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 ("**NBFC**") 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; **PAN**: AABCM5994M; **E-mail**: cs@minimuthoottu.com; **Website**: www.muthoottumini.com
Registered Office and Corporate Office: 65/623-K, Muthoottu Royal Towers, Kaloor, Kochi, Kerala – 682 017; **Telephone:** +91 484 291 2100
Compliance Officer and Contact Person: Smitha K. S.; **E-mail**: cs@minimuthoottu.com; **Telephone:** +91 484 291 2178
Chief Financial Officer: Ann Mary George **Email**: annmary@muthoottumini.com; **Tel**: +91 484 291 2107

PUBLIC ISSUE BY OUR COMPANY OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹1,000 EACH, ("NCDS") AT PAR, AGGREGATING UP TO ₹12,500 LAKHS, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹12,500 LAKHS AGGREGATING UP TO ₹25,000 LAKHS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE". THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 AS AMENDED ("SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER, AS AMENDED. THE ISSUE IS NOT PROPOSED TO BE UNDERWRITTEN.

OUR PROMOTERS

Our Promoters are (i) Nizzy Mathew, **Email**: nizzy@muthoottu.com, **Tel**: +91 484 291 2102 and (ii) Mathew Muthoottu, **Email:** mathew@muthoottu.com, **Tel**: +91 484 291 2112. For further details see, "*Our Promoters*" on page 109.

GENERAL RISKS

Investment in debt securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, the Investors must rely on their own examination of the Issuer and the Issue, including the risks involved in it. Specific attention of the Investors is invited to the chapter titled "*Risk Factors*" on page 17 and "*Material Developments*" on page 234, before making an investment in this Issue. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the debt securities or investor's decision to purchase such securities. 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.

CREDIT RATING

Our Company has received rating of 'CARE BBB+'; Stable ('Triple B Plus; Outlook: Stable') by CARE Ratings Limited ("CARE Ratings") *vide* its letter dated March 8, 2022 and revalidation letter dated April 6, 2022 for the NCDs proposed to be issued pursuant to this Issue. The rating given by CARE ratings is valid as on the date of this Prospectus and shall remain valid on date of issue and Allotment of the NCDs and the listing of the NCDs on BSE. The rating of the NCDs by CARE Ratings indicate that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. The ratings provided by CARE Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and Investors should take their own decisions. Please refer to Annexure II on page 365 for the rationale and press release 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 251.

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 April 5, 2022. BSE is the Designated Stock Exchange for this Issue.

PUBLIC COMMENTS

The Draft Prospectus dated March 28, 2022 was filed with the BSE, pursuant to the provisions of the SEBI NCS Regulations and was kept open for public comments for a period until 5:00 pm on April 5, 2022.

LEAD MANAGER	DEBENTURE TRUSTEE*	REGISTRAR TO THE ISSUE
VIVRO FINANCIAL SERVICES PRIVATE LIMITED 607/608 Marathon Icon, Opp. Peninsula Corporate Park Off. Ganpatrao Kadam Marg, Veer Santaji Lane, Lower Parel, Mumbai – 400 013, Maharashtra, India **Telephone:** +91 22 6666 8040/41/42 **Facsimile:** +91 22 6666 8047 **Email**: investors@vivro.net **Website**: www.vivro.net **Investor Grievance Email**: investors@vivro.net **Contact Person**: Kruti Saraiya / Jay Shah	**MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED** ***(Formerly known as MITCON Trusteeship Services Limited)*** 1402/1403, B-Wing, 14th Floor, Dalamal Towers, Free Press Journal Marg, 211, Nariman Point, Mumbai – 400 021, Maharashtra, India **Telephone:** +91 22 2282 8200 **Email**: mitcontrustee@mitconindia.com **Website**: www.mitcontrustee.com **Investor Grievance Email**: trusteeinvestors@mitconindia.com **Contact Person**: Vaishali Urkude	**LINK INTIME INDIA PRIVATE LIMITED** C-101, 1st Floor, 247 Park L.B.S. Marg, Vikhroli West Mumbai – 400 083, Maharashtra, India **Telephone:** +91 22 4918 6200 **Facsimile:** +91 22 4918 6060 **Email**: mmfl2022.ncd1@linkintime.co.in **Website**: www.linkintime.co.in **Investor Grievance Email**: mmfl2022.ncd1@linkintime.co.in **Contact Person**: Shanti Gopalkrishnan

CREDIT RATING AGENCY	STATUTORY AUDITORS
CARE RATINGS LIMITED (Formerly known as Credit Analysis & Research Limited) Unit No O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai – 600 002 **Telephone:** + 91 44 2849 7812/0876/0811 **Email**: pradeep.kumar@careratings.com **Website**: www.careratings.com **Contact Person**: V. Pradeep Kumar	**RAMDAS & VENUGOPAL,** **Chartered Accountants** No. 7A, Green Park, Near Daya Hospital, Thirwambady P.O., Thrissur 682 022, Kerala **Telephone**: +91 487 2321 246/ 2331 246 **Email**: randvtcr@yahoo.co.in **Contact Person**: T.T. Shajan

ISSUE PROGRAMME

ISSUE OPENS ON WEDNESDAY, APRIL 20, 2022	ISSUE CLOSES ON TUESDAY, MAY 17, 2022**

** MITCON Credentia Trusteeship Services Limited (Formerly known as MITCON Trusteeship Services Limited), by its letter dated March 26, 2022, 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 Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of this Prospectus) as may be decided by the Board of Directors of our Company ("**Board**") or the Debenture Committee. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper and a regional newspaper in the state of Kerala, with wide circulation 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. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE*

A copy of this Prospectus and written consents of our Directors, our Chief Executive Officer, 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, Sponsor Bank, Credit Rating Agency, the legal advisor, the Bankers to our Company, the Debenture Trustee, IRR 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 360.

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Prospectus to "**Issuer**", "**our Company**", "**the 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 and Corporate Office situated at 65/623-K, Muthoottu Royal Towers, Kaloor, Kochi, Kerala – 682017

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.

Company Related Terms

Term	Description
AoA/ Articles/ Articles of Association	Articles of Association of our Company, as amended from time to time
Audited IGAAP Financial Statements 2019	Audited financial statements for financial year 2019 prepared in accordance with IGAAP
Auditor/ Statutory Auditor	M/s. Ramdas & Venugopal, Chartered Accountants
Asset Under Management / AUM	For nine months ended December 31, 2021 and for the year ended March 31, 2021 and March 31, 2020, AUM represents gross loans including interest receivables without considering the impact of impairment loss allowance and impact of effective interest rate in accordance with Ind AS For the year ended March 31, 2019 AUM represents aggregate value of outstanding loans including outstanding interest but before adjustment for provisions for NPA in accordance with IGAAP
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.
Debenture Committee	The committee of the Board of Directors of the Company constituted for the purposes of, *inter alia*, issuance of debentures of the Company. For further details, see "*Our Management*" on page 101.
Equity Shares	Equity shares of face value of ₹100 each of our Company
India Ratings	India Ratings and Research Private Limited
KMP/ Key Managerial Personnel	The key managerial personnel of our Company in accordance with the provisions of the Companies Act, 2013. For details, see "*Our Management*" on page 101.
Group Companies/ Muthoottu Mini Group	Muthoottu Mini Theatres Private Limited, Muthoottu Mini Hotels Private Limited, Mini Muthoottu Credit India 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, MM Nirman and Real Estate Private Limited and Mini Muthoottu Nidhi Kerala Limited.
Interim Unaudited Ind AS Financial Statements	The interim unaudited standalone Ind AS financial statements of our Company for the nine months period ended on December 31, 2021, comprising of the statement of assets and liabilities as at December 31, 2021, the statement of financial results and the statement of cash flow for the nine months period ended on December 31, 2021 including notes thereto.
Limited Review Report	Report dated February 14, 2022 on the Interim Unaudited Ind AS Financial Statements, prepared by the Statutory Auditors
Loan Assets	Assets under financing activities
Memorandum/ MoA/	Memorandum of association of our Company, as amended from time to time

Term	Description
Memorandum of Association	
NBFC	Non-banking financial company as defined under Section 45-IA of the RBI Act, 1934
Promoters	Nizzy Mathew and Mathew Muthoottu
Promoter Group	Includes the individuals and entities covered by the definition under Regulation 2(1)(ff) of the SEBI NCS Regulations.
Reformatted Ind AS Financial Statements/ Reformatted Financial Statements	The reformatted statement of assets and liabilities as of March 31, 2021 and March 31, 2020, and the schedules forming part thereof; reformatted statement of profits and losses for each of the years March 31, 2021 and March 31, 2020, and the schedules forming part thereof, and the reformatted statement of cash flows for each of the years ended March 31, 2021 and March 31, 2020, the reformatted statement of changes in equity, the statement of significant accounting policies, and other explanatory statements. The audited financial statements of the Company as at and for the years ended March 31, 2021 and March 31, 2020 prepared in accordance with Ind AS form the basis for such Reformatted Ind AS Financial Statements
Reformatted Ind AS Financial Report	The report dated March 26, 2022 on the Reformatted Ind AS Financial Statements, prepared by the Statutory Auditors of our Company
Registered Office and Corporate Office	The registered office and corporate office of our Company is situated at 65/623-K, Muthoottu Royal Towers, Kaloor, Kochi, Kerala – 682017
Risk Management Committee	The committee of the Board of Directors of the Company constituted for the purposes of *inter alia*, to assist the Board in the execution of its risk management accountabilities. For further details, see "*Our Management*" 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(s)	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 Supported by Blocked Amount/ 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 the relevant SCSB to block the Application Amount in the relevant ASBA Account and will include application made by UPI Investors using UPI where the Application amount will be blocked upon acceptance of UPI Mandate Request by UPI Investors, 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	A bank account maintained with an SCSB by an Applicant, as specified in the Application Form submitted by the Applicant for blocking the Application Amount mentioned in the relevant ASBA Form and includes a bank account maintained by a UPI Investor linked to a UPI ID, which is blocked upon acceptance of a UPI Mandate Request made by the UPI Investor using the UPI Mechanism
Base Issue	₹12,500 lakhs

Term	Description
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 294.
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms (including ASBA Forms under UPI in case of UPI Investors) 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 and updated from time to time
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
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 SEBI Operational 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 SEBI Operational Circular
Credit Rating Agency	For the present Issue, the credit rating agency being, CARE Ratings Limited ("Care Ratings")
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with this Prospectus. For further details, see "*Issue Structure*" on page 251.
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 March 24, 2022 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
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN, UPI ID, etc.
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, the Public Issue Account and Sponsor Bank Agreement and following which the Board, shall Allot the NCDs to the successful Applicants
Designated Intermediaries	The Members of the Syndicate, SCSBs, Registered Stock Brokers, 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 RTAs where Applicants can submit the Application Forms (including Application Forms by UPI Investors under the UPI Mechanism). The details

Term	Description
	of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the website of the Stock Exchange and updated from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act
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 March 28, 2022, filed with the Designated Stock Exchange and with SEBI for receiving public comments, in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations
DT Circular	Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 issued by SEBI on November 3, 2020, as amended from time to time
Existing Secured Creditors	Canara Bank, Union Bank of India, Dhanlaxmi Bank Limited, Punjab National Bank (erstwhile Oriental Bank of Commerce), State Bank of India, IndusInd Bank Limited, HDFC Bank Limited, Karur Vysya Bank, DCB Bank Limited, CSB Bank Limited, South Indian Bank Limited, Bank of Baroda, UCO Bank, IDBI Bank, Indian Bank, Punjab & Sind Bank 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	As specified in "*Issue Structure*" on page 251.
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, 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 ₹2,500 lakhs, superannuation funds and gratuity fund, which are authorised to invest in the NCDs, resident 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 non-banking financial companies
Issue	Public issue of NCDs by our Company aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs, on the terms and in the manner set forth herein
Issue Closing Date	Tuesday, May 17, 2022
Issue Opening Date	Wednesday, April 20, 2022
Issue Size	Public issue of NCDs by our Company aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 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

Term	Description
	which are authorised to invest in the NCDs, association of persons, scientific and/or industrial research organisations, which are authorised to invest in the NCDs, partnership firms in the name of the partners, limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs
Prospectus	This Prospectus dated April 18, 2022 filed with the RoC in accordance with the SEBI NCS Regulations, containing inter alia 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 (including under the UPI Mechanism) on the Designated Date
Public Issue Account Bank	HDFC Bank Limited
Public Issue Account and Sponsor Bank Agreement	The agreement dated April 8, 2022 entered into amongst our Company, the Registrar to the Issue, the Lead Manager, the Public Issue Account Bank, the Sponsor Bank for collection of the Application Amounts from ASBA Accounts under the UPI Mechanism and the Refund Bank for collection of the Application Amounts from ASBA Accounts, unblocking of funds in the ASBA accounts where applicable and where applicable remitting refunds, if any, to such 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 Date
Refund Account	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
Retail Investor Portion	Portion of Applications received from Category III of persons eligible to apply for the Issue which includes resident Indian individuals and Hindu undivided families through the Karta aggregating to a value not exceeding and including ₹5 lakhs
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. Additionally, the banks registered with SEBI, enabled for UPI Mechanism, 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

Term	Description
	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 current assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of our Company (not including reserves created in accordance with law, receivables of micro finance of the Company, fixed deposits and cash collateral over which exclusive charge is created) equal to the value one time of the debentures outstanding plus interest accrued thereon.
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form
Sponsor Bank	The Banker to the Issue registered with SEBI which is appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Requests and/or payment instructions of the UPI Investors into the UPI and carry out any other responsibilities, in terms of the SEBI Operational Circular in this case being, HDFC Bank Limited.
Stock Exchange	BSE Limited
Syndicate ASBA	Applications through the Designated Intermediaries
Syndicate ASBA Application Locations	Collection centres 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 which will be 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 slips 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 MITCON Credentia Trusteeship Services Limited (Formerly known as MITCON Trusteeship Services Limited)
UPI	Unified Payments Interface, is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing and merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank account
UPI ID	ID created on UPI for single-window mobile payment system developed by the NPCI
UPI Investor	An Applicant who applies with a UPI number whose Application Amount for NCDs in the Issue is upto ₹2,00,000
UPI Mandate Request	A request (intimating the UPI Investors, by way of a notification on the UPI application and by way of an SMS directing the UPI Investors to such UPI application) to the UPI Investors using the UPI Mechanism initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Application Amount in the relevant ASBA Account through the UPI, and the subsequent debit of funds in case of Allotment
UPI Mechanism	The optional bidding mechanism that may be used by UPI Investors to make Applications in the Issue, in accordance with SEBI Operational Circular and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time
UPI PIN	Password to authenticate UPI transaction
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

