITCL (India) Limited

The IL&FS Financial Centre Plot No. C – 22, G Block Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 Maharashtra, India **Tel**: +91 22 2659 3333 **Fax**: +91 22 2653 3297 **Email**: itclcomplianceofficer@vistra.com **Investor Grievance Email**: investorgrievancesitcl@vistra.com **Website**: www.vistraitcl.com **Contact Person**: Jatin Chonani **SEBI Registration Number**: IND000000578

Vistra ITCL (India) Limited has by its letter dated November 29, 2018 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-101, 1st Floor, 247 Park L.B.S. Marg, Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel**: +91 22 4918 6200 **Fax**: +91 22 4918 6195 **Email**: mmfl.ncd2019@linkintime.co.in **Investor Grievance Email**: mmfl.ncd2019@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person**: Shanti Gopalkrishnan **SEBI Registration Number**: INR000004058

Credit Rating Agency

India Ratings & Research Private Limited

Wockhardt Towers 4th Floor, Bandra Kurla Complex Bandra East Mumbai - 400 051 Maharashtra, India **Tel**: +91 22 4000 1700 **Fax**: +91 22 4000 1701 **Email**: shrikant.dev@indiaratings.co.in **Website**: www.indiaratings.co.in **Contact Person**: Shrikant Dev **SEBI Registration No**: IN/CRA/002/1999

Legal Advisor to the Issue

Khaitan & Co

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

Statutory Auditors

Vishnu Rajendran & Co.

^{3rd} Floor, CSI Commercial Centre
Baker Jn, P.B. No. 227, Kottayam-686 001
Tel: +91 48 1230 1999
Fax: NA
Email: kottayam@vrc.co.in
Firm Registration No: 004741S
Contact Person: Chartered Accountant, P.A. Joseph-Partner
Peer Review No: 0079398

Public Issue Account Bank

HDFC Bank Limited

Lodha, 1 Think Techno Campus O-3 level Next to Kanjurmarg, Railway Station Kanjurmarg (East) Mumbai- 400 042 Maharashtra, India Tel: +91 22 3075 2929/2928/2914 Fax: +91 22 2579 9801 Email: vincent.dsouza@hdfcbank.com; siddharth.jadhav@hdfcbank.com; neerav.desai@hdfcbank.com; and prasanna.uchil@hdfcbank.com Website: www.hdfcbank.com Contact Person: Vincent Dsouza, Siddharth Jadhav and Prasanna Uchil SEBI Registration No: INBI00000063

Refund Bank

HDFC Bank Limited

Lodha, 1 Think Techno Campus O-3 level Next to Kanjurmarg, Railway Station Kanjurmarg (East) Mumbai- 400 042 Maharashtra, India Tel: +91 22 3075 2929/2928/2914 Fax: +91 22 2579 9801 Email: vincent.dsouza@hdfcbank.com; siddharth.jadhav@hdfcbank.com; neerav.desai@hdfcbank.com; and prasanna.uchil@hdfcbank.com Website: www.hdfcbank.com Contact Person: Vincent Dsouza, Siddharth Jadhav and Prasanna Uchil SEBI Registration No: INBI00000063

Syndicate Member

Vivro Financial Services Private Limited

607/608 Marathon Icon Opposite Peninsula Corporate Park Off. Ganpatrao Kadam Marg Veer Santaji Lane, Lower Parel Mumbai- 400 013 Maharashtra, India **Tel**: +91 22 6666 8040/41/42 **Fax**: +91 22 6666 8047 **Email**: mmfl@vivro.net **Investor Grievance Email**: investors@vivro.net **Website**: www.vivro.net **Contact Person/Compliance Officer**: Jayesh Vithlani **SEBI Registration No.**: INM000010122

Bankers to our Company

Andhra Bank

Ajay Vihar, M G Road Ernakulam 682 016 Kerala, India **Tel**: +91 484 237 5922 **Fax**: +91 484 237 6101 **Email**: bm0125@andhrabank.co.in **Website**: www.andhrabank.in **Contact Person**: A. K. Hari Narayana

South Indian Bank Limited

M.G. Road Branch, Ravipuram Ernakulam - 682 016 Kerala, India Tel: +91 484 235 6662 Email: br0025@sib.co.in Website: www.southindianbank.com Contact Person: Rani Zacharias

IndusInd Bank

1st Floor, Gowrinarayan Opposite to New Jayalakshmi Silks 40/8399, 8400 MG Road, Kochi - 682 035 Kerala, India **Tel**: +91 484 421 6247 **Email**: soby.abraham@indusind.com **Website**: www.indusind.com **Contact Person**: Soby Abraham

Dhanlaxmi Bank Limited

Dhanlaxmi Buildings Shanmugham Road Branch Marine Drive, Kochi 682 031 Kerala, India **Tel**: +91 484 237 5259 **Email**: dlb.shanmugamroadernakulam@dhanbank.co.in **Website**: www.dhanbank.com **Contact Person**: John Jose K

Union Bank of India

CSI Square, Sastri Road Kottayam – 686 001 Kerala, India **Tel**: +91 481 256 0468/0013 **Email**: kottyam@unionbankofindia.com **Website**: www.unionbankofindia.com **Contact Person**: Chief Manager

State Bank of India

SME Branch, Joys Building 1st Floor Padma Junction Ernakulam, Kerala – India Tel: +91 484 235 5133 Email: sbi.05387@sbi.co.in Website: www.sbi.co.in Contact Person: Georgekutty N J

Oriental Bank of Commerce

1057, Jaya Enclave Avinashi Road Coimbatore – 641 018 Tamil Nadu, India **Tel**: +91 422 224 2504 **Fax**: +91 422 224 5174 **Email**: bm1044@obc.co.in **Website**: www.obcindia.co.in **Contact Person**: Santosh Kumar Pillai

Arrangers to the Issue

There are no arrangers to the Issue.

Designated Intermediaries

Self-Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.

A list of the Designated Branches of the SCSBs, with which an Applicant, not applying through the Syndicate, may submit the Application Forms, is available at http://www.sebi.gov.in, or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to the Designated Intermediaries, the list of branches of the SCSBs to receive deposits of ASBA Applications from such Designated Intermediaries is provided on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Applications from Designated Intermediaries, see the above-mentioned web-link.

RTAs / CDPs

The list of the RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of the BSE at http://www.bseindia.com, for RTAs and CDPs, as updated from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

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

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

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

- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least $\overline{\mathbf{x}}$ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than $\overline{\mathbf{x}}$ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to $\overline{\mathbf{x}}$ 50 lakh or with both.

Minimum Subscription

In terms of the Debt Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the base issue. If our Company does not receive the minimum subscription of 75% of the Base Issue i.e. ₹7,500 lakhs within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount blocked shall be unblocked to the Applicants within six Working Days from the date of closure of the Issue, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Credit Rating and Rationale

The NCDs proposed to be issued under this Issue have been rated 'IND BBB-/Stable' by India Ratings & Research Private Limited for an amount of up to ₹ 20,000 lakhs vide its rationale dated August 14, 2018. The rating of the NCDs by India Ratings & Research Private Limited indicate that 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 India Ratings & Research Private Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold securities.

For the rationale for the rating, see Annexure II of this Prospectus.

Consents

Consents in writing of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, legal advisor to the Issue, Lead Manager, the Registrar to the Issue, Credit Rating Agency, the Bankers to our Company, the Debenture Trustee, IRR, the lenders to the Company, Public Issue Account Bank, Refund Bank, and the Syndicate Member to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013. Further such consents have not been withdrawn up to the time of delivery of this Prospectus with the RoC.

Underwriting

This Issue is not underwritten.

Utilisation of Issue proceeds

For details on utilization of Issue proceeds, please refer to "Objects of the Issue" on page 61.

Issue Programme

ISSUE OPENS ON	MARCH 18, 2019
ISSUE CLOSES ON	APRIL 16, 2019*

* The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board or Debenture Committee, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective Investors through advertisements in a leading national daily newspaper with wide circulation on or before such earlier date of closing of Issue or initial date of Issue closure, as the case may be. On the Issue Closing Date, 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. (Indian Standard Time) or such extended time as may be permitted by BSE.

Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period as mentioned above by the (a) by the Designated Intermediaries at the Collection Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications 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 Stock Exchange. 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 Working Days. Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or Designated Branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of Investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

CAPITAL STRUCTURE

1. Details of share capital and securities premium account

The following table lays down the details of our authorised, issued, subscribed, paid up share capital and securities premium account as on the date of this Prospectus:

Particulars	Aggregate value (except for securities premium) (in ₹)
Authorised share capital	
3,25,00,000 Equity Shares of ₹100 each	3,25,00,00,000
Issued, subscribed and paid-up share capital	
2,49,52,539 Equity Shares of ₹100 each	2,49,52,53,900
Securities premium account	
Prior to the Issue	78,44,15,035

This Issue will not result in any change of paid up share capital and the securities premium account of the Company.

2. Issue size

Public issue by our Company of NCDs aggregating up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs, on the terms and in the manner set forth herein, in the terms and in the manner set forth herein.

3. Details of change in the authorised share capital of our Company, as on the date of this Prospectus, for the last five years is set out below:

Date of change	Authorised share capital (in ₹)	Particulars
June 6, 2017 (EGM)	3,25,00,00,000	Authorised share capital was increased from ₹2,25,00,00,000 divided into 2,25,00,000 Equity Shares of ₹100 each to ₹3,25,00,00,000 divided into 3,25,00,000 Equity Shares of ₹100 each

4. Equity Share capital history of our Company, as on the date of this Prospectus, for the last five years is set out below:

Date of allotment	No. of Equity Shares allotted	Face value per Equit y Share (in ₹)	Issue price per Equit y Share (in ₹)	Nature of consid eration	Nature of allotment	Cumulative no. of Equity Shares	Cumulative Equity Share capital (in ₹)	Cumulative Equity Share premium (in ₹)
September 29, 2017	12,40,418	100	165	Cash	Preferential allotment ⁽¹⁾	2,37,40,418	2,37,40,41,800	70,56,27,170
November 1, 2017	12,12,121	100	165	Cash	Preferential allotment ⁽²⁾	2,49,52,539	2,49,52,53,900	78,44,15,035
Total						2.49.52.539	2.49.52.53.900	78.44.15.035

¹ Allotment of 11,01,818 Equity Shares to Mathew Muthoottu and 1,38,600 Equity Shares to Muthoottu Mini Hotels Private Limited. ² Allotment of 12,12,121 Equity Shares to Muthoottu Mini Theatres Private Limited.

- 5. Our Company has not issued any Equity Shares for consideration other than cash in the last two years preceding the date of this Prospectus.
- 6. Except as disclosed above, our Company has not issued any Equity Shares in the last two years immediately preceding the date of this Prospectus.

7. Shareholding pattern of our Company

The following table sets forth the shareholding pattern of our Company as on the date of this Prospectus:

	Category of		'aformate'		Total nos.	as a % of total no. of No of voting rights		No. of shares underlying outstanding	Shareholding as a % assuming full conversion of convertible securities	Number of locked in		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares			
Category (I)	Shareholder (II)	Number of Shareholders (III)	paid up Equity Shares held (IV)	paid-up Equity Shares held (V)	underlying depository receipts (VI)	shares held (VII) = (IV)+(V)+ (VI)	shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)		Total	Total as a % of (A+B+C)	convertible securities (including warrants) (X)	(as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)		As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	held in dematerialised form
(A)	Promoter and Promoter Group	7	2,49,52,534	-	-	2,49,52,534	99.99	2,49,52,534	2,49,52,534	99.99	-	-	-	-	-	-	-
(B)	Public	5	5	-	-	5	Negligible	5	5	Negligible	-	-	-	-	-	-	-
(C)	Non-Promoter Non-Public	-	-	-	-	-	-	-	-	-	-	-		-		-	-
(C) (1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-		-		-	-
(C) (2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-		-		-	-
	Total (A)+(B)+(C)	12	2,49,52,539	-	-	2,49,52,539	100	2,49,52,539	2,49,52,539	100	-	-		-		-	-

No.	Name of the Shareholder	Name of the Shareholder Number of Equity Shares held		
1.	Mathew Muthoottu	1,47,79,912	59.23	
2.	Nizzy Mathew	33,54,446	13.44	
3.	Muthoottu Mini Hotels Private Limited	25,51,298	10.22	
4.	Mini Muthoottu Credit India Private Limited	14,19,841	5.69	
5.	Muthoottu Mini Theatres Private Limited	12,17,835	4.88	
6.	Roy M. Mathew	1athew 9,99,995		
7.	RMM Properties India Private Limited	6,29,207	2.52	
8.	Thomas Kutty	1	Negligible	
8.	Samuel Kutty K V	1	Negligible	
8.	Raju Thomas	1	Negligible	
8.	Ivan Mathew	1	Negligible	
8.	C K Varghese	1	Negligible	
Total	·	2,49,52,539	100	

8. List of top ten holders of Equity Shares of our Company as on the date of this Prospectus is set out below:

9. List of top ten debentures holders of our Company as on December 31, 2018

(a) Secured privately placed debentures as on December 31, 2018:

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
1.	Y. Raghavan	848 D 1 Kalpaka Castle 49, Subash Nagar Road, Erappally P. O., Ernakulam, 682 024	50	1,00,000	50,00,000
2.	Rudrappa Virupaksha	G-3 Sixcon Apts, 41 Srinivagilu, Main Road Ejipura, Viveknagar Bangalore, 560 047	45	1,00,000	45,00,000
3.	Kuriachan.P.I.	Punnappillil House, Kolenchery P. O., Kolenchery, Ernakulam, 682 311	32	1,00,000	32,00,000
4.	Raghavan Krishnan Nair and Asha Kartha	Manakaparabu House, Alangad P O, Aluva, Ernakulam,683511	30	1,00,000	30,00,000
5.	Valsa Rajan	Near Don Bosco School,390, Narmada Apartment, Alaknanda, Kalka Jim South Delhi, 110 019	30	1,00,000	30,00,000
6.	Sajan Jacob	Erakkathil, Kadappakkada, Kollam, 691 008	6	5,00,000	30,00,000
7.	Rajappa Raja Assuntha	No. 22/2 2nd Crs Road, Near Banasawadi Railway Station, Vivekananda Nagar M. S. Nagar, Maruthi, Sevanagar, Bangalore, 560 033	30	1,00,000	30,00,000
8.	Thomas A.V.	No. 3362, 13 th Main, Hal Iind Stage, Bangalore, 560 008	30	1,00,000	30,00,000
9.	M. P. Shantha	No. 57 2nd Cross 11th Main, Opp To Sagar Comfort Mathikere, Msrit, Bangalore, 560 054	30	1,00,000	30,00,000



No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
10.	Arun P.	Sreeragam, M. T. Link Road, Alangad, Ernakulam, 68 3511	29	1,00,000	29,00,000

(b) Unsecured privately placed debentures as on December 31, 2018:

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
1.	Madhu Balakrishnan R.	Basil, Residency, Nagar-137 A, Asramom, Kollam, 691 002	35	5,00,000	1,75,00,000
2.	Vasantha K.	Sri Vardhan, Thevally, Kollam, 691 009	33	5,00,000	1,65,00,000
3.	Sri Vardhan Trust	Sri Vardhan, Thevally P. O., Kollam, 691009	32	5,00,000	1,60,00,000
4.	Parvathy V. Balachandran	Alpha Serene 4 A, Kundannoor Ferry Road, Cochin, Nettoor, Ernakulam, 682 040	25	5,00,000	1,25,00,000
5.	Varun Narayan K. Pillai	Srivardhan, Thevally P. O. Kollam, 691 009	22	5,00,000	1,10,00,000
6.	Lekshmi S Kannan	Sri Vardhan, Thevally P. O. Kollam, 691 009	22	5,00,000	1,10,00,000
7.	Anu Cashews	P.B No-53 Parameswar Nagar, Kollam, 691 001	22	5,00,000	1,10,00,000
8.	S.M. Venkata Narayanan	Mayyanattu Garden (S. M. V. Gardens), Main Road, Kollam 691 001	21	5,00,000	1,05,00,000
9.	Prathapachandra n.P and Santhini. A	Gurupreethi, Vyttila, Kochi-19, Ernakulam- 682 019	20	5,00,000	1,00,00,000
10.	Sreenath Gopalakrishnan	Sreenilayam, Anickadu, Aruvikuzhy P. O., Kottayam, 686 503	20	5,00,000	1,00,00,000

(c) Secured debentures issued *vide* Public Issue 1 as on December 31, 2018:

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
1.	Purushothaman B.	Aiswarya Villa, Cheruvalloor, Cheriyanad Kollakadavu, Cheriyanad, 690 509	2,950	1,000	29,50,000
2.	Santhini Sreedharan	Gurupreethi, Nursery School Road, Vytilla, Ernakulam, 682 019	2,500	1,000	25,00,000
3.	Sangeeta Normen Athipozhi	The Retreat, 12/753 Padamugal, Kakkanad P. O., Ernakulam, 682 030	2,500	1,000	25,00,000
4.	Mathew Ettolil Joseph	Ettolil, Vazhappally P. O., Changanacherry, 686 103	2,250	1,000	22,50,000
5.	Geevarghese Vaidyan	Vilayil Thara Vadakke Puthen, Veedu Kizhakkekara, Thevalakkara – Kollam, 690 524	1,800	1,000	18,00,000
6.	Joy Mathew	Madanappally House, Kidangaiza, Changanacherry, Alappuzha, 686 107	1,600	1,000	16,00,000

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
7.	Sophiamma Varghese	Nazareth House, Kottamuri P. O., Thrikkodithanam, Kottayam, 686 105	1,500	1,000	15,00,000
8.	Subramanian P.	6/1 Rangarajan Lay Out, Opposite Ctc Teachers Colony, Mettupalayam, Coimbatore, 641 301	1,330	1,000	13,30,000
9.	Annamma E. T.	Vettokottu, Perapoor, Mallapuzhassery, Pathanamthitta – 689 533	1,300	1,000	13,00,000
10.	A. C. Mathew	Garry Field, Piramala Road, Punnala P. O., Chachipunna Pathanapuram, Kollam, 689 696	1,200	1,000	12,00,000

(d) Unsecured debentures issued *vide* Public Issue 2 as on December 31, 2018:

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
1.	Silvy Simon	Valiaputhenpurackal, Kaipuzha P. O., Kottayam, 686 602	4,000	1,000	40,00,000
2.	Merciamma Augusty P.	Kizhakethalackal, Palampra P. O., Kanjirapally, Kottayam, 686 518	3,000	1,000	30,00,000
3.	Annamma Thomas	Jessy Bhavanam, Manakala P. O., Erathu Choorakode, Pathanamthitta, 691 551	Jessy Bhavanam, Manakala P. O., 2,600 Erathu Choorakode,		26,00,000
4.	Monetary Kuries Private Ltd	3rd Floor, Bell Mouth Building Round South, Thrissur, 680 001	2,500	1,000	25,00,000
5.	Ajikumar B.	Kattakkal Veedu, Nedumangad, Pazhakutty, Nedumangad, 695 561	2,500	1,000	25,00,000
6.	Rosamma Philip	Kaleekal, Edayaranmula P.O., Pathanamthitta, 689 532	2,450	1,000	24,50,000
7.	Gopinathan Pillai R.	Malayude Thekkethil, Poozhikkadu Kudassanadu P. O., Pandalam-689 512	2,300	1,000	23,00,000
8.	Thomas Philip	Parayidayil House, Nellickala P. O., Elanthoor, Pathanamthitta, 689 643	2,000	1,000	20,00,000
9.	Shiju G.	Shiju Bhavan, Kazhuthuruthy, Aryankavu P. O., Pathanapuram, 691 308	2,000	1,000	20,00,000
10.	Jessy Zachariah	Jessy Bhavan, Manakkala P. O., Adoor Erathu, Pathanamthitta, 691 551	1,950	1,000	19,50,000

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
1.	Neenu Susan Varkey	Cherikalethu House, Peoples Nagar- 415, Kadappakada P. O., Kollam, 691 008	4,000	1,000	40,00,000
2.	Sheeba Sukumaran	Charivukallayil, Naranganam North P. O., Naranganam, 689 642	3,200	1,000	32,00,000
3.	Gloria Mathew George	Kodiyattu Mannil Glory Villa, Prakkanam P. O., Pathanamthitta, 689 643	Kodiyattu Mannil Glory Villa, 3,000 rrakkanam P. O., Pathanamthitta, 3,000		30,00,000
4.	Rakhi R.	khi R. Mulavana Veedu, Vamanapuram P. O., Vamanapuram, Trivandrum, 695 606		1,000	25,00,000
5.	Aleyamma Cherian	Olickal House, Pariyaram P. O., Elanthoor, Pathanamthitta, 689 643	2,500	1,000	25,00,000
6.	Palakunnathu Titus Benjamin	Palakunnathu Puliyelimannie, Maramon P. O., Pathanamthitta, Kozhencherry, 689 641	2,100	1,000	21,00,000
7.	Karunakaran Pillai	unakaran K. K. Bhavan Mozhiyil House,		1,000	20,50,000
8.	Rency Rajan	Poovampallil House, Padanilam, Nooranad, Kidangayam, 690 529	2,050	1,000	20,50,000
9.	Binu Thomas	Kureekkattil Mount Road, Elanthoor P.O., Elanthoor, Pathanamthitta, 689 643	2,000	1,000	20,00,000
10.	Ancy Rajan Babu	Areekkal Valiyaveettil, Elathoor P. O., Pathanamthitta, 689 643	2,000	1,000	20,00,000

(e) Unsecured debentures issued *vide* Public Issue 3 as on December 31, 2018:

(f) Unsecured debentures issued vide Public Issue 4 as on December 31, 2018:

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
1.	Nandakumar P. D.	Perumtholil, Thalachiraeram P. O., Pathanamthitta, 689 664	7,000	1,000	70,00,000
2.	G. Lekshmi Pillai	Lathaj Vihar (West) Pattom, Medical College P. O., Trivandrum, 695 011	5,000	1,000	50,00,000
3.	Mita Suresh	Tc 15 1515 1 Thulasi, Tara 105, Thampuranmukku, Vanchiyoor, Trivandrum, 695 035	5,000	1,000	50,00,000
4.	Nita Suresh	Tc 15 1515 1 Thulasi, Tara 105 Kannammoola, Thampuranmukku Vanchiyoor, Trivandrum, 695 035	5,000	1,000	50,00,000
5.	Elangattu Sukumaran	Sherly Bhavan, Venmony, 689 509	3,766	1,000	37,66,000
6.	Mariamma Roy Manaloor	Manaloor House, Niranam P. O. Kadapra, Thiruvalla, Pathanamthitta, 689 621	3,600	1,000	36,00,000
7.	Mathew Ettolil Joseph	Ettolil, Vazhappally P. O. Changanacherry, – 686 103	3,530	1,000	35,30,000
8.	Rosamma Philip	Kaleekal, Edayaranmula P. O., Pathanamthitta, 689 532	3,350	1,000	33,50,000

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
9.	Jessi Mathews	Annie Cottage, Perumbaikadu P. O., Kottayam, 686 016	3,000	1,000	30,00,000
10.	George Philip K.	Kaleeckal, Edayaranmula, Kozhenchery, 689 532	2,750	1,000	27,50,000

(g) Secured debentures issued *vide* Public Issue 5 as on December 31, 2018:

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
1.	Rohit Chandra	E 158 Richmond Park, Phase 4 Gurgaon, Gurgaon, 122 002	5,000	1,000	50,00,000
2.	Sindu John Thekkekara	Kudiyirickal, Near Companypadi Marady, New Mosque Adooparambu, Muvattupuzha, 686 661	4,000	1,000	40,00,000
3.	Beena Bijilee	Tc 14/1507 Lee Cottage, Bakery Junction Paris Road, Thycaud Vazhuthacaud P. O., Trivandrum, 695 014	3,000	1,000	30,00,000
4.	Saji P. Chacko	Pallithekkethil, Karakkadu P. O., Alappuzha, Chengannur, 689 504	3,000	1,000	30,00,000
5.	Danny David	Ramanchira Puthuparampil, Elanthoor East P. O., Pathanamthitta, 689 643	3,000	1,000	30,00,000
6.	Joe Curian	20 B Orange Grove Road, Coonoor, Nilgiri, 643 101	2,500	1,000	25,00,000
7.	Sasidharan S.			1,000	25,00,000
8.	Bensy Varghese	Vadakkethamaramannil, Punthala P. O., Venmony, Alappuzha, 689 509	2,500	1,000	25,00,000
9.	Mathew Joseph	F No 499 Lig Dda Pocket 13, Dwarka Phase 1, New Delhi, 110 045	2,500	1,000	25,00,000
10.	Ajith Abraham V.	Tc 26/2124, C 3 Tutors Lane, Statue Road, Trivandrum, Kerala, 695 001	2,500	1,000	25,00,000

(h) Secured debentures issued *vide* Public Issue 6 as on December 31, 2018:

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
1.	Moses Puthenpurakkal Cherian	Sreenidhi, Chunagavelierumathala P. O., Aluva, 683 112	3,500	1,000	35,00,000
2.	Asm Bijlee	Lee Cottage, Paris Roadvazhuthacadu, Trivandrum, 695 014	3,200	1,000	32,00,000
3.	Kavya Hari K.	Vp5/283 Sowparnika, Arr Public School Roadnettayam P. O., Thiruvananthapuram, 695 013	2,500	1,000	25,00,000

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
4.	Elizabeth Varghese	Kandamkulathu House, Kizhakkan Muthoorthiruvalla, Pathanamthitta, 689 103	2,500	1,000	25,00,000
5.	C. J. Jose	Flat No.111, Excellence Apartments, Plot No.4, Sector 18 A, Dwarka, 110 078	2,500	1,000	25,00,000
6.	K. C. Philipose	9 Blue Hemon,6 Musavarikunnupunalur Po, Quilon, 691 305	2,000	1,000	2000000
7.	K. C. Philipose	9 Blue Hemon,6 Musavarikunnupunalur Po, Quilon, 691 305	2,000	1,000	20,00,000
8.	V. G. Remana Das	Pocket A 13/34a, Kalkaji Extension, New Delhi, 110 019	2,000	1,000	20,00,000
9.	T. O. John	Thekkeveettil, Erathuadoor Vadakkadathucavu, Pathanamthitta, 691 526	2,000	1,000	20,00,000
10.	C. K. Revikumar	Ravi Nivas, Kidangannur P. O. Pathanamthitta, 689 514	1,800	1,000	18,00,000

(i) Unsecured debentures issued *vide* Public Issue 6 as on December 31, 2018:

No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Outstanding amount (In ₹)
1.	G. Soman	Sagar Kiran, Kadathoor, K. S. Puram Pokollam, 690 544	3,000	1,000	30,00,000
2.	Sureshkumar D.	Mangalasseri Illam, Erumakuzhy, 5 Nooranad P. O., Nooranad, 690 504	2,500	1,000	25,00,000
3.	P V Abraham	18 9th A Cross Era Road Ejeepura, Viveknagar, 560 047	2,500	1,000	25,00,000
4.	Mayalekshmi V N	27/3152 Flat No 2b, Skyline Belair Appartments, Panampilly Nagarernakulam, 682 036	2,500	1,000	25,00,000
5.	Mohanan B.	Uthradam, Nellikunnu, Bharathannoor P. O., Pangode, 695 609	2,500	1,000	25,00,000
6.	Bhagyam T. A.	6/1 Rangaraj Lay Out, opposite Teachers Colony, Mettupalayam, Coimbatore, 641 301	2,500	1,000	25,00,000
7.	Subramanian P.	6/1 Rangarajan Lay Out, opposite CTC Teachers Colony Mettupalayam Coimbatore, 641 301	2,500	1,000	25,00,000
8.	Jacob Mathew	Ellil House, Vadasserikkara, 689 662	2,191	1,000	21,91,000
9.	Harikumar S. S.	Mukkolaykkalveedu, Cheeranikara P O, Z. Cheeranikara, Vembayam, Trivandrum, 695 615	2,100	1,000	21,00,000
10.	Neil Jones	Neil Bhavan, Paruthippara, Muttada, P. O., Trivandrum, 695 025	2,000	1,000	20,00,000

No.	Name of holders	Address	Number of instruments held	Face value (In ₹)	Outstandi ng amount (In ₹)
1.	M. C. Mammen	12/197 Chalakkuzhi, Mythri Nagar 135, Asramam, P, O., Kollam, 691 002	10,000	1,000	1,00,00,000
2.	Ravi Kumar Rajashekaran	C/O Arthy R, Ravikumar Nivas, Puzhavathu, Chanaganasserry, Kottayam, 686 101	7,000	1,000	70,00,000
3.	Vinod Vikraman Nair	Kailas, Vp 2/1211, Cram 16 Panickers Lane, Mannamo, Peroorkada, Trivandrum, 695 005	5,300	1,000	53,00,000
4.	Manjula Tony	Tony Nivas, Sakthikulangara, Kollam, 691 581	4,000	1,000	40,00,000
5.	Vinod Vikraman Nair	Kailas, Vp 2/1211, Cram 16 Panickers Lane, Mannamo, Peroorkada, Trivandrum, 695 005	3,500	1,000	35,00,000
6.	Rossmilon Daniel R. S.	Bathshebha, Tc-Iv/1518(2), Ygra 64- B, Kavu Road, Kuravankonam, Kawdiar P O, Trivandrum, 695 003	3,025	1,000	30,25,000
7.	Vinod Vikraman Nair	Kailas, Vp 2/1211, Cram 16 Panickers Lane, Mannamo, Peroorkada, Trivandrum, 695 005	3,000	1,000	30,00,000
8.	Shakuntala Acharya	Flat No. 402, A Wing, A-Block, Ambalapady, Post Office Road, Udupi District, 576 103	3,000	1,000	30,00,000
9.	Mary Thampi W/O Late M.C. Thampi	#02 Manamel, Krs Road, Metagalli, Mysore, 570 016	3,000	1,000	30,00,000
10.	K. G. Kamalakashi Amma and K. R. Girija Kumari	Kamalalayam, Kuttoor P.O., Thiruvalla, Pathanamthitta, 689 106	2,800	1,000	28,00,000

(j) Subordinated debt as on December 31, 2018:

10. Details of holding Equity Shares by our Promoters as on the date of this Prospectus is set out below:

No.	Name of the Promoter	Number of Equity Shares held	Total shareholding as a percent of total number of Equity Shares (in %)	No. of Equity Shares pledged	Total percentage of Equity Shares pledged with respect to total number of Equity Shares held (in %)
1.	Mathew Muthoottu	1,47,79,912	59.23	-	-
2.	Nizzy Mathew	33,54,446	13.44	-	-
Total		1,81,34,358	72.67	-	-

11. Details of holding of Equity Shares by our Directors as on the date of this Prospectus

For details of shareholding of our Directors in the Company, please refer to "Our Management- Shareholding of our Directors" on page 105.

12. Debt - equity ratio

The debt-equity ratio of our Company, prior to this Issue is based on a total outstanding debt of ₹1,12,876.00 lakhs and Shareholder funds amounting to ₹43,384.29 lakhs as of September 30, 2018:



(in **₹**lakhs)

Dead're bran	As at Septemb	oer 30, 2018
Particulars	Pre-Issue	Post-Issue*
Debt		
Long Term Debt (in ₹ lakhs)	68,104.10	88,104.10
Short Term Debt (in ₹ lakhs)	44,771.90	44,771.90
Total Debt (in ₹ lakhs)	1,12,876.00	1,32,876.00
Shareholders' funds		
Equity Share Capital (in ₹ lakhs)	24,952.54	24,952.54
Reserves and Surplus		
Statutory Reserve (Special Reserve Fund - RBI)	3,872.99	3,872.99
Securities Premium	7,844.15	7,844.15
Surplus in Profit and Loss A/c	(6,458.11)	(6,458.11)
Debenture Redemption Reserve	13,172.72	13,172.72
Total Shareholders' funds (in ₹ lakhs)	43,384.29	43,384.29
Long Term Debt to Equity Ratio (Number of times)	1.57	2.03
Debt to Equity Ratio (Number of times)	2.60	3.06

* The debt-equity ratio post the Issue is indicative and is on account of inflow of 20,000 lakks from the 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.

- 13. None of the members of the Promoter group, our Promoters, our Directors and their immediate relatives have sold or purchased the Equity Shares of our Company within six months preceding the date of filing this Prospectus with the RoC.
- 14. For details on the total outstanding debt of our Company, please refer to *"Financial Indebtedness"* on page 150.
- 15. Our Company has not made any acquisition or amalgamation in the last one year prior to the date of this Prospectus.
- 16. Our Company has not made any reorganization/reconstruction in the last one year prior to the date of this Prospectus.
- 17. 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.
- 18. None of the Equity Shares held by the Promoters are pledged or encumbered otherwise.
- 19. None of the Equity Shares of the Company issued as on date of this Prospectus are in dematerialised form.

20. Employee Stock Option Scheme

Our Company does not have any employee stock option scheme.



STATEMENT OF TAX BENEFITS

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

Dear Sirs,

Sub: Statement of possible Tax Benefits under Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, available to Debenture Holders of Muthoottu Mini Financiers Limited in connection with proposed issue of Non- Convertible Debentures ("**Issue**")

We refer to the proposed issue of Non-Convertible Debentures by the Company. We enclose herewith the statement showing the current positions of tax benefits available to the debenture holders as per the provisions of the Income-tax Act, 1961 ("I.T. Act") and Income tax Rules, 1962 including amendments made by Finance Act 2018 as applicable for the financial year 2018-19. Several of these benefits are dependent on the Company and its debenture holders fulfilling the conditions prescribed under the relevant provisions of the I.T. Act. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon fulfilling such conditions.

We are informed that the debentures of the Company will be listed on recognised stock exchanges in India. The Annexure has been prepared on that basis.

The benefits discussed in the enclosed Annexure are not exhaustive. This statement is only intended 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 the tax consequences and the changing tax laws, each debenture holder is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which a debenture holder can avail. Neither are we suggesting nor are we advising the debenture holders to invest money based on this statement.

We accept no responsibility to debenture holders or any third party and this should be stated in the Draft Prospectus / Prospectus (collectively the "**Offer Document**"). The contents of the enclosed statement are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

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

- the Company or its debenture holders will continue to obtain these benefits in future;
- the conditions prescribed for availing the benefits have been/would be met with;
- the revenue authorities/courts will concur with the views expressed herein.

This statement is provided solely for the purpose of assisting the Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended.

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its debenture holders in the Offer Documents for the Issue which the Company intends to file to the BSE Limited, the National Stock Exchange of India Limited, the Securities and Exchange Board of India, the relevant Registrar of Companies in India and any other regulatory authorities as required under the applicable laws, in connection with the Issue provided that the below statement of limitation is included in the Offer Documents.

LIMITATIONS

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

express understanding that we do not assume responsibility towards the debenture holders who may or may not invest in the Issue relying on the statement.

This statement has been prepared solely in connection with the Issue under the Regulations as amended.

For Vishnu Rajendran& Co Chartered Accountants Firm Registration Number: 004741S Peer Review Number: 007938 UDIN: 19201101AAAAAC5384

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

Date: February 21, 2019 **Place**: Kottayam



ANNEXURE

The information provided below sets out the possible direct tax benefits available to the debenture holders of the company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of non-convertible debentures ("Debentures"), under the current tax laws presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a debenture holder faces, may or may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company or its debenture holders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Debenture holders are advised to consult their own tax consultant with respect to the tax implications of an investment in the debentures particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

This statement has been prepared solely in connection with the Issue under the Regulations as amended.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

- A. Under the Income-Tax Act, 1961 ("I.T. Act")
- I. Tax benefits available to the Resident Debenture Holders

1. Interest on debentures received by resident 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.

2. As per section 2(29A) 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. As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed debentures are subject to tax at the rate of 10% [plus applicable surcharge and Health and Education Cess ("**cess**")] of capital gains calculated without indexation of the cost of acquisition. The capital gains shall be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the debentures from the sale consideration.

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.

3. As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer. 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 2 above would also apply to such short term capital gains.

4. In case 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.

5. Securities Transaction Tax ("**STT**") is a tax levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the debentures.

6. Income tax is deductible at source on interest on debentures, payable to resident debenture holders 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 any security issued by a Company in a dematerialised form and is listed on recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956and the rules made there under.

7. Interest on application money and interest on refund application 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 194A of the I.T. Act

II. Tax benefits available to the Non-Resident Debenture Holders

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

(b) 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.

(c) 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 section10(4B)of the I.T. Act in accordance with and subject to the provisions contained therein. However, if the new assets 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 new assets are transferred or converted into money.

(d) 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.

(e) As per section 115H of the I.T. Act, where a non-resident Indian becomes assessable as 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 of the I.T. Act, and at the normal rates for Short Term Capital Gains if the payee debenture holder is a non-resident Indian.

4. Interest on application money and interest on refund application 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 195 of the I.T. Act

5. The income tax deducted shall be increased by surcharge as under:

(a) In the case of non-resident Indian, surcharge at the rate of 10% of such tax liability (if net income exceeds Rs.50,00,000 and does not exceed Rs.50,00,000) and 15% of such tax liability (if net income exceeds Rs.50,00,000) subject to deduction.

(b) In the case of foreign companies, surcharge at the rate of 2% of such tax liability where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds ₹1,00,00,000but does not exceed ₹10,00,00,000, surcharge 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 ₹10,00,00,000.

(c) Cess is to be applied at 4% on aggregate of base tax and surcharge.

6. 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 ("**TRC**"), is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the prescribed particulars, a self - declaration in Form 10F would need to be provided by the Assessee along with TRC.

7. 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.

III. Tax benefits available to the Foreign Portfolio Investors ("FPIs")

1. As per Section 2(14) of the I.T. Act, any securities held by FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FPIs as capital gains.

2. 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 FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and 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.

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

4. Section 194LD in the I.T. Act provides for lower rate of withholding tax at the rate of 5% (plus applicable surcharge and cess) on payment by way of interest paid by an Indian company to FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified by the Government.

5. 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 FPIs.

IV. Tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

V. Exemption under Sections 54EE and 54F of the I.T. Act

1. As per provisions of Section 54EE of the I.T. Act, long term capital gains arising to 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 units 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 units are transferred within three years from their date of acquisition, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gains in the year in which units are transferred. Further, in case where loan or advance on the security of such notified units is availed, such notified units shall be deemed to have been transferred on the date on which such loan or advance is taken. However, the amount of exemption with respect to the investment made in the aforesaid notified units during the financial year in which such debentures are transferred and the subsequent financial year, should not exceed ₹50 lakhs.

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 utilised, 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 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 two years 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.

VI. Requirement to furnish PAN under the I.T. Act

1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.

2. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB ("**deductee**") to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

- (i) at the rate specified in the relevant provision of the I.T. Act; or
- (ii) at the rate or rates in force; or
- (iii) at the rate of twenty per cent.

3. As per Rule 37BC, the higher rate under section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of payment of interest, if the non-resident deductee furnishes the prescribed details inter alia TRC and Tax Identification Number (TIN).

VII. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after April 01, 2017:

(a) without 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. The above is subject to few exceptions as stated in section 56(2)(x) of the I.T. Act.

Notes:

1. The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2018.

2. Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person at the rate of 10% on tax where total income exceeds ₹50 lakhs but does not exceed ₹1crore and at the rate of 15% on tax where the total income exceeds ₹1crore.

3. Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds ₹1 crore.

4. Surcharge is levied on domestic companies at the rate of 7% on tax where the income exceeds $\overline{10}$ crore but does not exceed $\overline{10}$ crores and at the rate of 12% on tax where the income exceeds $\overline{10}$ crores.

5. Surcharge is levied on every company other than domestic company at the rate of 2% on tax where the income exceeds $\overline{10}$ crores and at the rate of 5% on tax where the income exceeds $\overline{10}$ crores.

6. Health and Education Cess is to be applied at 4% on aggregate of base tax and surcharge.

7. Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.



(in Flakhs)

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 ₹20,000 lakhs, towards funding the following objects (collectively, referred to herein as the "**Objects**"):

- 1. Onward lending;
- 2. Repayment of interest and principal of existing loans; and
- 3. 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:

No.	Description	Amount*
1.	Gross proceeds of the Issue	up to 20,000
2.	(less) Issue related expenses	325
3.	Net Proceeds	19,675

*Assuming the Issue is fully subscribed, and our Company retains oversubscription up to ₹20,000 lakhs.

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:

No.	Objects of the Fresh Issue	Percentage of amount proposed to be financed from Net Proceeds	
1.	Onward lending	At least 25%	
2.	Repayment of interest and principal of existing loans	At least 50%	
3.	General corporate purposes*	Maximum of up to 25%	
	Total	100%	

*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 gross proceeds, in compliance with the SEBI Debt Regulations.

For further details of our Company's outstanding indebtedness, see "Financial Indebtedness" on page 150.

Funding plan

Not applicable

Summary of the project appraisal report

Not applicable

Schedule of implementation of the project

Not applicable

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 SEBI Debt Regulations. The Board shall monitor the utilization of the proceeds of the Issue. For the relevant Financial Years commencing from Financial Year 2019-2020, our Company will disclose in our financial statements, the utilisation 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 utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilise the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchange.

Variation in terms of contract or objects in Prospectus

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of a contract referred to in this Prospectus or Objects for which this Prospectus is issued, except subject to the approval of, or except subject to an authority given by the Shareholders in general meeting by way of special resolution and after abiding by all the formalities prescribed in Section 27 of the Companies Act, 2013.

Issue related expenses

The expenses for this Issue include, *inter alia*, Lead Manager's fees and selling commission to the Lead Manager, brokers' fees payable to Debenture Trustee, the Registrar to the Issue, SCSBs' commission/fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

Activity	Amount	Percentage of overall Issue Size
Fees to intermediaries (Lead Manager's fees, brokerage, rating agency, Registrar to the Issue, legal advisor, Debenture Trustee, etc.)	240.00	1.20%
Advertising and Marketing Expenses	25.00	0.12 %
Printing, Stationery and Distribution	20.00	0.10%
Other Miscellaneous Expenses	40.00	0.20%

The estimated breakdown of the total expenses for the Issue is as follows*:

*Assuming the Issue is fully subscribed, and our Company retains oversubscription up to ₹20,000 lakhs.

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.

Our Company shall pay processing fees to the SCSBs for Application forms procured by the Designated Intermediaries and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of $\overline{10}$ per Application Form procured (plus other applicable taxes). However, it is clarified that in case of Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee.

Other Confirmation

In accordance with the SEBI Debt Regulations, our Company will not utilise 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.

No part of the Issue Proceeds will be paid by our Company to our Promoters, our Directors, Key Managerial Personnel or companies promoted by our Promoters.

The Issue Proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property. The Issue Proceeds shall not be used for buying, trading or otherwise

dealing in equity shares of any other listed company.

The Issue Proceeds from NCDs Allotted to banks will not be utilised 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.

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.

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

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, cash flows, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

Utilisation of Issue Proceeds

- (a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in Section 40 (3) of the Companies Act, 2013;
- (b) Details of all monies utilised out of the Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Company's balance sheet indicating the purpose for which such monies had been utilised;
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- (d) The Issue Proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, *inter alia*, by way of a lease, of any immovable property; and
- (e) Details of all utilised and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilised indicating the purpose for which such monies have been utilised and the securities or other forms of financial assets in which such unutilised monies have been invested.



SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

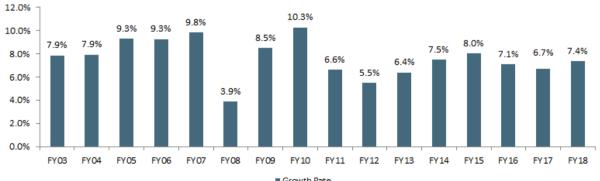
Unless otherwise indicated, all of the information and statics disclosed in this section are extracted from an industry report titled "Gold Loan Industry in India-2018", dated December 12, 2018, prepared and issued by IRR Advisory Services Private Limited. For details of risks in relation to IRR Report and other publications, see "Risk Factors-"We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Gold Loan industry contained in this Prospectus" on page 32. Unless otherwise indicated, all industry and other related information derived from IRR Report. The information presented in this section, including forecasts and projections, have not been prepared or independently verified by us, our Directors, our Promoters, the Lead Manager or any of our or their respective advisors.

The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in the IRR Report as advice relating to business, financial, legal, taxation, and other advisors concerning the transaction.

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1. OVERVIEW OF INDIAN ECONOMY

India, the world's third largest economy in terms of its purchasing power parity (PPP) and population of over 1.2 bn, has witnessed significant economic growth since the country was liberalized in early 1990s. Industrial deregulation, divestment of state-owned enterprises, and reduced Governmental controls on foreign trade and investment, served to accelerate the country's growth and India has posted an average of 7.0% GDP growth since beginning of this millennium. According to IMF, India's GDP was at 6.7% in 2017 and it is projected to jump to 7.4% in 2018 and 7.4% in 2019.



India's GDP Growth Rate (%)

■ Growth Rate Source: IMF World Economic Outlook 2018, IRR Advisory Analysis

India Ratings (Ind-Ra) expects economic recovery to become more broad-based in FY19 with both consumption and investment providing support to economic growth. The four GDP growth drivers from the demand side are private final consumption expenditure (PFCE), government final consumption expenditure (GFCE), gross fixed capital formation (GFCF) and net exports (NE). In the last few years, only PFCE and GFCE have demonstrated sustained and robust growth. Although exports growth picked up in FY18, hardening of commodity prices, particularly crude, has led to imports growth outpacing exports growth in FY18.

From the supply side, all major sectors namely agriculture, industry and services are expected to contribute to FY19 gross value added (GVA) growth, but the most significant rebound will come from the industrial sector, which reeled under the twin impact of the demonetization and GST in FY18.

Ind-Ra therefore sees industrial GVA growing at 6.9% in FY19 as against 5.5% in FY18. Even agriculture and services sectors are expected to grow 3.0% and 8.2% in FY19, decline in agriculture which was at 3.4% and services a tad higher at 8.3% in FY18. This will translate into an overall GVA growth of 7.0% in FY19 (FY18: 6.5%).

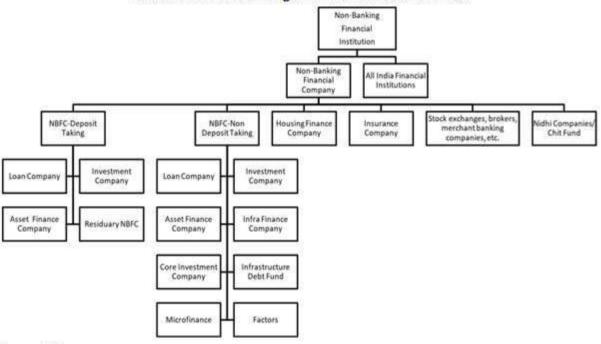
Government of India (GoI) has set development of infrastructure sector as one of the prime objective to accelerate the growth momentum and has initiated a host of bold new initiatives to address these and other challenges. For instance, the country's flagship 'Skill India' initiative seeks to equip India's growing young workforce with the skills needed to compete in today's rapidly changing work place. The skills program is complemented by the 'Make in India' initiative, as well as with efforts to ease the process of doing business. The Smart Cities and Atal Mission for Rejuvenation and Urban Transportation (AMRUT) programs focus on creating dynamic urban centers in towns and cities across the country. Thus, India's GDP is expected to reach USD6trn by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms.

2. OVERVIEW OF THE NBFC MARKET IN INDIA

Non-Banking Financial Institutions' Structure in India

Non-banking Financial Institutions (NBFIs) Non-banking finance companies (NBFCs) form an integral part of the Indian financial system by complementing the banking sector in reaching out credit to the unbanked segments of society, especially to the micro, small and medium enterprises (MSMEs), which form the cradle of entrepreneurship and innovation.

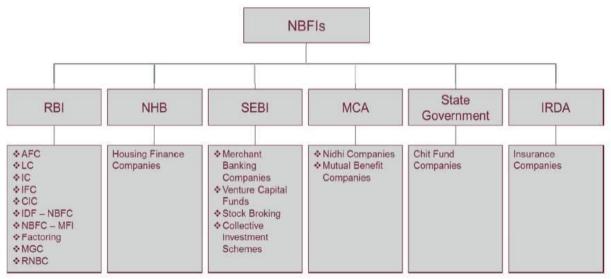
The structure of NBFIs in India is provided below:



Structure of Non-Banking Financial Institutions in India

Source: RBI

On the basis of liabilities, NBFCs are classified into two categories (i) NBFCs-Deposit taking (NBFCs-D) and (ii) NBFCs-Non-Deposit taking (NBFCs-ND). NBFCs-D are subject to requirements of capital adequacy, liquid assets maintenance, exposure norms (including restrictions on exposure to investments in land, building, and unquoted shares), Asset-liability management and reporting requirements. The NBFCs, depending upon its nature of business, are broadly categorized as loan companies, investment companies, infrastructure finance companies (IFC), asset finance companies (AFC), core investment companies (CIC), infrastructure debt funds, micro finance institutions. The regulatory and supervisory framework for NBFCs has been continuously strengthened in order to ensure their strong and healthy functioning, limit excessive risk-taking practices, and protect the interests of the deposit holders.



Source: RBI, NHB, SEBI, IRDA, MCA

NBFCs are primarily governed by the RBI Act and the RBI Master Directions.

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:

- An NBFC 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.

Further, while 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: The main business of these companies is to finance the assets such as machines, automobiles, generators, material equipment.
- Investment Companies: The main business of these companies is to deal in securities.
- Systemically Important Core Investment Company (CIC-ND-SI): A systemically important NBFC (assets INR1.0bn and above) which has deployed at least 90% of its assets in the form of investment in shares or debt instruments or loans in group companies is called CIC-ND-SI. Out of the 90%, 60% should be invested in equity shares or those instruments which can be compulsorily converted into equity shares. Such companies do accept public funds.
- Loan Companies: The main business of such companies is to make loans and advances (not for assets but for other purposes such as working capital finance etc.).
- Infrastructure Finance Companies (IFC): A company which has net owned funds of at least INR3.0bn and has deployed 75% of its total assets in Infrastructure loans is called IFC provided it has credit rating of A or above and has a CRAR of 15%.



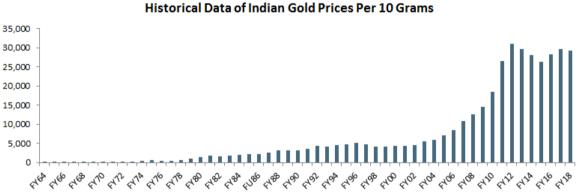
- Infrastructure Debt Fund NBFCs (IDF-NBFC): An IDF-NBFC is a non-deposit taking NBFC that has Net Owned Fund of INR3.0bn or more and which invests only in Public Private Partnerships and post commencement operations date (COD) infrastructure projects which have completed at least one year of satisfactory commercial operation and becomes a party to a Tripartite Agreement.
- NBFC Micro Finance Institutions: Microfinance companies are non-deposit taking firms that are entitled to provide loans up to INR50K to individuals coming under low-income group living in rural or semi-urban areas.
- NBFC Factors: An NBFC-Factoring company should have a minimum Net Owned Fund (NOF) of INR50mn and its financial assets in the factoring business should constitute at least 75 percent of its total assets and its income derived from factoring business should not be less than 75 percent of its gross income.
- Mortgage Guarantee Companies: Mortgage Guarantee company acts as an insurance against defaults on loans by the homebuyer, thereby reducing the loan exposure and credit risks for the lender.
- NBFC-Non-Operative Financial Holding Company (NOFHC): For permitting promoter/ promoter groups of NBFCs to set up a new bank.

NBFCs' niche in certain asset classes has enabled them to expand their market share. Their ability to customize products, price the risk and manage ultimate credit costs, especially related to small-ticket loans, viz., light commercial vehicle (CV), used CV, small-ticket housing loans, small-ticket LAP, gold loans and microfinance, has continued to support their growth. However, any sharp liquidity tightness could create refinancing challenges for NBFCs.

3. EVOLUTION OF GOLD LOAN MARKET IN INDIA

Gold Loan Market in India

Gold has long been a valued commodity, historically regarded as among the most liquid assets, and accepted universally as a currency since time immemorial. In India, gold has traditionally been consumed by individuals in the form of jewellery – it is considered auspicious to buy gold jewellery during festive seasons - and handed down generations as family wealth. Gold is considered to be a safe haven in times of economic uncertainty, a fact exemplified by almost a 450x time's rise in gold prices over the past five decades.



Source: RBI Handbook of Statistics, IRR Advisory

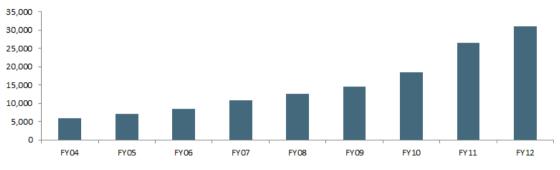
Gold enjoys a unique connection with Indians in terms of social status, financial security and rich cultural legacy. India is one of the largest consumers of gold with total stock of about 23,000-24,000 tonnes in the calendar year 2016 as per World Gold Council (WGC), majority of which is with households. Along with the country's growing population and ever increasing disposable income, India's inclination and liking for gold has also increased. WGC expects the average demand to reach around 850 to 950 tonnes p.a. by 2020 at an annual growth rate of 35.0%, with two-thirds of this demand coming from the rural market.

Due to the emotional value associated with household jewellery, people are hesitant to sell their gold to meet their immediate financial needs; as an alternative, people pledge their gold ornaments as collateral and secure a short-term loan. The pledging of gold ornaments and other gold assets to local pawnbrokers and money lenders to avail loans has been prevalent in Indian society over ages. The increased holding of gold as an asset among large section



of people, and the practices related to borrowing against gold in the informal sector, have encouraged some loan companies to provide loans against the collateral of used household gold jewelleries. Over a period of time, many companies have emerged as 'specialised gold loan companies'.

Gradually, the market entered a period of rapid growth as reflected in gold prices below:



Historical Data of Indian Gold Prices Per 10 Grams

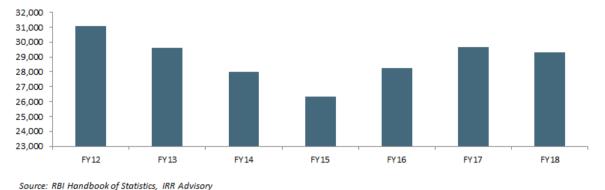
Source: RBI Handbook of Statistics, IRR Advisory

The key factors that drove the rapid growth phase included low cost of funds (eligibility under Priority Sector Lending), rise of India's middle class, consumerism and urbanization, rising gold prices, and high Loan to Value (LTV) of up to 85%. Convenience of access, quick disbursals and lower interest rates compared to moneylenders led to NBFCs becoming the customer's de-facto choice. Industry witnessed Asset Under Management (AUM) growth of 95% CAGR while branch network grew 7 times in same period.

In order to stabilize the proliferation and books of gold loan NBFCs, Reserve Bank of India (RBI) intervened and released certain guidelines:

- Removal of Priority Sector Lending (PSL) status. This immediately resulted in substantially higher borrowing cost.
- LTV capped at 60% Weakened the competitive advantage against commercials banks, although RBI increased the LTV to 75% in 2014 to create a level competing field for banks and NBFCs.
- Restricted credit exposure to single gold NBFC to 7.5% from 10.0% resulting in lower bank funding.
- Prohibition of grant of loans against bullion and gold coins.

Meanwhile, from the beginning of 2013, gold prices reduced drastically globally. With the pledged gold having lower market value, customers walked away from the loans resulting in increased Non-Performing Assets (NPAs). The gold loan industry was also subsequently impacted by demonetization in 2016 when cash crunch in the market led to immediate shortfall in business. However, digital eco-system is now leading to increased credibility and tilting scales of gold loan business in favour of the specialized gold loan NBFCs. Alongside, the introduction of GST in 2017 has also impacted the market. In the pre-GST era, the taxation on gold was 1% excise duty, along with a VAT of 1-1.5%, totalling to 2% tax. GST rates on gold have now been pegged to 3%. This is in addition to an import duty of 10% and 5% GST on making charges. The stagnation of gold prices since 2012 is shown below:

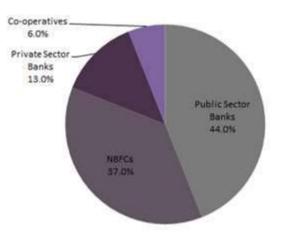


Historical Data of Indian Gold Prices Per 10 Grams

Gold Loan NBFCs in India

At a broader level, there are mainly two categories of gold loan lenders: (i) Formal sector (banks, NBFCs, cooperatives) and (ii) Informal sector (local moneylenders). Lenders provide loans by securing gold assets as collateral. Compared with the rest of the world, in India the gold loan market today is a big business. Till the last century, most of the lending was in the unorganized sector through pawnbrokers and money lenders. However, this scenario has changed over the last two decades post India's economic liberalization and financial sector reforms, and the organised sector has become more dominant. Buoyed by the spurt in gold prices during the last decade, organised lenders grew at a 76% CAGR during the period FY'09 to FY'12. However, correction in gold prices in FY13, adverse regulatory scenario, restrictions on offering high LTV products, and increase in competition intensity has seen gold loan industry's AUM stagnating. This is also reflected in the stagnating portfolio of gold loan NBFCs. The total gold loan industry AUM of organized players stood at

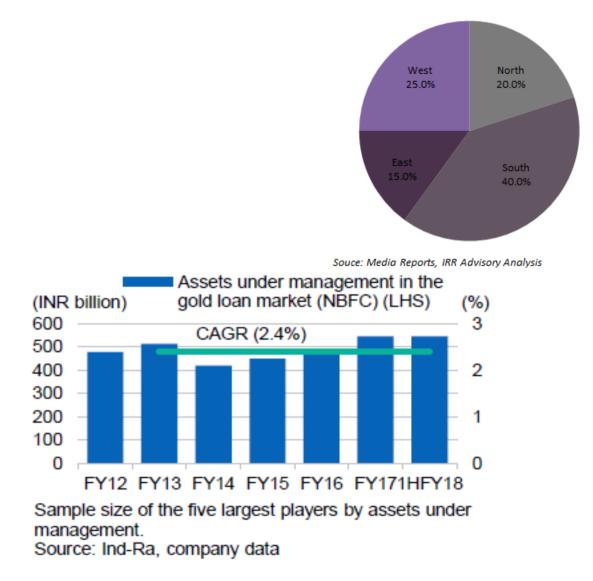
Share of Organized Gold Loan Market as on Dec, 2017



Source: Industry Reports, IRR Advisory Analysis

INR2,509.7bn as on FY18. Nevertheless, the large long-standing, unorganised gold loans market continues to be active and there are no official estimates available on the size of this market, which is characterised by the presence of numerous pawnbrokers, moneylenders and landlords operating at a local level. However, this market is believed to be almost double the size of organised gold loans market.

Regional Gold Loan Demand as on Dec, 2017



The demand for gold has a regional bias with southern Indian states accounting for around 40% of the annual demand. The prevalence of high level of rural indebtedness, easy availability of gold loans on extremely flexible terms, relative scarcity of personal and retail loans from the banks, and changing attitude of customers to gold loans will contribute to the growth in the gold loan AUM. There is potential to expand gold loans market to the Northern and Western regions of India, provided the branch network is expanded and the loans are available with ease and with flexible options.

Growth in Gold Loans AUM of Organized Players in the Last 5 Years

As per WGC, the organized gold loan industry is around 30-40% and unorganized industry is around 60-70%. The total (organized and unorganized) gold loan industry AUM is around INR8,365.7bn in FY18; out of which unorganized is in the range of INR5,019.4bn – INR5,855.9bn. The industry's AUM grew at a CAGR of 4.1% between FY14 and FY18. NBFCs were marked by slowdown and weakening competitive positioning during FY12 and FY15 owing to withdrawal of eligibility for NBFCs under priority sector lending, RBI putting a ceiling on LTV ratio that could be given out by NBFCs at 60%, as against 75% for banks and RBI norms for conducting gold loan auctions.



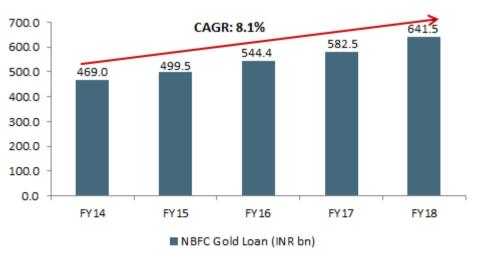
Gold Loan Industry's AUM

Source: Media Reports, IRR Advisory Analysis

The industry's AUM declined from INR2,203.6bn in FY15 to INR2,139.4bn in FY16 owing to continuous decline in gold prices, which in turn, led to increasing defaults. The situation, however, improved thereafter. AUM increased by 8.3% from INR2,139.4bn in FY16 to INR2,509.7bn in FY18 due to rise in gold prices by 10.4% from INR2,653.4/gram to INR2,930.0/gram. This growth in prices was aided by good monsoon and macroeconomic factors. Further due to NBFCs' focus on improving the business per branch as they diversified their regional concentration, undertook aggressive marketing and witnessed strong growth from Non-Southern regions which led NBFC's gold loan AUM increased from INR544.4bn in FY16 to INR641.5bn in FY18.

Growth in Gold Loans AUM of NBFCs (Gold Loan) in the Last 5 Years

As per industry reports, the gold loan NBFCs AUM grew at a CAGR of 8.1% between FY14 and FY18. NBFCs witnessed a decline in gold loan AUM between FY12 and FY14, as RBI's regulations curbed the performance as mentioned earlier. However, due to NBFCs flexible loan offerings and quicker disbursement time helped them to grow their gold loan AUM from INR469.0bn in FY14 to INR544.4bn in FY16.



Gold Loan NBFCs AUM

Source: Media Reports, IRR Advisory Analysis

Gold Loan NBFCs AUM further grew by an impressive 9.3% over the next 2 years from INR544.4bn in FY16 to INR641.5bn in FY18 which was due to gold loan NBFCs moved into non-southern Indian territories, achieving a higher growth based on lower penetration, rise in gold prices and higher marketing expenditure undertaken by players in order to improve product awareness and build brand identity.

Specialized gold loan NBFCs have witnessed growth amongst organized players. This growth is driven by aggressive expansion of branches, heavy spending on marketing and rapid acquisition of customers. NBFCs and banks approach the gold loan market differently, which is reflected in their interest rates, ticket sizes and loan tenures. NBFCs focus more single-mindedly on the gold loans business and have accordingly built their service offerings by investing significantly in manpower, systems, processes and branch expansion. This has helped them attract and serve more customers. Overview of some operational parameters of organized players is provided below:

Parameters	Gold Loan NBFCs	Banks	Money Lenders
Loan to Value	Upto 75%	Upto 75%	Higher than 75%
Penetration	Highly peneterated	Not highly peneterated. Selective branches	Highly peneterated
Interest Charges	Around 18-24% p.a	Around 12-15% p.a	Usually in the range of 35-60% p.a.
Regulatory Body	RBI	RBI	Not regulated
Processing Fees	No/Minimal processing fees	Higher than NBFCs	Nil
Documentaion	Minimal, Govt. ID proof	Complete KYC compliance	Nil or minimal
Customer Service	High-Gold Loan is core focus	Non- core focus	Core focus
Repayment Structure / Flexibility	Flexible. No pre-payment charges	EMI based. Pre-payment penalty is charged.	One time
Model of Disbursal	Cash, Cheque/Electronic Transfer (Cash upto INR20,000/-)	Cheque, Electronic Transfer	Cash
Working Hours	Open beyond bankng hours	Typical Banking Hours	Open beyond banking hours
Fixed Office Space	Branch with dedicated staff for gold loans	Bank branches	No fixed place
Turn Around Time Around 10 minutes		1-2 hours	More than 10 minutes

Source: Industry Sources, IRR Advisory Analysis

Percentage Share of Peers based on Gold Loan AUM is provided below:



Note: Others include India Infoline, Shriram City Union Finance and other smaller NBFCs

MuFL had the major share to the tune of 45.4% of gold loan AUM in FY18 as well as in FY17. MaFL market share marginally declined from 19.1% in FY17 to 18.2% in FY18 however, others market share has increased from 12.5% in FY17 to 15.1% in FY18.

4. KEY GROWTH DRIVERS FOR GOLD LOAN

Gold financing companies form an integral part of the Indian financial system. It plays an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked

segments of society, especially to the MSMEs, which form the cradle of entrepreneurship and innovation. NBFCs' ground-level understanding of their customers profile and their credit needs gives them an edge, as does their ability to innovate and customise products as per their clients' needs. This makes them the perfect conduit for delivering credit to lower-income group people and MSMEs. Gold loan as a credit product is not a new phenomenon in the country; it is only in the recent past that Indians have started losing their inhibitions over pledging their family heirlooms to mainstream commercial lenders and leveraging multiple benefits, such as instant credit, flexible schemes, lower interest rates and minimal paperwork without the hassles of rigid credit appraisal. As banks and NBFCs offer gold loans at interest rates much lower than those of informal moneylenders; they have successfully targeted a new segment of customers who would have otherwise not taken a gold loan. The key growth drivers for gold loan are provided below:

Lack of Reach of Banking to Rural and Lower-Income Groups

In India, the reach of NBFCs in rural areas is comparatively higher than the banks. Due to which NBFCs have an advantage in terms of business revenue and larger base of customer over the banks. The traditional banking products are not accessible to rural and lower-income groups as those products are to relatively higher-income groups. A farmer, for example, earns his living based on harvests. If the farmer takes loan, his loan repayment ability would depend on factors outside his control: monsoon, harvest output and market prices. Credit scores would undermine one's effort to get normal loans during distress periods. This is the situation faced by a large portion of the Indian population engaged in farming and rural employment. Gold loans offer a viable solution in this situation since, gold loans are fully securitized, lenders have the option to recoup the full principle amount (in most cases) if the borrower defaults - hence, there is no need for extensive checks on borrower's previous repayment records. The relative ease in obtaining a loan approval has boosted the popularity of gold loans.

Rising Consumerism in Rural Areas

Consumption growth in rural India has outpaced urban spending by the widest margin in five years, encouraged by relatively good rainfall last year and an increase in government spending on infrastructure. According to media reports, rural consumption rose by 9.7% in FY18, faster than the 8.6% growth in urban spending. WGC estimates that about 67.5% of the Indian household gold belongs to rural communities, who are the biggest purchasers of gold loan. Unpredictability of the rain and harvest season means farmers become cash-strapped frequently. For them, unlocking value of their household gold is the easiest way to meet their financial obligations. Additionally, the rising consumerism in rural areas is leading to increased gold loans being taken for non-income generating purposes.

Changing Attitudes Towards Gold Loan

Few decades back, the gold loan was a high-cost affair, something around 35-50% (local moneylenders) but now organized players in the market (banks and NBFCS) offer the loan at 12-24% per annum. In recent, gold loan is becoming a word of mouth whether it is Tier1, Tier2 or Tier 3 cities – people are turning more towards depositing gold with banks and NBFCs because it is one of the easiest way to avail money. The overall process to avail gold loans has become more formal and transparent with an entry of organized financial players. Further, gold is a secured asset and there is no requirement of any additional collateral but however; to avail home loans & personal loans, one need to show income certificates, bank statements & income tax returns. One good thing about gold loan is that it can be used for any purpose so more and more people are migrating towards this loan. It is not only the rural communities who are willing to put household jewellery in the market – acceptance towards using family gold for financial needs is increasing in the relatively untapped urban market. Using gold loans to meet household exigencies is gaining popularity in Indian cities and metros.

Ease of Availability of Gold Loan

NBFCs offer very competitive gold loan schemes with a wide range of tenures, interest slabs and repayment options making it very attractive for the customer. Unlike the rigid products offered by traditional banks, gold loan products are designed in a way that specifically meets the situation of the target customer segments. Disbursements are made within a quick time period after loan approval with a turnaround time (TAT) of around 10 minutes. A good number of loans do not have fixed Equated Monthly Instalment (EMI) facility - only the interest needs to be paid on a monthly basis while the principle should be paid at the end of the tenure. The ability to choose product features (repayment scheme, tenure) has facilitated increased gold loan penetration.

Positive Impact of Monsoon on the Agricultural Activities in the Southern States

Rural demand plays an important role in the demand for gold in the country which depends primarily on monsoons. India annually consumes 800-850 tonnes of gold and rural India accounts for 60% of the country's gold consumption. A 1% increase in excess rainfall, as measured by the amount of rainfall compared to the long-run average rainfall, boosts gold demand by 0.5%. The monsoon is important for India's agricultural sector. A good monsoon can increase crop yields, sweep money into the rural economy and boost gold demand. Therefore, monsoon plays a big part in gold consumption because if the crop is good, then farmers buy gold from their earnings to create assets. Whenever there will be an additional requirement of funds by the farmer the same gold can be pledged to avail money. Southern states known as South Peninsula accounted for 98% of its Long Period Average rainfall in 2018 which depicts a good rainfall. Regional and all India rainfall for 2018 is provided alongside.

Regional Monsoon (June to September) Rainfall - 2018					
Region	Long Period	Actual Rainfall for 2018			
Region	Average (LPA) (mm)	Rainfall (mm)	Rainfall (% of LPA)		
Northwest India	615.0	603.2	98.0%		
Central India	975.5	911.3	93.0%		
East & Northeast India	1,438.3	1,087.5	76.0%		
South Peninsula	716.1	704.4	98.0%		
All India	887.5	804.0	91.0%		
Mont	hly All India Monsoo:	n Rainfall - 201	8		
Month	LPA (mm)	Actual Rainfall for 2018			
WOITT		Rainfall (mm)	Rainfall (% of LPA)		
June	163.6	155.3	95.0%		
July	289.2	272.4	94.0%		
August	261.3	241.4	92.0%		
September	173.4	132.4	76.0%		

Source: India Meteorological Department

5. REGULATORY IMPACT ON GOLD LOAN MARKET IN INDIA

RBI Master Directions has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier l capital of 12.0%. The RBI Master Directions have issued guidelines with regard to the following:

Appropriate Infrastructure for Storage of Gold Ornaments: A minimum level of physical infrastructure and facilities is available in each of the branches engaged in financing against gold jewellery including a safe deposit vault and appropriate security measures for operating the vault to ensure safety of the gold and borrower convenience. Existing NBFCs should review the arrangements in place at their branches and ensure that necessary infrastructure is put in place at the earliest. No new branches should be opened without suitable storage arrangements having been made thereat. No business of grant of loans against the security of gold can be transacted at places where there are no proper facilities for storage/security.

Prior Approval of RBI for Opening Branches in Excess of 1,000: It is henceforth mandatory for NBFC to obtain prior approval of the RBI to open branches exceeding 1,000. However NBFCs which already have more than 1,000 branches may approach the Bank for prior approval for any further branch expansion. Besides, no new branches will be allowed to be opened without the facilities for storage of gold jewellery and minimum security facilities for the pledged gold jewellery.

Standardization of Value of Gold in Arriving at the Loan to Value Ratio: For arriving at the value of gold jewellery accepted as collateral, it will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by The Bombay Bullion Association Limited.

Verification of the Ownership of Gold: RBI has directed all NBFCs to put in place an explicit policy approved by their board of directors within their overall loan policy to verify ownership though a suitable document which is

prepared to explain the manner in which ownership is determined, particularly in each case where the gold pledged at any one time or cumulatively on the loan outstanding is more than 20 grams.

Auction Process and Procedures: The following additional stipulations are made with respect to auctioning of pledged gold jewellery:

- The auction should be conducted in the same town or taluka in which the branch that has extended the loan is located.
- While auctioning the gold the NBFC should declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85% of the previous 30 day average closing price of 22 carat gold as declared by India Bullion Association Ltd. formerly known as The Bombay Bullion Association Ltd. and value of the jewellery of lower purity in terms of carats should be proportionately reduced.
- It will be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.
- NBFCs must disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

Other Instructions:

- ➢ NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above INR 5,00,000/-.
- High value loans of INR0.1mn and above must only be disbursed by cheque.
- > Documentation across all branches must be standardized.
- NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Details of the key guidelines are provided below:

Loan to Value Ratio (LTV)

LTV ratio describes the size of a loan which is taken out compared to the value of the asset securing the loan. Lenders and others use LTV's to determine how risky a loan is. A higher LTV ratio suggests more risk because the assets behind the loan are less likely to pay off the loan as the LTV ratio increases. The LTV ratio has been capped at 75% for both NBFCs and traditional banks providing gold loan services. RBI regulations state that - gold jewellery accepted as security/collateral will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd. If the gold is of purity less than 22 carats, the collateral should be translated into 22 carat value and exact grams need to be valued. Loan against bullion, units of Exchange-Traded Fund (ETF) and units of gold mutual funds is not permitted. This standardisation and increased transparency of LTV calculations across the organised sector has meant healthy businesses for NBFCs.

Know Your Customer (KYC)

The RBI KYC directions are applicable to NBFCs and RBI has 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 antimoney 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 RBI KYC directions and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents.

For verification purposes, a customer needs to submit the following: government issued identity proof (passport, PAN card, voter's ID or driving license, along with passport size photographs), address proof (either electricity bill, ration card or telephone bill) and signature proof. The NBFCs are now allowed to make use of e-KYC which

uses Aadhaar card validation. The move towards e- KYCs is meant to reduce risk of fraud and forgery as well as improve application processing speeds.

Changes in classification of Non-Performing Asset

The RBI Master 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 NBFCs-ND is required to make provisions against sub-standard assets, doubtful assets and loss assets in accordance with the Master Directions. In terms of the Master Directions, NBFCs-ND has to make the following provisions on their loan portfolio.

Asset Classification	Provisioning Policy
Standard Assets	0.4%
Sub-standard Assets	10.0%
Doubtful Assets	100.0% of unsecured portion + 20% - 50% of secured portion
Loss Assets	100.0% provided if not written off
Source: RBI Circular	

The time frame for classification of NPAs for NBFCs has been brought on par with banks. RBI mandated from FY18, a loan is termed as a NPA if interest is not paid for 90 days (3 months). In 2016, the time period was 5 months, while it was 4 months in 2017. However, it should not be a cause for concern, since default is not an issue for a gold finance company, as the loan is fully secured. In case of non-payment, the gold finance company could simply auction off the gold underlying to recover the interest and principal.

Verification of Gold Ownership

RBI in January 2014, has directed all NBFCs should have Board approved policies in place to satisfy ownership of the gold jewellery and adequate steps be taken to ensure that the KYC guidelines stipulated by the RBI are followed and due diligence of the customer undertaken. Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. Further, it is not necessary to produce original receipts to establish ownership. Instead, a suitable document may be prepared to explain how the ownership is determined. The method of establishing ownership should be laid down as a board approved policy.

Gold Monetisation Scheme (GMS)

The government in the late 1990s also tried to monetize the idle gold hold by Indian households by bringing it into use for the industry and to reduce dependency on imports. GDS was introduced in September 1999 to allow individuals to deposit gold at banks and receive interest in return. Further, the scheme was also exempt from capital gains, wealth and income tax. However, the minimum deposit of 500 grams was a huge deterrent for many individuals and households to avail this scheme. Between 1999 and 2015, only 15% of gold was mobilized reflecting the inefficiency of GDS structure. GDS was reintroduced in the Union Budget 2015 by Finance Minister Mr. Arun Jaitley in a new avatar - 'Gold Monetisation Scheme' with the minimum deposit size being reduced to 30 grams. This scheme offers an annual tax free-interest starting from 0.6% (Short-term: upto 3 years) to 2.5% (Long-term: upto 15 years).

The objective of GMS is to mobilize gold held by households and institutions of the country and facilitate its use for productive purposes, and in the long run, to reduce country's reliance on the import of gold. All Scheduled Commercial Banks excluding Regional Rural Banks are eligible to implement the scheme. It includes Revamped

Gold Deposit Scheme (R-GDS) and Revamped Gold Metal Loan Scheme (R-GML). The minimum deposit at any one time is 30 grams of raw gold (bars, coins, jewellery excluding stones and other metals). There is no maximum limit for deposit under the scheme. Also, the interest earned on the gold deposit will be exempted from not only income tax but also capital gains tax. There are 2 schemes in GMS:

1. Short Term Bank Deposit (STBD)

STBDs have a lock-in-period are treated as bank's on-balance liability. The deposits will be made for a short period of 1-3 years (with a facility of roll over). Deposits can also be allowed for broken periods (e.g. 1 year 3 months; 2 years 4 months 5 days; etc.). The rate of interest payable in the case of deposits for maturities with broken periods shall be calculated as the sum of interest for the completed year plus interest for the number of remaining days at the rate of D/360*ARI. Where, ARI= Annual Rate of Interest, D= Number of Days.

2. Medium and Long Term Government Deposit (MLTGD)

The deposit under this category will be accepted by the designated banks on behalf of the Central Government. This deposit will not be reflected in the balance sheet of the designated banks. It will be the liability of Central Government and the designated banks will hold this gold deposit on behalf of Central Government until it is transferred to such person as may be determined by the Central Government. The Medium Term Government Deposit (MTGD) can be made for 5-7 years and Long Term Government Deposit (LTGD) for 12-15 years or for such period as may be decided by the Central Government from time to time. The rate of interest on such deposit will be decided by Central Government and notified by RBI from time to time. The current rate of interest as notified by the Central Government is:

(i) **On medium term deposit – 2.25% p.a.**

(ii) On long term deposit – 2.50% p.a.

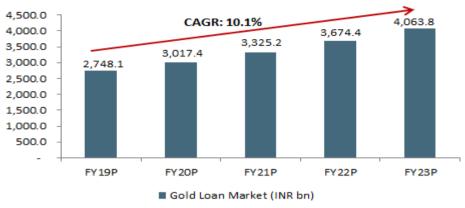
The periodicity of interest payment on these deposits is annual and shall be paid on 31st March every year. A depositor will have an option to receive payment of simple interest annually or cumulative interest at the time of maturity, in which case it will be compounded annually. This option shall be exercised at the time of deposit. Minimum lock-in period - MTGD is allowed to be withdrawn any time after 3 years and a LTGD after 5 years.

6. OUTLOOK FOR THE GOLD LOAN MARKET IN INDIA

Outlook for the Gold Loan Market in India for the Next 5 Years

India is one of the largest markets for gold and in our Indian culture gold is considered as auspicious, particularly in Hindu and Jain cultures and gold is worn for important ceremonies and occasions. Gifting gold is a deeply ingrained part of marriage rituals in Indian society where weddings generate approximately about 50 % of annual gold demand. Rural residents and low income groups are the major customers of gold loans, as gold is usually the only asset they possess. Gold loan has emerged as one of the most reliable credit sources for these categories of customers. Further the gold loan market is still underpenetrated, considering the abundant availability of gold as collateral with Indian private households. This could play a vital role in the expansion of gold loan market. IRR Advisory has estimated that the organized market size will grow to INR4,063.8bn by FY23P.

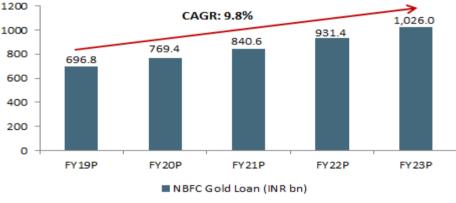
With the credit demand expected to rise, the gold loan industry is expected to grow over the next few years at a CAGR of 10.1% from INR2,748.1bn in FY19P to INR4,063.8bn in FY22P which would be driven by gold loan NBFCs moving into Non-Southern Indian territories, achieving relatively higher growth based on lower penetration, initiative undertaken by players in order to improve product awareness and build brand identity. Diversification into other regional geographies and untapped markets would be the key for industry AUM to grow. Gold loan industry AUM projection is provided below:



Gold Loan Industry AUM Projections

Source: IRR Advisory Analysis

Organized players marketing initiatives to raise awareness against heavy interest rates charged by the unorganized players (which is in the range of 25-50%) especially in rural parts will further aid growth. Also, player's ability to leverage technology and improve their online gold disbursements could turn out to be a game changer. Along with these drivers, a favourable economic scenario will further drive up the funding needs of small businesses, and hence, improve demand for gold loans Based on these growth drivers, we expect gold loan NBFCs' AUM to grow at 9.8% CAGR, from INR696.8bn in FY19P to INR1,026.0bn in FY23P. Gold loan NBFCs AUM projection is provided below:



Gold Loan NBFCs AUM Projections

Source: IRR Advisory Analysis

The overall organized gold loan penetration level is around 30-40%, which is a headroom for growth in this market. So, financial institutions with the right focus, operational capabilities, availability of funds, refreshing products and modern technology can capture a large market share and profitable returns.

Various factors affect the gold demand in India. The relationship between these factors is provided below:

Long Term F	actors	Short Term Factors		
Rising Income	Gold Price Movement	Inflation	Excess Rainfall	
It is anticipated that for a 1%	For a 1% increase in gold	For a 1% increase in	For a 1% increase in	
increase in income, the	price, demand will	inflation, demand	monsoon rainfall, gold	
demand for gold will rise by 1%	decrease by 0.5%	rises by 2.6%	demand rises by 0.5%	

Source: World Gold Council

These above factors have created the positive conditions to expand gold loan market in India.

Gold as a Hedge against Inflation, Fluctuation in Interest Rates and Rupee Devaluation

The Indian rupee has been deprecating against the US dollar over the past two months and touched all-time low of INR72.9 per US dollar on 18th September in comparison to same time previous year one US dollar was sold at INR64.1. The decline of about 13.7% in the value of rupee affects everybody directly and indirectly. This coupled with rising crude oil prices due to geo political issues in the Middle East will make import of crude oil into India very expensive. India is heavily dependent on imported crude oil for its fuel needs.

The rising fuel prices will stoke domestic inflation as the transportation cost will increase in the various manufactured products and agricultural produce. Higher inflation leads to increase in expenses and lesser savings thereby affecting personal finances. Higher inflation over a period can cause higher interest rates, thereby making loans expensive. A weak rupee against dollar affects any investment done abroad, foreign education and foreign travel. The inflationary pressures have led to interest rate hike by RBI which has already raised interest rates twice this year. A higher interest rate will lead to higher EMIs. For the investor of debt funds, rise in interest rates would bring down the bond prices and hence has a negative impact on the debt funds 'net asset values'. As explained above, the rising exchange rates and the resulting inflationary pressures will have an impact on the value of the assets of the retail investors and hence it is imperative for the retail investors to invest in class of assets which are good inflation hedgers. Among all the class of assets gold is considered as a best hedge against inflation and seen as an ideal asset for portfolio diversification.

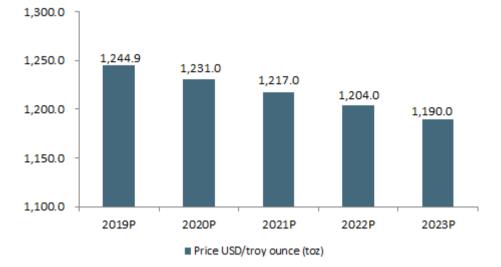
The demand for gold rises whenever there is political chaos and gold is considered as safe haven. A significant reason why people invest in gold is that it has performed admirably in holding of value over the long-term in comparison to other assets like paper currency, some coins or even stocks. The gold can be used to protect purchasing power, reduce volatility and minimize losses during periods of market shock.

The RBI has also bought gold for the first time in nearly a decade in the first quarter of FY19 thereby signalling that the metal could be in demand as a store of value when returns and capital values of fixed-income bonds are declining in a rising rate environment. The RBI added 8.4 metric tonnes of gold to its stock of holdings during the FY18 that ended June 30, taking the level of gold reserves to 566.2 metric tonnes. It had bought 200.0 metric tonnes from the IMF to boost its reserves in November 2009. The RBI decision to buy gold is significant is that unlike central banks it does not regularly trade in gold although the law permits it do so. The RBI's decision to buy gold is probably a decision for diversification of assets for deployment keeping in mind the evolving global risks due to rising policy rates in the USA and increasing market volatility. Meanwhile, Kerala is a key market and the recent flood there is expected to see a rise in gold loan demand.

7. KEY CHALLENGES FACED BY THE GOLD LOAN INDUSTRY

Future Outlook for Gold Prices

As per World Bank-Commodity Markets Outlook, October 2018 the global prices of gold are expected to decline from USD1,244.9 per toz in 2019P to USD1,190.0 per toz in 2023P. The gold rates are dependent on the state of USD and the interest rate set by U.S. Federal Reserve. This volatility entails market risk and the possibility of gold loans going out of money. As gold prices decline the resale value of gold also decline, which might lead that the borrower is not willing to repay the loan which would increase the number of NPAs. This would affect the operational efficiency and profitability of the industry.



Global Gold Prices Projections

Source: World Bank - Commodity Markets Outlook, October 2018

Regulations

At present, every NBFCs-ND-SI is required to make a provision for standard assets at 0.4% of the outstanding. In March 2017, RBI stated that NBFCs cannot disburse more than INR20,000/- in cash against the gold loans. This RBI move is being seen as part of its go digital drive post demonetization. Also, the maximum limit for LTV for gold loans for NBFCs has been capped to 75% (earlier it was 60%) which is as same as that for traditional banks. For rapid business growth rate of NBFCs, RBI regulations aim at strengthen the loan repayment methods, tenure, storage and auction processes.

Security Threats and Risks of Theft

One of the principal risks in the operations of gold loan NBFCs are robbery and employee theft or fraud which needs to be safeguarded. To safeguard against theft or loss of collateralized gold NBFCs install safe vaults, inhouse or outsourced storage model, electronic surveillance, internal and external audits and insurance.

Lack of Financial Literacy to Customers from Rural Areas

The customer segment living in remote areas is financially illiterate and till date they are under the impression that they are not eligible for any loans from the organized (banks, NBFCs, financial institutions) sector and they approach local moneylenders. This financial illiteracy among rural people is a factor that hampers the growth of market to a great extent.

Young Indians Attraction to Alternative Jewellery

India is the largest consumer of gold in the world. From last few years the young population of India is more inclined towards high-end designer and gem-set jewellery with a preference to platinum and diamonds. This indicates buying patterns are shifting and the demand for plain gold jewellery is declining especially in the urban areas. As per industry reports, India is the world's fourth largest platinum market and customers have the assurance of buy-back similar to gold ornaments. In recent times, diamonds are also gaining equal popularity to gold as an investment option. Further, the Indian Commodity Exchange is offering a Systematic Investment Plan to acquire precious stones for retail buyers. Since, the last seven years, gold and platinum have appreciated by a similar extent. All these are indicators of slightly diminishing popularity of gold amongst the urban people in urban markets.