Term	Description
	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, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. 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 Saturday, Sundays and bank holidays in Mumbai, as per the SEBI NCS Regulations, 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
AFCs	Asset Finance Companies
ATS	All India Average Ticket Size
ALM	Asset Liability Management
ALCO	Asset Liability Committee
BFIL	Bharat Financial Inclusion Limited
CAD	Current Account Deficit
CIC	Core Investment Companies
CIC-ND-SI	Systemically Important Core Investment Company
CRAR	Capital-To-Risk-Weighted Assets Ratio
DFI	Development Finance Institutions
DPN	Demand Promissory Note
EMI	Equated Monthly Instalments
ETF	Exchange-Traded Fund
FIR	First Information Report
GDP	Gross Domestic Product
Gross Spread	Yield on the average minus the cost of funds
GDS	Gold Deposit Scheme
GFCE	Government Final Consumption Expenditure
GFCF	Gross Fixed Capital Formation
GIFT-IFSC	Gujarat International Financial Services Centre
GLP	Gross Loan Portfolio
GMS	Gold Monetisation Scheme
HFC	Housing Finance Company
IBE	International Bullion Exchange
ICs	Investment Companies
ICCs	Investment and Credit Companies
IDFC - NBFC	Infrastructure Debt Funds – NBFCs
IFCs	Infrastructure Finance Companies
IFSCA	International Financial Services Centres Authority
IMF	International Monetary Fund
Ind AS	Indian Accounting Standards
IGPC	India Gold Policy Centre
IRR	IRR Advisory Services Private Limited
IRR Report	Report titled "*Gold Loan Industry in India*", dated March 25, 2022, 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
LCs	Loan Companies
LOLR	Lender of Last Resort
LPA	Long Period Average
LTV	Loan to value
Master Directions	RBI's Master Direction – Non-Banking Financial Company – Systemically Important

Term	Description
	Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended
MFIs	Micro Finance Institutions
MFIN	Microfinance Institutions Network
MSMEs	Micro, Small and Medium Enterprises
MT	Million Tonnes
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NBFC-AA	NBFC-Account Aggregator
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
NBFC-MFIs	Non-banking financial company-microfinance institutions
NBFC-AA	NBFC-Account Aggregator
NBFIs	Non-banking Financial Institutions
NBFC-P2P	NBFC–Peer to Peer Lending Platform
NOF	Net Owned Fund
NPCI	National Payments Corporation of India
NPA	Non-Performing Assets
NOFHC	NBFC-Non-Operative Financial Holding Company
OGL	Online Gold Loans
PFCE	Private Final Consumption Expenditure
PMI	Purchasing Managers Index
PPP	Purchasing Power Parity
PSL	Priority Sector Lending
PMJDY	Pradhan Mantri Jan Dhan Yojana
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
Public Issue 7	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹11,672 lakhs pursuant to the prospectus dated March 12, 2019
Public Issue 8	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹13,203 lakhs pursuant to the prospectus dated July 29, 2019
Public Issue 9	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹17,593 lakhs pursuant to the prospectus dated January 14, 2020
Public Issue 10	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹19,791 lakhs pursuant to the prospectus dated May 29, 2020
Public Issue 11	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹14,971 lakhs pursuant to the prospectus dated September 7, 2020
Public Issue 12	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹14,253 lakhs pursuant to the prospectus dated November 2, 2020
Public Issue 13	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹21,644 lakhs pursuant to the prospectus dated January 11, 2021
Public Issue 14	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹13,405 lakhs pursuant to the prospectus dated March 25, 2021.
Public Issue 15	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000

Term	Description
	each aggregating to ₹23,358 lakhs pursuant to the prospectus dated August 13, 2021.
Public Issue 16	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹17,086 lakhs pursuant to the prospectus dated November 29, 2021.
R-GDS	Revamped Gold Deposit Scheme
R-GML	Revamped Gold Metal Loan Scheme
SFBs	Small finance banks
SME	Small and medium enterprises
SROs	Self-Regulatory Organizations
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; (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
TAT	Turnaround Time
TLTRO	Targeted Long-Term Repo Operation
WEO	World Economic Outlook
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
Companies Act, 1956	The erstwhile Companies Act, 1956
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
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India earlier known as Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DTH	Direct To Home
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings per share
FDI Policy	The Government policy, rules and the regulations (including the applicable provisions of the FEMA Non-Debt Rules) issued by the Government of India prevailing on that date in relation to foreign investments in our Company’s sector of business as amended from time

Term	Description
	to time
FEMA	Foreign Exchange Management Act, 1999
FEMA Non-Debt Regulations	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Debt Regulations	Foreign Exchange Management (Debt Instrument) Regulations, 2019
FPI	Foreign Portfolio Investors defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
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
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
OCI	Overseas Citizenship of India
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 NCS Regulations/ NCS Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended.
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2021
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Operational Circular	SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, as amended vide Circular no. SEBI/HO/DDHS/P/CIR/2021/0692 dated December 17, 2021, SEBI Circular no. SEBI/HO/DDHS/P/CIR/2022/0028 dated March 8, 2022 and SEBI Circular no. SEBI/HO/DDHS/P/CIR/2021/031 dated March 22, 2022.
SGST Act	State Goods and Services Tax Act, 2017, as enacted by various state governments

Term	Description
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*", "*History and Certain Other Corporate Matters*", "*Our Management*", "*Financial Statements*", "*Financial Indebtedness*", "*Issue Procedure*", "*Outstanding Litigations*", "*Key Regulations and Policies*", "*Summary of Main Provisions of the Articles of Association*" and on pages 45, 99, 101, 112, 237, 271, 301, 327 and 340 respectively will have the meanings ascribed to them in such chapters.

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

General Risk

Investment in debt securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it.

Specific attention of investors is invited to statement of risk factors contained under section "*Risk Factors*" on page 17. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the debt securities or investor's decision to purchase such securities.

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 "financial year" are to the financial 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 Interim Unaudited Ind AS Financial Statements for nine months ended December 31, 2021, Audited Ind AS Financial Statements for financial year ended March 31, 2021 and March 31 2020 is prepared in accordance with Ind AS, applicable standards and guidance notes specified by the ICAI, the Companies Act and financial statements for the year ended March 31, 2019 has been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act and other applicable statutory and / or regulatory requirements.

The Reformatted Ind AS Financial Statements of our Company included in this Prospectus are derived from the audited financial statements prepared in accordance with Ind AS for March 31, 2021 and March 31, 2020. The Ministry of Corporate Affairs ("**MCA**"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled 50 commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. The notification further explains that NBFCs whose equity and/or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having a net worth of less than ₹50,000 lakh, shall comply with Ind AS for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending on March 31, 2019 or thereafter. Accordingly, Ind AS is applicable to our Company with effect from April 1, 2019.

The Interim Unaudited Ind AS Financial Statement along with Limited Review Report and Reformatted Ind AS Financial Statements along with examination report are included in this Prospectus, as issued by our Statutory Auditor, Ramdas & Venugopal, Chartered Accountants and the Audited IGAAP Financial Statements 2019 are also included in this Prospectus, as issued by our erstwhile statutory auditor, Vishnu Rajendran & Co., Chartered Accountants, in the chapter titled *"Financial Statements"* on page 112.

Unless stated otherwise, the financial data in this Prospectus is derived from the (i) Reformatted Ind AS Financial Statements and (ii) Audited IGAAP Financial Statements 2019 (iii) the Interim Unaudited Ind AS Financial Statements for the nine-month period ended December 31, 2021. The audited financial statements of our Company for financial year ended March 31, 2021 and March 31, 2020, prepared in accordance with Ind AS and the Companies Act, 2013 form the basis of such Reformatted Ind AS Financial Statements.

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.

Our Reformatted Ind AS Financial Statements reported under Ind AS may not be directly comparable with Audited IGAAP Financial Statements 2019, including those disclosed in this Prospectus. We would urge you to consult your own advisors regarding the differences between Indian GAAP and Ind AS and the impact of such differences on our financial data included in this Prospectus.

There are significant differences between Indian GAAP, Ind AS, 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 or Ind AS financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP or Ind AS, as the case maybe. 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", dated March 25, 2022, prepared and issued by IRR Advisory Services Private Limited ("**IRR Report**"). Please refer to "*Industry Overview*" on page 53 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. 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, pandemics, 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 17.

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 17, 53 and 80, respectively.

By their nature, certain market risk disclosures are only estimate 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

The following are some of the important factors that could cause actual results to differ materially from the Company's expectations:

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 80 and "Financial Statements" on page 112 before making an investment decision. The following are the risks envisaged by the management of the Company relating to the Company, the NCDs and the market in general. Potential investors should carefully consider all the risk factors stated in this Prospectus in relation to the NCDs for evaluating the Company and its business and the NCDs before making any investment decision relating to the NCDs. The Company believes that the factors described below represents the principal risks inherent in investing in the NCDs but does not represent that the statements below regarding the risks of holding the NCDs are exhaustive. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Potential investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. 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.

If any one of the following stated risks actually occurs, the Company's business, financial conditions and results of operations could suffer and, therefore, the value of the Company's NCDs could decline and/or the Company's ability to meet its obligations in respect of the NCDs could be affected. More than one risk factor may have simultaneous affect with regard to the NCDs such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No prediction can be made as to the effect that any combination of risk factors may have on the value of the NCDs and/or the Company's ability to meet its obligations in respect of the NCDs.

These risks and uncertainties are not the only issues that the Company faces. These risk factors are determined on the basis of their materiality. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be immaterial may also have a material adverse effect on its financial condition or business. Unless specified or quantified in the relevant risk factors, the Company is not in a position to quantify the financial or other implications of any risk mentioned herein below.

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 Reformatted Financial Statements

Internal Risk Factors

1. ***The impact of the COVID-19 pandemic on our business and operations is uncertain and cannot be predicted.***

   In late 2019, the COVID-19 disease, commonly known as "novel coronavirus", was first reported in Wuhan, China. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020 it was declared a pandemic. However, with the advent of vaccines, the pandemic is slowly being brought in control and the number of cases are declining and expected to come down further in the coming months. We continue to monitor developments closely.

   The COVID-19 second wave and third wave also minimally impacted the business of the Company. Lockdowns imposed were territory based and therefore did not impediment the business as in the first wave when a nation-wide lockdown was declared. As on the date of this Prospectus the covid situation in the Company is well in control and the operations are in full swing.

2. ***We are 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, 2019. Subsequently, RBI vide a letter dated February 19, 2020 ("**Letter**"), observed certain supervisory concerns, which inter alia included matters with regard to (a) adherence to applicable guidelines by our Company during the auctioning process of gold; (b) adherence to KYC guidelines; (c) issues pertaining to the fair practice code; (d) ensuring compliance with corporate governance requirements; (e) inadequacy of our Company's MIS and lack of system generated data for inspection; (f) disclosure of related party transactions in the Audit Committee; (g) not complying with the reporting all the frauds below ₹1 lakh to the Board/Audit Committee. Due to the dislocations caused in our office on account of the COVID-19 situation, there was a delay in submitting our response to the Letter within the stipulated time. Our Company subsequently filed a letter with the RBI on May 22, 2020, replying to the observations made in the Letter (“**Response**”). Thereafter, RBI through their emails on June 11, 2020, November 4, 2020 and January 20, 2021 (“**Emails**”) sought further compliances to the Response submitted by our Company in relation to the Letter, which our Company subsequently responded on August 19, 2020, December 12, 2020 and February 16, 2021 respectively. Our Company received a further compliance letter from RBI on March 4, 2021, in relation to our response on February 16, 2021. The Company has submitted its response on April 15, 2021.

In the event we are unable to resolve such deficiencies to the satisfaction of the RBI, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition and reputation.

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, statutory and regulatory proceedings, 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 301.

4. ***We do not own the trademark we have been authorised to use it 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 with validity till April 30, 2029. We had been authorised to use this trademark on a non-exclusive, non-assignable basis by way of letter dated May 2, 2009 which was revalidated by a letter dated July 30, 2020 (“**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 intellectual property are subject to litigations. For further details of the legal proceedings that we are subject to, please refer to the chapter titled “*Outstanding Litigations*” on page 301.

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 at low costs. 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 depend on various factors like 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 (excluding interest thereon), ₹ 1,49,052.19 lakhs, issued by our Company as of March 31, 2022, non-convertible debentures amounting to ₹ 42,403.76 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. Interest Income is the largest component of our total income, and constituted 98.52%, 98.57%, 98.62%, and 98.78% of our total income for the nine-month period ended on December 31, 2021, and for the Fiscals 2021, 2020 and 2019, 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 the 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 March 31, 2022, 70.12% 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.

Any mismatch between the yield on an assets and the cost of our funds due to market action/factors could have an impact on our profitability.

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.

There is increased competition from other lenders in the gold loan industry, including commercial banks and other NBFCs, who also have access to funding from customers' in the form of savings and current deposits. We rely on higher cost loans and debentures for our funding requirements, which could reduce our margins. Our ability to compete effectively will depend on our ability to raise low cost funding. 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.

The competition in the gold loan industry has increased in 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 an 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 AUM, 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 AUM. 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 AUM 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 for the nine-month period ended on December 31, 2021, for the Fiscals ended March 31, 2021, March 31, 2020, and March 31, 2019, was ₹ 1981.75 lakhs, ₹1,721.16 lakhs, ₹3,190.14 lakhs and, ₹2,987.43 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 non-performing assets that we will be able to recover will be similar to our past experience of recoveries of non-performing 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, 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 March 31, 2022, we had an outstanding debt (including interest on bank borrowings and excluding interest on debentures) of ₹ 2,39,650.15 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 arrangement 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 March 31, 2022, 97.89% of our branches i.e., 796 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 96.81% of our total gold loan portfolio as of December 31, 2021. For details, please refer to "*Our Business*" on page 80. 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 March 31, 2022, we have been sanctioned working capital limits of ₹ 5,000 lakhs from South Indian Bank, ₹ 10,000 lakhs from Union Bank of India, ₹ 7,500 lakhs from IndusInd Bank, ₹4,900 lakhs from Dhanlaxmi Bank Limited, ₹5,000 lakhs from Punjab National Bank (erstwhile Oriental Bank of Commerce), ₹ 5,000 lakhs from State Bank of India, ₹ 5,200 lakhs from HDFC Bank Limited, ₹ 2,500 lakhs from Karur Vysya Bank, and ₹1,500 lakhs from DCB Bank Limited, ₹2,000 lakhs from UCO Bank, ₹4,000 lakhs from IDBI Bank, ₹1,000 lakhs from Indian Bank and term loans of ₹ 15,000 lakhs from Canara Bank, ₹ 3,000 lakhs from CSB Bank Limited, ₹3,500 from Bank of Baroda, ₹ 2,500 lakhs from Karur Vysya Bank, ₹ 5,000 lakhs from Indian Bank, ₹ 2,500 lakhs from Punjab & Sind Bank. 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 gold loans are of tenors not exceeding 1 year, and a failure to disburse new loans may result in a reduction of AUM and a corresponding interest income would decline.***

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.

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

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

18. ***We are in receipt of an email from BSE levying a fine for a delayed compliance with a provision of the SEBI Listing Regulations. Any future instances of a delay in compliance with the requirements of SEBI Listing Regulations may lead to adverse actions being taken against our Company.***

Our Company is in receipt of an email from BSE dated March 5, 2021, wherein BSE has levied a fine of ₹2,360 (inclusive of applicable GST) on our Company for a delay of two (2) days in furnishing the quarterly report on investor grievances for the quarter ended December 31, 2020, which in accordance with Regulation 13(3) of the SEBI Listing Regulations was required to be filed within a period of twenty one (21) days from the end of the relevant quarter, i.e., by January 21, 2021. Our Company, pursuant to its response dated March 6, 2021, submitted to BSE that our Company had filed the relevant report on investor grievances on January 23, 2021 and that the delay of a period of two (2) days was on account of a technical reason, as our Company did not receive the quarterly report from the Registrar within the stipulated time period. Further, our Company has also confirmed that it has paid the levied fine of ₹2,360 (inclusive of applicable GST) and has completed the rectification of the requisite compliance by submission of the relevant information to BSE. Any such future instances of delayed compliances could result in an adverse action being taken against our Company and could have a material adverse impact on our Company's business and reputation.

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. ***One of our Group Companies is in receipt of a letter dated January 13, 2020 from the Registrar of Companies, Kerala & Lakshadweep ("RoC") in relation to an ongoing investigation. Any adverse findings by the RoC in this regard, could have a detrimental impact on the reputation of our Group, our common Promoters and Directors.***

Mini Muthoottu Nidhi Kerala Limited ("**MMNL**"), one of our Group Companies, received a letter dated January 13, 2020 from the RoC ("**Letter**"), in relation to an investigation conducted under Section 210 (1)(a) and 210 (1)(c) of the Companies Act ("**Investigation**"). In this regard the Central Government has appointed the RoC, along with Deputy Official Liquidator, Kerala and the Deputy Registrar of Companies, Kerala as inspectors ("**Inspecting**

Officers”). Vide the Letter, the Inspecting Officers have sought certain information and documents from MMNL. MMNL, vide its letter dated January 28, 2020, has submitted the requisite information and documents along with undertaking to submit certain other documents. Certain of our Promoters and Directors are also the promoters and directors of MMNL. In the event the Inspecting Officers, during the course of the Investigation, finding adversely against MMNL or any of its promoters or directors, such findings could have a detrimental impact on the reputation of our Group, and that of our common Promoters and Directors.

23. ***Our Company is in receipt of a letter dated April 29, 2021 from the Registrar of Companies, Kerala & Lakshadweep (“RoC”) in relation to an inspection proposed to be conducted. Any adverse findings by the RoC in this regard, could have a detrimental impact on the reputation of our Group, our Promoters and Directors.***

Our Company received a letter dated April 29, 2021 from the RoC (“**Letter**”), in relation to an inspection proposed to be conducted under Section 206(5) of the Companies Act (“**Inspection**”). In this regard the Central Government has appointed the RoC, along with Deputy Official Liquidator, Kerala and the Regional Director, Ministry of Corporate Affairs (SR), Chennai as inspector to carry out the Inspection (“**Inspector**”).The Inspector vide Letter has sought certain information and documents, inter alia Audited Financial Statements for last five years, Memorandum of Association, Articles of Association, and shareholding pattern from our Company. Our Company, vide its letter dated May 14, 2021, has submitted that owing to State-wide lockdown effective from May 8, 2021 to May 16, 2021 and the travel restrictions imposed by the Kerala Government to contain COVID 19, the Company was unable to physically submit the information and documents required. Further, our Company vide its letter dated June 11, 2021 has submitted all the documents and certain information mentioned in the Letter. The Company further received letter dated September 23, 2021 from RoC, proposing visit of the inspecting officer who visited the Company on October 6, 2021. The inspecting officer perused records and also took extracts of minutes and other ROC filed documents. In the event, the Inspector, during the course of the Inspection, finding adversely against our Company or any of our promoters or directors, such findings could have a detrimental impact on the reputation of our Group, and that of our Promoters and Directors.

24. ***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.

25. ***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.

26. ***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.

27. ***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 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.

28. ***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 December 31, 2021, our Company has a total insurance cover of ₹4,00,000 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.

29. ***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.

30. 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"). In its annual review in the past, RBI had observed non-compliance by our Company with the requirements of the Framework. Based on the RBI Gap Reports, the Company management and IT team together worked out a detailed strategy and implementation plan to fill the GAPs and mitigate any risks. In addition, further audits were conducted by the Company using external vendors to assess the progress of this GAP implementation. As on date the Company has already complied with almost all the GAPs identified in the initial audits, and the rest are under implementation.

Over the last two years, Company created the required assets, systems, processes, policies, and procedures to comply with the RBI Master Directions - in the areas of IT Governance, Information & Cyber Security, IT Operations, IS Audit, Business Continuity Planning, and IT Service Outsourcing - to reduce the non-compliance to a bare minimum of (< 3%). The Company is currently working on the pending GAP items to achieve 100% compliance.

31. 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.

32. 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 rating rationale letter dated August 26, 2021 have affirmed the rating of our bank loans of ₹1,50,000 lakhs as 'IND BBB+; Stable'. Further, our Company has received rating of 'CARE BBB+': Stable ('Triple B Plus; Outlook: Stable') by CARE Ratings *vide* its letter dated March 8, 2022, and revalidated letter dated April 6, 2022 for the NCDs proposed to be issued pursuant to this Issue. The outstanding NCDs are rated by CARE Ratings *vide* their letter dated March 7, 2022 and India Ratings *vide* their letter dated August 26, 2021. 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 365.

33. 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.

As a systemically Important NBFC, 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.

34. 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 and thereafter, of the outstanding.

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.

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

As of December 31, 2021, our microfinance AUM was ₹ 5,119.62 lakhs, representing 2.28% 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.

36. ***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.

37. ***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.

38. 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.

39. 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 during the previous three Fiscals, please refer to chapters titled "*Related Party Transactions*" on page 111 and "*Financial Statements*" beginning on page 112.

40. 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 entity that is engaged in businesses similar to ours:

1. Mini Muthoottu Nidhi (Kerala) 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.

41. 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.

42. ***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.

43. ***All our branch premises, except ten 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 March 31, 2022, we had 814 branches in ten states and one union territory. Except ten 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.

44. ***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 the microfinance business in Fiscal 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.

45. ***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.

46. ***Certain of our records including in relation to share transfer to one of our Promoters/Directors are not traceable.***

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. 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. ***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.

48. ***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 to the Issue for the NCDs on the assets adequate to ensure 100.00% security cover on the outstanding amounts of the NCDs and interest thereon, the realisable value of the secured assets may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

49. ***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.

50. 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.

51. 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.

52. 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.

53. 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 50. The fund requirement and deployment are 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 NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

54. 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.

55. ***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 53. 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

56. ***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.

57. ***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.

58. ***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.

59. ***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.

60. ***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 polices 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.

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)" (renewed up to March 31, 2025).

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:

Registrar of Companies
Company Law Bhavan
BMC Road, Thrikkakara
Kochi – 682 021,
Kerala, India
Telephone: +91 484 242 3749

Registered Office and Corporate Office

Muthoottu Mini Financiers Limited
65/623-K,
Muthoottu Royal Towers,
Kaloor, Kochi – 682 017,
Kerala, India
Telephone: +91 484 291 2100
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
Manoj Kumar R	Additional Director	09357326	31/988Q, Souparnika Panorama Enclave, Lane 1, Subhash Chandra Bose Road, Vyttila, SO, Ernakulam, Kerala, 682019
Rajagopal M.S.	Independent Director	08114376	Sreemangalam, Ambedkar Colony, Thiruvarppu P.O., Kottayam – 686 020, Kerala, India
Maliakal Jose Paul	Independent Director	07218120	Chethalan, Church Road, Pariyaram, Thrissur – 680 721, Kerala, India

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

Chief Financial Officer

Ann Mary George
65/623-K,
Muthoottu Royal Towers
Kaloor, Kochi – 682 017
Kerala, India
E-mail: annmary@muthoottumini.com
Telephone: +91 484 291 2107

Company Secretary and Compliance Officer

Smitha K. S.
65/623-K,
Muthoottu Royal Towers
Kaloor, Kochi – 682 017
Kerala, India
E-mail: cs@minimuthoottu.com
Telephone: +91 484 291 2178

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.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name of the Applicant, Application Form number, Applicant's DP ID, Client ID, PAN, address of Applicant, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of Application Form and the name and address of the relevant Designated Intermediary 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 (app based/wed interface platform) of the Stock Exchanges, or through Trading Members, may be addressed directly to the Stock Exchange, with a copy to the Registrar to the Issue.

Lead Manager to the Issue

Vivro Financial Services Private Limited
607/608 Marathon Icon
Opp. Peninsula Corporate Park
Off. Ganpatrao Kadam Marg
Veer Santaji Lane, Lower Parel
Mumbai - 400 013, Maharashtra, India
Telephone: +91 22 6666 8040/41/42
Email: investors@vivro.net
Investor Grievance Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Kruti Saraiya/ Jay Shah
SEBI Registration No.: INM000010122

Debenture Trustee

MITCON Credentia Trusteeship Services Limited
(Formerly known as MITCON Trusteeship Services Limited)
1402/1403, B-Wing, 14th Floor,
Dalamal Towers, Free Press Journal Marg,
211, Nariman Point, Mumbai – 400 021
Telephone: +91 22 22828200
Email: mitcontrustee@mitconindia.com
Investor Grievance mail: trusteeinvestors@mitconindia.com
Website: www.mitcontrustee.com
Contact Person: Vaishali Urkude
SEBI Registration Number: IND000000596

MITCON Credentia Trusteeship Services Limited (Formerly known as MITCON Trusteeship Services Limited) has by its letter dated March 26, 2022 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.

All the rights and remedies of the NCD Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the NCD Holders. For details on the terms of the Debenture Trust Deed see, "*Issue Related Information*" on page 251.

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
Telephone: +91 22 4918 6200
Facsimile: +91 22 4918 6060
Email: mmfl2022.ncd1@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance Email: mmfl2022.ncd1@linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058

Credit Rating Agency

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)
Unit No O-509/C, Spencer Plaza,
5th Floor, No. 769, Anna Salai, Chennai – 600 002
Telephone: +91 44 2849 7812/0876/0811
Facsimile: 2849 0876
Email: pradeep.kumar@careratings.com
Website: www.careratings.com
Contact Person: V. Pradeep Kumar
SEBI Registration Number: IN/CRA/004/1999

Legal Advisor to the Issue

Khaitan & Co
One World Centre
10th & 13th Floors, Tower 1C
841 Senapati Bapat Marg
Mumbai 400 013
Maharashtra, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050
Website: www.khaitanco.com

Statutory Auditors

Ramdas & Venugopal,
Chartered Accountants
No. 7A, Green Park, Near Daya Hospital,
Thirwambady P.P., Thrissur 682 022, Kerala
Telephone: +91 487 2321 246/ 2331 246
Facsimile: N.A.
Email: randvtcr@yahoo.co.in

Firm Registration No: 010669S
Contact Person: T.T. Shajan
Peer Review No: N.A.

Bankers to the Issue

Public Issue Account Bank, Sponsor Bank and Refund Bank

HDFC Bank Limited
Lodha, I Think Techno Campus
O-3 level, Next to Kanjumarg Railway Station,
Kanjurmarg (East) Mumbai – 400042.
Telephone: 022-30752929/2928/2914
Fax: 022 25799801
Email: siddharth,jadhav@hdfcbank.com, sachin.gawade@hdfcbank.com, neerav.desai@hdfcbank.com, eric.bacha@hdfcbank.com, tushar.gavankar@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Neerav Desai, Mr. Eric Bacha, Mr. Siddharth Jadhav, Mr. Sachin Gawade, Mr. Tushar Gavankar
SEBI Registration No.: INBI00000063

Syndicate Member

VIVRO

Vivro Financial Services Private Limited
607/608 Marathon Icon,
Opp. Peninsula Corporate Part,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai – 400 013, Maharashtra, India
Telephone: +91 22 66668040/41/42
Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Tushar Ashar
SEBI Registration No.: INM000010122

Bankers to our Company

HDFC Bank Limited
S L Plaza, Palarivattom,
Kochi 602 025
Telephone: +91 9880976130
Email: Muhammed.binshad@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Muhammed Binshad

State Bank of India
Commercial Branch Ernakulam
2nd Floor, Vankareth Towers,
Padivattom,
Palarivattom, Ernakulum, Kochi 682 024
Telephone: +91 9447819642
Email: sbi.04062@sbi.co.in;
Website: www.sbi.co.in
Contact Person: Suresh K.P. – RM – AMT2

The South Indian Bank Limited
Door No. 4165, Ward no. 39, Shema Building, M.G. Road,
Kochi 682016
Telephone: 0484 2356662
Email: br0025@sib.co.in
Website: www.southindianbank.com
Contact Person: Bijo Joseph

Canara Bank
Mid Corporate Branch, Metro Station Complex
3rd Floor, M.G Road, Ernakulam, Kerala 682 035
Telephone: +91 484 4864333, 9495064333
Email: cb14333@canarabank.com
Website: www.canarabank.com
Contact Person: Anupama Bhanu (AGM)

IndusInd Bank Limited
First Floor, Gowrinarayan
(Opp. to New Jayalakshmi Skills)
40/8399, 8400, MG Road, Kochi 682 035
Telephone: +91 484 4216247
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
Telephone: +91 484 237 5259
Email: dlb.shanmugamroadernakulam@dhanbank.co.in
Website: www.dhanbank.com
Contact Person: Binoy V G, Branch Head

Punjab National Bank (erstwhile Oriental Bank of Commerce)
No. 1057, Jaya Enclave,
Avinashi Road, Coimbatore 641 018
Telephone: +91 422 224 0190
Email: bo104410@pnb.co.in
Website: www.pnbindia.in
Contact Person: P Marithevar

Union Bank of India
First Floor, CSI Building
Sastry Road, Kottayam 686 002
Telephone: +91 481 256 0017
Email: kottayam@unionbankofindia.com
Website: www.unionbankofindia.com
Contact Person: D V Ramanjaneya Kumar, Chief Manager

DCB Bank Limited
No. 6, Rajaji Road, Nungambhakkam,
Chennai 600 034
Telephone: 044-4050 0355
Email: muralik@dcbbank.com
Website: www.dcbbank.com
Contact Person: K. Murali

The Karur Vysya Bank Limited
577, 2nd Floor,
Oppanakara Street, Coimbatore – 641001.
Telephone: +91 422 239 2986
Email: cbucoimbatore@kvbmail.com
Website: www.kvb.co.in
Contact Person: T. K. Haridas

CSB Bank Limited
DJM Building
Market Road, Ernakulum 682 011, Kerala
Telephone: +91 9769593461
Email: wholesalebanking@csb.co.in
Website: www.csb.co.in
Contact Person: Jimmy Johnson / P R Hima

IDBI Bank Limited
Specialized Corporate Branch, Panampilly Nagar,
Post Bag#4253, Kochi, 682036
Telephone: 0484-2318889
Fax: 0484-2310490
E-mail: n.muraleedharan@idbi.co.in
Website: www.idbi.com
Contact Person: Muraleedharan N

Bank of Baroda
Ernakulam Main Branch
P.B. No. 1772, Pallimukku
M.G. Road, Ernakulam

Kerala – 682016, India.
Telephone: 9446899837
Email: ernaku@bankofbaroda.co.in
Website: www.bankofbaroda.in
Contact Person: Raji Mathew, Asst. General Manager

UCO Bank
MG Road, Ravipuram, Ernakulam – 682016.
Telephone: 0484 2381523
Email: mgerna@ucobank.co.in
Website: www.ucobank.com

Indian Bank
Shanmugham Road, Ernakulam – 682 031
Telephone: 0484 - 2354169
Fax: 0484 – 2371114
Email: ernakulam@indianbank.co.in
Website: www.indianbank.net.in
Contact Person: Mr. Amal Sinha, AGM

Punjab & Sind Bank
Mg Road, Ernakulam -682011
Telephone: 0484-2354908/2382496
Email: C0363@psb.co.in
Website: www.punjabandsindbank.co.in
Contact Person: Mr.Satyajit Mishra , Chief Manager

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.