Change in Savings Pattern

The young Indians are turning towards alternative options such as equity markets for wealth creation in alternative to the traditional method of buying gold as wealth. Also the percentage of discretionary spending is also rising day by day. These alternate investment options are gaining more attraction.

Data Security

Protection of data is the most importance given to the rise of cyberattacks through malware and phishing targeted at the confidential client information. All the financial institutions need to make sure that sufficient attention is given to such challenges and a strong network and data infrastructure is in place which would be capable of preventing such attacks.

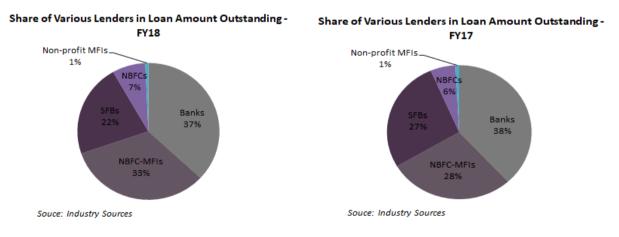
According to industry sources, cyber-crime is the third most reported fraud across the financial sector. The RBI directed that all NBFCs were required to have a board-approved information security policy with the following basic tenets:

- a. Confidentiality Ensuring access to sensitive data to authorized users only
- b. Integrity Ensuring accuracy and reliability of information by ensuring that there is no modification without authorization.
- c. Availability Ensuring that uninterrupted data is available to users when it is needed.
- d. Authenticity For information security it is necessary to ensure that the data, transactions, communications or documents (electronic or physical) are genuine.

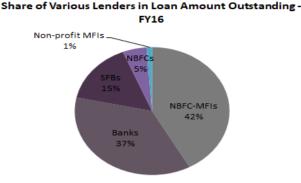
8. OVERVIEW OF MICRO FINANCE INDUSTRY IN INDIA

The Micro Finance Industry (MFI) is back on growth track and has overcome the effects of demonetization which was announced by the GoI in November 2016. The MFI were the worst impacted due to demonetization as it hurt their collections which is majority in form of cash. The industry is now on steady growth path as the cost of funds has reduced and the repayment by the MFI clients to the normal levels for all the disbursements made by the industry after February 2017. Portfolio at Risk (PAR) numbers for the fourth quarter of FY18 indicates that the industry is recovering.

MFI consists of multiple players with diverse organizational structures. Loans in this sector are provided by banks, small finance banks (SFBs), non-banking financial company-microfinance institutions (NBFC-MFIs), other NBFCs and non-profit organizations. As per the industry sources, the total loan portfolio of the MFI increased from INR847.2bn in FY16 to INR1,366.3bn in FY18 with a CAGR of 27.0%. In FY18, Banks hold the largest share of portfolio in total loan outstanding of INR504.2bn which accounts to 37% of the total portfolio. NBFC-MFIs as a group remain the second largest provider of microfinance with a loan amount outstanding of INR448.9bn, accounting for 33% to total industry portfolio (i.e. loan amount outstanding). However it has lost its market share from 42% in FY16 to 33% in FY18. SFBs have a total loan amount outstanding of INR300.2bn with total share of 22%. NBFCs account for another 7% and Non-profit MFIs account for 1% of the total.







Break-up of Various Lenders in Loan Amount Outstanding				
Particulars (INR bn)	FY 18	FY 17	FY 16	
Banks	504.2	409.9	308.6	
NBFC-MFIs	448.9	303.5	355.7	
SFBs	300.2	290.3	130.7	
NBFCs	103.4	60.3	42.5	
Non-profit MFIs	9.7	9.0	9.8	
Total	1,366.3	1,073.0	847.2	

Source: Industry Reports

Souce: Industry Sources

Over the past years the GoI and the RBI has recognized the role played by MFIs in furthering government's financial inclusion agenda. As a part of strengthening the MFI, the RBI appointed industry body Micro Finance Institutions Network (MFIN) as well as Sa-Dhan (an association of MFIN) as self-regulatory organizations (SROs) and bringing Credit Bureau for the tiny loan segments. There has been a tremendous improvement in the risk management practices of MFIs which is evident that the sector was able to tide over the effects of demonetization despite being the fact that MFIs transactions with its customers are mainly in cash as they cater to low income households with majority of them located in rural areas. NBFC-MFIs are increasingly adopting digital transactions and expecting disbursements and repayment to happen cashless. However their customers are illiterate and the adoption is low by the customers. Digitalization will happen only with the improvement in digital infrastructure and with a continuous engagement with their customers. This is possible as the MFI feet on the street model has been instrumental in building an extensive reach at the grass-root level thereby enabling MFI to cater to the financial needs of the unbanked clients.

The NBFC-MFIs adhere to RBI guidelines to fix interest rates. As NBFC-MFIs are non-deposit taking entities they borrow funds from external sources to cater to the micro-credit requirements of their clients. The interest rates what NBFC-MFI are heavily dependent on the cost of funds that it borrows and RBI stipulations. Over the years the average cost of funds for MFI has come down and many of the MFI have started passing on the benefits of the reduction in the cost of funds to their clients by charging lower interest rate to their client. As per industry sources, average and median cost of funds as of FY18 and FY17 remain constant at around 14.4%. The overall cost of funds ranges from 9.3% to 21.0%. The range of cost of funds for – Large MFIs is in the range of 9.3% to 15.3%, for Medium MFIs is 14.2% to 16.6% and Small MFIs is 12.7% to 21.0%. As per FY18 average interest rate charged to borrowers in FY18 was around 24.1% and in FY17 it was around 24.7%.

As per industry sources, MFI have tried to maintain its NPAs level at approx. 1% level. However, it had experienced an increase in NPAs during demonetization but the industry has recovered from its after effects now. The PAR numbers have been continuously lowering and PAR>30 have improved. It has reduced from 5.9% in FY17 to 4.4% in FY18 and PAR>180 have also reduced from 3.5% in FY17 to 2.8% in FY18. The repayment pattern of the clients has also returned to the normal levels for all the disbursements made by the industry after February 2017.

The growth of the industry is expected that the MFI loan portfolio will grow at a CAGR of 26.0% between FY18 to FY20. Due to the steady recent past performance, it is expected the growth to be positive in the coming quarters too. The prospective for Microfinance, particularly in Semi-Urban and Rural geography is quite large in India and with NBFC-MFIs are stepping up to integrate best practices and technology which would help them provide better customer service as well as achieve operational efficiencies and lower costs. Factors that will determine for the MFI sector to grow in future are as follows - strong promoters, who have witnessed various business cycles and tackled events; ability to attract funds and maintain healthy capital position; geographic diversification; loan recovery and control aging of NPAs; and ability to manage local stakeholders.



OUR BUSINESS

Unless otherwise stated or the context requires otherwise, references in this section to "we", "us" or "our" refers to Muthoottu Mini Financiers Limited.

Some of the information in the following section, specifically the information in relation to our plans and strategies, contain certain forward looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 13 for a discussion of risks and uncertainties related to those statements and also "Risk Factors" on page 15, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Reformatted Financial Statements and Limited Review Financial Statements, included in this Prospectus on page 111. We have included various operational and financial performance indicators in this section, some of which may not have been derived from our Reformatted Financial Statements and Limited Review Financial Statements and which may not have been subject to an audit or review of the Statutory Auditor. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours. You should consult your own advisors and evaluate such information in the context of the Reformatted Financial Statements and Limited Review Financial Statements and other information relating to our business and operations included in this Prospectus.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular the report titled "Gold Loan Industry in India-2018", dated December 12, 2018, prepared and issued by IRR Advisory Services Private Limited. For details of risks in relation to IRR Report and other publications, see "Risk Factors-"We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Gold Loan industry contained in this Prospectus" on page 32. Unless otherwise indicated, all industry and other related information derived from IRR Report and other publications included herein with respect to any particular year refers to such information for the relevant calendar year.

Overview

We are a non-deposit taking systemically important NBFC in the gold loan sector lending money against the pledge of household gold jewellery ("*Gold Loans*") in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry. We have also recently forayed into microfinance loan segment in financial year 2017 wherein we provide unsecured loans to joint liability group of women customers (minimum of 5 persons) who require funds to carry out their business activities through few of our branches in the state of Kerala. Our Gold Loan portfolio as on September 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016, comprises of 4,21,769, 4,11,558, 5,16,004 and 5,48,854 Gold Loan accounts respectively, aggregating to ₹1,51,188.44 lakhs, ₹1,55,432.83 lakhs, ₹1,94,000.29 lakhs and ₹1,90,555.97 lakhs which is 96.35%, 95.31%, 99.01% and 99.60% of our total loans and advances as on such specific dates. We, as on September 30, 2018, have a network of 767 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry and we employ 2,905 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. Further, a fresh certificate of registration was issued by RBI on January 1, 2014, pursuant to the change of name of our Company from 'Muthoottu Mini Financiers Private Limited' to 'Muthoottu Mini Financiers Limited'. Our Company has also obtained a certificate of registration bearing registration no. – CA0122 issued by IRDAI, with effect from April 1, 2016, under Section 42D (1) of the Insurance Act, to act as a "Corporate Agent (Composite)". Further, our Company holds a certificate of registration dated July 5, 2012 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, as renewed of August 21, 2017.

We are registered in the state of Kerala. Mathew Muthoottu, one of the Promoters, is the Managing Director of our Company and Nizzy Mathew, mother of Mathew Muthoottu who is also the Chairman and Wholetime Director of our Company, is the other Promoter of our Company.

Our Company belongs to the Muthoottu Mini group. Muthoottu Mini group belongs to the Muthoottu family of Kozhencherry, which was founded by Ninan Mathai Muthoottu, who started the family business enterprise in 1887. In 1939, three sons of Ninan M. Muthoottu, *viz*, M. George Muthoot, M. Mathew and M. Pappachan Muthoot started a finance company named as Muthoot M. George & Brothers ("**MGB**"). In the early 1970s, they separated their business enterprises into three groups i.e. the current Muthoot Finance group of companies which is controlled by the sons of George M. Muthoot, the Muthoot Fincorp group which is controlled by the sons of M. Pappachan Muthoot and the Muthoottu Mini group which was earlier controlled by the son of M. Mathew i.e. Roy M. Muthoottu. Muthoottu Mini group is presently controlled by Mathew Muthoottu, son of 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, 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. The Muthoottu Mini group has been in the gold loan financing since 1986 and our Company has been extending Gold Loans since its incorporation.

Our Gold Loan customers are individuals primarily from rural and semi-urban areas. We believe that what distinguishes us from banks is our focus on non-organized sections of society and our turnaround time. For the six months period ending on September 30, 2018 and for the Financial Years ended March 31, 2018, March 31, 2017 and March 31, 2016, the average loan amount advanced by us was ₹35,846, ₹37,767, ₹37,597 and ₹34,719 per loan transaction. Our Gold Loan products mix varies from 30 days upto 270 days tenure with varying rates of interest and amount of loan to suit the requirements of the customers. For the six month period ending on September 30, 2018 and for the Financial Years ended March 31, 2017, and March 31, 2016, our yield on Gold Loan assets was 18.69%, 18.18%, 22.20% and 20.95%, respectively.

We have also introduced online gold loan product wherein the customer has to come to the branch only for the initial appraisal and subsequent disbursement are done online whenever the customer makes a request during the maximum period of one year, subject to the prevailing LTV norms.

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 a custom developed information technology platform that allows us to, record relevant customer details, approve and disburse the loan. Our web based centralised IT platform which records details of all branches also handles management of the relevant loan and pledged gold related information

Our microfinance loan customers are joint liability group of woman customers only (minimum of 5 persons) from rural and semi-urban areas of Kerala. Our microfinance loan portfolio as on September 30, 2018, March 31, 2018 and March 31, 2017 comprised of 30,651, 32,735 and 7,620 microfinance loan accounts respectively, aggregating to ₹5,384.83 lakhs, ₹7,240.57 lakhs and ₹1,329.45 lakhs which is 3.43%, 4.44% and 0.68% of our total loans and advances as on such specific dates. For the six months period ending on September 30, 2018 and for the Financial Years ended March 31, 2018 and March 31, 2017, the average loan amount advanced by us was ₹17,568, ₹22,119 and ₹17,447 per loan transaction. For the six months period ending on September 30, 2018 and for the Financial Years March 31, 2018 and March 31, 2017, our yield on microfinance loan assets was 25.51%, 20.63% and 8.76% respectively.

In addition to the loan business, we also offer depository participant services, money transfer services, insurance broking services, PAN card related services and travel agency services.

For the six month period ended on September 30, 2018 and the Financial Years 2018, 2017 and 2016, our total income was ₹15,317.38 lakhs, ₹33,493.39 lakhs, ₹43,546.42 lakhs, and ₹39,114.39 lakhs, respectively. Our profit/(loss) after tax, for the six month period ended on September 30, 2018 and the Financial Years 2018, 2017 and 2016, was ₹1,102.24 lakhs, ₹1,424.59 lakhs, ₹(8,108.51) lakhs and ₹977.96 lakhs, respectively. For the six month period ended on September 30, 2018 and the Financial Years 2018, 2017, 2016, revenues from our Gold Loan business constituted 93.53%, 94.85%, 98.01% and 98.14%, respectively, of our total income. For the six month period ended on September 30, 2018 and the Financial Years 2018 and 2017, revenues from our microfinance loan business constituted 5.26%, 2.46%, and 0.13%, respectively, of our total income.

Gross non-performing loan assets were 1.96%, 2.09%, 2.38% and 2.77% of our gross loan portfolio under management as of the six month period ended on September 30, 2018 and the Financial Years ended on March 31, 2018, March 31, 2017 and March 31, 2016, respectively.

A summary of our key operational and financial parameters for the six month period ending on September 30, 2018 and for the last three Financial Years 2018, 2017 and 2016, as specified below, are as follows:

			I	(₹ in lakhs
Parameters	Six-month period ended September 30, 2018	Fiscal 2018	Fiscal 2017	Fiscal 2016
Net worth	43,319.15	42,193.84	36,575.24	44,439.06
Total debt	1,12,876.00	1,24,706.28	1,62,238.24	1,85,547.91
Non-current maturity of long term debt	51,579.74	56,809.60	84,039.82	1,11,202.31
Short term borrowings	44,771.90	37,795.19	38,330.00	18,622.55
Current maturity of long term debt	16,524.36	30,101.49	39,868.42	55,723.05
Net fixed assets	19,818.24	20,202.82	22,068.25	32,230.57
Non-current assets	22,603.42	22,919.67	25,071.43	36,750.72
Cash and cash equivalents	4,635.27	10,212.30	7,784.98	12,808.85
Current investment	-	-	-	39.56
Current assets	1,63,224.50	1,75,430.71	2,06,066.86	2,05,058.77
Current liability	72,260.78	80,591.57	90,837.70	84,958.93
Assets under management	1,56,923.70	1,63,078.52	1,95,940.49	1,91,319.41
Off balance sheet assets	-	1,224.51	695.92	557.41
Interest income	15,170.15	32,951.83	43,118.95	38,925.15
Interest expenses	8,556.13	19,493.31	24,490.25	21,515.77
Provisioning and write-offs	263.16	(36.53)	103.11	1,134.83
PAT	1,102.24	1,424.59	(8,108.51)	977.96
Gross NPA	1.96%	2.09%	2.38%	2.77%
Net NPA	1.31%	1.58%	1.97%	2.35%
Tier 1	23.74%	22.33%	16.18%	19.15%
Tier 2	12.31%	11.58%	8.44%	9.87%

The gross debt equity ratio of our Company as on September 30, 2018 is as follows:

Parameters	
Prior Issue	2.60
Post Issue*	3.06

The debt equity ratio post the Issue is indicative and is on account of inflow of $\overline{20,000}$ lakhs from the Issue.

Note 1: The debt equity ratio post Issue is indicative.

Note 2: The debt equity ratio pre-Issue is calculated based on the unaudited financial statements as on September 30,2018.

Note 3: The following events that occurred after September 30, 2018 may have an impact on the above calculation:

(i) The Company has raised secured privately placed non convertible debentures during October 2018 – November 2018 amounting to $\overline{\$}$ 1,824 lakhs and unsecured privately placed non convertible debentures amounting to $\overline{\$}$ 50 lakhs impact of which is not provided in the above table.

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 with a long operating history and large customer base.

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. Further, a fresh certificate of registration was issued by RBI on January 1, 2014, pursuant to the change of name of our Company from 'Muthoottu Mini Financiers Private Limited' to 'Muthoottu Mini Financiers Limited'. We operate, since our incorporation, in the gold loan sector lending money against the pledge of household gold jewellery ("Gold Loans") in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry. We believe that we have, over the years, been successful in expanding our brand name, as well as our customer base to different geographical locations in India. As on September 30, 2018, we have a network of 767 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry. Our total number of Gold Loan customers accounts experienced a decline from 5,16,004 as of March 31, 2017 to 4,11,558 customer accounts, as of March 31, 2018 and increased again to 4,21,769 customer accounts as of September 30, 2018. 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 majority of our branches are located in rural and semi-urban areas as of September 30, 2018 and streamlined procedural formalities which our customers need to complete in order to complete a loan transaction with us, which we believe enables us to attract new and retain existing customers. We also attribute our growth to customer loyalty and believe that our customers return to us when they are in need of funds.

Flexible loan schemes and efficient customer service

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 endeavour to 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 also 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. We believe that our in house technology support, skilled workforce and policies on internal processes enable us to achieve the above objective. Furthermore, since our Gold 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

As of September 30, 2018, we have 767 branches spread across the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry. For further details, please refer to "*Our Business – Branch Network*" on page 92. About 62% 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 the usage of a technology platform across our operations has improved our growth. Our web based centralised IT platform which records details of all branches. We believe that our IT infrastructure helps us with real time data transmission and updates, and endeavour to minimise errors, ensure faster data transmission and risk monitoring. We upload data at each branch to facilitate online information access for faster decision making. Our technology also helps reduce the time it takes to complete Gold Loan / micro finance 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. We believe that such well-defined processes and efficient technology platform, enables us to keep a better check over our entire branch network and helps us in detecting shortcomings.

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

We believe that 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 for once in three months depending upon management perception of the risk associated with the branch. High value Gold Loans of ticket size of ₹5 lakh and above are subject to the prior approval of the Regional Managers. The Regional Managers can approve Gold Loans to individual borrowers upto ₹25 lakhs, subject to strict compliance with quality as well as LTV criteria. Gold Loans to individual borrowers above the value of ₹25 lakhs shall be subject to the prior approval of the Regional Head Officer and the Gold Loans above of ₹50 lakhs shall be approved by the operations head at the Corporate Office with recommendation of the Regional head officer. 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 security cameras to ensure high level of security.

Experienced management team and skilled personnel

Our Promoters, Nizzy Mathews has over 20 years of experience and Mathew Muthoottu has over five years of experience in our business. Our senior 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 internal audit, technology, accounting, marketing and sales. 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.

Our Strategies

Our business strategy is designed to capitalize on our competitive strengths and enhance our leadership position in the Gold Loan industry and to expand our presence in micro finance loan segment. Key elements of our strategies 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, 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 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. We believe we meet the expectation of a typical Gold Loan customer of 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, and thus our focus is to expand our Gold Loan business. We believe that our brand is key to the growth of our business. 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, Andhra Pradesh and Telangana.

Diversifying our business into micro finance loan segment

We offer micro finance loans which are targeted to economically active, married women, having regular cash flow from certain income generating activities, including but not limited to, self-managed business, vegetable vendors and tailoring business. Currently, we are offering micro finance loan only through 44 branches in the state of Kerala. Going forward, we intend to increase the number of branches in Kerala and expand it to other southern states. As of September 30, 2018 and March 31, 2018, our micro finance loan represented 3.43% and 4.44% of our total assets under management as on that dates. We believe that our diverse revenue stream will reduce our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business and geography or customer segment.

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

Gold Loan and micro finance loan as on September 30, 2018 account for 96.35% and 3.43% of total loans of our Company, respectively. These contribute to over 98.79% of our total revenues, making us dependent on such single income stream and interest on loans. With a view to diversify our incomes and be less dependent on interest alone, we continue to increase our revenue by broadening our fee based income by selling third party products. We currently provide services like money transfer, insurance, DP services, PAN card related services and travel agency services. Our Company has obtained registration with the IRDAI, to act as a corporate agent for procuring and soliciting insurance business both in the life insurance and general insurance category. The license no. CA0122 was assigned to our Company and is valid till March 31, 2019. Pursuant to such registration, we have entered into corporate agency agreements with various insurance providers of life, health and general insurance products for soliciting and procuring business for such insurance providers. We have also entered into agreements with securities provider for carrying out online trading in equity and derivative and commodity segments using our Depository Participant platform. 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 and technology systems to have an error less streamlined growth in business

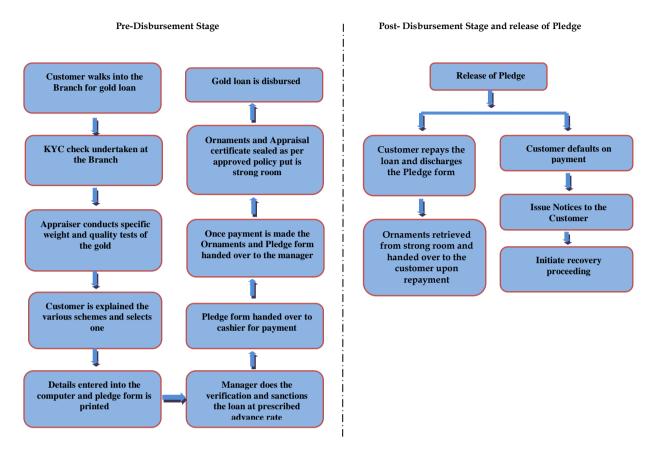
We believe that the risk management is a crucial element for the expansion of our Gold Loan / micro finance loan businesses. We believe that our integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal risk, custodial risk, market risk and operational risk helps us to strengthen our risk management systems. We believe that prudent risk management policies and development of tailored credit procedures will allow us to expand our Gold Loan financing and micro financing loan business without experiencing significant increases in non-performing assets.

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. We are also looking to revamp our IT infrastructure to address the current deficiencies in our current IT systems which will help us improve our MIS systems.

GOLD LOAN BUSINESS

Our core business is disbursement of Gold Loans secured by the pledge of household gold jewellery. Loan amounts advanced by us are typically within the range of ₹10,000 to ₹50,000 per loan transaction and typically remain outstanding approximately for an average tenor of 90 to 270 days. As of the six month period ending on September 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016, we had approximately 4,21,769 Gold Loan accounts, 4,11,558 Gold Loan accounts, 5,16,004 Gold Loan accounts and 5,48,854 Gold Loan accounts respectively, aggregating to balance of ₹1,51,188.44 lakhs, ₹1,55,432.83 lakhs, ₹1,94,000.29 lakhs and ₹1,90,555.97 lakhs, respectively. For the six month period ending on September 30, 2018 and in the Financial Years 2018, 2017 and 2016, our Gold Loans, for the same period were 18.69%, 18.18%, 22.20% and 20.95%, respectively, per annum. In the current Financial Year up to September 30, 2018, and for Financial Years 2018, 2017 and 2016, income from interest earned on our Gold Loans constituted 93.53%, 94.85%, 98.01% and 98.14%, 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 September 30, 2018, 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 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. Our Company has adopted a loan policy on July 23, 2018 ("**Loan Policy**"). As per the Loan Policy, we grant Gold Loans on 22 carat gold ornaments. However, in case the gold jewellery that are being pledged is less than 22 carat, the branches are required to convert the carat of gold jewellery to the equivalent of 22 carat. We do not accept gold ornaments below 19 carat. 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. 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 270 days. 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.

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 regional manager, from the branch that such staff does not work in. The 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 proof 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 disbursal of the loan.

Post-disbursement process

The post disbursement process involves the storage of the storage of the pledged gold jewellery. 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. 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: As of September 30, 2018, all our branches are installed with CCTV cameras. Such kind of a surveillance system helps to avert any major incidents of frauds, thefts, etc. in the branch premises.
- Insurance: Entire gold stock of the branches is insured for their gold content against theft and other calamities.

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 notices and personal visits. The recovery procedure typically commences after 15 days from the date of maturity.

Microfinance Loans

Our microfinance loans are typically small ticket loans, unsecured and given to joint liability groups forming of woman customers only. We started our Microfinance business in FY 2017 and we provide loan amounts typically within the range of ₹10,000 to ₹40,000 per loan transaction and which remain outstanding approximately for an average tenor of 365 days to 730 days. As of the six month period ending on September 30, 2018, March 31, 2018 and March 31, 2017, we had approximately 30,651, 32,735 and 7,620 micro finance loan accounts respectively, aggregating to balance of ₹5,384.83 lakhs, ₹7,240.57 lakhs and ₹1,329.45 lakhs, respectively. For the six month period ending on September 30, 2018 and in the Financial Years 2018 and 2017, our microfinance loan portfolio yield representing interest income on micro finance loans as a percentage of average outstanding of microfinance loans, for the same period were 25.51%, 20.63%, and 8.76%, respectively. In the current Financial Year up to September 30, 2018, and for Financial Years 2018 and 2017, income from interest earned on our micro finance loans constituted 5.26%, 2.64% and 0.13%, respectively, of our total income. As of September 30, 2018, we offer only one type of scheme in micro finance.

Our Company has undertaken the following other business initiatives:

Money Transfer Business – Our Company has entered into various agreements for rendering money transfer services with third parties.

Insurance - Our Company has obtained registration with the IRDAI, to act as a corporate agent for procuring and soliciting insurance business both in the life insurance and general insurance category, with effect from April 1, 2016. The license no. CA0122 was assigned to our Company and is valid till March 31, 2019. Pursuant to such registration, we have entered into corporate agency agreements with various insurance providers of life, health and general insurance providers for soliciting and procuring business for such insurance providers.

DP Services – 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, as renewed of August 21, 2017. Currently, we are registered as a Depository Participant of CDSL for securities transactions. As on September 30, 2018 we have opened 26,772 securities DP accounts.

Broking services – We have entered into an agreement with a securities provider for carrying out online trading in equity and derivative and commodity segments using our Depository Participant platform on its behalf, for our existing and new clients through selected branches and regional offices.

Prepaid transactions / Payment management services – Our Company entered into a corporate arrangement, with an intention to expand its financial services to providing electronic distribution of mobile prepaid top-up, fixed line prepaid, STD/ISD calling cards, internet and broadband prepaid cards, VOIP prepaid cards, DTH and Satellite radio prepaid subscription vouchers, post-paid bill payments, domestic money transfer, etc.

Travel Agency services – Our Company has entered into an agreement for air travel related services, booking of tickets with any airlines for international or domestic travel, apply for and obtain VISA, arranging for travel insurance, forex services, corporate services etc, as a non International Air Travel Association agent.

PAN card related services – Our Company has entered into an agreement as PAN card service agent for collecting and receiving PAN application forms and providing related services to PAN applicants.

Branch Network

As on September 30, 2018, we had 767 branches in the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry. The branch network of the Company during the six month period ended on September 30, 2018 and during the Financial Years ended 2018, 2017 and 2016 are given below:

State.	A	As on March 31			
State	As on September 30, 2018	2018	2017	2016	
Andhra Pradesh	118	118	119	129	
Uttar Pradesh	-	-	3	3	
Delhi	7	7	16	16	
Goa	6	6	7	8	
Haryana	3	3	9	10	
Karnataka	109	109	131	144	
Kerala	179	179	185	210	
Maharashtra	2	2	5	5	
Tamil Nadu	342	342	408	493	
Puducherry (Union Territory)	1	1	3	4	
Total	767	767	886	1022	

Customer Care

We believe that we have set in robust customer grievance redressal systems. The branches of our Company display the names and phone numbers of the nodal officer for customer complaints.

Risk Management

As a lending institution, we are exposed to various risks that are related to our gold lending business, micro finance 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. Our Company has adopted a risk management policy on March 27, 2017 ("**Risk Management Policy**"). 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. We believe that the 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. The credit 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 inspecting officers of the Company through random check and by gold auditors through a detailed check.

Credit risk in our micro finance business is generally higher than our Gold Loan business as the amount advanced is on unsecured basis. However, our product is designed in such a way that the loans are granted to individuals who form a part of the group and the group is ultimately liable for each member repayment obligation under that group. We also mitigate credit risk by not disbursing loans in excess of specified limits which is currently ₹0.04 lakh to an individual customer. We also decrease credit risk by closely follow up with the group members on weekly basis.

Operational Risk

Operational risk 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. 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 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 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 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 management committee 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, we believe that 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. We believe that 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, 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. For details of membership of the Risk Management Committee, see "*Our Management*" on page 101. The terms of reference of our Risk Management Committee are as follows:

- a. To assist the Board in setting risk strategy policies in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting;
- b. 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; and
- c. 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.

Internal Audit Department

Our internal audit department assists in the management of operational risk. 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. A branch inspection is carried out once in 3 months for all branches and once in 2 months for high risk branches 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.

Risk Management Audit

Our branch auditors also carry out a system driven risk audit on certain identified 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-Liabilities Management Policy

Our Board adopted the asset-liability management policy ("ALM Policy") on May 8, 2017. The primary objective of our ALM 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 ALM Policy, the Board at their meeting held on April 22, 2013constituted an Asset Liability Committee ("ALCO") comprising of the directors and senior management functionaries of the Company, which was re-constituted on March 27, 2017.

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	0.40%
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 the six month period ended on September 30, 2018, March 31, 2018, 2017 and 2016 are furnished below:

				(₹ in lakhs)	
	As on the six month	As on March 31			
Asset Type	period ended on September 30, 2018	2018	2017	2016	
Sub-standard	470.78	1,217.67	2,483.24	3,134.55	
Doubtful	2,435.34	1,922.65	2,117.52	2,066.21	
Loss	175.65	114.51	69.20	96.15	
Gross NPA	3,081.78	3,254.83	4,669.96	5,296.91	
Less Provisions	1,043.37	799.17	826.55	822.85	
Net NPA	2,038.41	2,455.66	3,843.41	4,474.06	
Net NPA% of Total Assets under management	1.31	1.58	1.97	2.35	

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 ₹2.43 lakhs, ₹1.78 lakhs and ₹811.67 lakhs in the Financial Years ended March 31, 2018, March 31, 2017 and March 31, 2016, respectively. For the six month period ended on September 30, 2018, we have not written off any loans.

NPA Policy

Our Board adopted the Non Performing Asset policy ("**NPA Policy**") on April 7, 2015. In terms of the NPA Policy, all loans outstanding beyond the loan validity are disposed of within three months from the expiry of the loan period. In order to undertake this, our Company has put in place a gold loan and micro finance 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, our Auction policy spells out the operational workflow for a centralized Gold Loan disposal set up as follows:

- (a) Identification of potential overdue gold loans by OLC and advising them to concerned branches;
- (b) Sending first notice to borrowers latest by 15 days prior to the loan becoming overdue;
- (c) Personal visit by branch manager/staff member on the defaulting customer within 7 days from the date of notice;
- (d) If no result is forthcoming, serving of second repayment notice after a maximum gap of 15 days from the date of personal visit and/or the first notice;
- (e) If the loan remains outstanding even after above taken measures, 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;

- (f) 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;
- (g) 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;
- (h) 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; and
- 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.

Auction Policy

Under the various schemes offered by our Company, the loans are typically granted for a maximum tenure of 12 months. Under such schemes of our Company, the borrowers are obligated to repay the principal amount together with the accrued interest in a specified period. In a business such as ours, there are certain instances wherein the borrowers fail to repay the amount within the specified period. Consequently, our Company settles such overdue accounts by means of a public auction to realise the dues. Our Company vide a resolution of its Board on July 23, 2018 approved the auction policy of the Company ("Auction Policy"). Further, we identify the accounts for auction on the basis of:

- (a) All accounts in which interest remains unserved in full and if the loan is not closed at the end of tenure in various schemes, it will be identified and listed as "eligible for auction accounts";
- (b) An account which has been classified as a NPA account in accordance with policies laid down by the Company;
- (c) Accounts that have not completed loan tenure, but having a substantial erosion in the realizable value of the security to cover the dues i.e. Mark to Market cases (MTM Cases) may be taken up for auction in case all recovery initiatives fails.

In terms of our Auction Policy, on identification of such eligible auction account, we sent notices to the borrowers to repay the dues, on failure of which, we initiate the process of public auction. Since as per the revised RBI guidelines, the company or its promoters cannot participate actively in the auction, qualified and experienced auctioneers are appointed by the company to carry out the auction on behalf of the company. In accordance with our Auction Policy, the auction shall be carried out by an auctioneer empanelled by the Company with the approval of the Board.

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 Capital 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%. 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 36.04%, 33.90%, 24.62% and 29.01% as on September 30, 2018, March 31, 2018, March 31, 2017 and March 2016, respectively. This (CAR) includes Tier I Capital of 23.74%, 22.33%, 16.18%, 19.14% as on September 30, 2018, March 31, 2018, March 31, 2017 and March 2016, respectively of Risk Weighted Assets.

We have satisfied the minimum capital adequacy ratios prescribed by the RBI for the six month period ended on September 30, 2018 and the financial year ended March 31, 2018.

Technology

We believe that the usage of a technology platform across our operations has improved our growth. Our web based

centralised IT platform which records details of all branches. We believe that our IT infrastructure helps us with real time data transmission and updates, and endeavour to minimise errors, ensure faster data transmission and risk monitoring. We upload data at each branch to facilitate online information access for faster decision making. Our technology also helps reduce the time it takes to complete Gold Loan / micro finance 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.

Our Borrowings and Credit Ratings

As on December 31, 2018, our Company had outstanding secured borrowing of ₹64,019.32 lakhs and unsecured borrowing of ₹45,351.83 lakhs. 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. Please refer to the sections titled *"Financial Statements"* and *"Financial Indebtedness"* on pages 111 and 150, respectively.

The NCDs proposed to be issued under this Issue have been rated 'IND BBB-/Stable' by India Ratings & Research Private Limited for an amount of up to ₹ 20,000 lakhs vide its rationale dated August 14, 2018. The rating of the NCDs by India Ratings & Research Private Limited indicate that 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 India Ratings & Research Private Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold securities and Investors should take their own decisions. Please refer to Annexure II for the rationale for the above rating.

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 pucca 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 and another staff member, the Joint Custodian.
- 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 on September 30, 2018, all our existing branches has CCTV cameras installed.
- Entire gold stock of the branches is insured for their gold content against theft, dacoity.
- 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 / micro 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

Our Company has 767 branches, as on September 30, 2018, spread across the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry, which are taken either on leasehold or owned basis.

Intellectual Property

We currently do not own our trademark. Mini Muthoottu Nidhi (Kerala) Limited, one of the Group Companies,

has by way of a letter dated May 2, 2009, authorised our Company to use the trademark that we currently use.

Employees and Training of Employees

Being a service industry, our key resource is our manpower. As on September 30, 2018, we have 2,905 employees. 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.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Our Company was incorporated as 'Muthoottu Mini Financiers Private Limited', a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation issued by the RoC dated March 18, 1998. Pursuant to a special resolution passed in the general meeting of our Shareholders held on September 14, 2013 and a fresh certificate of incorporation issued by the RoC on November 27, 2013, our Company was converted into a public limited company and consequently our name was changed to 'Muthoottu Mini Financiers Limited'.

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. Our Company is a systemically important non-deposit taking NBFC. Further, a fresh certificate of registration was issued by RBI on January 1, 2014, pursuant to the change of name of our Company from 'Muthoottu Mini Financiers Private Limited' to 'Muthoottu Mini Financiers Limited.'

Our Company has also obtained a certificate of registration bearing registration no. – CA0122 issued by IRDAI, with effect from April 1, 2016, under Section 42D (1) of the Insurance Act, to act as a "Corporate Agent (Composite)".

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, renewed on August 21, 2017.

Mathew Muthoottu, one of the Promoters, is the Managing Director of our Company and Nizzy Mathew, mother of Mathew Muthoottu who is also the Chairman and Wholetime Director of our Company, is the other Promoter of our Company.

Our Company belongs to the Muthoottu Mini group. Muthoottu Mini group belongs to the Muthoottu family of Kozhencherry, which was founded by Ninan Mathai Muthoottu, who started the family business enterprise in 1887. In 1939, three sons of Ninan M. Muthoottu, *viz*, M. George Muthoot, M. Mathew and M. Pappachan Muthoot started a finance company named as Muthoot M. George & Brothers ("**MGB**"). In the early 1970s, they separated their business enterprises into three groups i.e. the current Muthoot Finance group of companies which is controlled by the sons of George M. Muthoot, the Muthoot Fincorp group which is controlled by the sons of M. Pappachan Muthoottu Mini group which was earlier controlled by the son of M. Mathew i.e. Roy M. Muthoottu. Muthoottu Mini group is presently controlled by Mathew Muthoottu, son of 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, 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. The Muthoottu Mini group has been in the gold loan financing since 1986 and our Company has been extending Gold Loans since its incorporation.

Roy M. Mathew was the managing director of our Company from March 18, 1998 to March 1, 2016 and *vide* a letter dated March 1, 2016 to the Board of the Directors, he intimated his resignation from the Board. The Company *vide* a letter dated April 16, 2016 informed RBI about the resignation of Roy M. Mathew as the managing director of our Company. Roy M. Mathew on September 29, 2016 transferred 1,22,90,000 Equity Shares to his son Mathew Muthoottu and 33,16,352 Equity Shares to his wife Nizzy Mathew, respectively, pursuant to the approval granted by RBI *vide* a letter dated August 2, 2016.

Our Company has raised ₹1,43,571 lakhs by way of 6 public issues of non-convertible debentures in the Financial Years 2013-14, 2014-15 and 2015-16.

Registered Office

The Registered Office of our Company is located at 2/994, Muthoottu 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.

Amalgamation, acquisition, re-organisation or reconstruction undertaken by the Company in the last one year

We have not undertaken any amalgamation, acquisition, re-organization or reconstruction in the last one year.

Key milestones, events and achievements:

Date/Financial Year	Particulars	
April 13, 2002	Certificate of registration issued by RBI to our Company to act as non-deposit taking NBFC	
July 5, 2012	Certificate of registration issued by SEBI to our Company to act as Depository Participant which was renewed on August 21, 2017	
November 27, 2013	Our Company was converted to a public limited company	
January 1, 2014	Fresh certificate of registration was issued by RBI to act as a non-deposit taking NBFC, pursuant to name change of our Company	
2013-2014	Listing of non-convertible debentures issued vide Public Issue 1 on BSE	
2016-2017	Our Company commenced the business of microfinance loans	
March 28, 2016	Certificate of registration issued by IRDAI to our Company to act as a Corporate Agent (Composite), with effect from April 1, 2016	

Main objects of the MoA

Following are the main objects of our Company, as provided in the MoA:

- 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.
- 5. 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.
- 6. To carry on the business as Authorised Dealer, Money Exchanger, Offshore Banker or any other person for the time being in authorised to deal in foreign exchange or foreign securities or such other activities and to undertake Cross Border Inward Money Transfer Activities subject to the rules and regulations of the Reserve Bank of India.
- 7. To promote the financial inclusion of masses by carrying on the business of providing microfinance services and catering to needs of a large number of underprivileged people directly or indirectly, by providing credit including collateral free credit to needy people, especially for empowering women, through their solidarity group, and to deliver micro credit and other permitted financial services to them at their group meetings in the cities, town, villages of India, with a view to providing them with a sustainable livelihood.

Subsidiaries of the Company

As on the date of this Prospectus, our Company does not have any subsidiary.

OUR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, and the rules prescribed thereunder. The Articles of Association of our Company require us to have not less than three (3) and not more than 12 Directors. As on the date of this Prospectus, we have five (5) Directors on the Board which include two (2) Executive Directors and three (3) Non-Executive Directors, out of which our Board has two (2) Independent Directors.

The general superintendence, direction and management of our affairs and business are vested with the Board of Directors.

The following table provides information about the Directors as of the date of this Prospectus:

Name, Designation, Nationality, DIN, Occupation and Address	Age (years)	Date of Appointment (Period of Directorship in Years)	Other Directorships
 Nizzy Mathew Designation: Chairman and Wholetime Director DIN: 01680739 Nationality: Indian Occupation: Business Address: Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India 	65	3 years from January 1, 2019, liable to retire by rotation*	 Muthoottu Mini Theatres Private Limited; Muthoottu Mini Nidhi Limited; Cochin Mini Muthoottu Nidhi Limited; Muthoottu Mini Hotels Private Limited; Mini Muthoottu Nidhi Kerala Limited; Mini Muthoottu Credit India Private Limited; Mini Muthoottu Nirman and Real Estate Private Limited; R M M Properties India Private Limited; Kozhencherry Properties India Private Limited; and Kozhencherry M M Financial Services Private Limited
Mathew Muthoottu Designation: Managing Director DIN: 01786534 Nationality: Indian Occupation: Business Address: Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	29	3 years from May 30, 2018, liable to retire by rotation	 Muthoottu Mini Theatres Private Limited; Mini Muthoottu Credit India Private Limited; Mini Muthoottu Nirman and Real Estate Private Limited; Muthoottu Mini Hotels Private Limited; Kandamath Cine Enterprises Private Limited; R M M Properties India Private Limited; Kozhencherry Properties India Private Limited; and Kozhencherry M M Financial Services Private Limited
Thomas Cherian Designation: Independent Director DIN: 00492598	68	2 years from September 30, 2018	 Ayyar and Cherian Consultants Private Limited; Roshini Sea Foods Limited; Beancounters Outsourcing Services Private Limited;



Name, Designation, Nationality, DIN, Occupation and Address	Age (years)	Date of Appointment (Period of Directorship in Years)	Other Directorships
Nationality: Indian			 Wintos Plantations Private Limited; Roshini Acquaculture Private
Occupation: Professional			Limited; and
Address: Angadisseril House, Kollad P.O., Kottayam – 686 289, Kerala, India			6. Enchakattu Resorts and Plantations Private Limited
Krishnakumar K. R.	67	1 year from September 30,	Nil
Designation: Independent Director		2018	
DIN : 07771403			
Nationality: Indian			
Occupation: Professional			
Address: Tc 55/1078, Roshni, Gayatri Gardens, Neeramankara, Kaimanam Po Thiruvananthapuram, Kerala – 695040, India			
Rajagopal M. S.	42	Till the next	Nil
Designation: Additional Director		annual general meeting from October 8, 2018	
DIN : 08114376		000001 0, 2010	
Nationality: Indian			
Occupation: Professional			
Address: Sreemangalam, Ambedkar Colony, Thiruvarppu P.O., Kottayam – 686 020, Kerala, India			

* Subject to approval by the Shareholders.

Relationship between Directors

Except as stated below, none of our Directors are related to each other:

No.	Name of the Director	Designation	Relationship with other Directors
1.	Nizzy Mathew	Chairman and Wholetime Director	Mother of Mathew Muthoottu
2.	Mathew Muthoottu	Managing Director	Son of Nizzy Mathew

Brief profiles of our Directors

Nizzy Mathew, aged 65 years, is the Chairman and Wholetime Director of our Company. She has been a Director of our Company since its incorporation and is responsible for overall management of the Company.

Mathew Muthoottu, aged 29 years, is the Managing Director of our Company. He holds a bachelor's degree in commerce from Mahatma Gandhi University, Kerala. He has been a Director of our Company since March 7, 2008 and is responsible for business promotion, expansion and brand building activities of our Company.