SCSBs eligible as issuer banks for UPI Mechanism and eligible mobile applications

In accordance with SEBI Operational Circular UPI Investors making an Application in the Issue using the UPI Mechanism, may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI at www.sebi.gov.in, and updated from time to time.

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.

Arrangers to the Issue

There are no arrangers to the Issue**.**

Minimum Subscription

In terms of the SEBI NCS 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. ₹9,375.00 lakhs within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount blocked shall be unblocked in the respective ASBA Accounts of each Applicant, 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

Our Company has received rating of 'CARE BBB+';Stable ('Triple B Plus; Outlook: Stable') by CARE Ratings *vide* its letter dated March 8, 2022 , and revalidation letter dated April 6, 2022 for the NCDs proposed to be issued pursuant to this Issue. The rating given by CARE ratings is valid as on the date of this Prospectus and shall remain valid on date of issue and Allotment of the NCDs and the listing of the NCDs on BSE. The rating of the NCDs by CARE Ratings 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 CARE Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The rating is not a recommendation to buy, sell or hold securities. For the rationale for the rating, and press release see "*Annexure II*" on page 365.

Consents

Consents in writing of Directors of our Company, Chief Executive Officer, 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, Public Issue Account Bank, Sponsor Bank, Refund Bank, Syndicate Member, the Debenture Trustee, Industry report provider-IRR Advisory Services Private Limited , and the lenders to our Company 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 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 50.

Issue Programme

ISSUE OPENS ON	**WEDNESDAY, APRIL 20, 2022**
ISSUE CLOSES ON	**TUESDAY, MAY 17, 2022***

The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period* *indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company ("Board**") or the Debenture Committee. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper and a regional newspaper in the state of Kerala with wide circulation 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. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. 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 (including Application under the UPI Mechanism) 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. Additionally, an Investor may also submit the Application Form through the app or web interface of 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 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 nor the Stock Exchange 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)
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	78,44,15,035

2. **Issue size**

Public issue by our Company of Secured, Redeemable Non-Convertible Debentures ("**NCDs**") aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs, on the terms and in the manner set forth herein, in the terms and in the manner set forth herein.

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

Nil

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

Nil

4. **Shareholding pattern of our Company**

The following table sets forth the shareholding pattern of our Company as on March 31, 2022:

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No of voting rights									
								Class – Equity	Total	Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(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	-	-	-	-	-	-	2,37,34,699
(B)	**Public**	5	5	-	-	5	Negligible	5	5	Negligible	-	-	-	-	-	-	5
I	**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**	**100.00**	**2,49,52,539**	**2,49,52,539**	**100.00**	**-**	**-**		**-**		**-**	**2,37,34,704**

5. **List of top ten holders of Equity Shares of our Company as on March 31, 2022 are as follows:**

Sr. No.	Name of the Shareholder	Number of Equity Shares held	Number of Equity Shares in Demat Form	Total shareholding as a percent of total number of Equity Shares (in %)
1.	Mathew Muthoottu	1,47,79,912	1,47,79,912	59.23
2.	Nizzy Mathew	33,54,446	33,54,446	13.44
3.	Muthoottu Mini Hotels Private Limited	25,51,298	25,51,298	10.22
4.	Mini Muthoottu Credit India Private Limited	14,19,841	14,19,841	5.69
5.	Muthoottu Mini Theatres Private Limited	12,17,835	0	4.88
6.	Roy M. Mathew	9,99,995	9,99,995	4.01
7.	RMM Properties India Private Limited	6,29,207	6,29,207	2.52
8.	Thomas Kutty	1	1	Negligible
8.	Samuel Kutty K V	1	1	Negligible
8.	Raju Thomas	1	1	Negligible
8.	Ivan Mathew	1	1	Negligible
8.	C K Varghese	1	1	Negligible
Total		**2,49,52,539**	**2,37,34,704**	**100**

6. **List of top ten debentures holders of our Company (on cumulative basis -secured and unsecured - privately placed and issued through public issue) as on March 31, 2022 are as follows:**

Sr. No.	Name of holders	Amount (in ₹)	% of total outstanding debentures
1	Anu S	2,97,00,000	0.20
2	Tresa Rose	2,50,00,000	0.16
2	Monetary Kuries Private Ltd	2,50,00,000	0.16
3	Jai Mammen	2,00,00,000	0.13
4	Vasantha	1,95,00,000	0.13
5	Sudharma Premkumar	1,50,00,000	0.10
6	George Kaleekan Senapathy	1,36,50,000	0.09
7	Rosamma Philip	1,27,00,000	0.08
8	Ajo Mathew	1,02,00,000	0.07
9	Jijimon Joseph	1,00,00,000	0.07
9	Jenny Marath Premkumar	1,00,00,000	0.07
9	Jose V J	1,00,00,000	0.07
10	Madhavankutty Kumaran	99,00,000	0.07

7. **List of top ten Subordinated debt of our Company as on March 31, 2022**

Sr. No.	Name of holders	Number of instruments held	Face value per debenture (in ₹)	Outstanding amount (in ₹)
1.	Jaya Damodaran	12,000.00	1,000	1,20,00,000.00
1.	Shamla Beevi & Hakkim B	12,000.00	1,000	1,20,00,000.00
2.	Vinod Vikraman Nair	11,800.00	1,000	1,18,00,000.00
3.	M C Mammen	10,000.00	1,000	1,00,00,000.00
4.	Saju Satheesan	7,400.00	1,000	74,00,000.00
5.	Varghese Baby	7,100.00	1,000	71,00,000.00
6.	Ravi Kumar Rajashekaran	7,000.00	1,000	70,00,000.00
7.	Sangeetha Madhu Balakrishnan	6,000.00	1,000	60,00,000.00
7.	Ananthakrishnan B	6,000.00	1,000	60,00,000.00
7.	Mini Vasudevan	6,000.00	1,000	60,00,000.00
8.	Asokan	5,500.00	1,000	55,00,000.00
9.	Vidyadevi Sreenath	5,000.00	1,000	50,00,000.00
9.	Judy Ebin	5,000.00	1,000	50,00,000.00
9.	Sreenath Gopalakrishnan	5,000.00	1,000	50,00,000.00
10.	Sunitha Ajithkumar	4,900.00	1,000	49,00,000.00

8. **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.

9. **Debt - equity ratio**

The debt-equity ratio of our Company, prior to this Issue is based on a total outstanding debt of ₹ 2,37,451.78 lakhs and Shareholder funds amounting to ₹ 53,551.86 lakhs as of December 31, 2021:

(₹ in lakhs)

Particulars	**As on December 31, 2021**	
	Pre- Issue	**Post- Issue#**
Debt		
Debt Securities	1,87,514.63	2,12,514.63
Borrowings (other than Debt Securities) *	49,937.15	49,937.15
Total Debts	**2,37,451.78**	**2,62,451.78**
Equity		
Equity Share Capital	24,952.54	24,952.54
Other Equity		
Special Reserve Fund	6,131.23	6,131.23
Securities Premium	7,844.15	7,844.15
Retained Earnings	15,859.85	15,859.85
Other Comprehensive Income	(21.66)	(21.66)
Less: Unamortized expenses of Public Issues, term loans, and other prepaid expenses	(1,214.25)	(1,214.25)
Total Equity	**53,551.86**	**53,551.86**
Debt/Equity	**4.43**	**4.90**

**The Overdraft facility which was not utilized and having negative balance of ₹ 4,132.06 lakhs as on December 31, 2021 is not considered.*

#The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹25,000 lakhs 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.

Notes:

1. *Debt Securities includes interest accrued but not due thereon but excluding unamortized expense of public issues.*
2. *Borrowings includes interest accrued but not due thereon.*
3. *The figures disclosed above are based on Interim Unaudited Ind AS Financial Statements of the Company as at December 31, 2021.*
4. *Debt / Equity = Total Debt / Equity.*
5. *The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹ 25,000 Lakhs from the proposed public issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.*
6. *The Company during January 1, 2022 – March 31, 2022 has raised debentures amounting to ₹ 17,086.23 lakhs by way of public issue, impact of which is not provided in the above table.*
7. *The Company during January 1, 2022 – March 31, 2022 has raised subordinated debts amounting to ₹ 2,786.40 lakhs, impact of which is not provided in the above table.*
8. *The Company during January 1, 2022 – March 31, 2022 redeemed secured public non-convertible debenture amounting to ₹ 7,234.35 lakhs, impact of which is not provided in the above table.*
9. *The Company during January 1, 2022 – March 31, 2022 redeemed subordinated debts amounting to ₹ 9,102.53 lakhs, impact of which is not provided in the above table.*
10. *The Company during January 1, 2022 – March 31, 2022 has been sanctioned new term loan from Canara bank and Punjab & Sind Bank amounting to ₹ 5,000 lakhs and ₹2,500 lakhs respectively. The Company has also been sanctioned Term loan and WCDL amounting to ₹ 6,000 lakhs from Indian Bank. The impact of the said transactions is not provided in the above table.*
11. *Other Equity does not include revaluation reserve.*

12. *Debt Securities does not include unclaimed matured debentures and interest thereon amounting to ₹ 111.30 Lakhs.*

For details on the total outstanding debt of our Company, please refer to *"Financial Indebtedness"* on page 237.

10. Our Company has not made any acquisition or amalgamation in the last one year prior to the date of this Prospectus.

11. Our Company has not made any reorganization/reconstruction in the last one year prior to the date of this Prospectus.

12. 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.

13. None of the Equity Shares held by the Promoters are pledged or encumbered otherwise.

14. As on March 31, 2022, 2,37,34,704 Equity Shares of our Company are in dematerialised form.

15. Our Company does not have any employee stock option scheme.

16. Details of change in the promoter holding in our Company during the last financial year beyond 26% (as prescribed by RBI):

    Nil

17. Statement of the aggregate number of securities of our company purchased or sold by members of our promoter group, our Directors and/or their relatives within six months immediately preceding the date of filing of this Prospectus:

    Nil

OBJECTS OF THE ISSUE

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("Net Proceeds"), estimated to be approximately ₹24,600 lakhs, towards funding the following objects (collectively, referred to herein as the "Objects"):

1. For the purpose of onward lending, financing, and for repayment/prepayment of principal and interest on borrowings of the Company; and

2. General corporate purposes.

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

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

(in ₹ lakhs)

No.	Description	Amount*
1.	Gross proceeds of the Issue	Upto 25,000.00
2.	(less) Issue related expenses*	400.00
3.	Net Proceeds*	24,600.00

* *Assuming the Issue is fully subscribed and our Company retains oversubscription up to ₹12,500 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 Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending, financing, and for repayment/ prepayment of principal and interest on borrowings of the Company	At least 75%
2.	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 NCS Regulations.*

For further details of our Company's outstanding indebtedness, see "*Financial Indebtedness*" on page 237.

Funding plan

Not applicable

Summary of the project appraisal report

Not applicable

Schedule of implementation of the project

Not applicable

Interests of Directors/Promoters

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

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. Also, such investments shall be in line with the guidelines and regulations prescribed by RBI.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. Our Board shall monitor the utilization of the proceeds of the Issue. For the relevant financial years commencing from financial year 2022-2023, 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 this Prospectus

The Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Prospectus is issued, except as may be prescribed under the applicable laws and under 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, fees payable to Debenture Trustee, the Registrar to the Issue, Sponsor Bank, 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. Our Company shall include the details of commission and processing fees payable to each intermediary and the timelines for payment, in this Prospectus.

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

Activity	**Amount** *(in ₹ lakhs)*	**Percentage of overall Issue Size (%)**
Fees to intermediaries (Lead Manager's fees, brokerage, rating agency, Registrar to the Issue, Sponsor Bank, legal advisor, Debenture Trustee, etc.)	75	0.30
Advertising and Marketing Expenses	125	0.50
Printing, Stationery and Distribution	50	0.20
Other Miscellaneous Expenses	150	0.60
Total	**400**	**1.60**

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 ₹10.00 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.

Our Company shall pay to the Sponsor Bank ₹8.00 per valid block of application amount (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws.

Other Confirmation

In accordance with the SEBI NCS Regulations, our Company will not utilise the proceeds of the Issue for providing loans to or for acquisitions of shares of any entity who is a part of the Promoter Group or the Group Companies of our Company.

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

OVERVIEW OF GLOBAL ECONOMY

The global economy enters 2022 in a weaker position than previously expected. As the new Omicron COVID-19 variant spreads, countries have reimposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies. The ongoing retrenchment of China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects.

Global growth was at 5.9% in 2021 and is expected to moderate to 4.4% in 2022. The baseline incorporates anticipated effects of mobility restrictions, border closures and health impacts from the spread of the Omicron variant. These vary by country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of infections on labor supply, and the importance of contact-intensive sectors. These impediments are expected to weigh on growth in the first quarter of 2022. The negative impact is expected to fade starting in the second quarter, assuming that the global surge in Omicron infections abates and the virus does not mutate into new variants that require further mobility restrictions.

Elevated inflation is expected to persist for longer than envisioned with ongoing supply chain disruptions and high energy prices continuing in 2022. Assuming inflation expectations stay well anchored, inflation should gradually decrease as supply-demand imbalances wane in 2022 and monetary policy in major economies responds.

Risks to the global baseline are tilted to the downside. The emergence of new COVID-19 variants could prolong the pandemic and induce renewed economic disruptions. Moreover, supply chain disruptions, energy price volatility, and localized wage pressures mean uncertainty around inflation and policy paths is high. As advanced economies lift policy rates, risks to financial stability and emerging market and developing economies' capital flows, currencies, and fiscal positions—especially with debt levels having increased significantly in the past two years—may emerge. Other global risks may crystallize as geopolitical tensions remain high, and the ongoing climate emergency means that the probability of major natural disasters remains elevated.

With the pandemic continuing to maintain its grip, the emphasis on an effective global health strategy is more salient than ever. Worldwide access to vaccines, tests, and treatments is essential to reduce the risk of further dangerous COVID-19 variants. This requires increased production of supplies, as well as better in-country delivery systems and fairer international distribution. Monetary policy in many countries will need to continue on a tightening path to curb inflation pressures, while fiscal policy—operating with more limited space than earlier in the pandemic—will need to prioritize health and social spending while focusing support on the worst affected. In this context, international cooperation will be essential to preserve access to liquidity and expedite orderly debt restructurings where needed. Investing in climate policies remains imperative to reduce the risk of catastrophic climate change.

After getting battered by the pandemic, supply chain chokeholds and leaps in prices, the global economy is poised to be sent on yet another unpredictable course by an armed clash on Europe's border. IMF stated that Russia's invasion of Ukraine will affect the entire global economy by slowing growth and jacking up inflation and could fundamentally reshape the global economic order in the longer term. Beyond the human suffering and historic refugee flows, the war is boosting prices for food and energy, fuelling inflation and eroding the value of incomes, while disrupting trade, supply chains and remittances in countries neighbouring Ukraine. It is also eroding business confidence and triggering uncertainty among investors that will depress asset prices, tighten financial conditions and could trigger capital outflows from emerging markets.

Countries with direct trade, tourism, and financial exposures would feel mounting pressure, citing a greater risk of unrest in some regions, from Sub-Saharan Africa and Latin America to the Caucasus and Central Asia. At the same time, food insecurity was likely to further increase in parts of Africa and the Middle East, where countries like Egypt import 80% of their wheat from Russia and Ukraine. The war may fundamentally alter the global economic and geopolitical order should energy trade shift, supply chains reconfigure, payment networks fragment, and countries rethink reserve currency holdings. The IMF predicted deep recessions in Ukraine and Russia and said Europe could see disruptions in natural gas imports and wider supply-chain disruptions. Eastern Europe, which has absorbed most of the 3mn people who have fled Ukraine, would see higher financing costs as a result. The IMF said countries in the Caucasus and Central Asia with close trade and payment system links to Russia would be more affected by its recession and sanctions imposed since the invasion of Ukraine, curbing trade, remittances, investment and tourism.

In the Middle East and Africa, worsening external financing conditions may spur capital outflows and add to growth headwinds for countries with elevated debt levels and large financing needs. Higher energy and food prices, reduced tourism and problems accessing international capital markets would threaten countries in sub-Saharan Africa, which imports around 85% of its wheat supplies, with a third coming from Russia or Ukraine. Food and energy prices are the main channel for spill overs in the Western Hemisphere, with high commodity prices likely to significantly quicken already high inflation rates in Latin America, the Caribbean and the United States. In Asia, the biggest impact will be felt among oil importers of ASEAN economies, India, and frontier economies including some Pacific Islands, while new fuel subsidies could ease the impacts in Japan and Korea

An overview of the WEO projections, January 2022 is given in the table below:

Overview of the World Economic Outlook Projections

World Economic Outlook	Estimate (%)		Projections (%)	
Name of the Country/ Economy	2020	2021	2022	2023
World Output	**-3.1**	**5.9**	**4.4**	**2.8**
Advanced Economies	**-4.5**	**5.0**	3.9	**2.6**
United States	-3.4	5.6	4.0	2.6
Euro Area	-6.4	5.2	3.9	2.5
Germany	-4.6	2.7	3.8	2.5
France	-8.0	6.7	3.5	1.8
Italy	-8.9	6.2	3.8	2.2
Spain	-10.8	4.9	5.8	3.8
Japan	-4.5	1.6	3.3	1.8
United Kingdom	-9.4	7.2	4.7	2.3
Canada	-5.2	4.7	4.1	2.8
Other Advanced Economies	-1.9	4.7	3.6	2.9
Emerging Market & Developing Economies	**-2.0**	**6.5**	**4.8**	**4.7**
Emerging and Developing Asia	-0.9	7.2	5.9	5.8
China	2.3	8.1	4.8	5.2
India	-7.3	9.0	9.0	7.1
ASEAN*	-3.4	3.1	5.6	6.0
Emerging and Developing Europe	-1.8	6.5	3.5	2.9
Russia	-2.7	4.5	2.8	2.1
Latin America and the Caribbean	-6.9	6.8	2.4	2.6
Brazil	-3.9	4.7	0.3	1.6
Mexico	-8.2	5.3	2.8	2.7
Middle East and Central Asia	-2.8	4.2	4.3	3.6
Saudi Arabia	-4.1	2.9	4.8	2.8
Sub-Saharan Africa	-1.7	4.0	3.7	4.0
Nigeria	-1.8	3.0	2.7	2.7
South Africa	-6.4	4.6	1.9	1.4
Low-Income Developing Countries	**0.1**	**3.1**	**5.3**	**5.5**

**includes Indonesia, Malaysia, Philippines, Thailand, Vietnam.*
***Source** - IMF's World Economic Outlook, January 2022*

Projections for Advanced Economies

Among changes to advanced economy forecasts for 2022, a revised assumption removing the Build Back Better fiscal policy package from the baseline, earlier withdrawal of monetary accommodation, and continued supply chain disruptions have contributed to a downgrade of 1.2% points to 4.0% for the United States. In Canada, weaker data outturns toward the end of 2021 and anticipated softer external demand for 2022 (related to the US revision) have led to 4.1%. In the euro area, prolonged supply constraints and COVID disruptions produced a less severe revision of 0.4% point—led by a markdown of 0.8% point for Germany largely due to the economy's exposure to supply chain shocks. Mobility restrictions imposed toward the end of 2021 are expected to drag on growth in the euro area in early 2022. In the United Kingdom, disruptions related to Omicron and supply constraints (particularly in labor and energy markets) mean that growth is revised down by 0.3% point to 4.7%.

Projections for Emerging Market and Developing Economies

In China, disruption in the housing sector has served as a prelude to a broader slowdown. With a strict zero-COVID strategy leading to recurrent mobility restrictions and deteriorating prospects for construction sector employment, private consumption is likely to be lower than anticipated. In combination with lower investment in real estate, this means that the growth forecast for 2022 is revised down relative to October by 0.8% point, at 4.8% with negative implications for trading partners' prospects. The outlook has also weakened in Brazil, where the fight against inflation has prompted a strong monetary policy response, which will weigh on domestic demand. A similar dynamic is at work in Mexico, albeit to a lesser extent. In addition, the US downgrade brings with it the prospect of weaker-than-expected external demand for Mexico in 2022. In Russia, the forecast is marginally marked down because of a weak harvest and worse-than-expected third wave. South Africa's growth forecast is downgraded in light of a softer-than-expected second half in 2021 and a weaker outlook for investment as business sentiment remains subdued.

The upward revision to global growth in 2023 is mostly mechanical. Eventually, the shocks dragging 2022 growth will dissipate and—as a result—global output in 2023 will grow a little faster. Among prominent revisions not due to the pandemic, India's prospects for 2023 are revised to 9.0% on expected improvements to credit growth—and, subsequently, investment and consumption—building on better-than-anticipated performance of the financial sector. Japan's 2023 growth outlook is also revised up by 0.4% point to 3.3%, reflecting anticipated improvements in external demand and continued fiscal support. The upward revision to 2023 global growth is, however, not enough to make up ground lost due to the downgrade to 2022. Cumulative global growth over 2022 and 2023 is projected to be 0.3% point lower than previously forecast.

Global Inflation trends

Inflation is expected to remain elevated in the near term, averaging 3.9% in advanced economies and 5.9% in emerging market and developing economies in 2022, before subsiding in 2023. Assuming medium-term inflation expectations remain well anchored and the pandemic eases its grip, higher inflation should fade as supply chain disruptions ease, monetary policy tightens, and demand rebalances away from goods-intensive consumption towards services. Futures markets indicate oil prices will rise about 12 % and natural gas prices about 58 % in 2022 (both considerably lower than the increases seen in 2021) before retreating in 2023 as supply-demand imbalances recede further. Similarly, food prices are expected to increase at a more moderate pace of about 4½ % in 2022 and decline in 2023. In many countries, nominal wage growth remains contained despite employment and participation returning almost to pre-pandemic levels (Figure 2). But in the United States the story is different: a sharp decline in unemployment has been accompanied by buoyant nominal wage growth. This suggests a degree of tightening in US labor markets not evident elsewhere. If US labor force participation remains below pre-pandemic levels and discouraged workers remain on the sidelines, tighter labor markets may feed through to higher prices. The Federal Open Market Committee raised its benchmark interest rate by 0.25 percentage points in March 2022, ending the near-zero rates of the pandemic era and starting a hiking cycle set to last well into 2023. That will bring the rate now into a range of 0.25%-0.5%. The move will correspond with a hike in the prime rate and immediately send financing costs higher for many forms of consumer borrowing and credit.

Less accommodative monetary policy in the United States is expected to prompt tighter global financial conditions, putting pressure on emerging market and developing economy currencies. Higher interest rates will also make borrowing more expensive worldwide, straining public finances. For countries with high foreign currency debt, the combination of tighter financial conditions, exchange rate depreciations, and higher imported inflation will lead to challenging monetary and fiscal policy trade-offs. Although fiscal consolidation is anticipated in many emerging market and developing economies in 2022, high post-pandemic debt burdens will be an ongoing challenge for years to come.

Global Trade updates

Global trade is expected to moderate in 2022 and 2023, in line with the overall pace of the expansion. Assuming that the pandemic eases over 2022, supply chain problems are expected to abate later in the year. The accompanying moderation in global goods demand will also help reduce imbalances. Cross-border services trade—particularly tourism—is expected to remain subdued.

Climate Change updates

The ongoing climate emergency continues to pose grave risks to the global economy. Major natural disasters are more likely, threatening all economies (as seen in the range of extreme weather events—floods, droughts, wildfires—across all continents in 2021). The recurrence of such events would deliver a twofold blow that would most harm vulnerable low-income (often low vaccination) countries, while also further straining global supply chains. Despite the stated ambition at the Glasgow climate conference (COP26), current commitments to reduce greenhouse gases fall far short of limiting the increase in global temperature to 2 degrees Celsius above preindustrial levels.

Other factors impacting the recovery

Geopolitical tensions, including in eastern Europe and east Asia, imperil energy supply, international trade, and policy cooperation. Social unrest, which had declined earlier in the pandemic, is once again on the rise in some countries—related in part to elevated food and energy prices. Moreover, many of the tariff increases introduced during 2018–19 are still in place, and cross-border technology frictions remain salient. All of these elements threaten additional roadblocks in the path to recovery. Also, the recent war in Ukraine will have adverse impact on trade and development which confirms a rapidly worsening outlook for the world economy, underpinned by rising food, fuel and fertilizer prices.

Ukraine war's impact on Global trade and development

The war in Ukraine has a huge cost in human suffering and is sending shocks through the world economy. All these shocks threaten the gains made towards recovery from the COVID-19 pandemic and block the path towards sustainable development.

Food and Fuel price risk

Ukraine and Russia are global players in agri-food markets, representing 53% of global trade in sunflower oil and seeds and 27% in wheat. This rapidly evolving situation is especially alarming for developing nations. As many as 25 African countries, including many least developed countries, import more than one third of their wheat from the two countries at war. For 15 of them, the share is over half. Soaring food and fuel prices will affect the most vulnerable in developing countries, putting pressure on the poorest households which spend the highest share of their income on food, resulting in hardship and hunger. According to UNCTAD (The United Nations Conference on Trade and Development) calculations, on average, more than 5% of the poorest countries' import basket is composed of the products that are likely to face a price hike due to the war. The share is below 1% for richer countries.

Freight Rate hikes

Restrictive measures on airspace, contractor uncertainty and security concerns are complicating all trade routes going through Russia and Ukraine. The two countries are a key geographical component of the Eurasian Land Bridge. In 2021, 1.5 million containers of cargo were shipped by rail west from China to Europe. If the volumes currently going by container rail were added to the Asia-Europe ocean freight demand, this would mean a 5% to 8% increase in an already congested trade route. On top of this, already expensive and overstretched maritime trade will find it difficult to replace these suddenly unviable land and air routes. The impact of the war in Ukraine can be expected to lead to even higher freight rates. Such increases, it says, would have a significant impact on economies and households.

Risk of Civil Unrest

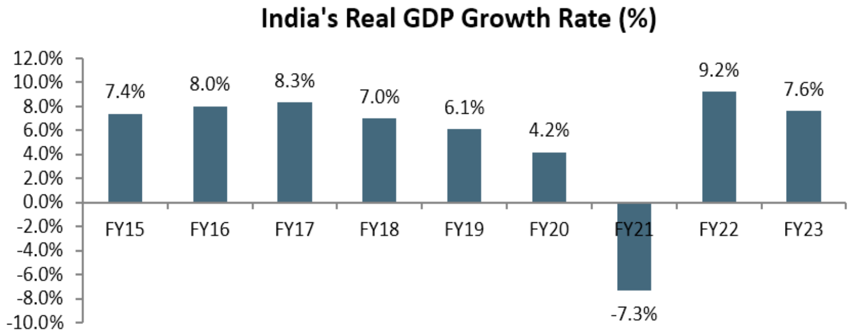
The risk of civil unrest, food shortages and inflation-induced recessions cannot be discounted, particularly given the fragile state of the global economy and the developing world due to the COVID-19 pandemic.

I. OVERVIEW OF INDIAN ECONOMY

India, the world's third largest economy in terms of its PPP (purchasing power parity) with population of over 1.3billion (bn) has witnessed significant economic growth since the country was liberalized in early 1990s. Industrial deregulation, divestment of state-owned enterprises, reduced governmental controls on foreign trade and investment, served to accelerate the country's growth and India has been one of the leading growing economies, posting an average of 7.0% Gross Domestic Product (GDP) growth since beginning of this millennium. However, India's GDP growth rate has seen a downward trend over the past few quarters since Q1FY19, which has been further exacerbated by the coronavirus pandemic. The COVID-19 pandemic and the resultant lockdown has seen significant impact on the economy and in people's livelihood. The economic loss for India due to COVID-19 in FY21 is estimated to be INR18.4tn.

Sharpest contraction post-independence

The disruption caused by the COVID-19 pandemic unfolded with such a speed and scale that the disruption of production, breakdown of supply chains/ trade channels and total wash out of economic activities in certain sectors – e.g. aviation (though some activities have started now), tourism, hotels and hospitality – did not allow the economic activity to become normal throughout FY21. According to NSO data, the size of the Indian economy in FY21 was INR134.4tn at 2011-12 prices. IRR Advisory expects GDP to grow 7.6% y-o-y in FY23. After a gap of two years, the Indian economy will show a meaningful expansion as the real GDP in FY23 will be 9.1% higher than the FY20 (pre-COVID level) GDP level. Despite a meaningful recovery the size of the Indian economy in FY23 will be 10.2% lower than the FY23 GDP trend value. A continued weakness in private consumption and investment demand is estimated to contribute 43.4% and 21.0% respectively, to this shortfall.