Thomas Cherian, aged 68 years, is an Independent Director of our Company. He is a Fellow Member of the Institute of Chartered Accountants of India and has been a Director of our Company since September 1, 2014.

Krishnakumar K. R., aged 67 years, is an Independent Director of our Company. He holds a bachelor's degree in science from University of Kerala. He has more than 38 years of service in the banking sector and has retired as a Deputy general Manager of the Department of Non-Banking Supervision of RBI. He has been a Director of the Company March 27, 2017.

Rajagopal M.S., aged 42 years, is an Additional Director of our Company. He holds a master's degree in law from Mahatma Gandhi University, Kerala, and has been a Director of the Company since October 8, 2018.

Confirmations

None of our Directors have been restrained or prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

None of our Directors have been identified as a 'Wilful Defaulter' by any financial institution or bank, or a consortium thereof, in accordance with the guidelines on Wilful Defaulters issued by the RBI. None of our Director's features in any list of defaulters by Export Credit Guarantee Corporation of India or any government/regulatory authority.

None of our Directors was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Terms of appointment of Directors

Managing Director

Mathew Muthoottu was re-appointed as the Managing Director of our Company for a period of 3 years from May 30, 2018, pursuant to a resolution of the Board dated May 26, 2018 and a resolution of our Shareholders dated September 26, 2018. According to his term of appointment, he is authorised to receive ₹5 lakhs per month.

Chairman and Wholetime Director

Nizzy Mathew was re-appointed as the Chairman and Wholetime Director of our Company for a period of 3 years from January 1, 2019, pursuant to the Board resolution dated December 31, 2018 and subject to the approval for our Shareholders. According to her term of appointment, she is authorised to receive ₹4.3 lakhs per month.

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 the meetings of the Board.

Remuneration paid to our Directors in current year and last three Fiscals by our Company

The following table sets forth the remuneration (which includes sitting fees) paid by our Company to our Directors during the current Fiscal and the last three Fiscals:

				(in ₹)
Name of Directors	Six-month period ended September 30, 2018	Fiscal 2018	Fiscal 2017	Fiscal 2016
Mathew Muthoottu	30,00,000	60,00,000	43,20,000	9,60,000
Nizzy Mathew	25,80,000	51,60,000	44,70,000	24,00,000
Rajagopal M.S.	NA	NA	NA	NA
Thomas Cherian	40,000	1,40,000	3,00,000	2,80,000
Krishnakumar K. R.	40,000	80,000	NA	NA

Interest of our Directors

All of our Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board. All of our Executive Directors may be deemed to be interested to the extent of

remuneration payable to them. All of our Directors are interested to the extent of reimbursement of expenses payable to them by our Company.

Further, Mathew Muthoottu and Nizzy Mathew may also be regarded as interested to the extent of any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. Further, the Directors may also be interested to the extent of Equity Shares held 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 extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as disclosed below, none of the other Directors have any interest in immovable property acquired or proposed to be acquired by the Company in the preceding two years as of the date of this Prospectus:

No.	Details of property	Name of the Director	Details of the sale deed
1.	Aryanadu: An extent of 1 ares62 square meters comprised	Mathew Muthoottu	Deed dated March 13,
	of 81 square meters in Re-Sy No. 79/2-1 and 81 square		2017
	meters in Re-Sy 79/2-2 of block 47 of Aryanadu village and		
	the commercial building bearing nos: 396/1, 2, 3 of Ward		
	VI of Aryanadu Grama Panchayath.		
2.	Kollam: An extent of 5 ares85 square meters of commercial	Nizzy Mathew	Deed dated April 3, 2017
	three storied building bearing nos. 3756, 3758, 3759 of		
	Ward 17 of Kollam Corporation.		
3.	Neyyattinkara: An extent of 4 ares and 25 square metres	Mathew Muthoottu	Deed dated March 14,
	comprised of 2 ares 30 square meters in Re. Sy No. 20, 95		2017
	square meters in Re. Sy. No. 21 and 1 are in Re. Sy. No. 89		
	of SRO Neyyattinkara village and building bearing no: 584		
	B, C and D of Ward 12 of Neyyattinkara Municipality		
4.	Panachimoodu: An extent of 0.79 square meters of building	Mathew Muthoottu	Deed dated March 14,
	area which lie within the boundaries bearing No. 8 of Ward		2017
	5 of Vellarada Panchayat		
5.	Thiruvananthapuram: An extent of 3 ares and 74 square	Nizzy Mathew	Deed dated March 14,
	metres of land comprised of 3 ares 64 square meters in Sy		2017
	No. 2786/C/1 and 10 square meters comprised in 2786/C/2		
	and commercial building bearing nos. 42, 43, 43, 45 of		
	Ward 26 of Thiruvananthapuram Corporation		
6.	Vithura: An extent of 4 ares 5 square meters of land	Mathew Muthoottu	Deed dated March 14,
	comprised in Sy No. 93/1-2 and commercial building	and Nizzy Mathew	2017
	bearing nos. 515 to 524 of Ward 17 of Vithura Grama		
	Panchayat		

For further details regarding the interest of our Directors, refer to "Related Party Transactions" on page 110.

As on date of this Prospectus, none of the Directors are interested in any 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 disclosed in the section titled *"Related Party Transactions"* on page 110.

Our Company's Directors have not taken any loan from our Company. Further, except as provided in "-Debenture holding of Directors", none of our Directors hold any debentures/subordinated debt in our Company.

Except Nizzy Mathew and Mathew Muthoottu, none of the other Directors are interested in the promotion of our Company.

Except Nizzy Mathew and Mathew Muthoottu, none of the relatives of our Directors have been appointed to a place of profit in the Company.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

Our Directors or their relatives have not purchased or sold any Equity Shares of our Company in the six months preceding the date of this Prospectus.

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 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 lakhs.

Debenture holding of Directors

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

Name of Director	Series	No. of debentures held	Date of issue	Aggregate amount outstanding as on December 31, 2018 (in ₹)
Nizzy Mathew	3	350	November 12, 2014	350,000.00
	1	300	March 28, 2014	300,000.00
	5	100	August 25, 2015	100,000.00
Total		750		750,000.00
Mathew Muthoottu	3	600	November 13, 2017	600,000.00
Total		600		600,000.00
Grand Total		1,350		13,50,000.00

Shareholding of our Directors

As per the provisions of our Articles of Association, our 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:

No.	Name of Director	Number of Equity Shares held	Percentage of the total paid-up capital (%)
1.	Mathew Muthoottu	1,47,79,912	59.23
2.	Nizzy Mathew	33,54,446	13.44
Tota	I	1,81,34,358	72.67

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 this Prospectus are as follows:

Name of Director, Designation and DIN	Date of Change	Reason
Krishnakumar K. R. [#] <i>Designation</i> : Independent Director <i>DIN</i> : 07771403	September 28, 2017	Appointment as the Independent Director
Philomina Thomas ^{##} <i>Designation</i> : Independent Director DIN: 02551080	September 30, 2017	Resignation as the Independent Director
Mammen Mathews ^{###} <i>Designation</i> : Non-Executive Director <i>DIN</i> : 01786534	July 23, 2018	Resignation as the Non-Executive Director
Rajagopal M.S.	October 8, 2018	Appointment as the Additional Director

Name of Director, Designation and DIN	Date of Change	Reason
<i>Designation</i> : Additional Director <i>DIN</i> : 08114376		

Note: This does not include changes such as regularisations or change in designations

He was appointed as an Additional Director on March 27, 2017

She was appointed as the Independent Director on March 30, 2015

He was appointed as the Non-Executive Director on September 30, 2015

Key Managerial Personnel

In addition to Mathew Muthoottu, Managing Director, and Nizzy Mathew, Chairman and Wholetime Director, our Company's Key Managerial Personnel are as follows:

- 1. *Ann Mary George*, aged 43 years, is the Chief Financial Officer of our Company. She holds a bachelor's degree in commerce from the University of Calicut and she is also an Associate Member of the Institute of Chartered Accountants of India. She has 10 years of experience in finance and account and was appointed as the Chief Financial Officer of the Company on May 30, 2016.
- 2. *Smitha K. S.*, aged 46 years, is the Company Secretary of our Company. She holds a graduate degree in English Language and 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 2015. Prior to joining our Company, she was associated with Aspinwall and Company Limited.
- 3. *Kurian P Abraham*, aged 62 years, is the Chief Executive Officer of our Company. He holds a bachelor's degree in veterinary science from Jawaharlal Nehru Krishi Vishwa Vidyalaya Jabalpur and has a post graduate diploma in industrial relations and personnel management and post graduate diploma in public relations from Bharatiya Vidya Bhavan. He is a retired General Manager of business division of Corporation Bank with 36 years of banking experience.

For details about our Managing Director and Whole Time Director, please refer to "Our Management – Brief Profile of our Directors" on page 102.

All our Key Managerial Personnel are permanent employees of our Company.

Committees of the Board

Our Company has constituted the following committees of the Board, which have been constituted in accordance with the applicable law, including the Companies Act, 2013. The terms of reference of the following committees are also in accordance with the applicable law, including the Companies Act, 2013.

1. Audit Committee

The Audit Committee of our Company was constituted on December 10, 2013 and was re-constituted by a board resolution dated November 1, 2017.

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

Name of the Director	Designation	Designation in Committee
Thomas Cherian	Independent Director	Chairman
Krishnakumar K. R.	Independent Director	Member
Mathew Muthoottu	Managing Director	Member

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of our Company was formed *vide* a Board resolution dated April 10, 2014 and was re-constituted on November 12, 2018.



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

Name of the Director	Designation	Designation in Committee
Thomas Cherian	Independent Director	Chairman
Krishnakumar K. R.	Independent Director	Member
Rajagopal M.S.	Additional Director	Member

3. Stakeholders Relationship Committee

The Investor Grievance Committee of our Company was 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. The Stakeholders Relationship Committee was re-constituted on November 1, 2017.

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

Name of the Director	Designation	Designation in Committee
Thomas Cherian	Independent Director	Chairman
Nizzy Mathew	Chairman and Wholetime Director	Member
Mathew Muthoottu	Managing Director	Member

4. Corporate Social Responsibility Committee ("CSR Committee")

The CSR Committee has been constituted vide a Board resolution dated April 10, 2014 and was re-constituted on March 7, 2016.

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

Name of the Director	Designation	Designation in Committee
Mathew Muthoottu	Managing Director	Member
Thomas Cherian	Independent Director	Member
Nizzy Mathew	Chairman and Wholetime Director	Member

5. Debenture Committee

The Debenture Committee of our Company was constituted vide a Board resolution dated December 10, 2013 and was re-constituted on March 7, 2016.

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

Name of the Director	Designation	Designation in Committee
Nizzy Mathew	Chairman and Wholetime Director	Member
Mathew Muthoottu	Managing Director	Member
Thomas Cherian	Independent Director	Member

6. Risk Management Committee

The Risk Management Committee of our Company was constituted *vide* a Board resolution dated April 22, 2013 and was re-constituted on March 7, 2016

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

Name of the Director	Designation	Designation in Committee
Thomas Cherian	Independent Director	Member
Mathew Muthoottu	Managing Director	Member
Nizzy Mathew	Chairman and Wholetime Director	Member



OUR PROMOTERS

The Promoters of our Company are:

- 1. Nizzy Mathew; and
- 2. Mathew Muthoottu.

As on the date of this Prospectus, our Promoters collectively hold 1,81,34,358 Equity Shares, representing 72.67% of the issued and paid-up capital of our Company.

Profiles of our Promoters

For the profiles of our Promoters, see "Our Management-Brief Profiles of our Directors" on page 102.

Nizzy Mathew holds 33,54,446 Equity Shares amounting to 13.44% of our Company's issued and paid-up capital of our Company as on the date of this Prospectus.

Mathew Muthoottu holds 1,47,79,912 Equity Shares amounting to 59.23% of our Company's issued and paid-up capital of our Company as on the date of this Prospectus.

Interest of our Promoters in the Company

Except as stated under "*Our Management*" on page 101, to the extent of their shareholding in our Company, corresponding dividend payable to them and to the extent of remuneration/sitting fees received by them in their capacity as Directors, to the extent applicable, our Promoters do not have any other interest in our Company's business.

Our Promoters do not propose to subscribe to the Issue and none of our Promoters have any interest in the promotion of the Issue.

Details of the Promoters' contribution in our Company is as follows:

Nizzy Mathew

Date of allotment/transfer	Nature of allotment/transfer	No. of Equity Shares	Face value (in ₹)	Issue price/transfer price (in ₹)	Nature of consideration	Sources
March 18, 1998	Subscription to MoA	1,000	100	100	Cash	Own funds
December 28, 1999	Preferential allotment	29,000	100	100	Cash	Own funds
March 28, 2013	Bonus issue*	3,333	100	-	-	-
November 26, 2013	Bonus issue**	4,761	100	-	-	-
September 29, 2016	Transfer from Roy M. Mathew	33,16,352	100	100	Cash	Own funds
To	tal			33,54,4	46	

* Bonus issue at the ratio of 1 Equity Share for every 9 Equity Shares held by the existing Shareholders as on March 28, 2013. ** Bonus issue at the ratio of 1 Equity Share for every 7 Equity Shares held by the existing Shareholders as on November 25, 2013.

Mathew Muthoottu

Date of allotment/transfer	Nature of allotment/transfer	No. of Equity Shares	Face value (in ₹)	Issue price/transfer price (in ₹)	Nature of consideration	Sources
March 7, 2008	Transfer from Sosamma Mathew [#]	1,000	100	100	Cash	Own funds
March 7, 2008	Transfer from Sosamma Mathew [#]	29,000	100	100	Cash	Own funds
March 28, 2013	Bonus issue*	3,333	100	-	-	-

November 2013	26,	Bonus issue**	4,761	100	-	-	-
November 2013	30,	Preferential allotment	13,50,000	100	200	Cash	Own funds
September 2016	29,	Transfer from Roy M. Mathew	1,22,90,000	100	100	Cash	Own funds
September 2017	29,	Preferential allotment	11,01,818	100	165	Cash	Own funds
Total			1,47,79,912				

Please see "Certain of our records including in relation to share transfer to one of our Promoters/Directors are not traceable and in relation to certain delay in filing certain forms to the RoC, we have sought condonation of delay." on page 30 for further details.

* Bonus issue at the ratio of 1 Equity Share for every 9 Equity Shares held by the existing Shareholders as on March 28, 2013.

** Bonus issue at the ratio of 1 Equity Share for every 7 Equity Shares held by the existing Shareholders as on November 25, 2013.

All the above Equity Shares were fully paid up at the time of allotment or transfer, as the case maybe.

Other Confirmations

None of our Promoters have been identified as Wilful Defaulters by any financial institution or bank or a consortium thereof in accordance with the guidelines on identification of Wilful Defaulters prescribed by the RBI.

None of our Promoters, was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

No violations of securities laws have been committed by our Promoters in the past or no proceedings are currently pending against them.

Our Promoters have not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchange in India or abroad.



RELATED PARTY TRANSACTIONS

For details of the related party transactions of our Company during the last five Financial Years, see "Statement of list of related parties and transactions with them (Annexure XII A & B)" on page 142.



SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

No.	Particulars	Page No.
1.	The Limited Review Report dated November 12, 2018 of the unaudited financials of our Company for the six-month period ending on September 30, 2018	112
2.	Unaudited financial information of our Company for the six-month period ending on September 30, 2018	113
3.	Statutory Auditor's examination report on the Reformatted Financial Statements of our Company for the Financial Years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014	115
4.	Reformatted financial information of our Company for the Financial Years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014	118



REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unaudited standalone interim financial statements of Muthoottu Mini Financiers Limited (hereinafter referred to as "the Company") for the period ended September 30th, 2018, which comprises of the Balance Sheet as at September 30th, 2018, and the related statement of Profit and Loss and the statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes.

Management of the company is responsible for the preparation and fair presentation of this interim financial information in accordance with the accounting principles generally accepted in India, including the Accounting Standards, specified under Section 133 of the Companies Act, 2013("the Act"), read with Rule 7 of the Companies (Accounts) Rule, 2014 and all other applicable financial reporting framework. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standards on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim financial information consist of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited standalone interim financial information does not give a true and fair view of the state of affairs of the entity as at September 30th, 2018, and of its results of operations and its cash flows for the six months period then ended in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Vishnu Rajendran & Co, Chartered Accountants

CA: Meetin Z Abraham, FCA Partner M.No:208529 FRN: 0047415

Place: Kochi Date: November 12, 2018



MUTHOOTTU MINI FINANCIERS LIMITED Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641 STATEMENT OF PROFIT AND LOSS

	1				(Rupees in Lakhs)
	Particulars	For the 6 months Ended 30/09/2018 Unaudited	For the 6 months ended 30/09/2017 Unaudited	Year to Date Figures Ended 30/09/2018 Unaudited	For the Year Ended 31/03/2018 Audited
l	Revenue from operations	15,242.98	17,934,46	15,242.98	33,260.16
П	Other Income	74.40	87.47	74.40	233.23
Ш	Total Revenue (I + II)	15,317.38	18,021.93	15,317.38	33,493.39
IV	Expenses				
	(a) Employee benefits expenses	2,860.89	3,064.20	2,860.89	6.208.98
	(b) Finance Costs	8,556.13	10,380.33	8.556.13	19,493.31
	(c) Depreciation and amortization expenses	437.23	644.30	437.23	19,493.31
	(d) Other expenses	1,993.07	1,877.76	1,993.07	3,965.05
	Total Expenses	13,847.32	15,966.59	13,847.32	31,010.79
V	Profit Before Tax	1.470.06	2,055.34	1,470.06	2,482.60
	Add: Prior Period Items (net)		2,000.04	1,470.00	2,482.50
		1,470.06	2,055.34	1,470.06	2,482.60
VI	Tax Expenses				
	(a) Current Tax/ MAT	447.18	752.54	447.18	990.41
	(b) Deferred Tax	(79.36)	(11.54)	(79.36)	67.60
VII	Profit/ (Loss) for the period	1,102.24	1,314.34	1,102.24	1,424.59
/111	Earnings per share:				
	(a) Basic	4.42	5.54	4.42	4.31
	(b) Diluted	4.42	5.54	4.42	4.31

For Muthoottu Mini Financiers Limited



Mathew Muthoottu (DIN: 01786534) Managing Director

Place : Kochi Date : 12.11.2018

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MUTHOOTTU MINI FINANCIERS LIMITED Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641 BALANCE SHEET

Particulars	As at 30/09/2018 Unaudited	(Rupees in Lakhs As at 31/03/2018
1. EQUITY AND LIABILITIES	Unaudited	Audited
(1) Shareholders' Funds (a) Share Capital (b) Reserves and Surplus	24,952,54	24,952.5
	16,791.75	17,679.5
(2) Share application money pending allotment		
(3) Non-current Liabilities (a) Long-term borrowings		đ
(b) Deferred tax liabilities (Net) (c) Long-term provisions	51,579.74	56,809.6
	18,253,10	18,317.1
 (4) Current Liabilities (a) Short-term borrowings (b) Other Current liabilities (c) Short Term Provisions 	44,771.90 25,829.78 1,659.10	37,795.14 41,400.44 1,395.94
TOTAL	1,85,827.92	1,98,350.38
I. ASSETS		
1) Non-current assets (a) Fixed Assets (i) Tangible Assets (ii) Intangible Asset (iii) Intangible Asset (iii) Capital work-in-progress (b) Non-current investments (c) Deferred Tax assets (Net) (d) Long term loans and advances 2) Current Assets	19,795.34 22.90 5.81 806.76 1,972.61	20.171.24 31.58 5.81 727.40 1,983.64
 (a) Current Investments (b) Cash and cash equivalents (c) Short-term loans and advances (d) Other current assets 	4,635.27 1,56,923.71 1,665.52	10,212,30 1,63,07852 2,139,89
TOTAL	1,85,827.92	1,98,350,38

Notes:

 The above Results have been reviewed by the Audit Committee and approved by the Board Directors of the Company in their respective meetings held on 12/11/2018

 The working Results have been arrived at after considering provisions for standard assets and non - performing assets as per RBI guidelines, depreciation on fixed assets and other usual and necessary provisions.

3. Previous period/year figures have been regrouped/reclassified wherever necessary to conform to current period/year presentation.

For Muthoottu Mini Financiers Limited

Mathew Muthoottu (DIN: 01786534) Managing Director

Place : Kochi Date : 12.11.2018



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 Drall Prospectus / Prospectus of the Company in connection with the proposed issue of Secured Redeemable Non-Convertible Debentures (NCDs) up to '10,000 lacs, with an option to retain over-subscription up to '10,000 lacs, aggregating up to '20,000 lacs ("Issue"), 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 01-12-2018. 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 Drait Prospectus / Prospectus 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 for the years ended March 31^a 2018, 2017, 2016, 2015 and 2014.

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.

 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 31st, 2018, 2017, 2016, 2015 and 2014 (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 31st, 2018, 2017, 2016, 2015 and 2014 (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 31st, 2018, 2017, 2016, 2015 and 2014. (Annexure III), together referred to as "Reformatted Standalone Financial Statements".

The financial statements for the years ended as at March 31st, 2018, 2017, 2016, 2015 and 2014 have been approved/adopted by the Board of Directors and the members of the Company.

The unaudited financials for six months ended September 30, 2018 is not included in the reformatted statements but is annexed separately.

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 31st, 2018, 2017, 2016, 2015, and 2014 and regrouping and reelassification as per schedule 91 of Companies Act 2013 and requirements of 'SEBI Regulations'.



Page 1 of 34

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayam@vrc.co.in]



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 Reformated 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 2018, 2017, 2016, 2015 and 2014 proposed to be included in the Prospectos 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, 2018, 2017, 2016, 2015 and 2014 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.



Page 2 of 34

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 | Mob: 9349870062 | Email: kottayam@vrc.co.in]



This report is intended solely for yoar information and for inclusion in the Draft Prospectus / Prospectus in connection with the Proposed public issue of NCD aggregating to '10,000 Lakhs with an option to retain oversubscription up to '10,000 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: 0047418 Poor Review No:007931

P.A. Joseph, FCA

Partner Membership No: 201101

Place: Kottayam Date: January 31, 2019

Page 3 of 34]

3nd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayamä/vrc.co.in]

Annexure - I: Reformatted Summary Statement of Assets and Liabilities

Chinet and a second	Note	As at.				
Particulars	N9.	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/201
EQUITY AND LIABILITIES						
Shareholders' funds	_					
(a) Share capital	A,	24,952.54	22,500.00	22,590.00	22,500.00	22,500.00
(b) Reserves and surplus	в	17,679.52	14,650.78	22,789.27	21,791.31	19,943.50
(c) Money Received against Share Warranta		+	-	-	-	12
Share application money pending allotment		1			£3	<u>е</u>
Non-current liabilities	_					
(a) Long-term borrowings	C	56,809.60	84.039.82	1,11,202,31	83.014.90	68,769.84
(b) Deferred tax liabilities (net)					*	- Circle da
(c) Other long-term liabilities			-		+	
(d) Long-term provisions	D	18,317.15	16,099.99	418.54	265.57	869,48
Current Habilities						
(a) Shart-term borrowings	E	37,798.19	38,330,00	18.022.55	26,496.28	23,367.03
(b) Other current liabilities	F	41,400,44	51,072.81	64,029,30	46,313.02	94,491,69
(c) Short-term provisions	0	1,395.94	1,434.89	1,407.08	1,083.91	ad/441754
TOTAL		1,98,350.38	2,31,138.29	2,41,849.05	202,064,98	229,941.54
ASSETS						
Non-current assets	_		-			
(a) Fixed assets						
Tangible assets	н	20,171,24	21987.41	31.373.48	14;629.82	13.991.85
Intangible assets		31.58	30.84	*	1.50.50.00	197791.482
Intangible assets under development		-	*	1.		
Capital work-in-progress		-		857.09	K14.51	1,455,94
b) Non-current investments	T	5,81	5.81	373.42	173.42	392.79
c) Deferred Tax Asset)	727.40	795.00	744.04	94.82	141.05
d) Long-term loans and advances	K	1,983.64	3,868,34	3,402,69	1,425.80	2.441.41
(c) Other Non-Current Assets		6 1	+	-	-	+
Current assets						
a) Current Investments	L		-	39.55	39.56	39.62
b) Cash and cash equivalents	M	10,212.30	7,784.98	12,808.85	4,087.26	24,276.49
c) Short-term loans and advances	N	1,63,078.52	1,95,940.49	1,91,319,41	177,593,47	186,579,13
d) Other current assets	0	2,139.89	675.42	930.51	956 23	643.27
TOTAL		1.98,350.38	2,31138,29	2,41,849.05		

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





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Annexure - II : Reformatied Summary Statement of Profit and Loss

						('in Lacs)
Particulars	Note No.	For the yea 31/00/2018	r ended 31/03/2017	31/03/2016	31/03/2015	
			ST. OFFERTS	21/03/2010	31/04/2015	31/03/201-
CONTINUING OPERATIONS						
Revenue from operations	h	33,260.16	43,391.40	39,105.33	35,253.91	35 323 44
Other income	Q	233.23	158.02	9.14	17.14	43.42
Total Revenue		33,493,39	43,546,42	39,114.39	35,271.05	35,366.86
Expenses	-					
Employee benefits expense	Ŕ	6,208.98	0,446.80	5,305.46	5,321.57	5,131.20
Finance costs	S	19,493.31	24,490.25	21,515.77	19,701.35	17,792.88
Depreciation and amortization Expense	T	1,343.45	1,753.91	2,202,34	1,436,74	1,456.23
Operating & other expenses	U	3,965.85	5,218,89	6,058.55	5.825.40	0.575.28
Total Expenses		31,010.79	37,969,85	35,592.13	32,285.06	30,955,59
Profit / (Loss) before exceptional and extraordinary items and tax		2,482.60	5,636.57	3,522.26	2,985.98	4,411.27
Exceptional & Extraordinary items				-	174	
Profit / (Loss) before extraordinary items and tax		2,482.60	5,636.57	3,522.26	2.985.95	4,411.27
Prior Period hems			(13,783.55)	(1.609.00)	(10.45)	303.84
Profit / (Loss) before tax		2,482,60	(8146.98)	1.913.26	2,975.53	4,715.11
Fax expense:						
Current Tax expense		990.41	12.50	1.584.52	1.081.50	1.550.00
Deferred Tax		67.60	(50.97)	1649.221	46.22	(201.63)
Profit / (Loss) for the year		1,424,59	(8,108,51)	977,95	1.847.81	3,366,14



Page 5 of 34

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayam@vrc.co.in]



Annexure - III: Reformatted Summary of Cash Flow Statement

Particulars	For the year o	For the year ended					
	31/03/2018	31/03/2017	31/03/2016	31/03/2015	3103/2014		
A <u>Cash Flow from Operatin</u> <u>Activities</u>	4						
Operating Profit/(Loss) for the year	2,482.60	(8,146.98)	1,913.26	2,975.53	4,715.11		
Adjustment for							
Provision for Standard Assets	(11.58)	97.63	82.90	(34.32)	3.63		
Provision for NPA	(27.38)	3.70	167.74	382.22	139-37		
Bonus Payable/(Paid or Reversed)		19	4.0	-	(463.83)		
Provision for Gratuity	37.26	(310.34)	152.98	132.10	133.47		
Provision for Dimunition in valu of investment/ investment wortf	£. 1	294.09	73.52	-			
(Profit)/Loss on sale of assets	(75.18)	(40.07)	0.89	(14.16)	(19-61)		
Finance Cost	19,493.31	24,490.25	21,513.77	19,701 34	17,792.88		
Depreciation	1,195.13	1.495.82	1,956.08	1,090,31	1,455.10		
Prior Petiod Items	1, 199,000	15,451,29	1,609.00	(0.23)	(280.16)		
Income from Non Operating	(0.19)	(0.23)	(0.28)	(0.37)	(43.42)		
Business Operating Profit(Loss) before	S. C	2011 States	and the second second	10220	(93.42)		
working capital Adjustments	23,094.97	33,335,16	27,470,86	24,232.63	23,428.51		
Adjustments for :				_			
Short Term Lonns & Advances	32,851.96	(4,621,87)	(13,725.94)	8.985.66	(2.921.70)		
Current Investments		39.56	-	0.06	(39.62)		
Other Current Assets	201.50	213.01	(120.24)	(313.57)	(164,91)		
Long Term Lours & Advances	218.73	-	*	-	12		
Short-term borrowings	(534.81)	19,707.45	(7,912.11)	3.129.24	2.925.88		
Current Liabilities	(9,672.37)	(7,911.99)	18:617:22	(48,178,07)	(11,442.41)		
Cash generated from operations	46,169.98	40,762,12	24,329.79	(12.144.05)	11,785,75		
Income taxes paid	(990.41)	(1:190.23)	(1.451.82)	(1.681.50)	(1.358.00)		
Net Cash from Operating Activity	45,179,59	39,571,89	22,877,97	(13,225,55)	10.235.75		
Cash Flow from Investing Activities	,						
Income from Non Operating Business	0.19	0.23	0.28	0.3fi	43.42		
Increase/(Decrease) in Investments		±11	-	(0.63)			
Increase/(Decrease) in Long Tenn Loans and Advances		722.81	85.53	(1.034.48)	(1.227.50)		
Sale of fixed Assets	954.12	9,140.82	44.26	212.89	85.00		
Purchase of fixed Assets	(209.64)	1422 331	(20,358.09)	(1.285.55)	14,789,41)		
Net Cash Flow from Investment Activity	744.66	9,441.53	(20,228.02)	(2,107,40)	(5,038,49)		
Cash Flow from Financing Activities							
htcrease/Decrease) in Long Term Barrowings	(28,050.32)	(14,083.83)	27.587.41	14.845/00	23,175.80		
Finance Cost	(19,493.31)	(39.953.46)	(21.5(5.77)	(14,701.34)	(17.792.88)		

Page 6 of 34

3nd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349820062 | Email: kottayam@vrc.co.in]



Particulary		For the year ended					
N. M.		31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014	
_	Increase/(Decrease) in Capital incl. Securities Premium	4,046.69	+			5.000.00	
	Net Cash Flow from Financiag Activity	(43,496.94)	(54,037,29)	6,071.64	(4.856.28)	10,382.92	
D	Net Increase/(Decrease) in crish & Cash Equivalents	2,427.32	(3,023.87)	8,721.59	(20,189.23)	14,680.17	
£	Opening Balance of Cash & Cash Equivalents	7,784.99	12,808.85	4,087.25	24,276.49	9,596.31	
F	Closing Balance of Cash & Cash Equivalents	10,212.30	7,784.98	12,808.85	4,087.25	24.276.49	



Page 7 of 34

3^{rs} Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayam@vrc.co.in]



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

4		Asu			The second second	
	Particulars	31/03/2018	31/03/2917	31/03/2016	31/03/2015	31/03/2014
	Share Capital					011014-2014
-	Authorized Capital					
	Equity shares of 100 each	32,500.00	22,560.00	22,500.00	22,500.00	22,500.00
	Issued, Subscribed and Paid- Up Capital					
	Equity shares of '100 each	24,952.54	22,500.00	22,500.00	22.500.00	22,500.00

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

Asiat				
31/46/2018	31/05/2017	31/03/2016	31/03/2015	31/03/2014
2,25,00,000	2,25,00,000	2.25,00,000	2,25.00,000	1.75.00.000
24,52,539	(#.	-		\$11.00,000
2,49,52,539	2.25.00,000	2;25,00,000	2.25.00.000	2.25,00,000
	31/46/2018 2.25,00,000 24,52,579	31/03/2018 31/03/2017 2.25,00,000 2,25,00,000 24,52,539 -	31/03/2018 31/03/2017 31/03/2016 2.25,00,000 2.25,00,000 2.25,00,000 24,52,579 - -	31/06/2018 31/05/2017 31/03/2016 31/03/2015 2.25,00,000 2.25,00,000 2.25,00,000 2.25,00,000 24,52,539 - - -

e Disclosure as to the shareholders holding more than 5% shares

Name of Shareholder	No. of Shares H	eld As At			
	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
Mr. Roy Mathew	(+)	Contraction West Sec.	1,66,06,347	1,66,06,352	1,6606.352
Mr. Mathew Muthoottu	1,47,79,912	1,36,78,094	13,88,094	13,88,094	13,88,094
Mrs. Nizzy Mathew	33,54,446	33,54,446			
M/s. Mini Muthoottu Hotels (P) Ltd	25,51,298	24,12,698	24,12,698	24.12.698	24,12,698
M/s. Mini Muthootto Credit India Private Ltd	14,19,841	14,19,841	14,19,841	14,19,841	14,19,841

Name of Shareholder	Percentage Hol	ding As At	Contraction of the	Coldina in the second	Contraction of the local
	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
Mr. Roy Mathew	Second Second	*	73.81%	73.81%	73 81 %
Mr. Mathew Mutboottu	59.23%	60.79%	6.17%	6.12%	6.17%
Mrs. Nizzy Mathew	13.44%	14.91%	+		
M/s. Mini Muthoottu Hotels (P) Ltd	10.22%	10.72%	10.72%	10.72%	10,7294
M/s. Mini Mathoottu Credit India Private Ltd	5.69%	6.31%	0.31%	6.31%	0.31%

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

Particulars	During the Year 31/03/2018	31/03/2017	31/03/2016	31/03/2015	
Equity Shares		01/10/2011	21/05/2010	31/05/2015	31/09/2014
Fully paid up pursuant to contract(s) without payment being received in cash		•			1
Fully paid up by way of bonus shares		-	-		25.00,000
Shares bought back					
	-	· 1/4			25.00,000



Page 8 of 34

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 | Mob: 9349870062 |Email: kottayam@vrc.co.in]



Rights attached to each class of equity shares e,

Note C: Long Term Borrowings

The Company has issued only one class of equity shares having a par value of 100/- per shore. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	As At	and the second sec			
Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
Beserves and Surplus					21001014
Special Reserve Fund					
Opening Balance	3.367.63	1			
(+) Current Year Transfer	284.92	3,367.63	3,172.03	2,802.47	2,129.2
(+) Written Back in Current	2014.72		195.59	369.56	673.23
Add.		1	2.4.1		(+)
Closing Balance	3,652,54	3,367.63	3,367.62	3,172.03	2.802.47
Remarking Barris					a jung (11
Securities Premium	C 8 65 65				
Opening Balance (+) Securities premium	6,250.00	6.250.00	6,259.00	6,250,00	3,750.00
credited on Share issue	1,594.15		-		2,500,00
(-) Written Back in Current year	Sum	-			
Closing Balance	7,844.15	6,250.00	6,250.00	6,250.00	6,250.00
Revuluation Reserve					340
Opening Balance	350.00	350.00	350.00	350.00	1993 - 1993 - 1993 - 1993 - 1993 - 1993 - 1993 - 1993 - 1993 - 1993 - 1993 - 1993 - 1993 - 1993 - 1993 - 1993 -
(+) Current Year Transfer	+12		2710.00	220.00	2,850.00
(-) Reduced in Current year	#101-0			+	*
Closing Balance	3,50.00	350.00	350.00	350.00	(2,300.00) 350.00
Deheature Redemption Reserve					
Opening Balance	12,801.65	12,801.65	12,019.28		
(+) Current Year Transfer	371.07	-	782.37	12/119/28	
(-) Reduced in Current year	*			12.017.20	+
Closing Balance	13,172.73	12,801.65	12,801.65	12,019,28	+
Surplus in Profit and Loss					
Opening Balance	(8,108.51)			10.541.03	7 110 10
+) Net Profit /(Loss) for the Corrent Year	1,424.59	(8,108.51)	977,96	1,847.81	7,848.12 3,366.14
 Transfer to Special Reserve Fund 	(284.92)	57	(195.59)	(309.56)	(673.23)
 Transfer to Debenture Redemption Reserve 	(371.87)	*	(782.37)	(12,019.28)	
Closing Balance	(7,339.90)	(8,108.51)	+		10,541.03
fotal Reserves & Surplus	17,679,52	14,660,78		and the second	
the second party	4	14,000,18	22,769,27	21,791.31	19,943,50

Note 1: Statutory Reserve represents the Reserve Fund created u/s 451C of the Reserve Bank of India Act, 1934. An amount representing 20%. of the Net Profit is transferred to the Fund for the years

Note 2: Pursuant to Section 71 of the Companies Act, 2013 and Rate 18(7) of the Companies (Share Capital and Debennares) Roles, 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 Debennee Redemption Reserve (DRR) and no DRR is required in case of providely placed debentum 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 due 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet data The company has complied with the provisions of DRR as an 31 st March 2018



Page 9 of 34

3nd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayam@vrc.co.in]



("In Loca)

1 Contraction of the second seco	and the second second	and second as			and a state of the same
Particulars	31/03/2018	31/03/2017	31/03/2016	31-03/2015	31/03/2014
I. Secured	Consideration of the	10055-00455	- Constraint of the		
(a) Listed Secured Redeemable NCD - Public Issue (refer note C-1 below)	10,900.08	29,334,64	57,846.71	10000	
(b) Secured Redeemable Privately placed NCD	10,000,000	17,224.04	27,840.71	35,011.78	19;558.57
(refer note C-2 below)					
(c), Term Loan from Banks	1,712.44	9,878.96	18,410.75	33,970.62	46,296.67
(i) South Indian Bank Ltd.					
(Secured by Hypothecation of Fixed Atsets purchased		419.07	1,100.55	1.839.83	2,463.51
(Security Deposits of branches to be repaid in 10 equal half instalments with interest (013%)					
(ii) HDFC Bank Limited Car Loan (Benz G350)			18.11	37.95	** 05
(Secured by Hypothecution on vehicle and is to be repaid in 60 equal monthly installments with interest (i) 9.95% p.a)			16.11	37.55	55.92
(iii) HDFC Bank Limited Car Loan (Benz)		1.62	10.78	19.10	ALC:1
(Secured by Hypothecation on vehicle and is to be report in		1.04	10018	196.10	20.64
60 equal monthly installiments with interest (i) 9.95% p.a)					
(iv) HDFC Bank Limited Car Loan (Jaquar)		10.0	35.44	60.56	82.22
(Secured by Hypothecution on vehicle and is to be repaid in 60 equal monthly installments with interest (i) 10 75%)			100.04	101.202	De 44
(v) HDFC Bank Limited Car Loan (Innova)		0.85	4.09	7.00	10.24
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest al 10.50%)		10.00	4.1/2	7.00	9.62
(vi) South Indian Bank, Pathanamthitta Car Loan			29.00	92.68	100.00
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest (in 10.50%).)				72.05	155.23
(vii) HDFC Bank Limited Car Loan BMW X-5		22.10			
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest (i) 10%)		22.68	38.90	\$3.58	
(viii) HDFC Bank Limited Car Loan - Jetta		8.61	17.00		
(Secured by the hypothecation of the vehicle to be repuid in 60 equal installments with interval @ 10%)		8,01	12:00		
(ix) SBI - Vehicle Loan (Secured by hypothecation of vehicle		4	70.23		
to be repuid in \$4 equal monthly installments with interest (210,40%)			10.20		
II. Linsecured					
(n) Listed Unsecured Debentures - Public Issue (refer note C-3 helow)	23.356.26	23,336.26	21,356.26	12,106.36	0.00
b) Unsecured Privately Placed Debentures(redemption year 1020-2022 rate of interest 11.25% - 24.77%)	173.75	540.45	390.45	415.45	120.45
c/Subordinate Debt (indemption year 2021 - 2024 rate of nterest 10.75% - 16.67%)	20,467.07	20.467.07	0,878314		
11151					
	-			-	+
IV) Loan from Companies Under Same management	5.000 Nor	-	-	-	-
Fotal Long Term Borrowings	56,809.60	84,039.82	1,11,202,3	83,614.90	68,769,84



Note C-1: Listed Secured Rodeemahle NCD - Public Issues

Page 10 of 34

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayam@vrc.co.in]



SHELLS		As At	- Minates and	al - Grand Later U.S.		111	ILLUMIN SYLE
Particulars	Date of Allotment (Interest Rate)	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014	Redemption Period
(n) Listed Secured Redeemabl c NCD - Public Issue I	28/03/2014 (Interest rate 1295 to 13.5%)	3,106.56	3,106.56	3,106,56	0.064.50	19,558,57	400 days to 60 months
(b) Listed Secured Redeemabl e NCD - Public Issue II	08/08/2014 (Interest rate 12% to 13.25%)	-		8.577.77	8.577.77		500 days to 66 months
(c) Listed Secured Redeemahl e NCD = Pablic Issue III	(Interest Rate 11,50%) to 13,43%)		2,172.64	6,075.88	19,769.51	12	18 months to 66 months
d) Listed Secured Redeemabl r NCD - Public ssue IV	07/04/2015 (Interest rate 11.5% to 13.1%)		6,866,81	0,866.81	<u>#</u>]		 months to 43 months
e) Listed secured tedeemable NCD - Public ssue V	25/08/2015 (Interest rate 11% to 12.25%)	7,180.83	13,219,69	13,219,69		-	17 months to 73 months
 Listed Secured Redeemable NCD - Public ssue VI 	27/01/2016 (Interest rate 10.25% to 11.25%)	612.69	3,968.94	20,000.00	•		17 months to 51 months

Note: Security: The above Listed Secured Redeemable NCD - Public issue are secured by way of first part passa charge on immovable property located of House of Himannehim, No.5/03.Clid Mahabalipuran road. Egathur Village, Chennai - 600139 and first part passa charge on Carrest Assets including Book Debis, Loans & Advances, Cash & Book Balances and Receivables, both present and future noticing pin-passa with the existing secured lenders.