Source: NSO, Ind-Ra, RBI, IRR Advisory Analysis

Economic Outlook FY23

IRR Advisory expects GDP to grow 7.6% y-o-y in FY23. Given the pace of vaccination and COVID 3.0 nowhere in sight, the economic recovery was slowly but steadily gaining traction till 3QFY22. However, driven by the Omicron variant, COVID19 cases have begun to rise rapidly as we entered 4QFY22. To contain the spread of COVID-19 cases, various administrative measures including imposing restrictions on gathering, regulating human flow to the workplace/market/market complexes and night/weekend curfews have begun to make a comeback. This has once again created a fair amount of uncertainty with respect to the human life, livelihood and economic environment.

However, the infections caused by Omicron so far are mild and mostly non-life threatening. Even hospital infrastructure so far has not been inundated the way it was during COVID 2.0. IRR Advisory therefore believes the curbs imposed by local/state governments will be less disruptive than COVID 1.0 and 2.0. Moreover, state governments, businesses and economic agents are now better prepared and equipped to deal with such a situation.

India - Economic Outlook FY23 (% change)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22F	FY23F
Gross value added at FY12 prices	6.1	7.2	8.0	8.0	6.2	5.9	4.1	-6.2	8.6	7.1
- Agriculture	5.6	-0.2	0.6	6.8	6.6	2.6	4.3	3.6	3.9	3.0
- Industry	3.8	7.0	9.6	7.7	5.9	5.3	-1.2	-7.0	11.8	6.7
- Services	7.7	9.8	9.4	8.5	6.3	7.2	7.2	-8.4	8.2	8.4
Real GDP	6.4	7.4	8.0	8.3	6.8	6.5	4.0	-7.3	9.2	7.6
- Private final consumption expenditure (PFCE)	7.3	6.4	7.9	8.1	6.2	7.6	5.5	-9.1	6.9	9.4
- Government final consumption expenditure (GFCE)	0.6	7.6	7.5	6.1	11.9	6.3	7.9	2.9	7.6	7.7
- Gross fixed capital formation (GFCF)	1.6	2.6	6.5	8.5	7.8	9.9	5.4	-10.8	15.0	8.7
Nominal GDP	13.0	11.0	10.5	11.8	11.1	10.5	7.8	-3.0	17.6	13.6
Average wholesale inflation	5.2	1.3	-3.7	1.7	2.9	4.3	1.7	1.3	11.4	5.7
Average retail inflation	9.4	6.0	4.9	4.5	3.6	3.4	4.8	6.2	5.3	4.8
Average exchange rate (INR/USD)	60.5	61.1	65.5	67.1	64.5	69.9	70.9	74.2	76.8	79.6
Fiscal deficit (central government, % of GDP)	4.4	4.0	3.9	3.5	3.5	3.4	4.6	9.3	6.6	5.8-6.0
Current account deficit (% of GDP)	1.7	1.3	1.1	0.6	1.8	2.1	0.9	-0.9	1.7	2.3

Note: Negative CAD in FY21 represents current account surplus
Source: India Ratings & Research, IRR Advisory Analysis

Nonetheless, there are risks to the ongoing recovery. NSO's advanced estimate (AE) of FY22 shows that PFCE, which is the largest component of GDP (58.6%) from the demand side and a proxy for consumption demand, grew only 6.9% y-o-y in FY22, despite a low base and sales data of many consumer durables showing robust growth. This indicates that the consumption demand is still not broad based and is weak. This becomes even more clear as FY22 PFCE despite growing at 6.9% y-o-y is 2.9% lower than FY20 PFCE.

A glance at the data relating to wage growth and household savings/leverage indicates that the situation is indeed far from being conducive for a revival of PFCE growth. Wage growth both in the rural and urban areas are facing significant headwinds and has been declining since mid-2020. More importantly, real (inflation-adjusted) wages are indicating an erosion of household's purchasing power.

Another factor that has impaired the consumption demand of households lately is an abrupt rise in health expenditure. Households bear an overwhelmingly large share 62.6% of their health expenditure out of their own pocket in India. These trends may be cyclical in nature, but the picture even at the structural level is not healthy for households. Households' savings have declined and their leverage has gone up significantly since FY12 suggesting that a large part of the consumption demand in the past has been financed via either reduced savings and higher debt or both. IRR Advisory therefore believes the revival of consumption demand on a sustained basis would be a somewhat long-drawn affair in the near term, although we may see an occasional COVID-19 induced spurt of pent-up demand.

IRR Advisory expects exports to grow 20.3% y-o-y in FY23 due to a favourable global trade outlook. Although world is still in the middle of the COVID-19 pandemic, sentiments in developed economies, which had turned against globalisation during the most part of the previous decade, appear to be on the mend. Another factor that is driving the global trade is the fiscal stimulus provided by the governments across developed countries in response to the COVID-19 pandemic.

Retail inflation so far in FY22 has mostly been fluctuating between the RBI's target of 4% and the upper band of 6%, while wholesale inflation is in double digits. Flaring up of global commodity prices especially crude oil prices coupled with intermittent spurts in select food items has kept inflation on the higher side. However, one food item that has remained on the boil for nearly two years now is edible oil. Edible oil has been consistently showing double-digit inflation in Consumer Price Index since April 2020 and in Wholesale Price Index since December 2019.

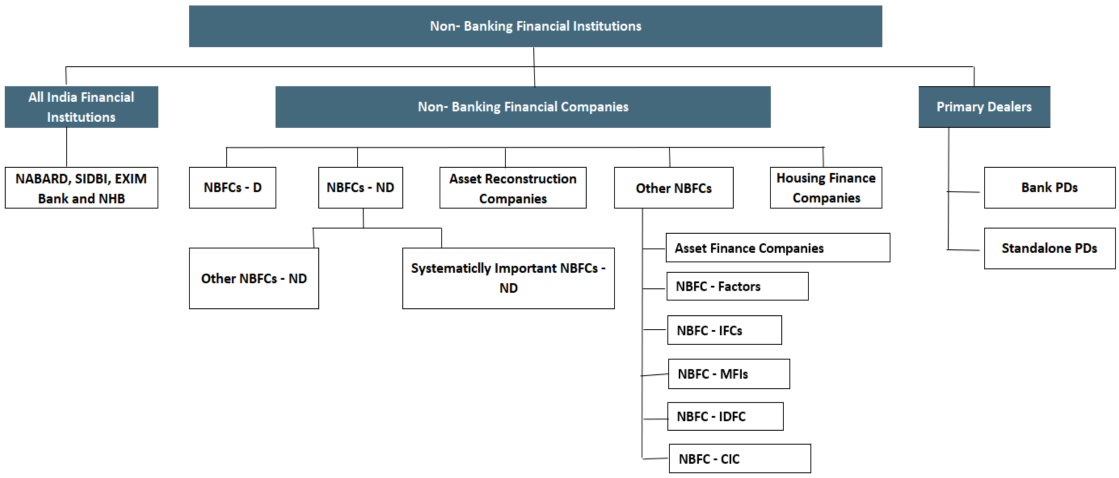
Despite increased government capex and policy support, IRR Advisory believes the revival of private investment demand will be a slow and drawn-out process. The two developments that can, however, hasten this process is merchandise exports which has shown a surprise turnaround in FY22 and the Production-Linked Incentive Scheme announced by the union government in April 2020. While sustained merchandise exports could translate into a higher manufacturing sector capacity utilisation, an effective roll out of the Production-Linked Incentive Scheme could incentivise existing as well as new players to undertake capex.

II. OVERVIEW OF THE NBFC MARKET IN INDIA

Introduction

Non-banking Financial Institutions (NBFIs) 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.

Structure of NBFIs under the Reserve Bank Regulation



Source: Reserve Bank of India (Data as on 31st May 2021)

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 (IFCs), asset finance companies (AFCs), core investment companies (CIC), infrastructure debt funds (IDFC), micro finance institutions (MFIs). In 2018-19, three categories of NBFCs namely, AFCs, loan companies (LCs) and investment companies (ICs) were merged into a new category called investment and credit companies (ICCs) for harmonisation and operational flexibility. 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.

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.

Regulatory guidelines mandate that only those NBFCs with minimum net owned funds (NOF) of INR2cr can be allowed to operate. Compared to FY19, when there was a record number of cancellations/surrender of licenses of non-compliant NBFCs, both registrations and cancellations were lower during FY20. RBI has cancelled certificate of registration of 4 non-banking finance companies in FY21. Those whose registration has been cancelled by RBI, include Faridabad, Haryana-based Psychotropics Leasing and Finance Pvt. Ltd., Pathanamthitta, Kerala-based Saan Popular Finance Pvt. Ltd., Hyderabad-based Classic Leafin Pvt. Ltd. and New Delhi-based Alka Mercantile Pvt. Ltd. (currently known as Surbhi Mercantile Pvt Ltd). Separately, RBI mentioned seven NBFCs have surrendered their certificate of registration in FY21.

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:

- **Investment and Credit Company:** The main business of these companies is lending and investment.
- **Systemically Important Core Investment Company (CIC-ND-SI):** A systematically 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.
- **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 NOF of INR50.0mn and its financial assets in the factoring business should constitute at least 75% of its total assets and its income derived from factoring business should not be less than 75% of its gross income.
- **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.
- **NBFC-Account Aggregator (NBFC-AA):** NBFC-AA engages in collecting and providing information about a customer's financial assets in a consolidated, organised and retrievable manner to the customer or others as specified by the customer
- **NBFC–Peer to Peer Lending Platform (NBFC-P2P):** PBFC – P2P provides an online platform to bring lenders and borrowers together to help mobilise funds.
- **Housing Finance Companies (HFC):** HFC is another form of a non-banking financial company NBFC which primarily is engaged in the business of providing finance for housing.

<u>New framework of categorisation of NBFCs</u>

A four-layered scale-based approach to regulate NBFC in the country will kick in from October 1, 2022 to ensure tight oversight of the sector. Further, the Reserve Bank of India (RBI) has set a limit of INR 1 crore per borrower for financing subscriptions to initial public offer (IPO). The ceiling will come into effect from April 1, 2022. The regulatory structure will comprise four layers based on their size, activity, and perceived risk. The lowest layer will be the base layer, followed by the middle, upper and top layers. The top layer might remain empty.

The base layer will have non-deposit taking NBFCs with assets worth up to INR 1,000 crores. Finance firms working as peer-to-peer (P2P) lending, account aggregator firms, non-operative financial holding company (NOFHC) and entities that do not avail of public funds or have any customer interface will also be in this layer. The middle layer will comprise deposit-taking NBFCs irrespective of asset size, non-deposit-taking firms with assets worth INR 1,000 crore or more, as well as housing finance firms. Standalone primary dealers, infrastructure debt fund investment companies and infrastructure finance companies will also come under this category. NBFCs which warrant enhanced regulatory requirements based on a set of parameters and scoring methodology will feature in the upper layer. The top-10 eligible NBFCs in terms of asset size will always be in the upper layer, irrespective of any other factor. The top layer can get populated if the regulator thinks there is a substantial increase in the potential risk from specific NBFCs in the upper layer. Government-owned NBFCs will be placed in the base or middle layer, and not in the upper layer until further notice.

The regulatory minimum net-owned fund for finance companies acting as microfinance firms and those factoring business will be increased to INR 10 crore. The RBI has set a three-year glide path for the existing NBFCs to achieve the net-owned funds (NOF) of INR 10 crore. However, for NBFC-P2P, NBFC-AA, and those with no public funds and no customer interface, the NOF shall continue to be INR 2 crore. The RBI has revised existing norms for classifying loans as non-performing assets (NPAs). Now, the overdue of more than 90 days will be termed NPAs for all categories of NBFCs. The central bank has provided a three-year transit period to NBFCs in the base layer to adhere to the revision. NBFCs in middle and upper layers have to make a thorough internal assessment of the need for capital, commensurate with the risks in their business. NBFCs in the upper layer will have to have a common equity tier-1 capital of at least nine per cent to enhance the quality of regulatory capital. In addition to the CRAR, the upper layer NBFCs will also be subjected to leverage requirements to ensure that their growth is supported by adequate capital. A suitable ceiling for leverage will be prescribed subsequently as and when necessary.

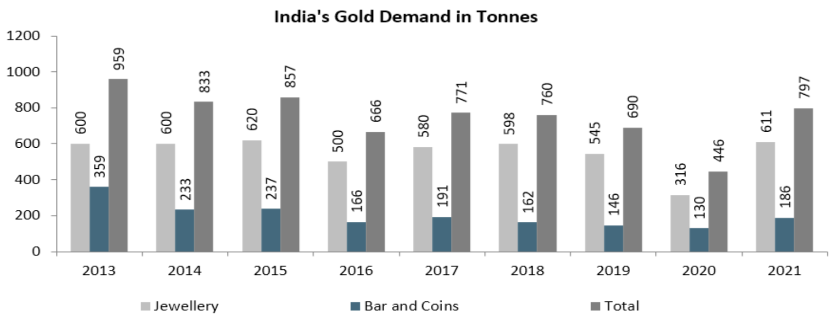
III. EVOLUTION OF GOLD LOAN MARKET IN INDIA

Introduction

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.

Gold Demand in India

India is one of the largest markets for gold and growing affluence is driving growth in demand. Gold has a central role in the country's culture, considered a store of value, a symbol of wealth and status and a fundamental part of many rituals. Aside from Diwali, one of the most important dates in the Indian calendar, regional festivals across the country are celebrated with gold: in the south, Akshaya Tritiya, Pongal, Onam and Ugadi; in the east, Durga Puja; in the west, Gudi Pavda; in the north, Baisakhi and Karva Chauth. Two-thirds of India's gold demand came from rural areas, where jewellery is a traditional store of wealth. The chart given below depicts the trend of India's gold demand (in tonnes) from 2013-2021.



Source: World Gold Council

As per World Gold Council (WCG), COVID-19 pandemic and high prices caused gold demand to fall by 35% to 446 tonnes in 2020 compared to 690 tonnes in 2019. In value terms, the demand fell by 14% to INR188,280cr during 2020 from INR217,770cr a year ago. Total gold jewellery demand in India for 2020 was also down by 42% at 316 tonnes as compared to 545 tonnes in 2019 and in value terms, jewellery demand was INR133,260cr, down 22% from INR171,790cr in 2019. Total investment demand for 2020 was down 11% at 130 tonnes in comparison to 146 tonnes in 2019 and in value terms, gold investment demand was INR55,020cr, up 20% from 2019. The gold demand drop was only 14% when viewed in value terms, as prices were up 34% hovering around INR50,000/10grams for most part of the year. In Q4FY20, the festive period and the ensuing wedding season revived hopes and drew in jewellery demand worth 137 tonnes -the strongest quarter in the year. Demand for gold in India for Q4FY20 was at 186.2 tonnes down by 4% as compared to Q4FY19 (194.3 tonnes). Value wise it was INR82,790cr, an increase of 26% in comparison with Q4FY19 (INR65,890cr).

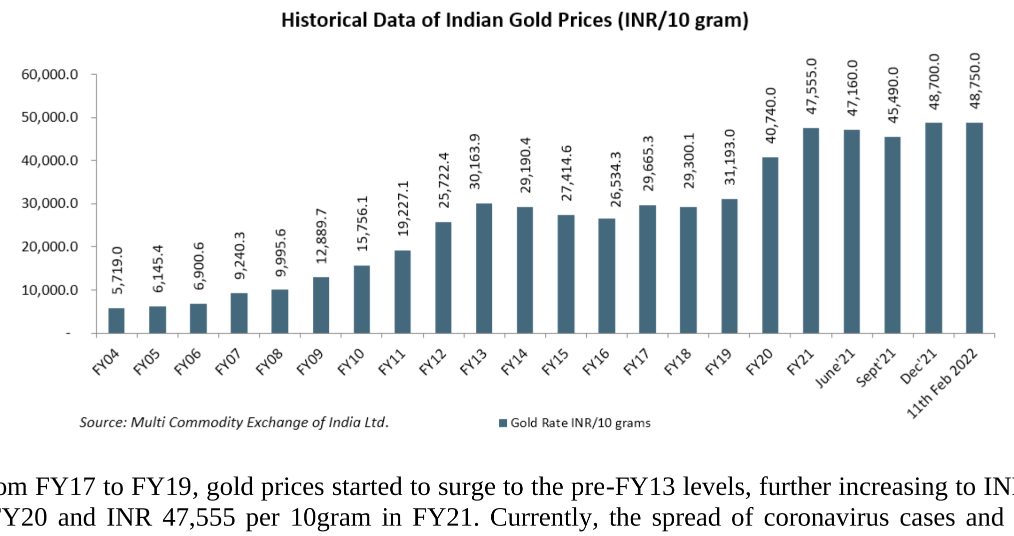
As per World Gold Council (WCG), India's gold demand surged to 797.3 tonnes in 2021, registering a massive 78.6% jump from 446.4 tonnes during 2020, on the back of recovery in consumer sentiments and pent-up demand post Covid-19-related disruptions. India's gold demand recovered chiefly as a result of an exceptional fourth quarter demand of 343 tonnes that surpassed even the most optimistic expectation articulated in the third quarter and turned out to be the best quarter in the recorded data series.

Jewellery demand during 2021 was up by 93% at 610.9 tonnes, compared to 315.9 tonnes in 2020. Gold jewellery demand doubled year-on-year in 2021, surging past pre-pandemic levels to reach a six year high following a record fourth quarter demand of 265 tonnes, fuelled by weddings and festival season, underpin the resilience of gold demand following its deep-rooted socio-economic footprint in household finance. The easing of lockdown restrictions in the second half and a successful progress of the vaccination program, economic growth altered consumer sentiment significantly, triggering spending and investments across the board during festivals like Dussehra and Dhanteras. In value terms, jewellery demand skyrocketed by 96 per cent to INR261,140cr from INR133,260cr in 2020. Meanwhile, the total investment demand for 2021, was up by 43% at 186.5 tonnes in comparison to 130.4 tonnes in 2020, while in value terms, demand was up by 45% at INR79,720cr against INR55,020cr in 2020.

Total gold recycled in India in 2021, declined by 21% to 75.2 tonnes, as compared to 95.5 tonnes in 2020. Total gold imported in India increased by 165% in 2021 to 924.6 tonnes, compared to 349.5 tonnes in 2020. This surge in imports can mainly be attributed to manufacturers and retailers stocking up after clearing up their existing stocks following the implementation of hallmarking norms. Digital gold savings also rose impressively due to their ease and safety, a pointer to altering future buying behaviour in investment gold. Going forward, Covid-19 and its future variants will remain a factor to watch as will price movements in gold, given global concerns on inflation, interest rate and geo-political developments. The next few years starting with 2022 will be years to watch for the effect of policy reforms, technology and industry collaboration to let gold evolve into a more transparent mainstream asset class.

Gold Price Movement in India

Gold prices in India have been showing an overall upward trend since the last 3 decades. There was a steady increase in the prices of gold from FY04 to FY13. From FY14 to FY16; there was a decline in gold prices owing to geopolitical stability, low oil prices, low inflation and strong growing equity market. During this period, gold lost its attractiveness to investors either from a capital appreciation perspective as a hedge against inflation or as a safe haven; causing a significantly reduced demand.



Source: Multi Commodity Exchange of India Ltd.

However, from FY17 to FY19, gold prices started to surge to the pre-FY13 levels, further increasing to INR40,740 per 10gram in FY20 and INR 47,555 per 10gram in FY21. Currently, the spread of coronavirus cases and its potential negative impact on the global economy are prompting investors to take refuge in safe havens like gold. Gold prices hit over INR50,000 per 10 grams in India which is the world's second-largest gold consumer after China as a host of factors like global uncertainties triggered by pandemic, weak dollar, low-interest rates and stimulus programmes have increased the appetite for gold. Like money market and high-quality bond funds, gold benefited from investors' need to reduce risk, with the recognition of gold as a hedge further underscored by the record inflows seen in gold-backed Exchange Traded Funds. Gold prices are slightly reducing from August 2020 levels to reach INR48,750 per 10 grams as on 11h February 2022. Gold prices in India are dictated by international prices.

Gold prices have been stuck in INR47,000-INR49,000 range so far since March 2021. Inflation worries have supported bullion on the downside while growing expectations for US Federal Reserve interest rate hikes have kept gains in check. Gold is supported by volatile equities, ETF inflows, geopolitical tensions and inflation concerns however higher bond yields and gains in US dollar index has limited upside. Gold is often typically considered a hedge against inflation but rate hike raises the opportunity cost of holding non-yielding bullion. Average inflation in the US is expected to remain around 4.5% to 5%, which is much higher than the target figure of 2%. Dollar Index has also appreciated to an overbought condition and it may tumble anytime leading to rise in gold price in spot market. Crashing equity market, dollar index in overbought condition, depreciation in Indian National Rupee (INR) against the US dollar (USD) and expected rise in crude oil price due to Russia-Ukraine conflict are some of the major triggers that may fuel gold price rally in near term.

Gold Loan Market in India

Gold enjoys a unique connection with Indians in terms of social status, financial security and rich cultural legacy. Along with the country's growing population and ever-increasing disposable income, India's inclination and liking for gold has also increased. 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.

Most of the gold in India is held by people in rural market. Rural residents and low-income groups are the major customers of gold loans, as gold is usually the only asset they possess, in some quantity. They also typically lack access to banking facilities. Thus, gold loan has emerged as one of the most reliable credit sources for these categories of customers at a broader level, there are mainly two categories of gold loan providers:

(i) Formal sector (Banks, NBFCs and cooperatives)
(ii) Informal sector (local moneylenders).

The key factors that drove the rapid growth phase of Gold loan in India 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 75.0%. Convenience of access, quick disbursals and lower interest rates compared to moneylenders led to NBFCs becoming the customer's de-facto choice. 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 favor 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%, totaling to 2.0% tax. GST rates on gold have now been pegged to 3%. This is in addition to an import duty of 7.5% and 3% GST on making charges.

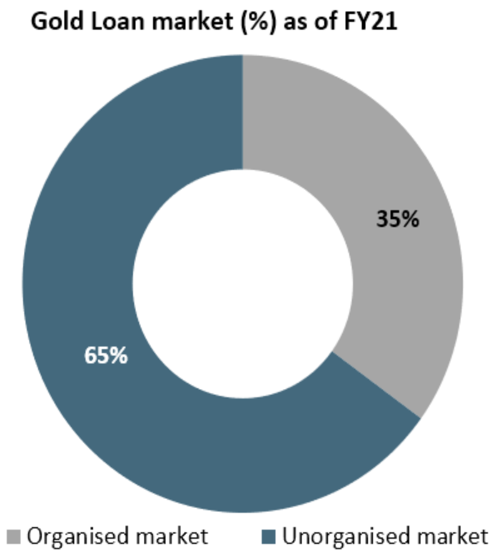
In order to stabilize the proliferation and books of gold loan NBFCs, RBI intervened and released certain guidelines:

- Removal of Priority Sector Lending (PSL) status. This immediately resulted in substantially higher borrowing cost.
- Restricted credit exposure to single gold NBFC to 7.5% from 10% resulting in lower bank funding.
- Prohibition of grant of loans against bullion and gold coins.

The COVID-19 pandemic and the subsequent nationwide lockdown resulted in a significant amount of job losses, leaving people to burn out their savings for a living. People heavily relied on borrowings through banks and other sources to fulfil their financing needs amid the pandemic. Consumers used their gold holdings as collateral to obtain their financing needs rather than outright selling. These higher borrowings lifted demand for gold loans during the pandemic both through NBFCs and banks. Gold loans will benefit not just from the demand side but supply-side dynamics too as many banks and non-banking institutions target this product segment on account of its acceptable risk profile. Borrowers had benefited from higher loan value for the same collateral while lenders have benefited from lower LTV ratios on their existing loans and higher demand. Demand during the pandemic has pushed gold loan Asset Under Management (AUM) higher by 20-30% for most of India's leading gold loan NBFCs and banks.

Gold Loan NBFCs in India

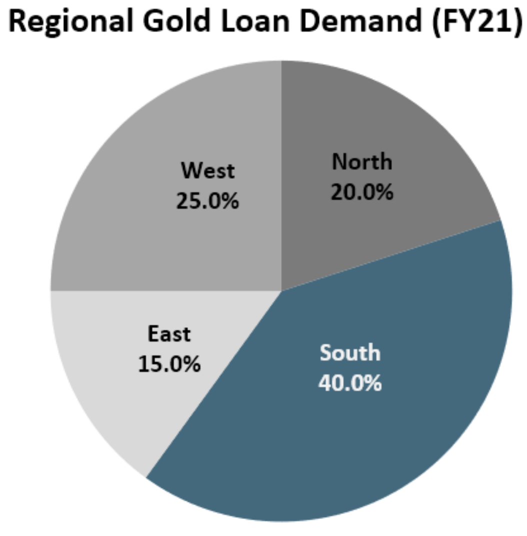
Till the last century, most of the lending was in the unorganized sector through pawnbrokers and money lenders. However, this scenario has changed over the last two decades post India's economic liberalization and financial sector reforms, and the organised sector has become more dominant. Buoyed by the spurt in gold prices during the last decade, organised lenders grew during the period FY09 to FY12. 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.



Souce: IRR Advisory Analysis

The total gold loan industry AUM stood at approximately INR11,574bn in FY21, out of which approximately 35% accounted for organised market. India's unorganised gold loan market is estimated to be around 65% of the total gold loan market. 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.

The demand for gold has a regional bias with southern Indian states accounting for around 40.0% of the annual demand. 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. 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 to newer regions. Many Gold loan companies are reducing their geographical concentration risk and gradually shifting their focus to northern and western region over the last 3 years.

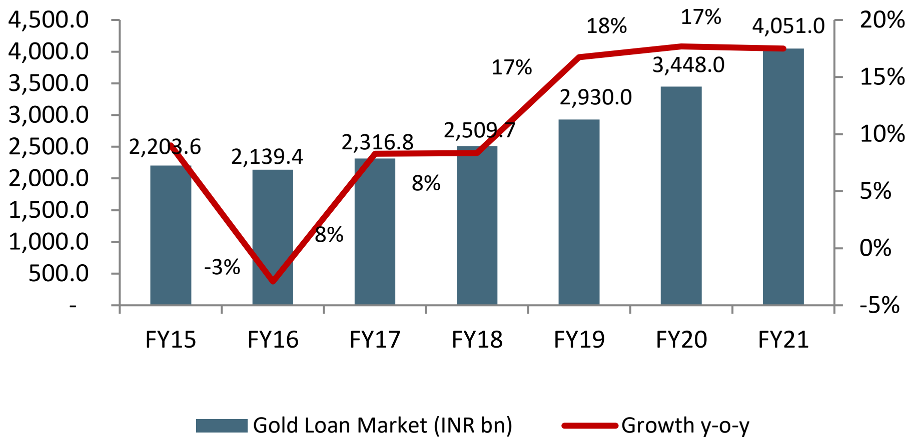


Souce: Media Reports, IRR Advisory Analysis

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

As per WGC report, the organized gold loan industry is around 35% and unorganized industry is around 65%. The total gold loan industry AUM stood at INR11,574bn in FY21, out of which approximately 35% valuing INR4,051.0bn accounted for organised market.

Indian Gold loan market size of organised players (INR bn)



Source: IRR Advisory Analysis

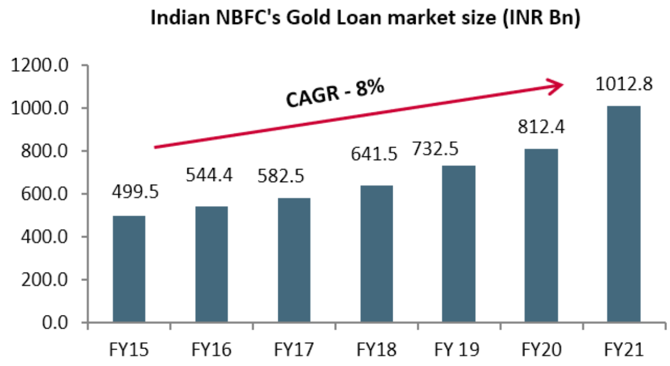
NBFCs were marked by slowdown and weakening competitive positioning during FY12 and FY15 owing to withdrawal of eligibility for NBFCs under priority sector lending, RBI putting a ceiling on LTV ratio that could be given out by NBFCs at 60%, as against 75% for banks and RBI norms for conducting gold loan auctions. Industry reports state that Indian Gold loan market of organised players has increased at a CAGR of 8% from INR2,203.6bn in FY15 to INR4,051.0bn in FY21 owing to increase in gold prices, good monsoon and favourable macroeconomic factors. During this period, NBFCs' focused on improving the business per branch, undertook aggressive marketing and diversified into new regions. 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 12-25% p.a	Around 7-17% 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

<u>Growth in Gold Loans market of NBFCs (Gold Loan) in the Last 6 Years</u>

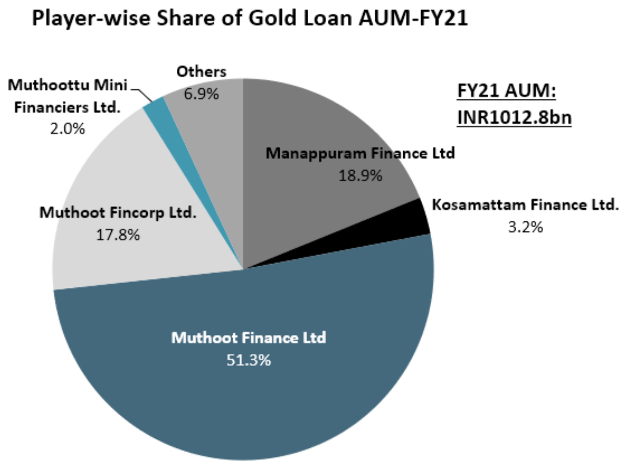
The gold loan AUM of NBFCs grew at a CAGR of 8% between FY15 and FY21. NBFCs witnessed a decline in gold loan AUM between FY12 and FY14, as RBI's regulations curbed the performance as mentioned earlier. However, due to NBFCs flexible loan offerings and quicker disbursement time helped them to grow their gold loan AUM from INR499.5bn in FY15 to INR544.4bn in FY16.