Note C-2: Secured Redeemable Privately placed NCD

NCD Series	Date of Allotment (Interest Rate)	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014	Redemption Period
XVIII	15/03/2013 - till date (12% 30 18.18%)	1592.03	4785.85	4803.00	9777.72	10291.72	I year to b veries
XVII	01/11/2012 - 14/03/2013 (12.5% to 18.18%)	39.95	3532.21	3706.07	5185.71	0.017.88	1 year ta 5 years
XVI	VI 29/09/2012 - 24/98 31/10/2012 (12.5% to 18.18%)		540.45	579.73	1240.56	2670.34	l year to 6 years



Page 11 of 34

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottavam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottavams/vrc.co.in]



NCD Series	Date o Allotment (Interest Rate)	f 31/03/201	8 31/03/2017	31/03/2016	31/03/2015	31/03/2014	Redemption Period
XV	23/05/2012 - 28/09/2012 (12.5% M 18,18%)	- 18.03)	528,89	3431,40	4811.73	6664,79	1 year to 6 year
XIV	27/01/2012 31/03/2012 (12.5% m 18.18%)		195,38	410.56	2618.80	3055.47	1 year to 6 years
XIII	26/03/2012 - 22/05/2012 (12.5% % 18.18%)	1,000	239.56	1535.42	3268.89	5586.82	1 year to 6 years
XII	25/03/2012 (12% to 18.18%)			1563.46	1584 78	2008.34	l year to 6 years
XI	09/12/2011 - 09/01/2012 (11.5% to 18.18%)		S. TA	838.31	851.29	1506.68	l year to 6 years
x	16/11/2011 - 08/12/2011 (11.5% to 18.18%)	2.00	18.24	503.42	589,27	728.33	I year to 6 years
x	22/08/2011 - 15/(1/2011 (11.5% to 13.75%)	-	8.80	1010.85	2041.28	2214.99	I year to 6 years
ли	21/08/2011 (11.5% to 13.75%)		1	÷.	1371.04	1372.58	1 year to 6 years
άţ	21/06/2011 (11.5% to 13.75%)	54 	24.88	24.88	602.36	685.01) year to 6 years
1	07/03/2011 - 01/06/2011 (11% to 13.25%)		3	(*)	20.85	22.72	1 year to 6 years
	04/11/2010 - 06/03/2011 (10% to 13.25%)	(* 	3,50	3.50	5.34	19.83	l year to 6 years
83	23/09/2010 - 03/11/2010 (10% to 13.25%)			4	•	0.12	1 year to 6 years

Note: Security: The above Secured Redeemable Privately placed NCD: are secured on part passu charge on current assets including book debts, loans and advances, cash and bank balances and seceivables both present and future of the company with secured lender



Page 12 of 34

3^{nf} Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayam@vrc.co.in]



Note C-3: Listed Unsecured Debentures - Public Issue

Particulars	Date of Allatmont (Interest Rate)	31/03/2018	31/03/2017	\$1/03/2016	31/03/2015	31.03/2014	Kedemption
(a) Listed Unsecured Debenturgs - Public Issue II	08/08/2014 (13.29% - 13.43%)	4,962,99	4,962.99	4,962.99	4,962,99	*	Period 66 monts
(b) Linted Ursecured Debintures - Public Issue III	(12,75% - 13,43%)	7,143.37	7,143.37	7,143.37	7,143,37	0	66 menths
(c) Listed Unsecured Debentures - Public Essue IV	07/04/2015 (12:68% - 13:01%)	6,849,15	6,849.15	n,849.15		*	66 masths
(d) Listed Unsecured Debentures - Public Issue VI	27/01/2016 (11.02% - 11.25%)	4,400.75	4,400.75	4,400.75	-	10 ³	78 months

Note D : Long Term Provisions

As At		HREELS	CHECKER LINE	HELIN, CH
31/03/2018	31/03/2017	31/03/2016	31433/2015	31/03/2014
	-		2002.2012	
	-	-	1.2	463.13
145.47	188.20	418.54	265.57	133.47
18,171.68	18,991.79	1	e.	-
18,317,15	19,099,99	418,54	265.57	869.48
	31/03/2018 - - 145/47 18,171.68	31/03/2018 31/03/2017 - - - - 145/47 108/20 18,171.68 18,991.79	31/03/2018 31/03/2017 31/03/2016 - - - - - - - - - 145/47 108/20 418/54 - - 18,171/68 18,991/79 - - -	31/03/2018 31/03/2017 31/03/2016 31/03/2015 - - - - - - - - - - 145/47 108/20 418/54 265/57 18,171/68 18,591/79 - -

Note E. Short Term Barrowings



Page 13 of 34

3^{sd} Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 | Mob: 9349870062 [Email: kottayam@vrc.co.in]

Note E. Short Term Borrowings



	Rate of	AsAt				
Particulars	Rate of Interest us on March 31, 2018	TENSIONS.	31/03/2017	31/03/2016	31/03/2015	31/03/2014
Secured Loan Repayable on Demand					and the state of	
(a) South Indian Bank Secured by way of first rampasku charge along with existing secured lenders of the company on all receivables inder gold loan both present and future of the company with (5% margin Additional collateral security by way of innovable property owned by	10.00%	15,478.70	12,384.87	2,144,25	16,448,41	14,925,87
he company and group companies' viz. Muthoot Mini						
fheaters Pyt Ltd, Mini duthoottu Credit India Pyt Ltd.						
Muthoottu Mini Hotels Pvt.Ltd.						
Kandamath Cine Enterprises P) Ltd, Personal Guarantee of						
Streetors wiz.Mr Mathew duthcotta, Mr. Ray M Mathew						
nd Mrs. Nizży Mathew	14					
b) Federal Bank insited isomed by why of Gold Ioan, teceivable of specific branches lloched to bank exclusively to be bank with 15%, margin, additional collateral security of quitable mortgage of 34.39 cres of land, personal uarantee of directors via. Mr.	12.75%	8*	3,638,19	3,265.98	4,977.86	2,457 K2
lathew Muthoottu, Mr. Ruy M fathew and Mrs. Nizzy fathew and Corporate uarantee of Muthoottu Mini heatnes Pvt. Limited						
netlier State Bank of ruvancore) ecured by way of First lurge on current assets of the impany on part pasa basia	12.25%	3,484.75	3,531.43	2,623.98	2.609.67	3,577 %)
ith other lenders in MBA and CD holders with 25% margin editional collateral security way of immovable property wird by the M/s Muthoottu ini Theatres (P) Limited and resonal guarantee of directous 8. Mr. Roy, M. Mathew, Mr. athew Muthoottu, Mrs. 229 Mathew and Corporate source of Muthootta Mini- seatres Pvt. Limited.						

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(d) Dhanalakshmi Bank Secured by way of Paripassu first charge by way of hypotheention of current assets, loans and advances and book debts including Gold Loan receivables with a margin of 25% Additional collateral security by way of immovable property owned by the M/s Matheota Mini Theatres (P) Limited and personal guarantee of directors viz Mr. Roy M. Mathew, Mr. Mathew Mathew, Mr. Mathew Mathew and Corporate Guarantee of Matheota Mini Theatres Pyt Limited.	11.50%	1,566.41	2,008.02	1,207.06	2.460.35	2,405.64
(e) State Bank Of India Secured by way of Gold loan, Receivable of specific branches allocated to bank exclusively to the bank with 15% margin.	12.00%		(å) †	4,929,45		-
(f) Andhra Bank Secured by way of Pari-passa first charge by way of hypothecation of Gold Loan Receivables of the company (excluding microfinance receivables) for the loans disbursed by them to individuals against platge of	11.50%	7,457.11	4,945.20	2.002.55		
gold ontaments with minimum asset cover of 133,35% with 13% margin. Additional collateral security by way of immovable property owned by the compony and Mathostia Mini Hotels Pyr Ltd. Personal guarantee: Nizzy Mathew and Mathew Muthootta						
(g) Indus Ind Bank Secured by way of first Pari Pasa Chirge on receivables including gold hom receivables with banks under MBA and NCD holders. Additional collateral security by way of immovable property owned by he company.	10,98%	3,337.54	4,981.00	2,440.28	+	
(b) Oriental Baak Of Commerce, Coinsbatore Secured by way of Pari passu first charge by way of typothecation of Gold Ioan eccivables of the company with minimum asset coverage of 1.33 times with n margin on 15%. And additional collateral eccarity by way of immovable moperty owned by the dathoot Man Theaters Pot Ltd and Managing Director Mr. Anthew Muthoottu Personal parantee. Nizzy Mathew and dathow Muthoottu	11.25%	4,035.20	2,500.25			
	nercial Ce		C.T.)		Page 15 of 34]

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayam@vrc.co.in]

Total Short Term Barrowings		37,795,19	38,330.00		
exposure created run of RCL unding. Additional cash collateral security to the externt of 5% of the loan amount to be solutioned lien marked in avour of Reliance Capital imited.					
3) Refinince Capital Ltd Secured by way of Pari-passu first charge by way of typothecation of Book Debes to he extent of 100% of the	14.00%	-	1,92134		
(1) Union Bank Of India Secured by way of Paripassii charge over present & future reconsists including advances igainst security of gold, gold rewellery, current assets, book debts, loans advances & receivables including gold loan receivables and Book debts and receivables Personal guarantee of Mathew Muthootta,Nizzy Mathew,Roy M Mathew.	11.5059	2,435.48	2,419.22		

Note F. Other Corrent Liabilities

A	And the state of the			()n Loc
	31/03/2017	at managements	11.02.0044	
		and the second se		31/03/2014
10.682.49		The second se		93,214,60
259.90	272,49	6,710.21		1,107.43
				18,84
			4	
424.00	281.14	1001.01	175.05	+
and the second se		the first the second	and the second state of th	53.79
41,400.44	51,072.81	64.929.30	46,313.02	96.03
	- 424.00 532.46	31/80/2018 31/80/2017 30,181/49 39,868.42 10,082/49 10,145.83 259.99 272.49 - -	31/00/2018 31/00/2017 31/00/2016 30,101.49 39,368.42 55.723.05 10,082.49 10,145.83 8,710.71 259.99 272.49 - - - >	31/03/2018 31/03/2017 31/03/2016 31/03/2015 30,101.49 39.368.42 55.723.05 43.291.39 10,082.49 10,145.83 8,710.71 2,720.51 259.99 272.49 - - 424.00 283.14 190.34 154.90 332.46 50.293.30 305.20 146.20

Note F -1- Current Maturities of Long Term Borrowing

In some of the state of the second seco				C in L	47.92
Particulars	As At 31/03/2018	31/03/2017	J1/03/2016	31/03/2015	31/03/2014
Current Maturity of Secured NCD - Privately placed (refer note F = 2 below)	9,853.11	10,849.75	16,108.12	18,230.73	92,439,70
Current Maturity of Secured Listed NCD - Public Issue (refer note F - 3 below)	18,434.36	28,512.07	38,051.77	24,316.30	\$1. \$1.
Unsecured privately placed NCD (rate of interest 11 00% - 20.74%)	768.46	100.00	200.00		
Tenn Loan-SIB	419.07	081.48	691.19	1000 C	101-101-
Vehicle loans	33.77	The second se	681.48	623.68	681,48
Unchaimed instared Debensures	372.19	76.95	150.37	120.68	93.42
Ferm Loan-Dhanalakshmi Bank (Secured by way of Pan-passa	second state of a state of the	448.16	531.31		
nint charge by way of hypothecation of Book Debts to the extent of 150% of the expessive created out of flanding repsyable in 15 months interest rate @ 11.50%)	208.33	8	(*)	3 	
Total Current Maturity of Long Term Debt	30,101.49	39.868.42	\$3,723,05	43,291,39	93,214,64

Note F-2: Current Maturity of Secured NCD - Printlely placed

NCD Series	Date of Hate)	Alletment	(Interest	31/03/2018	31/00/2017	31-03/2016	31/03/2015	31/03/2014	Redemption Period
					- 66	t			Page 16 of 34
:	3rd Floor,	CSI Con	mmercia	al Centre,	Baker Jn.	P.B.No	227 Kotts		001

Tel: 0481 2301999, 2581999 | Mob: 9349870062 | Email: kottayam@vrc.co.in |

1	Δ.
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~	× 1

Total		9,863,11	10,049,75	16,108.12	18,230,73	92,439,70	
V	23/09/2010 - 03/11/2010 (10% to 13.25%)				3.88	1602.36) year to 6 years
	04/11/2010 - 06/03/2011 (10% 10/13.25%)	1.5	8	1.84	53:35	1436.87	1 year to 6 years
a	07/03/2011 - 01/06/2011 (11% 10 13.25%)	-	÷	36.40	\$1.00	1401-59	J year to 5 years
ai	02/06/2011 - 21/06/2011 (11.5% to 13.75%)	24.88	2	\$42.75	4.50	896.61) year to 6 years
TH	22/06/2011 - 21/08/2011 (11.5% to 13.75%)			1339.21	0.05	0032.53	1 year to 6 years
x	22/08/2011 ~ 15/11/2011 (11.5% to 13.75%)	8.80	992.21	152.32	158.80	1428.81	1 year to 6 years
x	16/11/2011 - 08/12/2011 (11.5% to 18.18%)	16.24	485.18	928.03	197-56	1855.32) year to 6 years
a	09/12/2011 + 09/01/2012 (11.5% to 18.18%)		838.06	0.05	441.30	2419.22	1 year to 0 years
XII	10/01/2012 - 25/03/2012 (12% to 18.18%)		1559.04	1.00	299.57	1057.55	1 year to 6 years
XIII	26/03/2012 - 22/05/2012 (12.5% to 18.18%)	223.24	1299.37	1653.91	2749,44	3219.85	1 year to 6 year
XIV	27/01/2012 + 31/03/2012 (12.5%) to 18.1836)	175,36	214.03	2019.68	2923.91	24966.03	I year to 6 years
XV	23/05/2012 - 28/06/2012 (12.5% to 18.18%)	510.86	2899.98	1172.96	23.13	32.52	I year to 6 years
XVI	29/09/2012 - 31/18/2012 (12.5% to 18.18%)	514.97	10.45	427.89	4853.59	11766.71	1 year to 6 years
XVII	01/11/2012 - 14/03/2013 (12.5% to 18.18%)	3488.73	65.04	1328.78	1165.18	9106.34	l year in 6 years
XVIII	(5/03/2013 - bill dote (12% to 18.18%)	4898.51	1096.39	6498.30	2248.17	29337 39	Lyzar to 6 stars

Note: Security: Refer Note C 1

Note F-3. Current Maturity of Secured Listed NCD - Public Januar

Particulars	Date of Allotment (Interest Rate)	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014	Modemption
(a) Listed Secured Redeemable NCD - Public Issue I	28/03/2014 (Interest rate 12% to 13:5%)	*	+	3557.94	12894.07	-	Period 400 days to 66 months
(b) Listed Secured Redeemable NCD - Public Issue II	08/08/2014 (Interest rate 12% in 13.25%)	•	8577,77		11422.23	÷.	500 claya to 66 months
(c) Listed Secured Redeemable NCD - Public Issue III	(Interest Rate 11.50% to 13.43%)	2172.64	3603.24	1.1693.63		<i>ti</i> .	18 months to 66 months
 (d) Listed Secured Redeemable NCD Public Issue IV 	07/04/2015 (Interest rate 11.2% to 13.1%)	6866.81	*	11192.77	-		17 months to 43 months
(e) Listed Secured Redeemable NCD - Public Issue V	25/08/2015 (Interest cate 11% to: 12.25%)	6038.86	5	9007.43	*	4. I	F7 months so 73 months
(f) Listed Secured Redeemable NCD - Public Istue VI	27/01/2016 (Interest rate 10.25% to 11.25%)	3356.25	16031.06				17 months to 51 months
Total		18,434,56	28,512.07	38,051,77	24,316,30		

18,454,50 28,512,07 38,051,77 24,316,30

Note: Security: Refer Note C 2

Note G:Short Term Previsions



Page 17 of 34

3nd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayam@vrc.cu.in]



the second		1 M. L6	N243		
	As At			State Silker	1.1.1.1.1
Particulars	31/03/2018	31/03/2017	31/03/2016	31/01/2015	31/03/2014
Provision for Non-Performing Assets	799.17	\$26.55	812.85	655.10	-
Contingent Provision for Standard Assets	396.76	608.34	310.71	428.81	
Provision for diminution in value of invitments	+ 2.		73.52	-	-
Total Short Term Provisions	1,395,94	1,434.89	1,407.08	1,083.91	

Movement of Provision for Standard and Non- Performing Assets in Short Term Provision

	As At				
Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
Provision for Standard Assets					
Provision at the beginning of the year	608.34	510.71	428.81	463.13	
Additional Provisions made during the year	(11,38)	97.63	81.90	(34.32)	
Provision at the close of the year	\$96.76	608.34	510,71	428.81	14
Provision for Non- Performing Assets					
Provision at the beginning of the year	826.55	822.85	655.10	272.88	
Add: Additional Provisions made during the year	(27.38)	3.7	167.74	382.22	
Provision at the close of the year	799.17	826.55	\$22.85	655,10	

Note H: Fixed Assets

('in Lacs)

Type of Assets	Gross Block As 31/03/2018	sut 31/03/2017	31/03/2016	-	
			2102.5010	31/03/2015	31/03/2014
Tangihle Assets					
Land	14,599.67	14,599.67	21,367.10	6,549.03	6,271.37
Buildings	3,609.12	4,585.01	5.961.12	1.029.74	1.155.15
01	and the second	the plant		1.049 19	1,129.50
Plant & Machnery	735.11	833.65	1,059.50	1,171.10	1,153.48
Furpitare and Fixtures	1,952.17	2,797.01	4,070 80	7.128.67	0.060.09
Web School				7.140.01	40000158
Vehicles	183.01	303.48	044.6h	844.46	743.54
Electrical Fittings	76.09	109.58	201.55	412.29	990.00
			-01 MA	+16,69	275.34
Computer	243,79	335.68	686.36	1,426.78	1,200.50
Total	21,398,94	23,564.08	34,900.18	18,562.09	
			241500110	10,755,009	16,833.62
Type of Assets	31/03/2018	31/03/2017	31/03/2016	31/03/2615	31/03/2014
		CALCON A CONTRACTOR OF A CONTRACTOR OFTA	and the second s	With West of states have	the second se



Page 18 of 34

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1	-	A	
1	1	1	
1	1	2	67
N.	1	8.1	x

Type of Assets	Gruss Block A	wat				
	31/03/2018	31/03/2017	31/03/2016	31/06/2015	31/03/2014	
Accumulated Depreciation						
Land				4		
Buildings	256.36	226.62	178.52	250.54	212.44	
Plant & Machinery	140.91	154.96	319.12	271.98	201.46	
Furniture and Fistures	578.02	828.82	2.196.45	2,164,39	1,580.51	
Vehicles	57,46	118.24	251.25	287.25	189.72	
Electrical Fittings	23.23	33.50	92.03	91.21	60.64	
Computer	140.14	133.69	489-33	836-9	596.90	
Total	1,196.12	1,495,85	3,526.70	3,932.28	2,841.77	
Type of Assets					and a start of the	
	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/10/2014	
Net Tangible Assets						
Land	14,599.67	14,599.67	21,367.1	6,549.03	6,271.37	
Buildings	3,352.75	4,358,39	5,782.60	779.20	917.06	
Plant & Machinery	594,21	678,69	740.38	899.12	952.02	
Furniture and Fixtures	1.374.14	1,568.19	2,783.44	4,934.28	4,479.38	
Vehicles	125.55	185.24	393.41	557.21	553.82	
Deetrical Fatings	52.85	76.08	109.52	321.09	314.30	
Computer	103.65	201.99	197:83	559 88	603.70	
Fotal				200 2X11		
i otar	20,202.82	22,068.25	31,373,48	14,629,82	13,991.85	

Note I Non-Current Investments

Contraction of the second lines will be bring the		(m Lacs)				
	ASAL			CHIPPE ST		
Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014	
Long Term Investments (At Cost)			1 (01150)(0100)	0.01005-0.010	21102-2014	
a) Quoted						
5000 Equity Shares of '103.57 /- each fully paid up in The South Indian Bank Ltd.	5.18	5.18	5.18	538	5.18	
b) Unquoted						
367000 Equity Shares of '100.67/- each fully poid up in Kapico Kerala Resorts Pvt. Ltd	•	*	367.61	367 61	367.61	
503 Equity Shares 125/- OF Wonderla Holidays fully paid	0.63	0.63	0.63	0.63		
Total Non-Current Investments	5.81	5.81	373.42	373.42	372.79	

Note J: Deferred Tax Assets

	AsAt		THE SHO		
Particulary	31/03/2018	31.03/2017	31/03/2016	31/03/2015	31/03/2014

Page 19 of 34

3¹⁶ Floor, CSI Commercial Centre, Baker Jn., P. **1**86, 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 | Mob: 934987006 [Email: kottayam@vrc.co.in]

Opening Balance	795:00	744,04	94.82	141.05	(50.00)
Created(Reversed) during the year on account of depreciption and Provision of gratuity	(67.60)	50.96	649.22	(40.23)	291.03
Net Deferred Tax Asset/(Liability)	727,40	795.00	744.64	94.82	141.05
e K: Long term Loans & Advances	0.000000				
All the second s					Contains
and the second sec	As At	SIL			
Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
Other Loans and Advances					
a) Secured, Considered Good					
Income Tax including TDS (Net of Provision	i) -	1,665.97	488.24	620.94	264,60
b) Unsecured, Considered Good				_	
Rent Deposit	1,598,28	1,827,14	1.981.50	1.972.00	1.958.06
Security Deposit with NSE, BSE & CDSL	383.75	383.75	932.95	\$82.95	208.75
Other Deposits	1.61	1.48	*		
Total Long Term Loans & Advances	1,983.64	3.868.34	3.402.69	3,475,89	2,441,41
L: Current Investments				(m.Lacs)	
	AsAl	Contractor I.			
Particulars	1/03/2018	31/03/2017	31/03/2016	31/03/2015	1102000
Other Short Term Investments (At Cost)	10 A 10 M 10 20 C		- In the above	21/00/2012	31/03/2014
Investment in E Gold .			19:55	39.56	39.62
Total .			39.56	33.20	19.02

Note M: Cash and Cash Equivalents

Short term Loans & Advances

Cin Lacsy

As At 31/03/2018	31/03/2017	31.037016	himithur	
		51705 2010	21/02/2015	31/03/2014
2,227.92	3,897.27	7,433.55	372.89	225.25
6,585,09	2,447.40	3.527.75	844.68	2 220 84
100 M				19,558.57
1398.29	1,449 31	1 847 65	1.00000	9 9 9 1 V
14400	10000	19921-95		2.271.98
10.212.30	7.781.05	13 602 94	100m 40	
2.2466.022	1.01.20	14,005,85	4,087.26	24,276,49
	31/03/2018 2/227/92 6/586.09	31/03/2018 31/03/2017 2,227.92 3,897.27 6,586.09 2,447.40 * * 1398.29 1,440.31	31/03/2018 31/03/2017 31/03/2016 2,227.92 3,897.27 7,433.55 6,586.09 2,447.40 3,527.75 * * * 1,398.29 1,440.31 1,847.55	31/03/2018 31/03/2017 31/03/2016 31/03/2015 2,227.92 3,897.29 7,433.55 372.89 6,586.09 2,447.40 3,527.75 844.68 - - - - 1398.29 1,440.31 1,847.55 2,869.60

Note N:

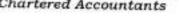
('In Lacy)

at a million		As At		THE REAL	Southern Barry	un de la filme de
Particulars		31/03/2018	31/03/2017	31/00/2016	31/03/2015	110010044
(a)Secured					21/02/2013	31/00/2014
Gold Loan						
Secured, Considered g	002	1.52.269.93	1.89,330-33	1,85,259.06	1,72,587 13	1,75.552.41
Secured considered Da	nahtful	3,162.90	4,660,96	3,296.01	3,275 52	1.329.75
Secured Doubtful(property)	causitored	91.93	1		and a second sec	1-249.15

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Page 20 of 34

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Page 21 of 34

Loan against Debentures					
Secured, Considered good		84.88	113.73	240.27	457.53
Loan against Property	313,19	\$25.87	•	- 10,21	4.0.23
Loan against Security		00000			
Secured, Considered good		-	*	+	0.18
(b)Unsecured					
Education Loan					
Unsecured, Considered good	(e).	82	0.04	0.20	0.32
c) Personal Lonn					
Unsecuted, considered good	-		649.67	1,490.36	9,239,94
f) Micro Finance Loan	7,240.57	1,329,45	-		-
g) Directors and Company Under Same Management					- 27
Secured, Considered good	45	+9 			
h) Others					
Unsecured, Considered good				+	
Total Short Term Loans and Advances	1,63,078,52	1,95,940,49	1,91,319,41	1.77.593.47	1.86.579.13
Loan and advances due by					
a) Directors	-				
b) Other Offices of the company either severally or jointly with any other persons	1				
 firms or private companies respectively in which my director is a partner or a director or a member 	+	-	10	*	

Note O: Other Current Assets

	AsAt			(W Locs)		
Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014	
Deposits	0.96	0.85	0:85	1.29	1.0.1	
Other Advances/Receivables	62.04	113.58	107.57	221.96	223.80	
Others	2076.89	555.99	822.09	732.98	415:40	
Total Other Current Assets	2,139.89	675.42	\$30.51	956.23	643.27	

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

Note P:	Revenue	from	Operation
---------	---------	------	-----------

Note P: Revenue fron	a Operation				Clin Laca
	For the year en	ded	S III S IN STATES	The Highly and the	Contraction of the local division of the loc
Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
a) Interest					
On Gold Loan	27,920,65	39,269.64	36,587.56	33 196 77	24 192 24
On Auction	3,847.78	3,410.95	1.797.08	33,190.17	34,423,36

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Fotal Revenue from Operations	33,268,16	43,391.40	39,105.35	35,253,91	35,323,44
	1000000000	172.45	180.20	150,99	114.15
	308.33	172.45		- + 10	1.86
DP Fees		21.21	25.31	23.23	+
Other operating Income	155.18	91.97		127.74	112.29
Commission & Brokerage	153.15	180.49	154.89	100.00	
b) Other Financial Services					
	44,751.04	43,118.95	38,925,15	35,102.92	35,209,29
	32,951.33	and the second se	the second se	1.61	1.95
Others	77.94	74.33	9.27	25.79	19.95
On Terms deposits	203.34	283.15	162.47	1,829,59	538.97
On Personal Loan		9.00	332.63	and the second se	225:06
On Loan against debentures	18.19	13.68	35.24	49.16	1000
On income generated loan	883.93	58.23			

NoteQ: Other Income

(In Laws)

(In Loca)

	For the year ended						
Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014		
a) Dividend Income	0.19	0.23	0.28	0.57	0.32		
b) Other Non Operating Income							
Rental Income	121 77	110.17					
Agricultural liscomy		100.17		* 	10.46		
Profit on sale of Car	34.11	40.06	2.05	1.89	5.38		
Profit on sule of Asset	42.68	40.00	5.27	14.15	19.63		
Interest on Income Tax refund	78.00		*.		340 C		
Miscellaneous Income	34.48	4.55	3.49	0.71	1.63		
Total Other Income	233.23	155.02	9,04	12.4.4			
		Taxante	3,04	17,14	43.42		

Noté R: Employee Benefits Expenses

For the year ended Particulars 31/03/2018 31/03/2017 31/03/2016 31/03/2015 31/03/2014 a) Salaries & Wages Directors remuneration 118.03 98.25 812.29 141.20 4735.73 132.40 Others 1358 8. 4,549,97 Gratuity 87.94 (285.80)164.90 140.84 141.48 Exgratia . Employee Performance Appraisal Scheme Honus b) Staff welfare Expenses \$,230.79 5,823.06 763.04 189.51 310.15 **Total Employee Benefit Expenses** 6,288.98 6,446.80 5,805,46 5.321.57 5,131.20

Note S: Finance Costs

(In Locs)

	For the year er	niled	and and		
Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
Interest Expenses:					2.5472.272
Interest on Debentures	5,925.73	7,675.73	5.026.79	1.0. 2.0. 1.0.	- Instantia
Interest on Public Issue NCD 1	-	Gervine	33940.39	12,322.12	14,743,93
Interest on Public Issue NCD II				2.748 柏	-
Interest on Public Issue NCD filt	8.916.52	12.678.21	12.005.00	1,233,84	
Interest on Application Money (NCD)	14.28	10.78	13,415.94	\$28.72	
Interest on Loan	4,530.76	3,036.03	346.02	328.86	303.21
Others	106.62	the second se	2,542.84	2,189.67	2,844,30
Total Finance Cost		188.61	184.18	49.63	101.38
Contraction of the second	19,493.31	24,490.25	21,515,77	19,701.35	17,792.88
					the local limit data in the local sector

NoteT: Depreciation and Amortization Expenses



Page 22 of 34

("In Laca)

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 | Mob: 9349870062 [Email: kottayam@vrc.co.in]



(In Lucs)

	For the year ended					
Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014	
Depreciation	1,196.13	1,495.82	1,955.08	1.090.51	1,455.10	
Amortization of Public Issue Expenses	147.32	258.08	246.26	346.24		
Total	1,343,45	1,753,91	2.202.34	1,436,74	1.456.23	

Note U: Operating & Other Expenses

For the year ended **Particulars** 31/93/2018 31/03/2017 31/03/2016 31/03/2015 31/03/2014 Power and Fuel 211.45 219.31 171.65 190.94 218.29 Rent 1798.72 2089.00 2347.68 2.687.89 73.05 Repairs & Maintenance 198.95 96.MD 164.91 78.23 Insurance 39.15 112.28 131.63 102.25 119.20 Rate & Taxes, excluding tax on income 260.24233:85 17:50 16.38 Payments to auditors 19.62 15.90 11.36 5 42 Other Expenses: Commission paid 119.29 82.22 13:37 5.88 Business Promotion Expenses 328.93 312.42 128.64 553.23 518.99 327.20 General Office Expenses 385.47 219:58 248.69 Advertisement Charges 24:57 50.83 93.99 219.52 1,306.52 Had Debt written off 2.43 1:78 811.67 29.20 120.70 Travelling Expenses: 42517 Directors 21.97 34.57 Others 253.61 215.58 300.80 Honomium DB1 Legal Professional charges 78.41 139.08 111 24 30.81 83.20 265.72 28.52 Telephone Charges 195.50 236.80 255.90 279.34 Audit Expenses 29.74 Donation and Charity 17.30 37,16 Subscription & Periodicals Postage & Couner 19.61 28 78 21.58 25.2h 44.80 Printing and Stationery Service Tax 147.30 157.44 177.24 106.59 216.91 23.40 34.19 Miscellaneous Expenses 18.89 13.92 1 23 0.05 4.38 Water Charges Provision for Non-Performing Assets (27:38) 3:70 167.74 382 22 (34.32 139.37 Contingent Provision for Std. Assets (11.58) 97,53 81.50 5.63 Loss on Then 3.00 Vehicle Running & Maintenance Exp. 12.29 12.79 21:00 17:30 10.15 Security Charges 215.48 304.43 305.7 312.90 25213 33.14 Training & Meeting Expenses 11.86 43.48 23.46 Subscription Charges- Spot Exchange 2:39 2.665.10 1.63. Loss on sale of Fixed Asset 1.61 6.15 DP accounting Opening charges 0.11 0.113.13 2.05 Corporate Social Responsibility 7.45 89.07 97.50 Expenses of Public Issue NCD 65.20 122.70 62.16 2.35 Investments Written off 294.09 Provision for diminution in value of Investment Total Operating & Other Expenses 3,965.05 5.218.89



6.068,56

5,825,40

Page 23 of 34

6,575.28

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 | Mob: 9349870062 [Email: kottayam@vrc.co.in]



Annexure - VI: Capitalization Statement as at 31/3/2018

0		C'hi Locij
Particulars	Pres lasur	Post- Issue
Long Term Debts (incl. Current maturities of long term debt)	85,911.09	
Short Term Debis	37,795.19	1.06,911.09
Total Debts	the second se	37,795.19
	1,24,706.28	1,44,706.28
Shareholders' Funds		
Equity Share Capital	24,952.54	21.042.41
Reserves & Surplus	47,706.51	24,952.54
Special Reserve Fund	3.652.54	3,652,54
Securities Premium	7.844.15	7.844.15
Debenture Redemption Reserve	13,172.73	13,172,73
Suplus in Profit and Loss A/c	(7,339.90)	
Total Shareholders' Funds	42,282,06	(7,339,90)
	44,282,00	42,282.06
Long Term Debts/ Equity	2.06	1.01
	#100	2.53
Debt/Equity	2.95	N 18
1/2 - 200 1 - 1 0	6,72	3.42

Notes:

Short term debts represent debts which are due within twelve manths from March 31, 2018 Ē

Long term debts represent debts other than short term debts, as defined abave, including current maturities of long term debts 2.

The figures disclosed above are based on the Reformanced Summary Statement of Assets and Liabilities of the Company as at 3. March 31, 2018 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 20,000 lass from the proposed public mue and does not include contingent and off-balance sheet fishilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of alloament. б.

The Company has raised secured privately placed debentures during April, 2018 -December 2018 amounting to Rs. 1.824 lakhs and unsecured privately placed debentures amounting to Rs.1,155 lakts support of which is not provided in the above table. 7. Shareholders fund does not include revaluation reserve.



Page 24 of 34

3nd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayam/wvrc.co.in]



Annexure - VII: Statement of Secured Loans and Unsecured Loans

	AsAt	Contraction of the second second			
Particulars	31/03/2018	31/03/2017	31/03/2016	31/83/2015	31/03/2014
(i) Debentures					
(a) Secured Redeemable NCD - Public	29,334.64	57,846.71	95,898.48	39,328.68	10.000 00
Issue		C Service Barris	93,030.4h	39,328.08	19,358.57
(For details relating to repryment terms, interest rate and security offered, refer					
Note C and F above)					
		Contraction of the			
(b) Secured Redeemable privately placed NCD	11,577.55	19,928.71	35,050,18	\$2,201.35	1,38,736.38
(For details relating to repayment terms,					
interest rate and security offered, refer					
Note C and F above)					
(ii) Term Loans from Banks					
(ii) South Indian Bank Ltd.	419.67	1,100.55	1,782.03	2 2 2 2 2	
Secured by Hypothecation of Fixed	0.0000	11110124	1,706.00	2,463.51	3,144,99
Assets purchased /Security Deposits of branches to be repaid in 10 equal half					
instalments with interest (213%)					
(b) Dhanalakshmi Bank Secured by way of Pari-possa first charge by way of	208.33	-		22	1.02
hypothecation of Book Debts to the					
estent of 100% of the exposure created					
out of funding repayable in 15 months interest rate @ 11.50%)					
mineral lang ag 11,20701					
(b) HDFC Bank Limited Car Loan		18.11	37.95	55.92	72.19
(Benz G350) (Secured by			1945-CU-0125	SINT#CC	964(4782)
Hypothecation on vehicle and is to be repead in 60 equal monthly installments					
with interest (i) 9.95% p.a)					
(c) HDFC Bank Limited Car Loan	1.62	39.45		1000	
(Benz) (Secured by Hypothecation on	5.02	28,45	10.00	26.64	33.47
vehicle and is to be repead in 60 equal					
monthly installments with inteset @ 9.95% p.a)					
(d) HDFC Bank Limited Car Lean					
Jaquar) (Secured by Hypothecation on	*	12.83	60.55	82.23	101.69
whicle and is to be repaid in 60 equal					
nonthly installments with interest al					
(a. 1374)					
A 10000 Back 12 - 1 - 2					
e) HDFC Bank Limited Car Lean Innoval (Secured by Hypothecation on	0.86	17.08	7.00	9.62	11.98
chicle and is to be repaid in 60 coust					
nonthly installments with interest (i)					
0.50%) f) SIB, Pathanamihitta Car Loan					
 SIB, Pathanamthitta Car Loan Secured by Hypothecation on vehicle 			92.67	156.23	264.71
nd is to be repaid in 60 equal monthly					
astallments with interest @ 10.50%)					
(g) HDFC Bank Limited car Loan	22.68	26.07	63.83	72.85	
IMW X 5 (Secured by Hypothecation	1000 (C	20,00	53.58	66.87	
o vehicle and is to be reposed in 60					
qual instalments with interest (2: 10%))	PAL				
maiSecured by Hypothecation on	8.61	12.99	15.07		(e)
		6.97	The		
		200			Dana 35
		In the second	19-19 St.		Page 25 of 3
3rd Floor, CSI Commercial					



Particulars	As At 31/03/2018	Rautor minam		THE PROPERTY OF	SC. Section
refinele and is to be repaid in 60 equal instalments with interest (it 10%)	517052018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
(i)SBI Car Loan			80.24		
(Secured against the hypothecation of Vehicle to be repuid in 84 equal monthly installments with interest (2)10.40%)					
(iii) Working Capital Loan from Banks			1.1.1		
 South Indian Bank Ltd. (For details on interest care and security offered, refer Note E) 	15,478.70	12,384.87	2,144.25	16.448.41	14,925.87
(b) Federal Bank Ltd. (For details on interest rate and security offered refer Note E)	÷	3,638,19	3.265.98	4.977.86	2,457.82
(c) State Bank of India (earlier State Bank of Travancore) (For details on interest rate and security offered refer Note E)	3,484.75	3,531,43	2,623.98	2,609.67	3,577.20
 (d) Dhamalakahma Bank (For details on interest rate and security offered refer Note E) 	1,565.41	2,008.02	1.207.06	2,460.35	2,405,64
(c) State Bank of India (For details on interest rate and security offered refer Note E)		12	4,929,43	(*) (*)	1. e
 Andhra Bank (For details on interest rate and security offered refer Note E) 	7,437.11	4,945.20	2,002,55	*0	
(g) Indus Ind Bank (For details on interest rate and security offered refer Note E)	3,337.54	4,981.49	2.449.28	+	
(b) Oriental Bank Of Commerce (For details on interest rate and security offered refer Note E)	4,035.25	2,500.25	-		-
 Union Bank Of India (For details on interest rate and security offered refer Note E) 	2,435.48	2,419.22	8 3	÷).	(a)
Refrance Capital Limited (For details on interest rate and security offered refer Note E)	e) :	1,921.34			
Total Secured Loans	79,740.74	1.17,774,47	1.51,723,16	149,380,77	1.85.231.01

2 Unsecured Loans

Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
 Unsecured Debintures – Listed 	23,356.26	23,356.26	23,356.26	12,106.30	
(For details on interest rate and repayment terms, refer Note C 3 and F1)					
b) Unsecured Debentures (For details on interest rate and repayment terms, refer Note C and F1)	1,142.21	640.45	590.45	415.43	120.45
c) Loans from Directors					
Subordinate Debt (For details on interest rate and repayment terms, refer Note C)	20,467,07	26,467.07	9878 (4		



Page 26 of 34

3^{nl} Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062 [Email: kottayam@vrc.co.in]



Annexure - VIII: Statement of Accounting Ratios

Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
Earnings Per Share - Basic (')	431	(36.04)	4.35	8.21	10.20
Earnings Per Share - Diluted (1)	4.31	(36.04)	4.35	and the second se	17.50
Return on Net Worth (%)	3.38%	(22.1751)	2.20%	8.21	17.55
Net Asset Value per Equity Share (1)	169.10	162.56	197.51	and the second se	8.03%
Weighted Avg No. of Equity Shares used in calculating Basic EPS	2,37,28,628	2,25,00,000	2,25,00,000	193.30 2,25,00,000	186.25
Weighted Avg. No. of Equity Shares used in calculating Diluted EPS	2,37,26,628	2.23,00,000	2.25,00,000	2,25,00,000	1.91.64,184
Total No. of Equity Shares outstanding of the end of the year / period	2,49,52,539	2,25,00,000	22,500,000	22,500,000	22,500,800

Notes:

The ratios have been computed as below:

Earnings per Share - Net Profit (Loss) as reformanted, attributable to equity shareholders / Weighted average mamber of equity shareh outstanding during the year (Reformatted) Return on Net Worth (%) = Net Profit/ (Loss) after tax, as reformatted / Net Worth as reformatted

Net Assets Value per Equity Share () = Net Worth as reformatted / Number of equity shares ourstanding at the end of the yrier

Net Worth = Equity Share Capital (+) Reserves and Surplus excluding revaluation reserves and defended revenue expenditure 2

Earning per share calculations are in accordance with Accounting Standard 20 "Earning per share" 3

Annexure - IX: Statement of Dividend

Particulars	31/03/2018	31/03/2017	31/03/2016	Junio Porto	the second second second
On Equity Shares		Strate Soft	31010/2010	31/03/2015	31/03/2014
Fully Paid-up Share Capital (Nos.) Face Value / Paid Up Value ()	2,49,52,539	2,25,00,000	22,500,000	22,500,000	22,500,000
Pace value / Paid Up value ()	100	100	100	100	100
Equity Share Capital (In Incs)	24,952.54	22.500	22,500	22.500	
Rate of Dividend	0.00%6	0.00%	0.00%	0.0056	22,500.00
Dividend Dividend Distribution Tax	28	+		-	*
Contracting Dista Instituti 1 day	1.5				

Annexure - X: Statement of Contingent Liabilities

(WZacu)

Particulars	31/03/2018	J1/03/2017	31/03/2016	31/03/2015	31/03/2014
Cantingent Liability	1,224,51	695.92	3.57.41	NII	100
			2011.11	NIL	IVIL.



Page 27 of 34

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 | Mob: 9349870062 [Email: kottayam@vrc.co.in]

Annexure - XI: Statement of Tax Shelter

Particulars	31/03/2018	-31/03/2017	31/03/2016	31/03/2015	31/63/2014
Profits/ (Losses) before taxes as per books (A)	2,482.60	(8,146.98)	1913 30	2.975.53	4.215.11
				a	4-(12.11
Income Tax Rates (including surcharge and education cess) applicable (B)	33.99%	33.99%	33.99%	33.99%	33.99%
Tuy Expenses (C)	99(1,4)	12.50	1,584.3	1,011:38	1.602.67
Permanent Differences				- Constant of the second se	1.2 contract
Provision for NPA and standard assets	(33.96)	101.44			
Any disallowances	1,58,90)	101 33	249.64	347.90	145.00
Dividend Income		0	11	17.30	37.16
Agricultural liscome	(0.19)	(9,23)	(0.28)	(0.37)	(0.32)
Total Permanent Differences (D)	120 1.45	1001	-	(1.89)	(5.38)
real reconnection of the reacts (D)	(39.15)	101.1	249.36	362.94	176.66
Timing Differences					
Difference between Tax and book Depreciation or	67.60	(50.97)	(649.22)	(133.92)	(456.45)
vice versa (DTA)/DTL Other Adjustments (DTA)/DTL		A Destroy La su	a secondo.	11.000.000	(approxim)
Cole Automans (DTAPDTE	18.72				
Total Timing Differences (E)	67.60	(50.97)	(649.22)	Vine-simil	N.Mass
The second second second				(133.92)	(456-45)
Net Adjustments $(F) = (D + E)$	28.45	50.13	18/05/10/1		- 100 M 201
	40.47	30.13	(399.86)	229.03	(279.99)
Fax impact of adjustments (G) = (F) * (B)	9.67	17.04	(135.91)		
		11.04	(142.91)	77.85	(95.17)
Taxable Income (H) = (A + F)	2.511.05	(8095.87)	3.122.40	J_204.38	1.057.10
		Constant's	ALLAS TO	3,204.38	4,435.12
fax provision based on taxable income	.833.30		1.061.30	1.089.24	1.307.50
I) = (H * B)			and the second second	110071-4	1.004.00
Portal data and the set			115-5-		
fotal tax provision for current tax (J)	990.41	12,50	1.534.52	1,581.50	1.550.00
Arferred Tax Charges! (Credit) (K)	67.60	144.000			
the reacting estimates (creating (k)	67.00	(50.97)	(649.22)	46.22	(201,03)
fotal tax expense/ (Credit) during the year on	1.058.01	110 481		- and a second	
ming difference (M) = (J+K)	1,058.01	(38.47)	935.30	1,127.72	1,348.97

Notes:

2

The aforesaid Statement of Tax Shelters is based on the Profit/ (Losses) as per the "Reformated Summary Statement of Profit and Lasses"

Provision for Standard Assets is not considered for calculating the Defetted Tax Liability / Asset, as said 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.

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 years)

SL No.	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
	Sec.	Second and a second sec	Boy M Mathew*	Roy M.Matten	Roy M Matters
	Nizzy Mullew	Nizzy Martune	Nigy Mithew	Stery Mathaw	
S	Mathew Muthootty	Mathew Muthootte	Matter Mathema	the second se	Nizzy Matters
Roy M.I	Mathew ceased to be or	firstorius C. Lat March 20	STREET STREET OUTLI	Mathew Muthoona	Mathew Mortiourta

"Roy M Mathew ceased to be a director w.e.f. 1st March 2016

B. Relatives of Key Managerial Personnel (with whom transactions have taken place during the period)

31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
Roy M Mathew	Roy M Methew	and the state of the		
SomermaManunan	SaratunaManatea	Sanararah Iaraman		
Rubben Mathew	Rubben Mathew	-		
Mirra Sara Mattern	Minu Sam Madiew	Minur Sana Murtheau	-	*.
	Roy M Mathew SomerceaManatain Rubben Mathew	Roy M Mathew Roy M Mathew SoriermaManunia SaranimaManunea Rubben Mathew Rubbes Mathew	Roy M Matica Roy M Matica SorannaManusia SanannaManusa SanannaManusa Rubben Matica Rubbes Matica	Structure Structure Structure Rey M Mathew Roy M Mathew Structure Structure Structure Structure Structure Structure Rubben Mathew Rubbes Mathew Structure Structure

Page 28 of 34

3st Floor, CSI Commercial Centre, Baker Jn., P. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062].Email: kottayam@vrc.co.in]

0	-	٨	
(1	F	
1	<i>.</i>		

5	Nirmal Mathew	Nirmal Mathew	Warnal Mashery	+		
0	-	4	Mano Matteriv			
1	Mammen Mathew	Mammen Mathew	Mammen Mathew		+	

C. Entity in which KMP / relatives of KMP has significant influence:

SI, No	CONTRACTOR STOLEN STOLEN CONTRACTOR	31/03/2018
1	Mini MuthoottaNidhi Kerala Ltd	
2	Mini MuthoettuNinnan& Real Estate (P) Ltd.	
3	Muthoottu Mini Hotels Private Limited	

SL No.	31/00/2017
1	Mato MutheottuNidhi Kerafa Lid
2	Mins MutheottuNimmon& Real Estine (P) Ltd
3	Muthocttu Mini Hotels Private Limited

SI, No.	31/03/2016	Normal States and a state of the
1	Muthoottu Mini Builders	
2	Muthoottu Mini Hotels Private Limited	

SI. No.	31/03/2015	
1	Muthoottu Mini Builders	
	interesting many changes.	

SL No.	31/03/2014	
1	Muthootta Mini Buildera	

Page 29 of 34

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 [Tel: 0481 2301999, 2581999 [Mob: 9349870062] Email: kottayam@vrc.co.in]

Vishnu Rajendran & Co Chartered Accountants



Annexure - XII - B: Transactions with Related Parties

Cintuce)

	Particulars	31/03/2018	110120412	Key Managerial Personnel		
A	Transactions during the year	51/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/201
	Directors remuneration	112:00	89.10	121.60	194.10	183.7
	Travelling Expense	1.26	3.93		132.40	139.6
-	Rent paid	0.23	6.23	12.36	21.97	34.5
	Rott received	3.54		41.31	35.99	47,2
-	Debanture redemption	0.75		202.20		
	Interest on debenture	1.76	2.01	302.28		
	Sale/(Purchase) of Fixed Assets	881.00	8.91	96.43		
-	Issue of debentures	and the second se		(20,000.00)		
-	time of dependics	14	-	8.09	(14)	
ß	Net Amt, Receivable / (Due) as at the year end					
	Amount Payable at the year/period end	1	-			
	Anit. Receivable at the year/period end					
	latives of Key Managerial Personnel					
3	Particulars	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/201
A	Transactions during the year	- Store Silver			01/10/2015	31149-201
200	Salary & Allowances	18:00	18.00	25.20		
_	Consultancy Charges		1.20	Backett.		
-	Debenture redemption	24.30	1.0410	210		
_	Interest on debenture	3.20	3.08	1.80	-	
	Travelling Expense	0.00				
	Rent paid	14.85	11.44	1.26	2 1 1 1 1 - A	
_	Sale / (Purchase) of Fixed Asseta	and the second se	13,50	5.11	+	
1.1	Some (in the mass for Fixed Asses		9,008.58		+	
B	Net Amt. Receivable / (Due) as at the year end					
	Amount Payable at the year/period and	±0	•		-	
_	Amt, Receivable at the year/period end			*		
Eat	ity in which KMP / relatives of KMP Particulars	has significant in	Пиенсе			
	100000000	31/03/2018	31/03/2017	31/03/2016	31/03/2015	31/03/2014
_A	Transactions during the year				01100 2013	2010/2014
_	Louis taken / recovered dining the year	-			+	
	Loan granted/ repaid during the year		-	50		
_	Rent/Maintenance Charges paid	5.59	5,67	107.82	138.12	112.97
	Rent/Maintenance Charges received Rent Adverses sizes	39.24	40.34			
	Rent Advance given					123.35
8	Net Amit. Receivable / (Due) as at the year end					
	Amount Payable at the year/period end					
	Amt: Receivable at the year/period end	1	19	(F)	4	



Page 30 of 34

3rd Floor, CSI Commercial Centre, Baker Jn., P. B. No. 227, Kottayam - 686 001 |Tel: 0481 2301999, 2581999 |Mob: 9349870062 |Email: kottayam@vrc.co.in|



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. Nizzy Mathew and Mr. M. Mathew collectively operating under the Brand Name of 'Muthoottu Mini Group' which is in the business of lending moncy against the pledge of household used gold jewellery (gold loans). The group has diverse interests in the fields of Financial Services, 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 1st 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-S1).

The reformatted summary statement of assets and liabilities of the Company as on 31st March 2018, 31st March 2017, 31st March 2016, 31st March 2015 and 31st March 2014 and the related reformatted summary statement of profits and losses and cash flows for the years ended 31st March 2018, 31st March 2017, 31st March 2016, 31st March 2015 and 31st March 2014 (hereinafter collectively referred to as "Reformatted Summary Statements") relate to Muthoottu Mini Financers 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^a 2018/ 2017/2016/ 2013 and 2014;

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 llabilities 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.
- b. It is held primarily for the purpose of being traded.
- c. It is due to be settled within 12 months after the reporting date.
- d. It is eash or eash 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.



Page 31 of 34

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Liabilities

- A liability is classified as current when it satisfies the following criteria:
- a. It is expected to be settled in the company's normal operating cycle.
- b. It is held primarily for the purpose of being traded:
- e. It is due to be settled within 12 months after the reporting date; or
- d. 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 equily 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.

C. Fixed Assets

Fixed assets except land are stated at historical cost of acquisition or construction less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. 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. And the borrowing cost is capitalized as per the provisions of Accounting Standard – 16.

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 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 instalments are overdue in respect of non-performing assets are recognised on realisation basis. Any such income recognised and remaining unrealised after the instalments 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.



Page 32 of 34

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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.

L Accounting for Taxes on Income

- Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws.
- iii. 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.

Provision for non-performing assets are created 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, issued on 11th April 2016

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 ruising 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:



Page 33 of 34

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Vishnu Rajendran & Co Chartered Accountants



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.



Page 34 of 34

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MATERIAL DEVELOPMENTS

Other than as disclosed below, there have been no material developments since March 31, 2018 and there have arisen no circumstances that materially or adversely affect the operations, or financial condition or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

Change in Board of Directors

Mammen Mathews resigned from our Board as a Non-Executive Director with effect from July 23, 2018 and Rajagopal M.S. was appointed as an Additional Director on October 8, 2018 to hold the office till the date of the next Annual General Meeting of the Company.

Appointment of Chief Executive Officer

Kurian P. Abraham was appointed as the Chief Executive Officer of the Company with effect from January 14, 2019. For further details, see "*Our Management*" on page 101.

Raising of fund through issuance of privately placed non-convertible debentures

Our Company has issued secured privately placed non-convertible debentures amounting to ₹1,824.00 lakhs and unsecured privately placed non-convertible debentures amounting to ₹1,155.00 lakhs.

Securitization and Assignment of Gold Loan Portfolio with South Indian Bank Limited

Our Company, pursuant to an assignment agreement dated December 31, 2018 ("**Agreement**") entered into with the South Indian Bank Limited ("**SIB**"), has assigned, on receipt of ₹20,000 lakhs from SIB, against certain identified receivables (gold loan) and other assets, and all other collateral and underlying security interest created to secure the repayment of each of the facility provided by our Company to our customers, together with all rights, title, interests and benefits under the facility agreements and documents entered into between the customers and our Company, free and clear of any lien or encumbrance, subject to certain terms, as provided under the Agreement.

Assessment order for assessment years 2011-2012 to 2017-18

Our Company has received assessment orders for assessment years 2011-12 to 2017-18 from the Deputy Commissioner of Income Tax, Cochin on December 31, 2018 demanding a sum of ₹815.57 lakhs payable as tax and interest ("Notice"). Our Company has filed an appeal before the Commissioner of Appeals, Cochin against the Notice.

FINANCIAL INDEBTEDNESS

As on December 31, 2018, our Company had outstanding secured borrowing of ₹64,019.32 lakhs and unsecured borrowing of ₹45,351.83 lakhs. A summary of all the outstanding secured and unsecured borrowings together with a brief description of certain significant terms of such financing arrangements are as under:

Secured Loan Facilities

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on December 31, 2018 (in ₹ lakhs) [#]	Security	Repayment date/schedule
The South Indian Bank Limited Cash Credit Open Loan- Working capital Sanction letter dated April 21, 2018	16,500.00	16,932.55	 First ranking pari passu charge along with existing secured lenders of the Company on all receivables under gold loan both present and future of the Company with 15% margin 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 Personal guarantee of Roy M. Mathew; Nizzy Mathew; and Mathew Muthoottu Corporate guarantee of: 1. Muthoottu Mini Theatres Private Limited; 2. Muthoottu Mini Hotels Private Limited; 3. Mini Muthoottu Credit India Private Limited; and 4. Kadamath Cine Enterprises 	Validity of limit is 12 months
The South Indian Bank Limited <i>Term loan</i> Sanction letter dated April 21, 2018	d oan n letter dated		 First ranking pari passu charge along with existing secured lenders of the Company on all receivables under gold loan both present and future of the Company with 15% margin 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 Personal guarantee of Roy M. Mathew; Nizzy Mathew; and Mathew Muthoottu Corporate guarantee of: 1. Muthoottu Mini Theatres Private Limited; 2. Muthoottu Mini Hotels 	Validity of limit is 12 months



Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on December 31, 2018 (in ₹ lakhs) [#]	Security	Repayment date/schedule
			Private Limited; 3. Mini Muthoottu Credit India Private Limited; and 4. Kadamath Cine Enterprises	
DhanalaxmiBankLimitedCash Credit and working capital demand loanSanction letter dated July 23, 2018	2,400.00	2,465.86	Pari-passu charge by way of hypothecation of current assets, loans, advances and book debts including gold loan receivable, with a margin of 25% Collateral security: Equitable mortgage of 34.39 acres of vacant land at Patahnamthitta village, Kozhenchery Taluk, Patahnamthitta District in the name of Muthoottu Mini Theatres (Private) Limited valued at ₹7.22 crores (MV) and ₹6 crores (DSV) as per EVR dated February 16, 2016 Personal guarantee of Roy M. Mathew; Nizzy Mathew and Mathew Muthoottu Corporate guarantee of Muthoottu Mini Theatres Private Limited	On demand
State Bank of India* Cash credit Letter of arrangement dated November 12, 2018	5,000.00	5,046.59	First charge on current assets of the Company on pari passu basis with other lenders in MBA and non-convertible holders 25% margin to be maintained Equitable mortgage of 32.86 acres of land regarding serial number 219/2, block number 13 in Maradu village, in the name of Muthoottu Mini Theatres Private Limited Personal guarantee of Roy M. Mathew, Mathew Muthoottu and Nizzy Mathew Corporate guarantee of Muthoottu Mini Theatres Private Limited	On demand
Andhra Bank Open Cash Credit Sanction letter dated November 5, 2018	7,500.00	7,579.96	Pari passu first charge by way of hypothecation of gold loan receivables of the Company (excluding microfinance receivables) for the loans disbursed by them to individuals against pledge of gold ornaments with minimum asset coverage of 133.33%	October 24, 2019



Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on December 31, 2018 (in ₹ lakhs) [#]	Security	Repayment date/schedule
			Pari passu first charge on other current assets including cash and bank balances (excluding cash collateral specifically given to each bank and cash of microfinance division) Collateral security: (a) 16.17 ares (40 cents) of land in survey number 33/3/1, 33/3/1-1,	
			33/3/1-2, 33/3/1/3 and 33/3/1/4 situated at Pathanamthitta village, Kerala, and (b) pledge of KTD no. 01252010077984 in the name of Muthoottu Mini Financiers Limited	
			Personal guarantee: Nizzy Mathew and Mathew Muthoottu	
			Corporate guarantee: Muthoottu Mini Hotels Private Limited	
Oriental Commerce Bank of Cash Credit Image: Cash Credit	5,000.00	5,189.04	Pari passu first charge by way of hypothecation of Gold Loan receivables of the Company with minimum asset coverage of 1.33 times	Validity is for one year
Sanction letter dated October 25, 2018			Collateral security: Equitable/Registered Mortgage of immovable property multiplex theatre Dhanya & Remya, situated at Survey No. 34, M. C. Road, Kottayam, Kerala	
			Personal guarantee: Nizzy Mathew and Mathew Muthoottu	
IndusInd Bank	5,000.00	5,580.86	First pari-passu charge on receivables including gold loan	On demand
Cash Credit			receivables with banks under MBA and non-convertible	
Sanction letter dated October 17, 2018			debenture holders Collateral security of:	
			 (a) 05.85 ares along with a three storied building comprises in re-survey number 83 in block number 179 of Kollam East Village, Kollam Taluk; (b) 09.250 cents (03.74 Ares) situated at Survey No. 	



Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on December 31, 2018 (in ₹ lakhs) [#]	Security	Repayment date/schedule
			 2786/C-1, 2786/C-2-1 at Vanchiyoor, Trivandrum along with building bearing T.C. nos. 26/44 and 45; and (c) Property having an extent of 19 cents (07.69 acres) and all other things attached thereto comprised in old sy.no.290/3 (re-sy no 170/2-1) of Pandalam Village, Adoor Taluk 	
Union Bank of India** Cash Credit	2,500.00	2,523.93	Pari passu charge on gold receivables and other current assets.	On demand
Sanction letter dated August 10, 2017			Personal guarantee of Mathew Muthoottu, Roy M Mathew and Nizzy Mathew	
HDFC Bank Limited Vehicle Loan (Jetta) Agreement for auto loan dated June 9, 2015	17.54	5.84	Hypothecation by way of first and exclusive charge on the vehicle for the due payment	To be repaid in equated monthly instalments not exceeding 60 months
HDFC Bank Limited Vehicle Loan (BMW) Agreement for Auto Loan dated June 20, 2014	76.00	9.41	Hypothecation by way of first and exclusive charge on the vehicle for the due payment	To be repaid in equated monthly instalments not exceeding 60 months
Total		45,378.68		

[#]The above-mentioned amounts are inclusive of the interest component as on that date.

* The facilities availed from State Bank of India have been renewed vide a sanction letter dated January 31, 2019

**The facilities availed from Union Bank of India have been renewed vide a sanction letter dated February 15, 2019

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 of 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; and
- sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the banks.

Terms and conditions of the outstanding term loan of our Company

Our Company has availed a term loan of ₹4,500 lakhs from the South Indian Bank Limited pursuant to a sanction letter dated April 21, 2018, and the amount outstanding as on December 31, 2018 is ₹44.64 lakhs. The key terms and conditions regarding the term loan are, *inter alia*, as follows:

- 1. *Prepayment*: In case the prepayment amount crosses the least of the following, a penal interest of 2% on the prepaid amount shall be levied:
 - a. The amount prepaid is equivalent to 6 equated monthly instalments;
 - b. The amount prepaid is equivalent to 2 quarterly instalments;
 - c. The amount prepaid is equivalent to 1 half year instalment; and
 - d. The amount prepaid is equivalent to 10% of the loan amount.
- 2. *Penalty*: A penal interest of 2% per annum will be charged as per the rules for defaults and non-compliances of any of the sanction stipulations.
- 3. *Pre-closure charges*: Pre-closure charges shall be payable in case of closure through own funds (rate of 2% of the balance outstanding and any undisbursed limit) or by way of takeover (rate of 3 of the balance outstanding and any undisbursed limit).

Secured Non-Convertible Debentures

The details of the secured non-convertible debentures issued by our Company, outstanding as on December 31, 2018 is provided below:

1. Private placement of secured redeemable non-convertible debentures

Our Company has issued, on private placement basis, secured redeemable non-convertible debentures under various series of which ₹4,384.31 lakhs was cumulatively outstanding as on December 31, 2018, the details of which are set forth below:

Debenture series	Date of allotment	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Tenure	Redemption date/schedule	Security	Credit rating
VII	June 2, 2011 to June 21, 2011	11.50 to 13.75	13.52	1 year to 6 years	Various	Secured on pari passu charge on current assets including book debts, loans and advances, cash and bank balances and receivables both present and future of the Company with the secured	NA



Debenture series	Date of allotment	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Tenure	Redemption date/schedule	Security	Credit rating
X	November 16, 2011 to December 8, 2011	11.50 to 18.18	2.00	1 year to 6 years	Various	lender Secured on pari passu charge on current assets including book debts, loans and advances, cash and bank balances and receivables both present and future of the Company with the secured	NA
XIII	March 26, 2012 to May 22, 2012	12.50 to 18.18	40.67	1 year to 6 years	Various	lender Secured on pari passu charge on current assets including book debts, loans and advances, cash and bank balances and receivables both present and future of the Company with the secured lender	NA
XIV	January 27, 2012 to March 31, 2012	12.50 to 18.18	79.25	1 year to 6 years	Various	Secured on pari passu charge on current assets including book debts, loans and advances, cash and bank balances and receivables both present and future of the Company with the secured lender	NA
XV	May 23, 2012 to September 28, 2012	12.50 to 18.18	26.62	1 year to 6 years	Various	Secured on pari passu charge on current assets including book debts, loans and advances, cash and bank balances and receivables both present and future of the Company with the secured lender	NA
XVI	September 29,	12.50 to	28.82	1 year to	Various	Secured on pari	NA



Debenture series	Date of allotment	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Tenure	Redemption date/schedule	Security	Credit rating
	2012 to October 31, 2012	18.18		6 years		passu charge on current assets including book debts, loans and advances, cash and bank balances and receivables both present and future of the Company with the secured lender	
XVII	November 1, 2012 to March 14, 2013	12.50 to 18.18	36.46	1 year to 6 years	Various	Secured on pari passu charge on current assets including book debts, loans and advances, cash and bank balances and receivables both present and future of the Company with the secured lender	NA
XVIII	March 15, 2013	12.00 to 18.18	4,156.97	1 year to 6 years	Various	Secured on pari passu charge on current assets including book debts, loans and advances, cash and bank balances and receivables both present and future of the Company with the secured lender	NA

2. Public issue of secured redeemable non-convertible debentures

(a) Public Issue 1

Our Company vide an initial public offer, issued secured redeemable non-convertible debentures of which $\overline{3}$,106.56 lakhs was outstanding as on December 31, 2018, the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Dates of allotment	Redemptio n date/ schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured Redeemable	66 months	13.43	3,106.56	March 28, 2014	September 27, 2019	19,558.57	Secured by way of first pari passu charge on	BB+ Outlook: Stable



Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Dates of allotment	Redemptio n date/ schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Non- convertible Debenture							immovable property located at House of Hiranandhini, no. 5/63, Old Mahabalipuram Road, Egathur Village, Chennai – 600 130 and first charge on current assets including book debts, loans and advances, cash and bank balances and receivables, both present and future except those receivables specifically and exclusively charged in favour of the existing lenders ranking pari passu with the existing secured debenture holders	

(b) Public Issue 5

Our Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹7,180.83 lakhs was outstanding as on December 31, 2018, the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured Redeemable Non- Convertible Debenture	45 to 72 months	11.42 to 12.25	7,180.83	August 25, 2015	May 25, 2019 and August 25, 2021	22,827.12	Secured by way of first pari passu charge on immovable property located at house of Hiranandhini, no. 5/63, Old Mahabalipuram Road, Egathur Village, Chennai – 600 130 and first charge on current assets including book debts, loans and advances, cash and bank balances and receivables, both present and future except those receivables specifically and exclusively charged in favour of the existing lenders ranking pari passu with the existing	BB+ Outlook: Stable



Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
							secured debenture holders	

(c) Public Issue 6

Our Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹3,968.94 lakhs was outstanding as on December 31, 2018, the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstandin g as on December 31, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured Redeemable Non- Convertible Debenture	36 to 50 months	10.25 to 10.22	3,968.94	January 27, 2017	January 27, 2019 to March 27, 2020	20,000.00	Secured by way of first pari passu charge on immovable property located at house of Hiranandhini, no. 5/63, Old Mahabalipuram Road, Egathur Village, Chennai – 600 130 and first charge on current assets including book debts, loans and advances, cash and bank balances and receivables, both present and future except those receivables specifically and exclusively charged in favour of the existing lenders ranking pari passu with the existing secured debenture holders	IND- BBB-: Stable Outlook

Unsecured Non-Convertible Debentures

The details of the unsecured non-convertible debentures issued by our Company, outstanding as on December 31, 2018 is provided below:

1. Private placement of unsecured redeemable non-convertible debentures

Our Company has issued, on private placement basis, unsecured redeemable non-convertible debentures under various series of which ₹1,528.50 lakhs was cumulatively outstanding as on December 31, 2018, the details of which are set forth below:

Debenture series	Date of allotment	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Tenure	Redemption date/schedule	Credit rating
Unsecured redeemable non- convertible debentures	June 2013 to November 2018	10 to 24.77	1,528.50	12 to 100 months	June 2019 to November 2021	NA

2. Public issue of unsecured redeemable non-convertible debentures

(a) Public Issue 2

Our Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which ₹4,962.99 lakhs was outstanding as on December 31, 2018, the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Credit rating
Unsecured redeemable non- convertible	66 months	13.43	4,962.99	August 8, 2014	February 4, 2020	4,962.99	IND-BBB-: Stable Outlook

(b) Public Issue 3

Our Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which ₹7,143.37 lakhs was outstanding as on December 31, 2018, the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)	Credit rating
Unsecured redeemable non- convertible debentures	66 months	12 to 13.43	7,143.37	November 12, 2014	May 11, 2020	7,143.37	IND- BBB-: Stable Outlook

(c) Public Issue 4

Our Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which ₹6,849.15 lakhs was outstanding as on December 31, 2018, the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)	Credit rating
Unsecured redeemable non- convertible debentures	66 months	12.68 to 13.01	6,849.15	April 7, 2015	December 7, 2020	6,849.17	IND- BBB-: Stable Outlook



(d) Public Issue 6

Amounts Total issue size Credit rating Redemption Dates of (principal Nature of Coupon outstanding as on Tenure amount) (in ₹ debenture (in %) December 31, 2018 allotment date (in ₹ lakhs) lakhs) IND-Unsecured 78 months 10.50 to 4.400.75 January 27. July 27, 2022 4,400.75 BBB-: redeemable 11.25 2016 Stable Outlook nonconvertible debentures

Our Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which ₹4,400.75 lakhs was outstanding as on December 31, 2018, the details of which are set forth below:

3. Sub-ordinated debt

Subordinated debt is subordinated to the claims of other creditors and qualifies as Tier II Capital subject to discounting as may be applicable under the Systemically Important NBFC (Non-deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. The outstanding amount of privately placed subordinated debt was ₹20,467.07 lakhs as on December 31, 2018, the details of which are set forth below:

Nature of instrument	Tenure	Coupon (in %)	Amounts outstanding as on December 31, 2018 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Credit rating
Sub-ordinated debt	72 months	10.75 to 16.67	20,467.07	January 2016 to November 2016	January 2022 to May 2023	20,467.07	NA

Commercial Papers

Our Company has not issued any commercial papers.

Loan from Directors and Relatives of Directors

Our Company has not taken any loan from Directors or relative of Directors.

Inter Corporate Loans

Our Company has not borrowed any amount in the nature of demand loans from companies under same management.

Servicing behaviour on existing debt securities, payment of 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 the existing term loan, the non-convertible debentures and other financial indebtedness. Our Company has not issued any corporate guarantee.

Securitization and Assignment of Gold Loan Portfolio with South Indian Bank Limited

Our Company, pursuant to an assignment agreement dated December 31, 2018 ("**Agreement**") entered into with the South Indian Bank Limited ("**SIB**"), has assigned, on receipt of ₹20,000 lakhs from SIB, against certain identified receivables (gold loan) and other assets, and all other collateral and underlying security interest created to secure the repayment of each of the facility provided by our Company to our customers, together with all rights, title, interests and benefits under the facility agreements and documents entered into between the customers and our Company, free and clear of any lien or encumbrance, subject to certain terms, as provided under the Agreement.

SECTION VI - ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of NCDs aggregating up to $\gtrless10,000$ lakhs, with an option to retain over-subscription up to $\gtrless10,000$ lakhs, aggregating up to $\gtrless20,000$ lakhs, 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 July 23, 2018.

Principal Terms and Conditions of the Issue

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

Issuer	Muthoottu Mini Financiers Limited				
Lead Manager	Vivro Financial Services Private Limited				
Debenture Trustee	Vistra ITCL (India) Limited				
Registrar to the Issue Link Intime India Private Limited					
Type and nature of Instrument	Secured, redeemable, non-convertible debentures				
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 have first ranking pari passu with the Existing Secured Creditors on all movable assets, including book debts				
	and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value 1 time of the debentures outstanding plus interest accrued thereon				
Mode of Issue	Public Issue				
Mode of Allotment	In dematerialised form				
Mode of Trading	NCDs will be traded in dematerialised form				
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e. ₹7,500 lakhs				
Issue	Public issue by our Company of NCDs aggregating up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs, on the terms and in the manner set forth herein				
Base Issue	₹10,000 lakhs				
Stock Exchange proposed for listing of the NCDs	BSE Limited				
Listing and timeline for Listing	The NCDs shall be listed within 6 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 ranking <i>pari passu</i> charge with Existing Secured Creditors, on current assets, including book debts, loans and advances, cash and bank balances (not including reserves created in accordance with law) and receivables, both present and future of the Company				
Security Cover	Our Company shall maintain a minimum 100% security cover on the outstanding balance of the NCDs plus accrued interest thereon				
Who can apply ¹	 Category I Resident public financial institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, 				



	r						
	 Co-operative banks and regional rural banks, which are authorised to invest in the NCDs; Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, 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 IRDAI; 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; and Systemically Important NBFCs. 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 authorised to invest in the NCDs; Trust including public/private charitable/religious trusts which are authorised to invest in 						
	 the NCDs; Association Scientific NCDs; Partnership Limited lia 	n of persons; and/or industri p firms in the n ability partners	al research ame of the hips formed	organisations, w partners; 1 and registered to	hich are au	thorised to invest in the rovisions of the Limited	
	 Resident I to a value Category III* Resident I Hindu und 	ndian individua exceeding ₹5 1 ndian individua livided families	als and Hind akhs. als; and 5 through th			h the Karta aggregating	
Credit Rating	Rating agency	Instrument	Rating symbol	Date of credit rating rationale	Amount rated	Rating Definition	
	India Ratings & Research Private Limited	Non- convertible debentures	'IND BBB- /Stable'	August 14, 2018	Upto ₹20,000 lakhs	Moderate degree of safety regarding timely servicing of financial obligation. Such instruments carry moderate credit risk	
Issue Size				aggregating up t khs, aggregating		akhs, with an option to 00 lakhs	
Pay-in date	Application Da	te. The entire	Application	Amount is payal	ole on Appli	ication	
Application money	The entire App	lication Amound	nt is payabl	e on submitting t	he Applicat	ion	
Mode of payment	Please see "Issa	ue Procedure"	on page 17	9			
Record Date	in connection the payable, and/o suspended betw and the date of In case Record	herewith shall l r the date of veen the aforen redemption or l Date falls on	be 7 Workin redemption nentioned R as prescribe a day whe	ng Days prior to t Provided that tecord Date in co ed by the Stock E n Stock Exchan	he date on v trading in t nnection wi Exchange, as ge is having	r repayment of principal which interest is due and he NCDs shall remain th redemption of NCDs s the case may be. g a trading holiday, the	
	immediate subs	sequent trading	day will be	e deemed as the H	Record Date		

Issue Schedule	The Issue shall be open from March 18, 2019 to April 16, 2019 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 up to maximum 30 days from the date of opening of the Issue
Objects of the Issue	Please refer to the chapter titled "Objects of the Issue" on page 61
Put/Call Option	None
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled "Objects of the Issue" on page 61
Coupon rate and redemption premium	Please refer to the chapter titled "Terms of Issue" on page 166
Working Days convention	If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the redemption date (also being the last interest payment date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment
Issue Closing Date	April 16, 2019
Issue Opening Date	March 18, 2019
Default interest date	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
Deemed Date of Allotment	The date on which the Board or the Debenture 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
Day count basis	Actual
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date
Redemption premium/ discount	Not applicable
Transaction documents	The Draft Prospectus and 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 Public Issue Account Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. Refer to section titled " <i>Material Contracts and Documents for Inspection</i> " on page 256
Affirmative and Negative covenants precedent and subsequent to the Issue	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
Events of default	Please refer to the chapter titled "Terms of Issue – Events of Default" on page 168
Cross Default	Please refer to the chapter titled "Terms of Issue – Events of Default" on page 168
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled "Terms of Issue – Debenture Trustees for the Debenture Holders" on page 168
Settlement Mode	Please refer to the chapter titled "Terms of Issue - Payment on Redemption" on page 175
Governing law and jurisdiction	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

Note: (a)The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure, as may be decided by the Board or the Debenture Trustee, as the case maybe. In the event of such early closure of subscription list of the Issue, our Company shall ensure that notice of such early closure is given to the prospective Investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms 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 Exchange.

(b) In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this Issue of NCDs in dematerialized form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of dematerialization, if the NCDs were originally issued in dematerialized form. ^{1.} 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.

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 demat 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 184.

Terms of the NCDs

Tenure	480 days	480 days	36 mor	iths	60 mo	onths			
Nature	Secured								
Options	Ι	II	III	IV	V	VI			
Frequency of Interest Payment	Monthly	Cumulative	Monthly	Cumulative	Monthly	Cumulative			
Minimum Application		10 NCI	Ds (₹10,000) (across a	all options of NCI	Ds)				
In multiples, of		1	NCD after the minim	um 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	9.25	NA	9.75	NA	10.00	NA			
Coupon Type			Fixed						
Redemption Amount (₹/NCD) for Debenture Holders	1,000.00	1,131.00	1,000.00	1,339.00	1,000.00	1,645.00			
Effective Yield (%)(per annum)	9.65	9.67	10.20	10.22	10.47	10.47			
Put and Call Option	Not applicable								
Deemed Date of Allotment	The date on which the to the NCDs including The actual Allotment of	interest on the NO	CDs shall be available	to the Investors fr	om the Deemed Da	te of Allotment.			

Interest and Payment of Interest

1. Monthly interest payment options

Interest would be paid monthly under Options I, III, and V 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:

		Rate of Interest (p.a.)	
Category of Debenture Holder	480 days	36 months	60 months
	Option I	Option III	Option V
All categories (%)	9.25	9.75	10.00

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 if the Deemed Date of Allotment is prior to the fifteenth of that month, interest for that month will be paid on first day of the subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, 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. Cumulative interest payment options

Option II, IV and VI of the NCDs shall be redeemed as below:

		Redemption Amount (per	NCD)
Category of Debenture Holder	480 days	36 months	60 months
	Option II	Option IV	Option VI
All categories (₹)	1,131.00	1,339.00	1,645.00

Day count convention

Please refer to Annexure I 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 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

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.

Terms of Payment

The entire face value per NCDs is payable on Application. The entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in "*Terms of Issue – Manner of Payment of Interest/ Redemption Amounts*" on page 173.

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.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

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 this Issue. For further details, please see the chapter titled "Issue Procedure" on page 179.



TERMS OF THE ISSUE

Authority for the Issue

This Issue has been authorised by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on July 23, 2018. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013, duly approved by the Shareholders' *vide* their resolution passed at their EGM held on December 10, 2013.

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, the applicable provisions of Companies Act, 2013, 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 being offered through this Issue would constitute direct and secured obligations of the Company 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 of first charge on the identified movable assets of our Company. The claims of the Debenture Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

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 ranking *pari passu* charge with the Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.

Our Company will create the security for the NCDs in favour of the Debenture Trustee for the Debenture Holders holding the NCDs on the assets to ensure 100.00% security cover of the amount outstanding including interest in respect of the NCDs at any time.

Our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof intends to enter into a deed of agreement with the Debenture Trustee, ("**Debenture Trust Deed**"), the terms of which shall 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 utilise 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 the NCDs the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the 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 the Public Issue Account until the documents for creation of security i.e. the Debenture Trust Deed, is executed.

Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Third Amendment Rules, 2016, dated July 19, 2016, further states that 'the adequacy' of DRR for NBFCs registered with the RBI under Section 45-1A of the RBI (Amendment) Act, 1997 shall be 25% of the value of outstanding debentures issued through a public issue as per the SEBI Debt Regulations.

Accordingly, our Company is required to create a DRR of 25% of the value of the NCDs, outstanding as on date, issued through this Issue. In addition, as per Rule 18(7)(e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws.

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, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of Debenture Holders

Some of the significant rights available to the Debenture Holders are as follows:

- 1. The NCDs shall not, except as provided under the Companies Act, 2013, 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. The opinion of the Debenture Trustee as to whether such resolution is affecting the right attached to the NCDs is final and binding on Debenture Holders. In terms of Section 136 of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.
- 2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, 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. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, 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 SEBI Debt Regulations, the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Form, 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. The Depositories shall maintain the up to date record of holders of the NCDs in dematerialised form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCD in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a register of Debenture Holders for this purpose.
- 6. A register of Debenture Holders holding NCDs in physical form pursuant to rematerialisation of the NCDs issued pursuant to this Issue ("**Register of Debenture Holder**") will be maintained in accordance with Section 88 of the Companies Act, 2013 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.
- 7. 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 after providing at least 21 days' prior notice for such roll over and in accordance with the SEBI 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.

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, the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Debenture Trustees for the Debenture Holders

We have appointed Vistra ITCL (India) Limited to act as the Debenture Trustees for the Debenture Holders in terms of Regulation 4(4) of the SEBI Debt Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. 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 Holder(s). Any payment made by us to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge us *pro tanto* to the Debenture Holder(s).

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 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).

Market Lot and Trading Lot

Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment, see "Issue Procedure" on page 179.

Nomination facility to Debenture Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and Section 72 of the Companies Act, 2013, the sole Debenture Holder, or first Debenture Holder, along with other joint Debenture Holders' (being individual(s)), may nominate, in the **Form No. SH.13**, any one person in whom, in the event of the death of Applicant the NCDs Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No. SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

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 Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, 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 all NCDs held in the dematerialized form, 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 in connection with NCDs held in the dematerialized form.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Debenture Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

For all NCDs held in the dematerialised form and since the allotment of NCDs pursuant to this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. The 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 in connection with NCDs held in the dematerialised form.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Cochin, Kerala India.

Application in the Issue

Applicants shall apply in this Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI Debt Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in this Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment please see "Issue Procedure" on page 179.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. 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 DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. The seller should give delivery instructions containing details of the buyer's DP account to his Depository Participant.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Company or Registrar.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 read with SEBI Press release (no. 49/ 2018) dated December 3, 2018, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 1, 2019. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and
- the NCD held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of Debenture Holders as Debenture Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the Debenture Holder.

No transfer of title of NCD will be valid unless and until entered on the Register of Debenture Holders or the register and index of Debenture Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Debenture Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to



be settled with the seller of the NCDs and not with our Company or the Registrar.

Succession

Where NCDs are held in joint names and one of the joint holders 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 debentures. In the event of demise of the sole or first holder of the Debentures, the Company will recognise the executors or administrator of the deceased Debenture Holder or administrator or administrator obtains and produces probate or letter of administration or is the holder of the 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 successor of the respective Depository Participant of the Debenture Holder.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

- 1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased Debenture Holder.
- 2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
- 3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialization of NCDs

Debenture Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs Allotted pursuant to this Issue. Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, with effect from April 1, 2019.

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, 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 one day prior to such early date of closure through advertisement/s in a leading national daily newspaper.

Issue Programme

Issue Opening Date	March 18, 2019#
Issue Closing Date	April 16, 2019*

[#] The subscription list for the Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m., 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 at the discretion of the Board or the Debenture Committee, as the case maybe, 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 or the initial Issue Closing Date 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 Exchange. 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 the Lead Manager, 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.

Basis of payment of Interest

NCDs once Allotted under any particular category of NCDs shall continue to bear the applicable tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of Debenture Holder on any Record Date, and such Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

Payment of Interest/Maturity Amount will be made to those Debenture Holders 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 NACH, 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. Please see, "- *Manner of Payment of Interest / Redemption Amounts*" on page 173.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated on page 166, 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 deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 is disclosed on page 259.

Maturity and Redemption

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 480 days from the Deemed Date of Allotment for Options I and II, 36 months from the Deemed Date of Allotment for Options III and IV and 60 months from the Deemed Date of Allotment for Options V and VI.

Application Size

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof. The minimum Application size for each Application would be ₹10,000 (for all kinds of Series I, II, III, IV, V and VI) NCDs either taken individually or collectively) and in multiples of ₹1,000 thereafter.

Applicants can apply for any or all series of NCDs offered hereunder provided the Applicant has applied for minimum Application size using the same Application Form.

Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹1,000 per NCD is blocked in the ASBA Account on Application itself. In case of Allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on Application in accordance with the terms of this Prospectus.

Manner of Payment of Interest / Redemption Amounts

The manner of payment of interest / redemption in connection with the NCDs is set out below:

For NCDs held in dematerialised form:

The bank details will be obtained from the Depositories for payment of interest / redemption amount as the case may be. Holders of the NCDs, are advised to keep their bank account details as appearing on the records of the Depository Participant updated at all points of time. Please note that failure to do so could result in delays in credit of interest/redemption amounts at the Applicant's sole risk, and the Lead Manager, our Company or the Registrar shall have no any responsibility and undertake no liability for the same.

For NCDs held in physical form on account of re-materialization:

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see "-*Procedure for Re-materialization of NCDs*" on page 171.

The mode of payment of interest/redemption amount shall be undertaken in the following order of preference:

- 1. **Direct Credit/ NACH/ RTGS:** Investors having their bank account details updated with the Depository shall be eligible to receive payment of interest / redemption amount, through:
 - (i) **Direct Credit**. interest / redemption amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.
 - (ii) NACH: National Automated Clearing House which is a consolidated system of ECS. Payment of interest / redemption amount would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of interest / redemption amount through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the interest / redemption amount through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get interest / redemption amount through NEFT or Direct Credit or RTGS.
 - (iii) RTGS: Applicants having a bank account with a participating bank and whose interest / redemption amount exceeds ₹2 lakhs, or such amount as may be fixed by RBI from time to time, have the option to receive the interest / redemption amount through RTGS. Such eligible Applicants who indicate their preference to receive interest / redemption amount through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest / redemption amount shall be made through NECS subject to availability of complete bank account details for the same as stated above.
 - (iv) NEFT: Payment of interest / redemption amount shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition, 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 the interest / redemption amounts, duly mapped with MICR numbers. Wherever the 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 / redemption amount will be made to the Applicants through this method.
- 2. Registered Post/Speed Post: For all other Debenture Holders, including those who have not updated their bank particulars with the MICR code, the interest payment / redemption amount shall be paid by way of interest/ redemption warrants dispatched through speed post/ registered post only to Applicants that have provided details of a registered address in India.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of interest/ redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs held dematerialised form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the Investors are advised to submit their bank account details with our Company / Registrar at least seven (7) days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the Debenture Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by Debenture Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the 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 the NCD certificate(s), 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 us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see "-*Payment on Redemption*" on page 175.

NCDs held in electronic 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:

NCDs held in physical form on account of re-materialisation

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)). Dispatch 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 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those Debenture Holders whose names stand in the Register of Debenture Holders maintained by us/Registrar to the Issue on the Record Date fixed for the purpose of redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least 7 (seven) days prior to the Record Date. In case the transfer documents are not lodged with us 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 Registrar.

Our liability to holder(s) towards 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).

NCDs held in electronic 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 the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of information

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 shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Kerala and/or 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), issued pursuant to rematerialisation, if any, 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.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the Debenture Holders or the Debenture Trustee in this connection.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least $\overline{\mathbf{x}}$ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than $\overline{\mathbf{x}}$ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to $\overline{\mathbf{x}}$ 50 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close this Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription (75% of the Base Issue, i.e. ₹7,500 lakhs). Our Company shall allot NCDs with respect to the Application Forms received at the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date for this Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of Base Issue Size i.e. ₹7,500 lakhs, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within six Working Days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of this Prospectus with RoC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Listing

The NCDs offered through this Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated March 7, 2019. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange is taken within six Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the series, such series(s) of NCDs shall not be listed. If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Guarantee/Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for this Issue.

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. Our Board shall monitor the utilisation of the proceeds of this Issue. For the relevant quarters commencing from the financial year ending March 31, 2019, our Company will disclose in our quarterly financial statements, the utilisation of the net proceeds of this Issue under a separate head along with details, if any, in relation to all such proceeds of this Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of this Issue.

Lien

Not Applicable

Lien on Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the Debenture Holder against pledge of such NCDs as part of the funding.

ISSUE PROCEDURE

This chapter applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs.

Applicants should note that they may submit their Application Forms at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e. to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations. For further information, please see "- Submission of Completed Application Forms" on page 192.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

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 ("**Debt Application Circular**") as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI ("**Debt ASBA Circular**"). The procedure mentioned in this section is subject to the Stock Exchange putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by Stock Exchange and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI.

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 as provided for in the Debt Application Circular have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBs 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 RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE STOCK EXCHANGE.

For purposes of this Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai and/or Cochin, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

The Abridged Prospectus containing the salient features of this Prospectus together with Application Form may be obtained from:

- (a) Our Company's Registered Office and Corporate Office;
- (b) Offices of the Lead Manager/Syndicate Members;
- (c) the CRTA at the Designated RTA Locations;
- (d) the CDPs at the Designated CDP Locations;
- (e) Trading Members at the Broker Centres; and
- (f) Designated Branches of the SCSBs.

Electronic copies of the Draft Prospectus and this Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the website of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I

- 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, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident venture capital funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- 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; and
- Systemically Important NBFCs.

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 authorised 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); and
- Resident Indian individuals and Hindu undivided families through the Karta applying for an amount aggregating to a value exceeding ₹5 lakhs.

Category III*

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

* applications aggregating to a value not more than T lakhs.

For Applicants applying for NCDs, 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 Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Application 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 this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

- (a) Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
- (b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- (c) Persons resident outside India and other foreign entities;
- (d) Foreign Portfolio Investors;
- (e) Foreign Venture Capital Investors;
- (f) Qualified Foreign Investors;
- (g) Overseas Corporate Bodies; and
- (h) Persons ineligible to contract under applicable statutory/regulatory requirements.

*Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please see "- Rejection of Applications" on page 194 for information on rejection of Applications.

Method of Application

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible Investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognised 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 Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application Form to any of the Designated Intermediaries. Applicants should submit the Application Form only at the Collection Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the registered broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at https://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained. An 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 the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 ("**SEBI Circular 2016**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

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. 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 Systemically Important Non-Banking Financial Companies

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). **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 commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

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 applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "SEBI AIF Regulations") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.



Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by 'Associations of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by 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 this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions or Statutory Corporations, which are authorised 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 authorised person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any act/rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorized person. 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.

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by 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

The Application must be accompanied by certified true copies of certified copy of certificate of the partnership deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs

This section is for the information of the Applicants proposing to subscribe to the Issue. 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. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager 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 and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the Stock Exchange. The Designated Branch of the Stock Exchange and upload details of the Application in the electronic system of the Stock Exchange.

In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

(b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at https://www.sebi.gov.in).

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

- (a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.
- (b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been

uploaded. For further information on the Issue programme, please see "General Information – Issue Programme" on page 42. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Prospectus and the Application Form;
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;
- Applications 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 for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta;
- Applicants must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs;
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same series or across different series. Applicants may apply for one or more series of NCDs Applied for in a single Application Form;
- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;
- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;
- Every Applicant should hold valid Permanent Account Number and mention the same in the Application Form;

- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form; and
- All Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected.

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

B. Applicant's Beneficiary Account Details

Applicants must mention their DP ID and Client ID in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

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 Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue. Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

C. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a

SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e. either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount 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. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other series of NCDs, subject to a minimum Application size as specified in this Prospectus and in multiples of thereafter as specified in this Prospectus. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹5 lakhs shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Applications will be deemed to be multiple Applications will be deemed to be multiple Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Applications will be deemed to be multiple Applications if the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

- 1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law.
- 2. Read all the instructions carefully and complete the Application Form in the prescribed form.
- 3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.
- 4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details is mandatory for all Applicants.
- 5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.

- 6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder.
- 7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.
- 8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.
- 9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.
- 10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.
- 11. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- 12. 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.
- 13. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see "*General Information Issue Programme*" on page 42.
- 14. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- 15. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- 16. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.
- 17. Choose and mark the series of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

Don'ts:

- 1. Do not apply for lower than the minimum Application size.
- 2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.
- 3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.

- 4. Do not submit the Application Form to any non-SCSB bank or our Company.
- 5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.
- 6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
- 7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- 8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.
- 9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account.
- 10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
- 11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.
- 12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.
- 13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.
- 14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.
- 15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).
- 16. Do not make an Application of the NCD on multiple copies taken of a single form.
- 17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.
- 18. Do not submit more than five Application Forms per ASBA Account.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at https://www.sebi.gov.in).

Please see "- Rejection of Applications" on page 194 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at https://www.sebi.gov.in). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application to the Designated Intermediaries or to the Designated Branches of the SCSBs. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using <u>physical Application Form</u> , (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or
	(ii) If using <u>electronic Application Form</u> , to the SCSBs, electronically through internet banking facility, if available.

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. The Members of Syndicate, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange.

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The

Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries 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. For further information on the Issue programme, please see "General Information – Issue Programme" on page 42.

- (c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:
 - Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of NCDs applied for
 - Number of NCDs Applied for in each series of NCD
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Location
 - Application amount
- (d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:
 - Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of NCDs applied for
 - Number of NCDs Applied for in each series of NCD
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Location
 - Application amount
- (e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The

registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.

- (f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.
- (g) The permission given by the Stock Exchange to use its 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 Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness 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 Exchange.
- (h) Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment. The Designated Intermediaries 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 that the data so captured is accurate the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or the Debenture Trustee thereof, 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:

- (a) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;
- (c) Applications not being signed by the sole/joint Applicant(s);
- (d) Investor Category in the Application Form not being ticked;
- (e) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- (f) Applications where a registered address in India is not provided for the non-Individual Applicants;
- (g) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);
- (h) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;

- (j) DP ID and Client ID not mentioned in the Application Form;
- (k) GIR number furnished instead of PAN;
- (l) Applications by OCBs;
- (m) Applications for an amount below the minimum Application size;
- (n) Submission of more than five ASBA Forms per ASBA Account;
- (o) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- (p) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;
- (q) Applications accompanied by stockinvest/ cheque/ money order/ postal order/ cash;
- (r) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- (s) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;
- (t) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- (u) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;
- (v) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;
- (w) ASBA Applications not having details of the ASBA Account to be blocked;
- (x) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN;
- (y) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the 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;
- (z) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
- (aa) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- (bb) Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- (cc) Applications by any person outside India;
- (dd) Applications not uploaded on the online platform of the Stock Exchange;
- (ee) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;

- (ff) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, this Prospectus and as per the instructions in the Application Form and this Prospectus;
- (gg) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- (hh) Applications providing an inoperative demat account number;
- (ii) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;
- (jj) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);
- (kk) Investor category not ticked;
- (ll) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application; and

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please see "*Information for Applicants*" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange 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 ₹10,000 lakhs. 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 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

Allotments in the first instance:

- 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 their respective affiliates/SCSB (Designated Branch or online acknowledgement));
- (ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% 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 50% 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 date priority basis i.e. a firstcome first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the Allotments would be made to the Applicants on proportionate basis.

(a) 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 lakhs;
- (iii) Institutional Portion
- (iv) on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

For each Portion, all Applications uploaded in to the electronic book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion respectively.

Minimum allotment of 1 (one) NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.



(b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a firstcome first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve 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 valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of the same, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com for details in respect of subscription.

- (c) 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; and
 - (iv) The total Allotment under Option I to Option VI of the NCDs shall not exceed a value more than ₹20,000 lakhs.
- (d) 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) first with monthly interest payment in decreasing order of tenor i.e. Options V, III and I; and
- (ii) followed by payment on cumulative options in decreasing order of tenor i.e. Options VI, IV and II.

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: Options V, III, I, VI, IV and II.

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 I 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.

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.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

In case of Applications were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB to unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

Retail Individual Investors ("**RII**") can withdraw their Applications until the Issue Closing Date. In case an RII wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity

required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

- (i) Tripartite agreement dated January 30, 2014 among our Company, the Registrar and CDSL and tripartite agreement dated February 5, 2014 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.
- (ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- (iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- (iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- (v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.
- (vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.
- (vii) Interest 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 30 days.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted, ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Our Company undertakes that:

- (a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- (b) Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- (d) Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
- (e) Undertaking by our Company for execution of the Debenture Trust Deed;
- (f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in the Draft Prospectus and this Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e.₹7,500 lakhs and receipt of listing and trading approval from the Stock Exchange;
- (g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies;
- (h) Application money shall be unblocked within six Working Days from the closure of this Issue or such lesser time as may be specified by SEBI, or else the Application money shall be refunded to the Applicants in accordance with applicable law, failing which interest shall be due to be paid to the Applicants for the delayed period, if applicable in accordance with applicable law; and
- (i) Details of all monies unutilised out of the previous issues made by way of public offer, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested.

Other Undertakings by our Company

Our Company undertakes that:

- (a) Complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;
- (b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
- (c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;
- (d) Funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;
- (e) Our Company will forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on a half-yearly basis;
- (f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Prospectus;
- (g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report; and
- (h) Our Company 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 stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory / regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the Materiality Policy (as defined hereinafter below), each involving our Company, Directors or Promoters.

Our Board, in its meeting held on November 12, 2018, has adopted a policy on the identification of material litigations ("Materiality Policy"). As per the Materiality Policy, other than for the purposes of (i) to (iii) above, all outstanding litigation, wherein:

- (a) the quantified monetary amount of claim by or against the relevant person in any such pending litigation proceeding is or is in excess of 5% of our Company's net profit after as per our last audited financial statements, i.e., for Fiscal 2018 (i.e., ₹71.22 lakhs); or
- (b) the outcome of such litigation proceeding may have a material adverse effect on the business, operations, prospects or reputation of the Company,

has been considered as 'material litigation', and accordingly has been disclosed in this Prospectus.

Further, except as mentioned in this section, there are no proceedings involving our Group Companies, which may have a material adverse effect on the position of our Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, Promoters or Group Companies shall, unless otherwise decided by our Board of Directors, not be considered as litigation until such time that our Company or Directors or Promoters or Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

Further, except as stated in this section, there are no: (i) litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters 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; (ii) 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 our Company; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues, etc; (v) inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act or any previous companies law in the five years immediately preceding the year of this Prospectus; (vi) prosecutions filed (whether pending or completed), fines imposed or compounding of offences done in the five years immediately preceding the year of this Prospectus; and (vii) material frauds committed against our Company in the last five years.

Further from time to time, we have been and shall continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. 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.

Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

a. Litigations involving our Company

Against our Company

Civil cases

1. 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 has prayed that a judgment and decree of permanent prohibitory injunction to be issued restraining the Defendants from directly or indirectly using the trade mark "Muthoot" allegedly 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 allegedly 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'. A counter affidavit was filed by Roy M. Mathew, as the Chairman of our Company, on August 23, 2013 denying all the claims of the Plaintiff and alleging that this was the Plaintiff's attempt to stall the functioning of the companies. The matter is currently pending.

- 2. 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 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 Muthoottu" in class 36 *vide* registration dated April 30, 2009 and have absolute right to carry on the business by using "Muthoottu" as part of our trademark. The matter is pending.
- 3. M. Murgan and others ("**Plaintiffs**") filed a suit (O.S. 183/2018) ("**Suit**") against R. Parvathy, our Company and others ("**Defendants**") before the Principal District Judge, Chengalpattu ("**Court**") alleging that various sale deeds ("**Sale Deeds**") for the property situated at Kancheepuram district, Thirupporur Taluk, Kelambakkam Firka, Eagattur Village ("**Property**") were entered into without the knowledge of the Plaintiffs, the alleged owners of the Property. The Plaintiffs have sought for the annulment of such Sale Deed and for the property. The matter is currently pending.

Nature of case	Number of cases outstanding	Amount involved (in ₹ lakhs)
Direct Tax	9	1,807.94
Total	9	1,807.94

Tax Proceedings involving our Company

By our Company

Civil cases

1. Our Company filed a petition (bearing number 460 of 2018) dated June 20, 2018 ("Petition") under Section 14 of the Securitisation and Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 before the Chief Judicial Magistrate Court, Kollam ("Court") against Kavitha Sekhar ("Respondent no. 1"), Pratheep Kumar K.C. ("Respondent no. 2") and Bharat Deep ("Respondent no. 3", along with Respondent no. 1 and Respondent no. 2, collectively referred to as the "Respondents"). The Respondent no. 1 and Respondent no. 2 were granted a loan of ₹100 lakhs ("Loan") under the "Loan against Property" scheme and executed security agreements and documents in favour of our Company on November 10, 2016. Respondent no. 3 acted as a guarantor for the Loan and executed a guarantee agreement on November 10, 2016. The Loan was secured by way of equitable mortgage over the property in Kollam ("Property"). Our Company *vide* a notice dated October 26, 2017 ("Notice") demanded repayment of the dues of ₹114.22 lakhs together with further interest at the rate of 22.81% p.a., however, the Plaintiffs have not yet made any payments. Accordingly, our Company has prayed to the Court to take possession of the Property. The matter is pending.

The Respondent no.2 and the Respondent no.3 received a notice from the advocate commissioner on September 17, 2018 stating that the physical possession of the Property would be taken on September 25,

2018, if the entire amount was not paid by September 24, 2018. Accordingly, Respondent no. 2 filed an application dated September 25, 2018 ("**Application**") under Section 17(1) of the Act before Debts Recovery Tribunal -2, Ernakulam ("**DRT**") against our Company. The Respondent no. 2 alleged that our Company had committed procedural lapse in complying with the provisions of the Act and the Notice was issued was not in accordance with the Act. The Respondent no.2 prayed before the DRT, that all proceedings initiated by our Company under the Act are illegal and there has been procedural lapse on the part of our Company in complying with the provisions of the Act. Our Company filed a written statement on November 14, 2018 before the DRT denying the merits of the case and prayed for dismissing the Application with costs. The matter is currently pending.

Criminal cases

- 1. Our Company has filed a petition (bearing no. CC. No. 1096 of 2016) ("**Petition**") under Section 138 of the Negotiable Instruments Act, 1881 before the Judicial Magistrate First Class, Kochi ("**Court**") against V. Senthil Vel Murughan ("Accused"), the landlord of our branch located at Nagarcoil Tower Junction, for an amount of ₹3.87 lakhs being the interest free security deposit amount for which a cheque was issued and was dishonoured due to insufficiency of funds in the account of the Accused. This matter is currently pending.
- 2. Our Company has filed various criminal complaints against customers and ex-employees of our Company before various judicial forums under section 138 of the Negotiable Instruments Act, 1881 for certain cheques that bounced on presentation and others which were remained unpaid. The aggregate amount involved in these matters is ₹63.32 lakhs. These matters are currently pending.

b. Litigations involving our Directors

As on the date of this Prospectus, there are no outstanding litigations involving our Directors, which can have a material adverse effect on the position of our Company.

c. Litigations involving our Promoters

As on the date of this Prospectus, there are no outstanding litigations involving our Promoters, which can have a material adverse effect on the position of our Company.

d. Litigations involving our Group Companies

As on the date of this Prospectus, there are no litigations involving our Group Companies, which can have a material adverse effect on the position of our Company.

- e. Litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoters during the last five years immediately preceding the year of the issue of this Prospectus and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action: Nil
- f. Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last five years immediately preceding the year of this Prospectus

Except as disclosed below, there are no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last five years immediately preceding the year of this Prospectus:

a. The Registrar of Companies, Kerala and Lakshadweep issued five show cause notices, each dated July 5, 2018, against our Company for not creating charges on the credit facilities availed from HDFC Bank Limited within the prescribed time period under Section 77 of the Companies Act, 2013. Our Company filed petitions under Section 87 of the Companies Act, 2013 before the Regional Director (Southern

Region), Ministry of Corporate Affairs, Chennai ("**Regional Director**") for condonation of delay in creating the charges. The Regional Director vide its orders dated August 10, 2018 and September 20, 2018 condoned the delay by our Company in creating the charges, and we filed relevant forms with RoC subsequently.

b. RBI issued a show cause notice dated July 25, 2014 ("Notice") to our Company in relation to the violations of Section 58G(1)(b) read with Section 58B(5)(aa) of the RBI Act. During the inspection of our books of account and other records under Section 45 N of the RBI Act, RBI observed certain violations of guidelines on, inter alia, loan to value ratio pertaining to gold loans, issuance and renewal of non-convertible debentures, loans against non-convertible debentures, adherence to Fair Practices Code, disclosures in the balance sheet, communication of the changes in the board of directors and disclosures with respect to the related party transaction. Our Company vide its reply dated August 7, 2014 responded to the alleged violations stated in the Notice, however RBI vide its order dated July 16, 2015 imposed a penalty of ₹5 lakh in relation to the violations observed in the Notice.

g. Details of acts of material frauds committed against our Company in the last five years, if any, and if so, the action taken by our Company

Except as disclosed below, there are no material frauds committed against our Company in the last five Fiscals:

No.	Branch	Date of detection / date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi and action taken	Recovery (in ₹ lakhs)	Amount written off	Provision	Remarks
1	PORUR	June 18, 2012/July 31, 2012	10.30	two gold loans before due date. The party had pledged spurious gold ornaments. The matter is currently pending for recovery of ₹6.80 lakhs. The case has been filed at SMRC police station, Porur	3.50	6.80	NIL	Case filed at SMRC Police Station, Porur (Criminal. O.P. 27230/2016) before Madras High Court (Madurai Bench) under Section 482 of Cr. P.C. High court <i>vide</i> judgment dated January 3, 2017. The judge directed the police to investigate number 947/2012 and file the final report
2	MADURA VOYAL	November 1, 2012/Janu ary 18, 2013	12.50	Sathyaraj, Branch Manager & Rajkumar, Assistant Manager, jointly misappropriated a sum of ₹12.50 lakhs from the cash balance	5.00	7.50	NIL	-
3	KOLLAM 2	May 21, 2013	18.09	The Senior Branch Manager Annamma P J had fraudulently raised loans against various debentures. Annamma was arrested on September 25, 2013 and is currently in remand.	0.00	18.09	NIL	Annamma has been arrested on September 25, 2013 and remanded. The matter is pending
4	SAINATH APURAM	May 15, 2013/July 13, 2013	6.28	One loan against spurious gold bangles was detected at Sainathapuram branch on May 9, 2013 during regional manager's visit. Our Company filed a police complaint and the police started investigation. During interrogation, the culprits	0.00	6.28	NIL	The case has been filed at Neredmet P.S under Cyberbad Commissionerate on May 11, 2013. The culprits are under remand. The matter is pending



No.	Branch	Date of detection / date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi and action taken	Recovery (in ₹ lakhs)	Amount written off	Provision	Remarks
				confessed to the police that they had taken loans against spurious bangles at our branches in Dinakar Nagar, West Anad Bagh, Kukatpally, Trimulgherry, West Marredpally, Jawahar Nagar, & Somajiguda. A big gang was involved in pledging spurious bangles having thick gold coating on top and steel or silver inside. The case was filed at Neredmet P.S under Cyberbad Commissionerate on May 11, 2013. The culprits are currently in remand				
5	AD HALLI	May 30, 2015/July 13, 2013	66.48	Spurious gold was pledged by. Siddaramaiah. The case was filed at Kamakshi Palaya, Bengaluru on June 6, 2013	20.77	45.71	NIL	The matter is pending
6	THANISA NDRA	May 7, 2013/July 13, 2013	7.61	The loan amount inflated in our records, there was spurious gold accepted, cash shortage and cash misappropriation. The case was filed at Sampige Halli, Bangalore on June 13, 2013	0.00	7.61	NIL	The case was filed at Sampige Halli, Bangalore on June 13, 2013
7	KURUMB UR	April 19, 2013/July 13, 2013	4.46	The branch manager illegally released ornaments pledged by one customer for ₹1.05 lakhs on March 6, 2013 and re- pledged it for ₹3.76 lakhs in the name of another customer	0.00	4.46	NIL	The case has been filed against the branch manager
8	SATHAN KULAM	September 7, 2013/Octo ber 4, 2013	58.22	Cutting open gold loan packets, removing ornaments, stuffing other materials in the packets and repacking. The case was filed before the office of Deputy Superintendent of Police, Sathankulam on September 10, 2013. The branch manager has agreed to refund the amount. The landed property has been provided	0.31	13.02	NIL	Property worth ₹44.89 lakh has been given to our Company
9	SIVAKAS I-II	January 3, 2014/Febr uary 11, 2013	7.75	Senior business associate Ramalingam removed gold ornaments from the packet and replaced the same with spurious gold	2.95	4.80	NIL	The case has been filed against the accused
10	CHINNA LAPATTI	January 3, 2014/Febr	2.55	Customers Ramachandran and Kumar pledged	0.00	2.55	NIL	-



No.	Branch	Date of detection / date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi and action taken	Recovery (in ₹ lakhs)	Amount written off	Provision	Remarks
		uary 11, 2014		spurious items. Branch manager D Raj Mohan had colluded with the borrowers				
11	PUTHUK OTTAI	June 11, 2014/July 11, 2014	5.08	Gold Loan packets number 314 and 315 were removed by the staff without being closed	0.00	5.08	NIL	We filed a case against the staff and the case is now under the district crime branch, Puthukottai. No recovery has taken place till date
12	GOREGA ON	May 28, 2014/July 11, 2014	5.15	Borrower had pledged spurious ornaments for taking gold loan. The branch has sanctioned six loans to the borrower on the same day	0.00	5.15	NIL	No recovery has taken place till date. The customer has absconded, and the said amount has been written off
13	SHENKO TTAI	July 7, 2015/July 25, 2015	1.00	Branch manager absconded with cash of ₹1.00 lakh and 123 gold loan packets with total advance of ₹41.95 lakh	0.00	NIL	1.00	We filed a case against the branch head at Shenkottai police station. The case is currently pending at Tenkasi District Court. Joint custody violation resulted in the malpractice. The staff left the keys in the branch CCTV's installed in the branch at the time of incident were not in a working condition
14	SHENKO TTAI	July 7, 2015/July 25, 2015	41.95	Branch manager absconded with cash of ₹1.00 lakh and 123 gold loan packets with total advance of ₹41.95 lakh	5.00	NIL	36.95	We filed a case against the branch head at Shenkottai police station. The case is running at Tenkasi District Court. Joint custody violation resulted in the malpractice. The staff left the keys in the branch. CCTV's installed in the branch at the time of incident were not in a working condition
15	DWARA KA	November 20, 2015/Dec ember 9, 2015	30.42	The audit staff and the branch manager pledged spurious gold in the branch in fictious names	30.42	0.00	NIL	Since 100% recovery has been effected, the services of all staff including auditor was terminated
16	NETHAJI ROAD	January 2, 2016/Janu ary 18, 2016	54.68	Branch manager and the staff had procured spurious jewellery and had pledged the same. Connivance of some others is suspected, which is being investigated by the police. Negligence by the audit staff is also	2.20	NIL	52.48	FIR No: 1/2016 has been terminated 17 spurious packets was handed over to the court on October 12, 2017 <i>via</i> the police and after the court's appraiser completed the appraising process, he



No.	Branch	Date of detection / date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi and action taken	Recovery (in ₹ lakhs)	Amount written off	Provision	Remarks
				suspected. FIR has been filed and the police enquiry is in process				had allotted PR No: 122/2017
17	BUCHIRE DDY PALEM	July 25, 2016/Sept ember 6, 2016	20.08	The cash was collected from the borrowers for closure of the loans and the ornaments were returned without remitting cash to the account	20.08	NIL	NIL	Since 100% recovery has been effected, the services of all staff were terminated
18	CHANNA PATNA	July 25, 2016/Sept ember 6, 2016	103.07	Branch manager obtained possession of all the keys of the vault room by mis- guiding the other staff. He came early in the morning on July 23, 2016 and removed cash and valuables from the vault. The amount was valued at ₹103.07 lakh (₹.98.74 lakh gold and ₹4.33 lakh cash)	90.12	4.33	8.62	The services of the branch staff were terminated. The criminal case is going on against the accused
19	PANTHA LKUDI	July 2, 2016/Sept ember 6, 2016	87.20	3 people came like customers and looted all the ornaments kept in the strong room. The people were not accomplices of our staff	75.38	2.99	8.83	We filed a case against the staff and other culprits at the Aruppukottai town police station and the case is pending before the Aruppukottai Judicial Magistrate Court. At the time of robbery there was no CCTV installed in the branch. CCTV has now been installed and the same is working and in good condition. No joint custody violations have been observed
20	GANGAV ALLI	August 16, 2016/Octo ber 4, 2016	102.66	The previous branch manager entered into the branch and cut the window grill and safe room grill door. An amount of ₹102.66 lakh (₹101.31 lakhs gold and ₹1.35 lakh cash) was stolen	100.20	1.35	1.11	 The services of the branch manager and joint custodian has been terminated. Full recovery has been made in the Gangavalli theft issue except on the following matters: 1. Missing packet GL NO: 2171 (customer name: Sasikala, net weight: 26 grams and gross weight 26.6 grams) 2. GL NO: 2019 two chains weighing 20.520 grams were missing in the court 3. Cash balance of ₹1,34,873.00 has
21	SUMMA NAHALLI	November 14,	15.78	Internet account was opened, and the	3.50	11.24	1.04	not been recovered. The services of all the staffs were terminated.



No	Dronch	Data of	Amount	Moduc operand; and	Decovery	Amount	Provision	Domontra
No.	Branch	Date of detection / date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi and action taken	Recovery (in ₹ lakhs)	Amount written off	Provision	Remarks
		2016/Nov ember 26, 2016		Company's funds were transferred through NEFT to the personal account. Some of the gold loan packets were tampered and jewels were stolen. Rent payments to the landlord to the extent of ₹0.75 lakhs have been misappropriated by preparing cash vouchers without paying the landlord. The total amount involved is ₹.4.54 lakh gold and ₹11.24 lakh cash				The main accused Rajesh has taken anticipatory bail and the police is yet to file a counter petition
22	N I T FARIDAB AD	March 21, 2017	3.17	Fake, low purity and spurious gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold. This was not traceable on touch stone. There was duplication of KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. At the time of audit, it was found that fraud had taken place after piercing and testing the ornaments	0.00	NIL	3.17	The services of the employees were terminated
23	OLD RAILWA Y ROAD	March 24, 2017	6.89	Fake, low purity and spurious gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold. This was not traceable on touch stone. There was duplication of KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. At the time of audit, it was found that fraud had taken place after piercing and testing the ornaments	0.00	NIL	6.89	The services of the employees were terminated
24	SECTOR 37 HUDA MARKET	March 24, 2017	3.89	Fake, low purity and spurious gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold. This was not traceable on touch stone.	0.00	NIL	3.89	The services of the employees were terminated



No.	Branch	Date of detection / date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi and action taken	Recovery (in ₹ lakhs)	Amount written off	Provision	Remarks
				There was duplication of KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. At the time of audit, it was found that fraud had taken place after piercing and testing the ornaments				
25	SHEETAL A MATA ROAD	March 24, 2017	4.75	Fake, low purity and spurious gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold. This was not traceable on touch stone. There was duplication of KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. At the time of audit, it was found that fraud had taken place after piercing and testing the ornaments	0.00	NIL	4.75	The services of the employees were terminated
26	SONA CHOWK	March 24, 2017	3.50	Fake, low purity and spurious gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold. This was not traceable on touch stone. There was duplication of KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. At the time of audit, it was found that fraud had taken place after piercing and testing the ornaments	0.00	NIL	3.50	The services of the employees were terminated
27	N R PURA	June 3, 2017	1.16	The branch in-charge removed the ornaments in 4 packets and accepted spurious gold for pledge	1.16	NIL	NIL	The services of the employees were terminated
28	SATTEN APALLI	July 17, 2017	41.80	3 staff members colluded to commit fraud. They intentionally inflated weight of ornaments and prepared fake pledge documents and renewing existing loans for higher	18.00	NIL	23.8	The services of the employees were terminated. FIR has been filed and proceedings are underway



No.	Branch	Date of detection / date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi and action taken	Recovery (in ₹ lakhs)	Amount written off	Provision	Remarks
				amounts without the borrowers' knowledge				
29	CHARKO P	July 23, 2018	186.90	 109 gold packets (overdue packets) held at Charkop branch is in possession of Maju Mathew. The cluster head were found to be missing. Maju Mathew had raised fake gold loans. Remittances received for investments were then used to close these fake loans. Meanwhile the remitters issued fake investment certificates. All these fraudulent acts were committed with the knowledge of the branch employees, Savitha Ajayan and Babaso Shamrao Surve 	NIL	50.00	The balance 136.90 will be provided in the financial statements as on March 31, 2019	The services of the employees were terminated. FIR has been filed and proceedings are underway

h. Summary of reservations, qualifications, or adverse remarks of auditors in the last five Fiscals immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks

Other than as disclosed below, there are no reservations or qualifications or adverse remarks in the Company's audited financial statements in the last five Financial Years preceding this Prospectus:

Financial Year	Summary of reservations or qualifications or adverse remarks	Impact on the financial statements and financial position of our Company	Corrective steps taken and proposed to be taken by our Company
2015 - 2016	In our opinion and as per our examination of the documents presented for our verification no financial transaction or matter has been identified as having an adverse effect on the functioning of the Company, except impact, if any, of the matters disclosed in Note No. 13 and Note No. 16 of Notes to Financial Statements		
	Note-13 Subordinated Debt The Company has raised ₹98,78,04,000 during the year by way of private placement of Subordinated Debt Instrument having a maturity of 66 months	No impact on the financial statements	To ensure that the subordinated debt is within the limits prescribed by RBI, we have stopped subordinated debt with effect from November, 2016
	Note-16 Purchase of Fixed Assets (Land and Buildings) In order to facilitate functioning of branches and Corporate Office in an efficient manner, the Company has entered into an agreement to acquire fixed assets comprising land and buildings which is presently being occupied by the Company as tenant for the functioning of its Corporate Office and branches, for a total	No impact on the financial statements	No corrective steps were required. However, subsequently due to fall in property prices on account of demonetization and taking into account the observations of RBI during their inspection



in November 2016, the
Company took a fresh
valuation of the
property purchased
and the difference in
the valuation
amounting to
₹90,00,00,000 was
brought back to the
books of accounts of
the Company. To such
extend the Fixed
Assets valued have
been reduced

i. Summary of other observations of the auditors in the last five Fiscals immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said observation:

Financial Year		ary of observations	Impact on the financial statements and financial position of our Company	Corrective steps taken and proposed to be taken by our Company
2015 - 2016	comply with the Acco Section 133 of the Con 7 of the Companies (A 15, Accounting for H	standalone financial statements bunting Standards specified under mpanies Act, 2013, read with Rule Accounts) Rules, 2014, except AS Employee Benefit Expenses with or gratuity made without actuarial	The impact of non- adherence could not be ascertained as actuarial valuation was not conducted	Our Company has started making provision as per actuarial valuation for the subsequent years
2015 - 2016 -	to Statutory Auditor, have not been deposit disputes pending: Amount (in ₹ For lakhs) 11.26 Incor 206.7 Com Triva 338.6 Com	rmation and explanations provided the following dues of income tax, ed by the Company on account of rum where the dispute is pending me Tax Appellate Tribunal, Kochi missioner of Income Tax (Appeals), andrum missioner of Income Tax (Appeals), ayam	To the extent of tax not paid, profit /general reserve of the Company has been overstated	Appeal has been filed in all cases
2015 - 2016 -	According to the infor to the Statutory Aud Company by its employ pledge of spurious go	mation and explanations provided itor, the following frauds on the oyees have been noticed, involving old amounting to ₹97.63 lakhs in i Road branches of the Company	Since the Company has already created 100% provision for all applicable cases, No further impact on the financial statements	The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable
2016-2017	According to the information and explanations provided to the Statutory Auditor, the following dues of Income Tax, have not been deposited by the Company on account of disputes pending:		To the extent of tax not paid, profit /general reserve of the Company has been overstated	Appeal has been filed in all cases
	Amount (in ₹ lakhs) 68.58	Forum where the dispute is pending Commissioner of Income tax (Appeals), Kottayam		

Financial	Summary of observations			Impact on the	Corrective steps
Year				financial statements and financial position	taken and proposed to be taken by our
				of our Company	Company
		missioner of eals), Kottayam	Income tax		
	338.57 Com	missioner of eals), Kottayam	Income tax		
2016-2017	According to the information and explanations provided			Since the Company has	The Company has
	to the Statutory Auditor, the following frauds on the Company by its employees have been noticed, involving pledge of spurious gold and misappropriation and theft of cash totalling to ₹330.71 lakhs across 9 branches of the Company of which ₹265.8 lakhs have been recovered during the period			already created 100% provision for all applicable cases. No further impact on the financial statements	taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable
2017-2018	As per the records produced for our verification and information and explanations provided to the Statutory			To the extent of tax not	Appeal has been filed
	Auditor, there are no dues		paid, profit /general reserve of the Company	in all cases	
	tax, sales tax, service tax, go	ods and service	has been overstated		
	other material statutory dues, which have not been deposited on account of any dispute except the				
	following:				
	Forum where the dispute is pending	Period of Dispute	Amount (in ₹ lakhs)		
	Commissioner of Income ta (Appeals), Kottayam	x AY 2010- 11	3.92		
	Commissioner of Income ta (Appeals), Kottayam	x AY 2011- 12	150.34		
	Commissioner of Income ta (Appeals) Kottavam		63.28		
	(Appeals), Kottayam Commissioner of Income ta	13 x AY 2012-	63.28 288.57		
	(Appeals), Kottayam	13 x AY 2012- 13 AY 2013-			
	(Appeals), Kottayam Commissioner of Income ta (Appeals), Kottayam	13 x AY 2012- 13	288.57		
	(Appeals), Kottayam Commissioner of Income ta (Appeals), Kottayam CPC	13 x AY 2012- 13 AY 2013- 14 AY 2013- 14 FY 2013- 14	288.57 0.57		
2017-2018	(Appeals), Kottayam Commissioner of Income ta (Appeals), Kottayam CPC CPC Deputy Commissioner, Dep of Commercial Taxes Ernakulam According to the information	13 x AY 2012- 13 AY 2013- 14 AY 2013- 14 FY 2013- 14 .	288.57 0.57 191. 84 4.59 tons provided	Since the Company has	The Company has
2017-2018	(Appeals), Kottayam Commissioner of Income ta (Appeals), Kottayam CPC CPC Deputy Commissioner, Dep of Commercial Taxes Ernakulam According to the information to the Statutory Auditor,	13 x AY 2012- 13 AY 2013- 14 AY 2013- 14 FY 2013- 14 .	288.57 0.57 191. 84 4.59 cons provided been certain	Since the Company has already created 100% provision for all	The Company has taken insurance cover for such losses and
2017-2018	(Appeals), Kottayam Commissioner of Income ta (Appeals), Kottayam CPC CPC Deputy Commissioner, Dep of Commercial Taxes Ernakulam According to the information to the Statutory Auditor, instances of fraud by er amounting to ₹42.96 lakh	13xAY 2012-13AY 2013-14AY 2013-14.FY 2012-,13n and explanatithere havepoloyees of the across 2 brain	288.57 0.57 191. 84 4.59 ions provided been certain ne Company nches of the	already created 100% provision for all applicable cases, No	taken insurance cover for such losses and has filed Insurance
2017-2018	(Appeals), Kottayam Commissioner of Income ta (Appeals), Kottayam CPC CPC Deputy Commissioner, Dep of Commercial Taxes Ernakulam According to the information to the Statutory Auditor, instances of fraud by er amounting to ₹42.96 lakh Company of which ₹19.16	13xAY 2012-13AY 2013-14AY 2013-14.FY 2012-,13n and explanatithere havepoloyees of the across 2 brain	288.57 0.57 191. 84 4.59 ions provided been certain ne Company nches of the	already created 100% provision for all applicable cases, No further impact on the	taken insurance cover for such losses and has filed Insurance claims in this regard.
2017-2018	(Appeals), Kottayam Commissioner of Income ta (Appeals), Kottayam CPC CPC Deputy Commissioner, Dep of Commercial Taxes Ernakulam According to the information to the Statutory Auditor, instances of fraud by er amounting to ₹42.96 lakh	13xAY 2012-13AY 2013-14AY 2013-14.FY 2012-,13n and explanatithere havepoloyees of the across 2 brain	288.57 0.57 191. 84 4.59 ions provided been certain ne Company nches of the	already created 100% provision for all applicable cases, No	taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases
2017-2018	(Appeals), Kottayam Commissioner of Income ta (Appeals), Kottayam CPC CPC Deputy Commissioner, Dep of Commercial Taxes Ernakulam According to the information to the Statutory Auditor, instances of fraud by er amounting to ₹42.96 lakh Company of which ₹19.16	13xAY 2012-13AY 2013-14AY 2013-14.FY 2012-,13n and explanatithere havepoloyees of the across 2 brain	288.57 0.57 191. 84 4.59 ions provided been certain ne Company nches of the	already created 100% provision for all applicable cases, No further impact on the	taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process
2017-2018	(Appeals), Kottayam Commissioner of Income ta (Appeals), Kottayam CPC CPC Deputy Commissioner, Dep of Commercial Taxes Ernakulam According to the information to the Statutory Auditor, instances of fraud by er amounting to ₹42.96 lakh Company of which ₹19.16	13xAY 2012-13AY 2013-14AY 2013-14.FY 2012-,13n and explanatithere havepoloyees of the across 2 brain	288.57 0.57 191. 84 4.59 ions provided been certain ne Company nches of the	already created 100% provision for all applicable cases, No further impact on the	taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the
2017-2018	(Appeals), Kottayam Commissioner of Income ta (Appeals), Kottayam CPC CPC Deputy Commissioner, Dep of Commercial Taxes Ernakulam According to the information to the Statutory Auditor, instances of fraud by er amounting to ₹42.96 lakh Company of which ₹19.16	13xAY 2012-13AY 2013-14AY 2013-14.FY 2012-,13n and explanatithere havepoloyees of the across 2 brain	288.57 0.57 191. 84 4.59 ions provided been certain ne Company nches of the	already created 100% provision for all applicable cases, No further impact on the	taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company held on July 23, 2018, the Directors approved this Issue of NCDs to the public up to an amount not exceeding ₹20,000 lakhs.

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.

Categorisation as a Wilful Defaulter

Our Company, our Directors and/or our Promoters have not been categorised as a Wilful Defaulter nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Declaration as a Fugitive Economic Offender

None of our Promoters or Directors have been declared as a Fugitive Economic Offender.

Other confirmations

None of our Company or our Directors or our Promoters, or person(s) in control of our Company was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Disclaimer

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS PROSPECTUS 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 THIS PROSPECTUS. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS PROSPECTUS 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 THIS PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 12, 2019, 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 THIS PROSPECTUS 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 THIS PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDs 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 WILL BE PUBLISHED.
- 3. WE CONFIRM THAT THIS PROSPECTUS CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED.
- 4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956, COMPANIES ACT, 2013, 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 PROSPECTUS FILED ON THE WEBSITE OF DESIGNATED STOCK EXCHANGE HAVE BEEN SUITABLY ADDRESSED.

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS LETTER DATED MARCH 7, 2019, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS PROSPECTUS AS THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS PROSPECTUS FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- (a) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS PROSPECTUS; OR
- (b) WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
- (c) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS PROSPECTUS 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 APRIL 13, 2002 AND A FRESH CERTIFICATE OF REGISTRATION DATED JANUARY 1, 2014 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.

Disclaimer clause of IRR Advisory Services Private Limited

Following is the disclaimer clause of IRR Advisory Services Private Limited in relation to the IRR Report:

"THIS REPORT IS PREPARED BY IRR ADVISORY SERVICES PVT LTD (IRR ADVISORY). IRR ADVISORY HAS TAKEN UTMOST CARE TO ENSURE ACCURACY AND OBJECTIVITY WHILE DEVELOPING THIS REPORT. IRR ADVISORY IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS IN ANALYSIS/INFERENCES/VIEWS OR FOR RESULTS OBTAINED FROM THE USE OF INFORMATION CONTAINED IN THIS REPORT AND ESPECIALLY STATES THAT IRR ADVISORY HAS NO FINANCIAL LIABILITY WHATSOEVER TO THE USER OF THIS REPORT. THIS REPORT IS FOR THE INFORMATION OF THE INTENDED RECIPIENTS ONLY AND NO PART OF THIS REPORT MAY BE PUBLISHED OR REPRODUCED IN ANY FORM OR MANNER WITHOUT PRIOR WRITTEN PERMISSION OF IRR ADVISORY."

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Manager	Website
Vivro Financial Services Private Limited	http://www.vivro.net/offerdocument

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 6 Working Days from the date of closure of the issue.

Consents

Consents in writing of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, legal advisor to the Issue, Lead Manager, the Registrar to the Issue, Credit Rating Agency, the Bankers to our Company, the Debenture Trustee, IRR, the lenders to the Company, Public Issue Account Bank, Refund Bank, and the Syndicate Member to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013. Further such consents have not been withdrawn up to the time of delivery of this Prospectus with the RoC.

Expert Opinion

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

- a. Our Company has received written consent from the Statutory Auditor, namely Vishnu Rajendran & Co., to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the (a) Reformatted Financial Report dated January 31, 2019, (b) Limited Review Report dated November 12, 2018, and (c) its report dated February 21, 2019 on the statement of tax benefits, included in this Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus.
- b. Our Company has received written consent from India Ratings & Research Private Limited to include the credit rating rationale dated August 14, 2018 in respect of the credit rating issued for the NCDs to be issued

pursuant to this Issue which furnishes the rationale for its rating.

Common form of Transfer

We undertake that there shall be a common form of transfer for 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 Depositary Participants of the transferrer or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus

The Draft Prospectus have been filed and this Prospectus shall be filed with the Designated Stock Exchange in terms of Regulation 6 and Regulation 7 of the SEBI Debt Regulations for dissemination on its website(s) prior to the opening of the Issue.

Filing of the Prospectus

This Prospectus shall be filed with the RoC in accordance with Section 26 of the Companies Act, 2013.

Debenture Redemption Reserve ("DRR")

Section 71 (4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Third Amendment Rules, 2016, dated July 19, 2016, further states that 'the adequacy' of DRR for NBFCs registered with the RBI under Section 45-1A of the RBI (Amendment) Act, 1997 shall be 25% of the value of outstanding debentures issued through a public issue as per the SEBI Debt Regulations.

Accordingly, our Company is required to create, as per applicable laws, a DRR of 25% of the value of the NCDs, outstanding as on date, issued through Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882; divide and for the repayment of debentures maturing during the year ending on 31st day of March of the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on 31st day of March of that year, in terms of the applicable laws.

Issue related expenses

For details of Issue related expenses, see "Objects of the Issue" on page 61.

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) of Companies Act, 1956

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. Other than the Public Issue 1, Public Issue 2, Public Issue 3, Public Issue 4, Public Issue 5 and Public Issue 6, our Company has previously not made any public issues of non-convertible debentures.

Public issue of Equity Shares

Our Company has not made any public issue of Equity Shares or rights issuances in the last five years.

Previous Public Issues of Non-Convertible Debenture

Other than the Public Issue 1, Public Issue 2, Public Issue 3, Public Issue 4, Public Issue 5 and Public Issue 6, our Company has previously not made any public issues of non-convertible debentures.

Other than as specifically disclosed in this Prospectus, our Company has not issued any securities for consideration other than cash.

Dividend

Our Company has no formal dividend policy. The declaration and payment of dividends on our Equity 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 lakhs 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 ₹19,559 lakhs pursuant to the prospectus dated February 12, 2014.
- 2. An expense of ₹189.00 lakhs 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 lakhs pursuant to the prospectus dated July 7, 2014.
- 3. An expense of ₹203.00 lakhs 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 lakhs pursuant to the prospectus dated September 23, 2014.
- 4. An expense of ₹97.65 lakhs 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 lakhs pursuant to the prospectus dated February 18, 2015.
- 5. An expense of ₹48.45 lakhs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹22,827 lakhs pursuant to the prospectus dated July 10, 2015.
- 6. An expense of ₹41.24 lakhs 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 ₹24,401 lakhs pursuant to the prospectus dated December 21, 2015.

Details regarding lending out of issue proceeds of Previous Issues

A. Lending Policy

Please refer to "Our Business-Gold Loan Business" on page 88.

B. Loans given by the Company

Our 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 lakhs)
No.	Particulars of utilization	TOTAL	Public Issue 1	Public Issue 2	Public Issue 3	Public Issue 4	Public Issue 5	Public Issue 6
	Total Issue Proceeds	1,43,572	19,559	24,963	26,913	24,909	22,827	24,401
(a)	Issue Related Expense	1,613	377	291	303	274	257	111
	Issue Proceed Less Issue Expenses	1,41,959	19,182	24,672	26,610	24,635	22,570	24,290
1.	Onward lending	66,418	19,182	4,648	14,602	11,117	2,762	14,107
2.	Repayment of existing loans including interest	66,294	-	16,450	10,072	11,286	18,330	10,156
3.	General Corporate Purposes	9,247	-	3,574	1,936	2,232	1,478	27

C. Group Companies

Nil

D. Type of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by the Company as on March 31, 2018 is as follows:

		(₹in lakhs)
No.	Type of Loans	Amount
1.	Secured	1,55,837.95
2.	Unsecured	7,240.57
	Total assets under management (AUM)	1,63,078.52

E. Sectoral Exposure as on March 31, 2018

2. 5000	rai Exposure as on March 51, 2018	(₹in lakhs)
No.	Segment wise break up of AUM	Percentage of AUM
1.	Retail	
(a)	Mortgages (home loans and loans against property)	0.25%
(b)	Gold loans	95.31%
(c)	Vehicle finance	-
(d)	MFI	4.44%
(e)	M & SME	-
(f)	Capital market funding (loans against shares, margin funding)	-
(g)	Others	-
2.	Wholesale	
(a)	Infrastructure	-
(b)	Real estate (including builder loans)	-
(c)	Promoter funding	-



(d)	Any other sector (as applicable)	-
(e)	Others	-
	Total	100.00%

F. Residual Maturity Profile of Assets and Liabilities as on March 31, 2018

	siauai maiari	ily 1 lojiic o	<i>j</i> 1 1 55015 unu	Liuoinnes us	on muich 5	1, 2010		(₹i	n lakhs)
	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	21,986.78	8,689.10	10,792.07	28,515.70	54,177.01	3.63	-	-	1,24,164.29
Investments	-	-	-	-	-	-	-	5.81	5.81
Borrowings	3,657.62	424.34	125.41	47,109.60	4,626.55	28,499.92	24,867.82	-	1,09,311.26
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

G. Denomination of the loans outstanding by ticket size as on March 31, 2018*

No.	Ticket size**	Percentage of AUM
1.	Up to 2 lakhs	95.00%
2.	2 lakhs to 5 lakhs	4.00%
3.	5 lakhs to 10 lakhs	0.67%
4.	10 lakhs to 25 lakhs	0.33%
5.	25 lakhs to 50 lakhs	-
6.	50 lakhs to 1 crore	-
7.	1 crore to 5 crores	-
8.	5 crores to 25 crores	-
9.	25 crores to 100 crores	-
10.	Above 100 cores	-
	Total	100.00%

* Ticket size at the time of origination

**The details provided are as per borrower and not as per loan account.

H. Denomination of loans outstanding by LTV as on March 31, 2018*

No.	LTV	Percentage of AUM
1.	Up to 40%	0.21%
2.	40%-50%	0.28%
3.	50%-60%	0.54%
4.	60%-70%	1.06%
5.	70%-80%	97.91%
6.	80%-90%	-
7.	More than 90%	-
	Total	100.00%

*LTV at the time of origination

I. Geographical classification of our borrowers as on March 31, 2018

No.	Top 5 states	Percentage of AUM
1.	Tamil Nadu	39%
2.	Kerala	12%
3.	Karnataka	22%
4.	Andhra Pradesh & Telangana	22%
5.	Delhi (NCR including Uttar)	2%
	Total	97%

J. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2018

	(₹in lakhs)
Particulars	Amount
Total advances to twenty largest borrowers	145.72
Percentage of Advances to twenty largest borrowers to Total Advances to our Company	0.12%

(b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2018

(b) Details of top 20 borrowers with respect to concentration of exposure as on March 51, 2018				
(₹in lak				
Particulars Amount				
	Secured	Unsecured		
Total exposure to twenty largest borrowers	890.35	8.00		
Percentage of exposure to twenty largest borrowers to Total exposure to our	0.55%	0.11%		
Company				

K. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2018

	(₹in lakhs)
Movement of gross NPA	Amount
Opening gross NPA	4,669.97
- Additions during the year	-
- Reductions during the year	1,415.14
Closing balance of gross NPA	3,254.83
Movement of net NPA	
Opening net NPA	3,843.41
- Additions during the year	-
- Reductions during the year	1,387.75
Closing balance of net NPA	2,455.66
Movement of provisions for NPA	
Opening balance	826.55
- Provisions made during the year	-
- Write-off / write-back of excess provisions	27.38
Closing balance	799.17

L. Segment-wise gross NPA as on March 31, 2018

No.	Segment wise break up of gross NPA	Gross NPA (%)*
1.	Retail	
a.	Mortgages (home loans and loans against property)	22.69%
b.	Gold Loans	2.03%
с.	Vehicle Finance	-
d.	MFI	-
e.	M & SME	-
f.	Capital market funding (loans against shares, margin funding)	-
g.	Others	-



2.	Wholesale	-
a.	Infrastructure	-
b.	Real Estate (including builder loans)	-
с.	Promoter funding	-
d.	Any other sector (as applicable)	-
e.	Others	-
	Total	

* Gross NPA means percentage of NPAs to total advances in that sector

M. Classification of loans/advances given to associates, entities/person relating to the board, senior management, promoters, others, etc.:

Particulars	Amount (<i>Kin lakhs</i>)
Loans to Promoters	Nil
Other Loans	Nil

Revaluation of assets

Except the revaluation of fixed assets *viz* land during Financial Year 2012-13 for ₹4,600 lakhs, our Company has not revalued its assets.

Mechanism for redressal of investor grievances

Agreement dated January 28, 2019 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 eight 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 applied for, number of NCDs 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 three (3) Working 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.

Registrar to the Issue

Link Intime India Private Limited

C- 101, 1st floor, 247 Park L.B.S. Marg, Vikhroli (West) Mumbai 400 078 Maharashtra, India **Tel:** +91 22 4918 6200 **Fax:** +91 22 4918 6195 **Email:** mmfl.ncd2019@linkintime.co.in **Investor Grievance mail:** mmfl.ncd2019@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **SEBI Registration Number:** INR000004058



Compliance Officer of our Company

Smitha K. S. 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:

Smitha K. S. Muthoottu Royal Towers Kaloor Cochin, – 682 017 Kerala, India Tel: +91 484 291 2178 Fax: +91 484 291 2127 E-mail: cs@minimuthoottu.com

Change in Auditors of our Company during the last three years

There has been no change in the auditor of our Company during the last three years. The Statutory Auditor of our Company has been the statutory auditor of our Company since April 1, 2017.

Disclaimer statement from the Issuer

The Issuer accepts no responsibility for statements made other than in this Prospectus issued by our Company in connection with the Issue of the NCDs and anyone placing reliance on any other source of information would be doing so at his / her own risk.

KEY REGULATIONS AND POLICIES

The regulations summarized below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions, Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 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.

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*").

As of February 22, 2019, the RBI has issued an updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016 as amended, ("**Master Directions**") applicable to all NBFC-NDSI's.

Following are the regulations governing an NBFC in India:

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 purchase or sale of any goods or providing of any service or the sale/purchase/construction of immovable property.

As per the 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.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration ("**CoR**"). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI has raised the requirement of minimum net owned fund ("**NoF**") from $\overline{\mathbf{x}}$ 25 lakhs to $\overline{\mathbf{x}}$ 200 lakhs for the NBFC which commences business on or after April 21, 1999. Also, it was mandatory for all NBFCs to attain a minimum NoF of $\overline{\mathbf{x}}$ 200 lakhs by the end of 1 April 2017. NBFCs failing to maintain NOF of $\overline{\mathbf{x}}$ 200 lakhs are not eligible to hold a certificate of registration as an NBFC.

Regulation of NBFC registered with RBI

NBFCs are primarily governed by the RBI Act and the RBI Master Directions. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Types of Activities that NBFCs are permitted to carry out

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:

- an NBFC 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;
- (ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself; and
- (iii) deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositor of NBFCs.

Types of NBFCs

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the RBI 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:

- (i) Asset financing companies;
- (ii) Investment companies;
- (iii) Loan companies;
- (iv) infrastructure finance companies;
- (v) Systemically important core investment companies;
- (vi) Infrastructure debt fund NBFCs;
- (vii) NBFC- non-operative Factors;
- (viii) Mortgage guarantee company;
- (ix) NBFC- Non-operative financial holding company; and/or
- (x) 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 lakhs and above as per the last audited balance sheet. Moreover, all NBFCs-ND with assets of ₹ 50,000 lakhs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential requirements as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists. All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio ("**CRAR**") of 15%. The RBI has issued an updated Master Direction - Non-Banking

Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016 as amended, ("**Master Directions**") applicable to all NBFCs-ND-SI.

Regulatory Requirements of an NBFC under the RBI Act

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 $\overline{\mathbf{x}}$ 200 lakhs (Rupees two hundred lakhs only). For this purpose, the RBI Act has defined "net owned funds" to mean:

- (i) the aggregate of the paid-up equity capital, preference shares which are compulsorily convertible into equity and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of loss, (ii) deferred revenue expenditure, (iii) deferred tax assets (net); and (iv) other intangible assets; and
- (ii) Further reduced by amounts representing,
 - (1) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and
 - (2) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10% of (a) above.

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 within 21 days from the date of such withdrawal.

Rating of Financial Product

As per the Master Directions, all applicable NBFCs (including NBFC-ND-SI) are required to furnish at the regional office of the RBI under whose jurisdiction the registered office of the NBFC is functioning, information relating to the upgrading and downgrading of assigned rating of any financial products issued by them within 15 days of such change.

Regulation of excessive interest rates

All NBFCs are required to put in place appropriate internal principles and procedures in determining interest rates and charges for loans and advances. The Master Directions stipulate that the board of directors of each NBFC shall adopt an interest rate model after taking into account the relevant factors, such as, cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers shall be required to be disclosed to the borrower in the application form and communicated explicitly in the sanction letter. Furthermore, the rates of interest and the approach for gradation of risks is also required to be made available on the company's website or be published in the relevant newspapers and is required to be updated in the event of any change therein. Further, the rate of interest is required to be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Know Your Customers Guidelines ("KYC Guidelines")

The RBI has extended the KYC Guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by such NBFCs and ensure that a proper policy framework of anti-money laundering measures is put in place. The know your customer policies are required to have certain key elements, including a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC Guidelines and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents.

Loan-to-value guidelines

The RBI *vide* the Master Directions, directed the applicable 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, NBFCs are also required to not grant any advance against bullion/primary gold and gold coins. NBFCs shall also not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund. 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%.

Prudential Norms

The Master 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. Further the concentration of credit/ investment norms shall not apply to a systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

Asset Classification

The Master Directions 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. At present, every NBFC is required to make a provision for standard assets at 0.25% of the outstanding. RBI *vide* its notification dated November 10, 2014 has increased the requirement for standard assets for NBFCs-ND-SI and for all NBFCs-D to 0.40%, which were to be complied with in a phased manner as follows: (i) 0.30% by March 31, 2016 (ii) 0.35% by March 31, 2017 (iii) 0.40% by March 31, 2018.

The RBI has through its circular dated February 7, 2018, bearing reference number DBR. No. BP.BC/100/21.04.048/2017-18, provided that while banks and NBFCs generally classify a loan account to be an NPA based on 90 and 120 day delinquency norms, respectively, exposure of banks and NBFCs to borrowers classified as a micro, small and medium enterprise under the Micro, Small and Medium Enterprises Development Act, 2006, shall be classified as a standard asset in the accounts of the banks and NBFCs, subject to conditions specified under such circular including, the borrower being registered under the GST regime as on January 31, 2018, the borrower's account was standard as on August 31, 2017 and the amount from the borrower overdue as on September 31, 2017 and payments from the borrower due between September 1, 2017 and January 31, 2018 are paid not later than 180 days from their respective original due dates. RBI further vide its circular dated January 1, 2019 permitted a one-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification, subject to the certain conditions, inter alia (i) the aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower not exceeding ₹2,500 lakhs as on January 1, 2019; (ii) the borrower's account is in default but is a 'standard asset' as on January 1, 2019 and continues to be classified as a 'standard asset' till the date of implementation of the restructuring; (iii) the borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition does not apply to MSMEs that are exempt from GST-registration; (iv) the restructuring of the borrower account is implemented on or before March 31, 2020; (v) a provision of 5% in addition to the provisions already held, shall be made in respect of accounts restructured under these instructions; (vi) post-restructuring, NPA classification of these accounts shall be as per the extant IRAC norms, etc.

Provisioning Requirements

An NBFC (except NBFC-MFI), after taking into account the time lag between an account becoming nonperforming, its recognition, the realisation 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 Master Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* its 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 were earlier required to make a general provision at 0.25% of the outstanding standard assets. As mentioned above, the RBI *vide* its notification dated November 10, 2014 has increased the requirement for standard assets for NBFCs-ND-SI and for all NBFCs-D to 0.40%, which were to be complied with in a phased manner as follows: (i) 0.30% by March 31, 2016 (ii) 0.35% by March 31, 2017 (iii) 0.40% by March 31, 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 applicable NBFC is required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier I capital in respect of applicable NBFCs (other than NBFC-MFI and IDF-NBFC), at any point of time, shall not be less than 8.5% by March 31, 2016 and10% by March 31, 2017. Applicable NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent or more of their financial assets) shall maintain a minimum Tier I capital of 12 percent.

Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Master Directions, 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 NBFC-ND-SI, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the NBFC-ND-SI. Further, the NBFC-ND-SI 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. Additionally, the NBFC-ND-SI may not lend and invest (loans/investments taken together) exceeding 25% of its owned funds to a single party and exceeding 40% of its owned funds to a single group of parties. 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 in writing. An NBFC-N-SI may exceed the concentration of credit/investment norms, by 5% for any single party and by 10% for a single group of parties, if the additional exposure is on account of infrastructure loan and/ or investment. These limits shall not apply to an NBFC-ND-SI not accessing public funds, either directly or indirectly and not issuing guarantees.

Master Circular - Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 - Corporate Governance Directions 2015

All NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee, and risk management committee. RBI vide its Master Circular dated July 1, 2015, introduced the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 (the "**RBI Master Circular**") which requires all systemically important ND NBFCs having an asset size above ₹50,000 lakhs are required to consider adopting best practices and transparency in their systems as specified below. The RBI Master Circular mandated that all NBFC having assets of ₹50,000 lakhs 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. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a

risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, the audit committee of NBFCs 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.

Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016

All NBFCs and NBFCs-ND-SI shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of $\overline{\mathbf{x}}$ 1 lakh and above, and if the fraud is of $\overline{\mathbf{x}}$ 100 lakhs or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-SI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Master Circular dated July 1, 2015 – Frauds – Future approach towards monitoring of frauds in NBFCs

In order to prevent the incidence of frauds in NBFCs, the RBI established a reporting requirement to be followed by NBFCs, both NBFC-D and NBFCs-ND-SI. In terms of the circular, all NBFCs-ND-SI shall disclose the amount related to fraud, reported in the company for the year in their balance sheets. NBFCs failing to report fraud cases to the RBI would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act. Additionally, the circular provides for categorisation of frauds and the reporting formats in order to ensure uniformity in reporting.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI. RBI, vide notification dated November 26, 2015 titled "Online Returns to be submitted by NBFCs-Revised" changed the periodicity of NBFC-ND-SI returns from monthly to quarterly.

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. For further details, see "*Risk Factors*" on page 15.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ND-SI, the auditor shall made a separate report to the board of directors of the company on inter alia examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company 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, whether the capital adequacy ratio as disclosed in the return submitted to the RBI in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the RBI, whether the company has furnished to the RBI the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI).

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.

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding inter alia asset liability mismatches and interest rate risk, quarterly report on branch information, and CRILC on a quarterly basis as well as all SMA-2 accounts to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

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 7.5% of banks' capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 12.5% 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.

Ombudsman scheme for customers of NBFCs

The RBI had under its Statement on Development and Regulatory Policies-February 2018 dated February 7, 2018 announced the proposed ombudsman scheme for NBFCs to provide cost-free and expeditious grievance redressal to customers of all NBFC-Ds and all NBFCs with customer interface having an asset size exceeding ₹1 billion ("Covered NBFCs").

The RBI has on February 23, 2018 introduced the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the "Scheme"). The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by certain categories of NBFCs registered with the RBI to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The Scheme provides for the appointment by RBI of one or more officers not below the rank of general manager as ombudsmen (the "Ombudsmen") for a period not exceeding three years at a time, to carry out the functions entrusted to Ombudsmen under the Scheme. The Scheme describes the nature of complaints which any person could file with an Ombudsman alleging deficiency in services by an Covered NBFC, which include inter alia failure to convey in writing the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide adequate notice on proposed changes being made in the sanctioned terms in vernacular or a language understood by the borrower, levying of charges without adequate prior notice to the borrower/customer and failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues. The complaints may be settled by the Covered NBFC within a specified period or may be decided by an award passed by Ombudsman after affording the parties a reasonable opportunity to present their case, either in writing or in a meeting. Where the Ombudsman decides to allow the complaint, the award passed is required to contain the direction/s, if any, to the Covered NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the Covered NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the Covered NBFC. The Covered NBFC is required to implement the settlement arrived at with the complainant or the award passed by the Ombudsman when it becomes final and send a report in this regard to the RBI within 15 days of the award becoming final. The Ombudsman is required to send a report to the RBI governor annually (as on June 30 every year) containing general review of the activities of his office during the preceding financial year and provide such other information as may be required 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 lakhs, irrespective of whether they are accepting/holding public deposits or not, or holding public deposits of ₹2,000 lakhs 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 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 lakhs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹10 lakhs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹10 lakhs. 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.

RBI Notification dated December 3, 2015 titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015.

Master Direction - Information Technology Framework for the NBFC Sector

The RBI issued these directions on June 8, 2017. The directions focus on the governance of information technology ("IT") framework, audit of information systems, outsourcing of IT services, business continuity planning and the formulation of IT and cyber security policies for non-deposit taking NBFCs. The primary objective of these directions is to enhance the safety, security and operational efficiency of NBFCs. The board of directors and the executive management of an NBFC-SI are responsible for effective IT governance. NBFC-SI must constitute an 'IT Strategy Committee', comprising an independent director as the chairman, a chief information officer ("CIO"); and a chief technology officer ("CTO"). The IT Strategy Committee must meet at least twice a year. All deliberations/ recommendations of the IT Strategy Committee are to be placed before the board of directors of the NBFC-SI. The NBFC-SI must formulate an 'Information Security Policy', duly approved by its board of directors. An NBFC-SI must undertake a comprehensive risk assessment of its IT systems, on an annual basis. The assessment should analyse the existent/ anticipated threats to the IT assets and the existing security controls and processes of the NBFC-SI. The risk assessment should be brought to the notice of the Chief Risk Officer ("CRO"), CIO and the board of directors of the NBFC. An NBFC-SI must formulate a 'Cyber Crisis Management Plan', entailing preventive and corrective measures to be undertaken by the NBFC-SI upon the occurrence of a cyber threat/ intrusion. An NBFC-SI must realign its IT systems on a regular basis with the changing needs of its customers and business. For this purpose, an NBFC-SI must formulate a 'Change Management Policy'. NBFC-SI must also adopt an 'Information System Audit Framework', duly approved by its board of directors. The information system audit shall identify risks and methods to mitigate risk arising out of IT infrastructure such as server architecture, local and wide area networks, physical and information security, telecommunications etc. Apart from these policies, the NBFC-SI may enter into outsourcing arrangements with service providers vis-à-vis its IT related business, subject to the approval of the board of directors of the NBFC-SI. Additionally, NBFC-SIs must consider using digital signatures to protect the authenticity and integrity of important electronic documents and with respect to high value funds transfer and conduct regular user trainings and information security awareness programs. With respect to NBFC-SIs using mobile financial services, the Directions suggest that an appropriate mechanism be devised to provide end-to-end encryption of information assets that are used by mobile applications to provide services to customers.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

The RBI issued these directions on November 9, 2017 for all NBFCs. Outsourcing is defined as the NBFC's use of a third party either an affiliated entity within a corporate group or an entity that is external to the corporate group to perform activities on a continuing basis that would normally be undertaken by the NBFC itself, now or in the future. Outsourced financial services include applications processing loan origination, credit card, document processing, marketing and research, supervision of loans, data processing and back office related activities, besides others. Some key risks in outsourcing are Strategic Risk, Reputation Risk, Compliance Risk, Operational Risk, Legal Risk, Exit Strategy Risk, Counterparty Risk, Country Risk, Contractual Risk, Access Risk, Concentration and Systemic Risk. The NBFC outsourcing its activities must ensure sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from such outsourced activities. These directions are not applicable to technology-related issues and activities not related to financial services, such as usage of courier, catering of staff, housekeeping and janitorial services, security of the premises, movement and archiving of records, etc. NBFCs which desire to outsource financial services would not require prior approval from RBI. However, such arrangements would be subject to on-site/ off- site monitoring and inspection/ scrutiny by RBI. An NBFC intending to outsource any of its financial activities shall put in place a comprehensive outsourcing policy, approved by its board, which incorporates, inter alia, criteria for selection of such activities as well as service providers, delegation of authority depending on risks and materiality and systems to monitor and review the operations of these activities. In considering or renewing an outsourcing arrangement, appropriate due diligence shall be performed to assess the capability of the service provider to comply with obligations in the outsourcing agreement. NBFCs shall consider whether the service providers' systems are compatible with their own and also whether their standards of performance including in the area of customer service are acceptable to it. The NBFC shall have in place a management structure to monitor and control its outsourcing activities. It shall ensure that outsourcing agreements with the service provider contain provisions to address their monitoring and control of outsourced activities.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI")

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the

measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-day notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the secured creditor proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-day notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹100 lakhs, agricultural land and any case where the amount due is less than 20.00% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 ("**Code**") consolidates laws relating to insolvency, reorganisation and liquidation/ bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships ("**LLPs**"). The Code has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The Code prescribes a timeline of 180 days for the insolvency resolution process, which begins from the date the application is admitted by the NCLT. During this period, the creditors and the debtor shall negotiate and finalise a resolution plan (accepted by 75% of the financial creditors) and in the event, they fail, the debtor is placed in liquidation and the moratorium lifted. The Code stipulates an interim-moratorium period which would commence after filing of the application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company or be involved in the promotion or management of a company during the moratorium period.

The Securities Contracts (Regulation) Act, 1956, as amended ("SCRA"), and the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR")

The SCRA regulates securities transactions and other related matters. The SCRA governs all grants of recognition for Indian stock exchanges by the central government, corporatisation and demutualisation of stock exchanges and regulation of the stock exchanges, including the regulatory framework governing bylaws of stock exchanges and the circumstances governing withdrawal of recognition. The SCRA also establishes the legal framework governing contracts and options in securities, conditions for listing, delisting and dealing in securities. Additionally, the SCRA has an appeal process that provides for the right to appeal any determination to the securities appellate tribunal, which precludes the jurisdiction of civil courts in India. The SCRR sets forth the rules of procedure with respect to the listing of securities, the grounds for delisting of securities, continuous listing requirements, qualifications for membership of recognised stock exchanges and the submission of periodical returns by recognised stock exchanges with SEBI.

Laws relating to employment

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 and safety measures and wages for overtime work.

Labour Laws

Our Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Laws relating to intellectual property

The Trade Marks Act, 1999 and the Indian Copyright Act, 1957 *inter-alia* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

Miscellaneous

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 ("FEMA 20")

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion ("**DIPP**"), GoI which is regulated by the relevant ministries of the GoI. The RBI, in exercise of its power under the FEMA, has notified FEMA 20 to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. FEMA 20 lays down that no prior consent and approval is required from the RBI for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the relevant ministry/ministries of the Government and/or the RBI.

Foreign Direct Investment ("FDI")

FDI in an Indian company is governed by the provisions of the FEMA read with FEMA 20 and the FDI Policy. 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. Under the approval route, prior approval from the relevant ministry/ministries of the Government or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route. Further, as per the sector specific guidelines of the Government, 100% FDI/NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

In addition to the above, our Company is required to comply with the provisions of the Companies Act, 2013, the Foreign Exchange Management Act, 1999, various tax related legislations and other applicable statutes.

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, 2013, the provisions of the Companies Act, 1956 and the Companies Act, 2013, as applicable, 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 Muthoottu Mini Financers Limited
- (2) "The Seal" means the Common Seal of the Company.

Table "A" not to apply

(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.
- (e) 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 -

- (i) to convert such debentures or loans into shares in the company, or
- (ii) 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, instalments, 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 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 instalments 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 instalments. 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.

Instalments 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 instalments, every such instalment 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 instalments and calls due in respect of such shares.

When interest on call or instalment payable

39. If the sum payable in respect of any call or instalment 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 instalment 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.

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, 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

62. (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 instalments 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 alter 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.
- (1) 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 whole-time 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

(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 be resolution vest in such Managing 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

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

(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

- (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

- (a) Subject to the provisions of the Act, if the Company shall be would 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 would 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

(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

- (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 this 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 this Prospectus with the Stock Exchange until the Issue Closing Date.

Material Contracts

- 1. Agreement dated February 19, 2019 between the Company and the Lead Manager;
- 2. Agreement dated January 28, 2019 between the Company and the Registrar to the Issue;
- 3. Agreement dated February 25, 2019 between the Company and Vistra ITCL (India) Limited, the Debenture Trustee;
- 4. Agreement dated March 11, 2019 executed by the Company, the Registrar, the Public Issue Account Bank and the Lead Manager;
- 5. Syndicate Agreement dated March 11, 2019 executed between the Company and the Syndicate Members;
- 6. Tripartite Agreement dated January 30, 2014 between CDSL, the Company and the Registrar to the Issue; and
- 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 of 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. Certificate of registration (no. N-16.00175) dated April 13, 2002 issued by RBI under Section 45IA of the Reserve Bank of India Act, 1934. Fresh certificate of registration issued by RBI on January 1, 2014, pursuant to the change of name of our Company from 'Muthoottu Mini Financiers Private Limited' to 'Muthoottu Mini Financiers Limited';
- 5. Certificate of registration bearing registration no. CA0122 issued by IRDAI, with effect from April 1, 2016, under Section 42D (1) of the Insurance Act, to act as a "Corporate Agent (Composite)";
- 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, renewed on August 21, 2017;
- 7. Rationale dated August 14, 2018 from India Ratings & Research Private Limited, granting credit rating to the NCDs to be issued pursuant to this Issue, and the consent letter of India Ratings & Research Private Limited to include such rationale in respect of the credit rating issued for the NCDs to be issued pursuant to this Issue;
- 8. Copy of the Board Resolution dated July 23, 2018 approving the Issue;

- 9. Copy of the 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;
- 10. Copy of the resolution of the Debenture Committee dated February 26, 2019 approving the Draft Prospectus;
- 11. Copy of the resolution of the Debenture Committee dated March 12, 2019 approving this Prospectus;
- 12. Consents in writing of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, legal advisor to the Issue, Lead Manager, the Registrar to the Issue, Credit Rating Agency, the Bankers to our Company, the Debenture Trustee, IRR, the lenders to the Company, Public Issue Account Bank, Refund Bank, and the Syndicate Member to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013. Further such consents have not been withdrawn up to the time of delivery of this Prospectus with the RoC;
- 13. Our Company has received written consent from the Statutory Auditor, namely Vishnu Rajendran & Co., to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the (a) Reformatted Financial Report dated January 31, 2019, (b) Limited Review Report dated November 12, 2018, and (c) its report dated February 21, 2019 on the statement of tax benefits, included in this Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus;
- 14. The Limited Review Report of the Statutory Auditors dated November 12, 2018, on Limited Review Financial Statements for the six month period ended on September 30, 2018;
- 15. The examination report of the Statutory Auditors dated January 31, 2019, in relation to the Reformatted Summary Financial Statements included herein;
- 16. Annual Reports of the Company for the last five Financial Years ending March 31, 2014 to March 31, 2018;
- 17. A statement of tax benefits dated February 21, 2019 issued by Statutory Auditors regarding tax benefits available to us and our Debenture Holders;
- 18. Due diligence certificate dated March 12, 2019 filed with SEBI by the Lead Manager; and
- 19. In-principle listing approval letter dated March 7, 2019 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 and other relevant statutes.



DECLARATION

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act, 2013, the Companies Act, 1956 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 (Issue and Listing of Debt Securities) Regulations, 2008, as amended, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies 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 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 Prospectus does not contain any misstatements.

Signed by the Directors of our Company

Name: Mathew Muthoottu

Designation: Managing Director

Name: Nizzy Mathew

Designation: Chairman and Wholetime Director

Name: M.S. Rajagopal

Designation: Additional Director

Date: March 12, 2019

Place: Cochin

Name: Thomas

Designation: Non-Executive and Independent Director

Name: Krishnakumar KR

Designation: Non-Executive and Independent Director

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 day a year basis on the principal outstanding on the NCDs for Options II, IV and VI which have tenors on cumulative basis.

For Options I, III and V 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. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the 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.

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 NCD Holders.

INVESTORS SHOULD NOTE THAT THIS EXAMPLE IS SOLELY FOR ILLUSTRATIVE PURPOSES AND IS NOT SPECIFIC TO THE ISSUE

Company	Muthoottu Mini Financiers Limited		
Face Value	₹1,000		
Day and Date of Allotment (tentative)	Monday, April 22, 2019		
Options	III IV		
Tenure	36 months 36 months		
Coupon (%) for NCD Holders in Category I, II and III	9.75% NA		
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly Cumulative		
Day Count Convention	Actual / Actual		

Option III

Company	Muthoottu Mini Financiers Limited
Face Value	₹1,000
Day and date of Allotment (tentative)	Monday, April 22, 2019
Tenure	36 months
Coupon (%) for NCD Holders in Category I,II and III	9.75%
Frequency of the Interest Payment with specified dates starting	Monthly
from date of allotment	
Day Count Convention	Actual / Actual

		No. of days in	Amount
Cash flow	Date of interest/redemption payment ⁽²⁾	Coupon/maturity period	(in ₹)
1 st coupon	Saturday, June 1, 2019	40	10.68
2 nd coupon	Monday, July 1, 2019	30	8.01
3 rd coupon	Thursday, August 1, 2019	31	8.28
4 th coupon	Monday, September 2, 2019	32	8.55
5 th coupon	Tuesday, October 1, 2019	29	7.75
6 th coupon	Friday, November 1, 2019	31	8.28
7 th coupon	Monday, December 2, 2019	31	8.28
8 th coupon	Wednesday, January 1, 2020	30	7.99
9 th coupon	Saturday, February 1, 2020	31	8.26
10 th coupon	Monday, March 2, 2020	30	7.99
11 th coupon	Wednesday, April 1, 2020	30	7.99
12 th coupon	Friday, May 1, 2020	30	7.99
13 th coupon	Monday, June 1, 2020	32	8.52
14 th coupon	Wednesday, July 1, 2020	30	7.99

		No. of days in	Amount
Cash flow	Date of interest/redemption payment ⁽²⁾	Coupon/maturity period	(in ₹)
15 th coupon	Saturday, August 1, 2020	31	8.26
16 th coupon	Tuesday, September 1, 2020	31	8.26
17 th coupon	Thursday, October 1, 2020	30	7.99
18 th coupon	Monday, November 2, 2020	32	8.52
19 th coupon	Tuesday, December 1, 2020	29	7.73
20 th coupon	Friday, January 1, 2021	31	8.28
21 th coupon	Monday, February 1, 2021	31	8.28
22 th coupon	Monday, March 1, 2021	28	7.48
23 th coupon	Thursday, April 1, 2021	31	8.28
24 th coupon	Saturday, May 1, 2021	30	8.01
25 th coupon	Tuesday, June 1, 2021	31	8.28
26 th coupon	Thursday, July 1, 2021	30	8.01
27 th coupon	Monday, August 2, 2021	32	8.55
28 th coupon	Wednesday, September 1, 2021	30	8.01
29 th coupon	Friday, October 1, 2021	30	8.01
30 th coupon	Monday, November 1, 2021	31	8.28
31 th coupon	Wednesday, December 1, 2021	30	8.01
32 th coupon	Saturday, January 1, 2022	31	8.28
33 th coupon	Tuesday, February 1, 2022	31	8.28
34 th coupon	Tuesday, March 1, 2022	28	7.48
35 th coupon	Friday, April 1, 2022	31	8.28
36 th coupon	Thursday, April 21, 2022	20	5.34
Principal	Thursday, April 21, 2022		1000.00
Maturity value	Thursday, April 21, 2022	-	1000.00

Option IV

Company	Muthoottu Mini Financiers Limited
Face Value	₹1,000
Day and Date of Allotment (tentative)	Monday, April 22, 2019
Tenure	36 months
Redemption Amount (₹/NCD) for NCD Holders in Category III and	1,339.00
Ш	
Frequency of the Interest Payment with specified dates starting from	Cumulative
date of allotment	
Day Count Convention	Actual / Actual

Cash flow	payment ⁽²⁾		Amount (in ₹)
Principal/Maturity value	Thursday, April 21, 2022	1,096.00	1,339.00

NOTES:

- 1. Effect of public holidays has been ignored as these are difficult to ascertain for future period.
- 2. As per SEBI circular no. CIR/IMD/DF-1/122/2016, dated November 11, 2016, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on the days when the money market is functioning in Mumbai. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next day, which will be the day on which money market in Mumbai is functioning has been considered as the effective interest payment date. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. However, if the redemption date of the debt securities falls on non-Working Day, the redemption proceeds shall be paid on the previous Working Day.
- 3. Deemed Date of Allotment has been assumed to be Monday, April 22, 2019.
- 4. The last coupon payment will be paid along with maturity amount at the redemption date.



ANNEXURE II - RATING RATIONALE

Please turnover for the rationale.

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India Ratings & Research

Ms. Ann Mary George Chief Financial Officer, Mini Mathootta Tech Towers, Kaloor, Cochin 682017, Kerala, India.

19th February 2019.

Dear Ms. George,

Please find the attached copy of rating rationale released by India Ratings as on 14th August 2018.

Thanks

Regards,

Rese Shrikant Dev (Compliance Officer)

India Ratings & Research Private Limited — A Flich Group Company Workhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 Tel: +91 22 4000 1700 | Flax, 191 22 4000 1701 | CIN/LLPIN: U67100MI11995FTC140642 || www.indiaratings.cu.in |



India Ratings Affirms Muthoottu Mini Financiers' Bank Loans and NCDs at 'IND BBB-'/Stable

14

India Ratings & Research

AUG 2018

By <u>Jinay Gala</u>

India Racings and Research (Ind-Ra) has affirmed Muthoottu Mini Financier's Lymited's (MMFL) pank inans and now convertible dependures (NCDs) as follows:

Tostrument Type	Date of Essuance	Coupon Rate	Maturity Date	Size of tesue (million)	Rating/Outlook	Rating Action
Bank loans		-	Ä	JNR5,000	IND 868-/Stable	Affirmed
NODs*		-	2	INR2,925 (reduced from INR4,885)	IND B88-/Stable	Affirmed
NCDs*#	1 87%	2		INR2,080	IND 888-/Stable	Assigned

*Details in Annexure Ayet to be issued

KEY RATING DRIVERS

Capital Infusion Strengthens Capitalisation: MMFL received an equity infusion of INR0.4 billion in FY18 from its promoters, strengthening its capitalisation (capital adequacy raiks, FY18; 33.9%, FY17; 24.6%). The promoters are planning to infuse a similar amount in FY19, with additional equity provision, if required. However, a sizeable part of this capital is locked in the form of fixed assets, Encod asset to equity stood at 47.3% in FY18 (FY17; 59.2%).

Inhorent Business Strengthes: MMFL has an experience of two decades in operating a gold finance business in the highly isompetitive markets of Kerala and Tamil Nadu. The rating factors in the inherent strength of the business, where collateral is highly liquid in nature.

Stable Asset Quality: In FY18, MMFL's gross non-performing assets improved to 2%, despite inigration to 90dpd NPA recognition). Pre-provision operating buffer stood at 1.1% to the total average assets in FY18 (FY17: 2.4%). The migration to 90dpd and a shorter tenor product have led to a reduction in lending yields

India Ratifigist Research Frederic Mitter metherer Republic of the any

WockNardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Muimbul 400 051 feli +91 22 4000 1700 || Faz: +91 22 4000 1701 || CIN/LLPIN_U67100MH1995FTC140049 || www.indiatatings.com



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India Ratings & Research

Stable Liguidity **8. Funding Mix Yet to Diversify:** The company has a matched asset-fability profile, with around 23.9% of the total INR12.4 billion debt (at end-March 2018) due for repayment within one year. While MMPL has stopped salang new private placet debentures, it still depends on public NODs (69%) for funding its requirement. Its growth plans and liquidity situation could come under pressure if funds are not raised through the market route.

The ratings are constrained by MMFL's low operating efficiency (asset under management/branch at INR21 million), limited diversification in funding profile and the improvement required in its regulatory compliance. The management is rationalising branches (FYL8: 767 branches; FYL7: (86 branches) to improve cost efficiency and asset under management/branch: this would drive improvement in profileability and internal accruais over the medium term.

Internal Controls & Systems still Evolving: MMFL's internal processes are shill evolving, largely those for capturing, munifuring and processing the branch level activities. The company is creating a unique identity code for customers for linking them to Aadhar. The recent Reserve Bank of India (RBI) Inspection has raised concerns over MMFL's modest IT systems and few operational issues pertaining to the processes of auction and customer identification along with control on branch activities. In this context, MMFL is reviewing its internal processes and has appointed an external IT consultant to change legacy systems. Ind-Ra would montor progress on NMFL's internal compliance and IT systems, and any adverse commont from the RBI would trigger a rating action.

MMFL bought fixed assets (land, office building and eight branches) worth INR2 fullion in March 2016 from the promoters using company funds. The company revalued the assets during 2017 on the RBP's direction at INR1.1 billion. Management expects the assets to be strategic in terms of growth prospects and useful for acting as collateral to avail bank luans. However, the fixed asset purchase by the company has reduced MMFL's ability to absorb liquidity risk.

Profitability Remains Weak: During FY18, MMFL's profilability was impacted (return on asset in FY18 at 0.7%; FY17: negative 3,4%), due to the closure of unviable branches, leading to shrinking of the loan brok try 18%.

High Operating Cost: MMEL's operating cost remains higher than peers', through the chilipping livis reduced its humber of branches, which has also led to a decline in the loan book resulting in lower efficiency in terms of assets under management/branch at INR21 million in FY18 (FY17: JNR22 million). The management is of the view that the rationalisation of MMEL's branch network is complete and it would open new branches in FY19 incrementally (FY19: 767; FY17: 886). This child seep operating expense elevated, thereby weakening profitability buffais in the medium term. The cost to increased to 82.5% in FY18 (FY17: 69.9%), due branch rationalisation and negative operating leverage playing due to the loan book reduction.

RATING SENSITIVITIES

Positive: Demonstrated ability to improve the efficiency of internal systems with improving MIS systems and increase control on branch vigilance; improvement in capital & profitability buffers along with lower operational cost and successful execution of growth strategy would be key drivers for a positive rating action. Also, diversification of the functing profile, including the ability to the up funding together, can lead to a positive rating action.

Negative: A negative rating action could also result from the mability to raise funds through new banking channels or public NCDs or a sharp rise in the delinquencies, which could construct capital as well as inquidity, or mability to inwinitain aboveaverage capital buffers. Also, any business coversification in terms of the acquisition of fixed visites or related party transactions which would lead to moving away from the key line of toxiness would lead to a valing review.

While internal systems and processes are evolving, any sudgen regulatory action due to non-compliance may also lead to a rating downgrade. Moreover, any change in the regulatory policy pertaining to gold loan companies would lead to a ringative rating action.

COMPANY PROFILE



India Ratings & Research

MMFL, a Kerala-based non-deposit taking non-banking finance company, lends against high-welding gold jewellery, which forms around 99% of the total loans.

FINANCIAL SUMMARY

Particulars	FY18	FY17
Total assets (INR indition)	19,835	23,114
Total equaty (UNR million)	4,263	3,716
Net profit (IMR million)	142	-811
Return nn assets (%)	D.7	-3.4
Equity/Asset (%)	21.5	16.1
Tier 1 capital (%)	22.3	16.2
Source: MMFL		

RATING HISTORY

Enstmanent Type	Current Rating/Outlook			Historical Rabing/Outlook			
	Rating Type	Rated Limits (million)	Rating	3 August 2017	9 November 2016	10 December 2015	
Bank loans	Long term	[NR5,000	IND BBB /Stable	IND BBB /Stable	IND B88;Negative	2	
NCDs	Long term	[NR4,928	IND BB8-/Stable	IND BBB /Stable	IND B88/Negative	IND BBB/Stable	

ANNEXURE

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Holurity Date	Size of Issue (million)	Rating/Outlook	Rating Action
NCD	INE101Q07110	6 August 2014	12.50	5 August 2017	INR511.15	WD	Withdrawn
NCD	JNE101Q07128	6 August 2014	13.00	5 August 2017	JNR72.17	WD	Withdrawn
NOD	IN€101Q07136	B August 2014	13.29	2 Noveniber 2017	INR.274.46	WD	withdrawn
NCD	INE101Q06019	8 August 2014	13.43	4 February 2020	INR496.30	IND BBB /Stable	Affirmed
NCD	[NE101Q07169	12 November 2014	11.75	11 November 2017	INR390.32	WD	Willinghawan
NCD	INE101Q07177	12 November 2014	12.28	12 May 2018	INR217.26	σw	Withdrawn
NCD	INE NULQOB027	12 November 2014	12.00	11 May 2020	INRL18.82	IND 888-/Stable	Affimited
NED	INE MLQ08043	12 November 2014	12.75	11 May 2020	INR25-22	IND 686-/Stable	Affirmed
NCU	INEL01Q08D50	12 November 2014	13.43	11 May 2020	JNR570.30	IND 888-/Stable	Affirmed
MCD	INE:01007201	7 April 2015	11.75	4 April 2018	INR425.15	WD	Withdrawn
NCD	INE101Q07219	7 April 2015	12.00	4 April 2018	INR65.79	WD	Withdrawn
NCD	INE101Q07227	7 April 2015	12.28	8 October 2018	INR 195, 74	IND BBB-/Stable	SARMARS

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Lail	1						
NCD	INE101Q08068	7 April 2015	12.00	7 December 2020	INRES1.11	IND B68-/Stable	AMirmec
NCD	INE101Q08076	7 April 2015	13-01	7 December 2020	INR533.80	IND BBB-/Slable	Affirmed
NCQ	INE101Q07326	27 January 2016	10.25	27 January 2019	[NR242.97	IND 888 /Stable	Affirmer:
NCD	INE101Q07334	27 January 2016	10.50	27 January 2019	IMR92.66	IND 866 /Stable	Affirmed
NCD	INE101Q07342	27 January 2016	10.22	27 March 2020	INR61.27	IND OBB//Slable	Affirmed
NCD	[NE101Q08084	27 January 2016	1D.50	27 July 2022	LNR 12/1-99	IND 888-/Stable	Affirmed
NCD	[NE101Q08092	27 January 2016	11.25	27 July 2022	(NR319-09	IND BBB//Slable	Attimed
NOD*]NR 2,000	(ND 888-/Stable	Assigned
Total					1MR4.926		

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit https://www.indiarabings.co.in/complexity-indicators-

SOLICITATION DISCLOSURES

Additional information is available at www.indioratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, findia Ratings has been compensated for the provision of the ratings.

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ABOUT INDIA RATINGS AND RESEARCH

About India Ratings and Research: India Ratings and Research (IndiAa) is India's must respected medit rating agency committed to providing India's credit markets accurate, timely and prospective medit opinions. Built on a foundation of Independent thinking, reparture analytics, and an open and balanced approach towards predit research, Indi-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Inri-Ral currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbar, Ind-Ka has seven branch offices its ated in Ahmedabad, Bengaluru, Chennal, Delhi, Hyderabad, Kolkata and Pune, Ind-Ka is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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For more information, visit WWW.IT/diarati/199.co.in.

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Applicable Criteria

Non-Bank Finance Companies Criteria Rating FI Subsidiaries and Holding Companies

Analyst Names

Primary Analyst

Jinay Gala

Senior Analyst

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