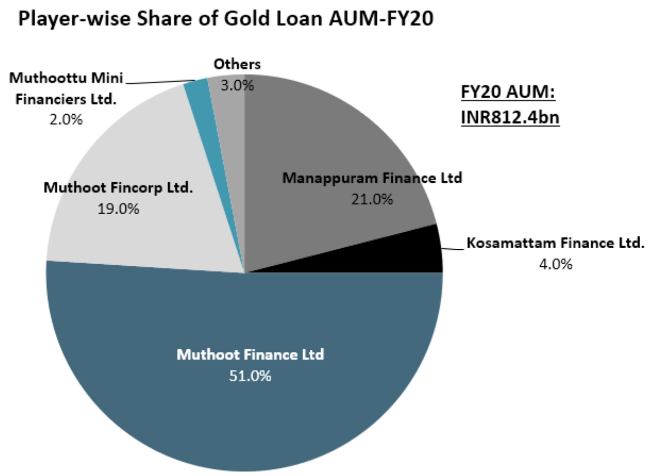


Source: IRR Advisory Analysis

Gold Loan NBFCs AUM further grew by an impressive 13% over the next 5 years from INR544.4bn in FY16 to INR1012.8bn in FY21 due to geographic expansion, rise in gold prices and higher marketing expenditure undertaken by players in order to improve product awareness and build brand identity. 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

Percentage share of organized players in Gold Loan market during the last 2 years is provided below:





Source: Company Annual Reports, Credit Rating Reports, IRR Advisory Analysis

Muthoot Finance Ltd. increased its market share of gold loan AUM slightly from 51.0% in FY20 to 51.3% in FY21. Manappuram Finance Limited's market share decreased from 21.0% in FY20 to 18.9% in FY21. Muthoot Fincorp Ltd's market share decreased from 19% in FY20 to 17.8% in FY21.

Muthoot Finance Ltd. has witnessed growth of 27.4% in Gold AUM from INR407.7bn in FY20 to INR519.3bn in FY21. Meanwhile, Manappuram Finance Ltd. has witnessed a growth of 12% in Gold AUM from INR170.6bn in FY20 to INR191.0bn in FY21. Muthoot Mini Financiers Ltd. has been expanding its franchisee in the core gold finance business, with its AUM growing by 18% y-o-y from INR16.8bn in FY20 to INR19.9bn in FY21. The growth was majorly attributed due to greater liquidity needs arising with the onset of COVID-19 pandemic.

IV. 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. 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

WGC estimates that about 65% 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. Consumption growth in rural India had outpaced urban spending by the widest margin in last decade, encouraged by relatively good rainfall and an increase in government spending on infrastructure. However, the year 2019 witnessed a slowdown in the rural market due to factors such as liquidity crunch, drop in gross domestic product (GDP), floods in several parts, weakened household spending, high food inflation due to spike in milk and onion prices impacted consumer wallet in rural regions. The rural consumption was back on high single digit growth in FY20, helped by factors including government spending in infra projects and increased rural spending. Additionally, the expected rise in consumerism in rural areas will lead 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, interest charged were around 35-50% (local moneylenders) but now organized players in the market (banks and NBFCS) offer the loan at 7.5-20% 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 ways 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.

Untapped opportunities in the non-south regions

Since ages, most of the gold loan companies have their maximum presence in the southern pockets of India. Western, northern and eastern region have minimal gold loan credit penetration, which reflects that gold loan companies can unlock this potential in the coming years. The gold loan market is expected to demonstrate high growth potential as banks are becoming more selective and stringent in credit disbursement. The emergence of the online and digital models in the gold loan space by NBFCs and new-age FinTech players that offer gold loans at the customers' doorstep have opened up an untapped market for gold loan companies.

Lower default rates

There is very low NPA in gold loans. A low default rate is the reason why many formal institutions have comfortably entered the gold loan space. Default rates typically are between 1-2% which is much lower than other traditional financial products offered by financial institutions. This makes gold loan attractive product for organised players.

Development of online gold loan market

Many new age fintech companies and traditional players have started to offer innovative products such as online gold loans (OGL) catering to the young and urban population. Primary beneficiaries of online gold loan facilities are digitally and financially literate customers who belong to the age group of 25 to 40 years. Gold loan companies have come up with various operating models like visiting customer’s residence, allowing customers to place their gold within the NBFC’s vault after which customers have the option to pledge this gold via online channels and receive funds directly to their bank accounts. A leading NBFC has recently reported that their OGL in their total gold loan business before the lock down was about 45% and this has gone up to 62% as many of their customers understood the benefits of OGL as they were able to operate their account and borrow higher amounts even as the branches remain closed. The increasing adoption of smartphones and expanding internet connectivity in rural and semi urban area will enable NBFCs in the coming years to get most of their customers to transact in the online gold loan platform. Further, NBFCs have started targeting MSME segment for the OGL as they are not very comfortable visiting gold loan offices for their finance requirements.

V. REGULATORY MEASURES IMPACTING THE GOLD LOAN MARKET IN INDIA

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%. 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 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 India Bullion and Jewellers Association Limited (formerly known as 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 The India Bullion and Jewellers Association Limited (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 INR0.5mn
- 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 impacting the gold loan market in India 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 traditional banks and NBFCs. 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 anti-money laundering measures is put in place. The KYC policies are required to have certain key elements, including, customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, diligence of client accounts opened by professional intermediaries, customer due diligence and diligence of accounts of politically exposed persons, adherence to 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 an 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. Gold Deposit Scheme (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: up to 3 years) to 2.5% (Long-term: up to 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.

VI. KEY RISKS IN GOLD LOANS FINANCING

Few of the risks involved in Gold loan financing is as follows:

Price Risk: Gold being a globally traded precious commodity, its price fluctuates daily depending on domestic and international factors. When gold price increases, it is beneficial to lenders as well as borrowers whereas when it falls drastically on a continuous basis, the current loan to value ratio (LTV) increases. This increases the possibility of delinquencies and the internally set mark to market (MTM) or LTV trigger may breach. As a policy, the financier in this case would ask for the part prepayment or additional collateral to avoid jewellery from auctioning. But in an extreme scenario when most of the customers fail to comply with either of the options combined with an unfavourable economic environment, a large chunk of jewellery may get auctioned for a value lower than market prices pre-auction, resulting in a lower recovery.

Credit Risk: Unlike other retail loans, where an independent credit team does assessment of a borrower, gold loans involve limited borrower credit check (by major non-banking finance companies), given that lending is purely collateral based. Given the limited role of credit risk assessment in gold loans' disbursement, the presence of robust internal processes for collateral assessment becomes crucial.

Valuation Risk: The LTV ratio at the time of sanction depends on the valuation conducted by the valuation officer to arrive at an intrinsic value/net weight of gold content in jewellery based on its purity, weight and excluding non-gold content. Often, one to two months of training is provided to staff before they are enrolled to the branches. Staff follows an internal policy of valuation which generally includes acid test and sound test, and disregarding stones and non-gold content to arrive at the net weight of jewellery. Lack of a standardised valuation procedure across branches of the originator will involve judgement of the valuer, which may result in mispricing the asset which can lead to an under collateralised loan. Moreover, to curb the risk of spurious gold being pledged, strong valuation system/process should be in place.

Auction Risk: Auction is typically conducted either on loan crossing 90 days past due (dpd) or when MTM breaches an internally defined threshold. Once it is established that an auction needs to be conducted, there are operational challenges of moving jewellery to a designated auction centre, risk of losing it in transit and finding buyers when quantity/weight is high.

Safety and Insurance Risk: In any secured loan, the substance of collateral is high from recovery perspective. Safety and protection of collateral becomes more crucial when servicer has custody of it. When security systems of storage and surveillance of gold have weak controls, the collateral is prone to the risk of burglary and fraud which can lead to unwanted losses. Also, financiers store high-value gold in vaults at their branches and make disbursements up to certain value in cash with high daily cash turnover. It is crucial to adequately and effectively cover the risk of losing collateral and cash through insurance.

Delinquency: Gold loan is considered as an emergency source of funding typically disbursed in a quick time. Although the product is fully secured, historically it has been noticed that there can be chances of delinquencies in the softer buckets because of the nature, purpose and tenor of loans. Income levels of the underlying borrowers during the tenor of loan and gold price volatility determine delinquency levels in the deeper buckets.

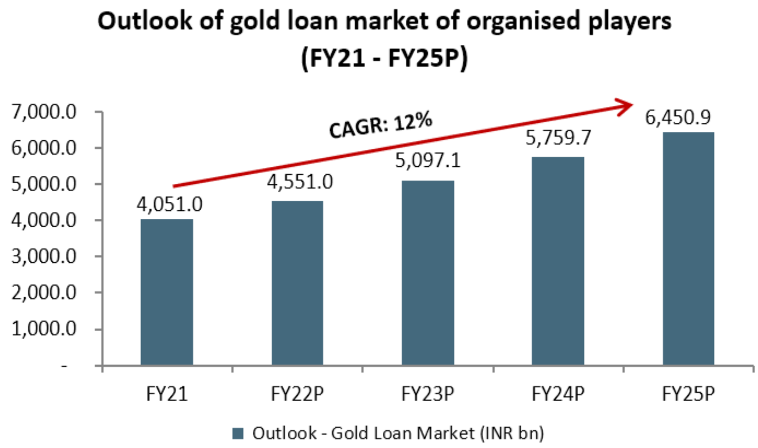
Seasoning Risk: Gold loans being a short tenure product where the weighted average life is often less than 12 months, the average seasoning at the time of securitisation may be three to four months and of only interest payment (principal repayment being bullet in nature). Hence, loan's performance history is limited. Although the short-tenure gold loan has the advantage over a correction in gold prices, it does not give a larger picture on pre-securitisation credit behaviour.

VII. OUTLOOK OF THE GOLD LOAN MARKET IN INDIA

Outlook of the Gold Loan Market in India

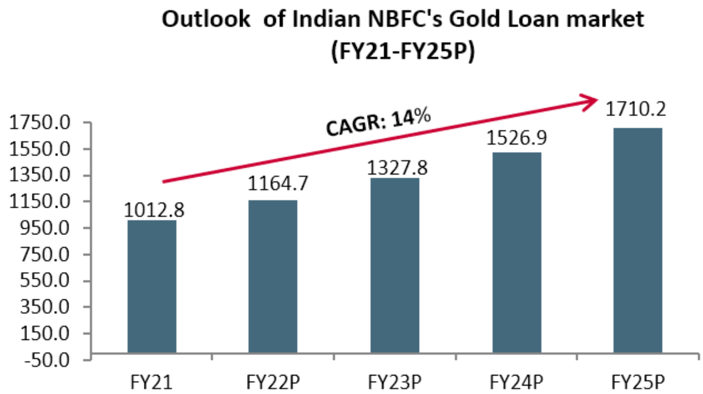
India is one of the largest markets for gold and in our Indian culture gold is considered as auspicious, particularly in Hindu and Jain cultures and gold is worn for important ceremonies and occasions. Gifting gold is a deeply ingrained part of marriage rituals in Indian society where weddings generate 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 gold loan market size will grow to INR6,450.9bn by FY25P.

Demand for gold loans, both through banks and NBFC, has grown in response to the economic impact of the COVID-19 pandemic. The need for quick credit among small businesses will further spur gold loans' growth post the pandemic. With the credit demand expected to rise, the organised gold loan industry is expected to grow over the next few years at a CAGR of 12% from INR4,051.0bn in FY21 to INR6,450.9bn in FY25P which would be driven by gold loan NBFCs moving into non-southern Indian territories, improving penetration, improving product awareness and building brand identity. Diversification into other regional geographies and untapped markets would be the key for industry AUM to grow. Gold loan industry AUM projection from FY21 to FY25P is provided below:



Source: IRR Advisory Analysis

Since the COVID-19 outbreak of the pandemic, gold loans have become an easy way of accessing capital and both banks and NBFCs have reported higher disbursements and increasing revenue numbers from their gold loans portfolio. Industry report suggests that MSME companies are turning to gold to raise funds, rebuild their business and manage working capital requirements. Gold loan processing is perceived to be faster and more convenient, compared to personal loans. Organized players are adopting marketing initiatives to raise awareness against heavy interest rates charged by the unorganized players (which are in the range of 25-50%) especially in rural parts. Also, player's ability to leverage technology and improve their online gold disbursements could turn out to be a game changer. Based on these growth drivers, we expect gold loan NBFCs' AUM to grow at 14% CAGR, from INR1012.8bn in FY21 to INR1,710.2bn in FY25P. Indian NBFC's gold loan AUM projection for the coming 4 years is provided below:



Source: IRR Advisory Analysis

The overall organized NBFC's gold loan penetration level is around 25-30%, which confirms that there is 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.

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

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

Source: World Gold Council

The arrival of new online gold loan products and digital models by various NBFCs and fintech players are expected to tap the gold loan market. These products offer gold loans at the client's doorstep and complete the process without much hassle. More and more tech driven consumers are opting for these loans as these products have lower interest rates vis-à-vis its competing brick and motor NBFCs.

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 months and it is INR76.2 per US dollar as on 22nd March 2022. The Indian Rupee is likely to trade on choppy as Global markets started-off the week with a risk-off sentiment with higher oil prices amid Russia-Ukraine tensions escalates further. Additional headwind coming from China that they reported first covid death since January 2021 pushing Asian equities lower as well as rupee too. Dollar rupee has witnessed over one points correction after knocking record high near 77.33 levels and now facing immediate support around. Energy crunch across the Asia to Europe belt have led to sharp rise in oil prices and renewed concerns of hot-steaming inflation. Being India importing nearly 80% of its oil needs, high prices result in increased imported inflation thereby putting rupee under pressure.

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 last 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 a good inflation hedge. 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. Thus, gold can be used to protect purchasing power, reduce volatility and minimize losses during periods of market shock.

RBI is among the 10th largest holder of gold reserves among central banks globally, according to the latest WGC report with USA and Germany among the top holders ever since uncertainty over the dollar outlook mounted after the US-China trade war concerns in 2018, central banks across the globe started buying gold to diversify their foreign exchange reserves base. RBI also started buying gold after a long gap (after Nov 2009). The surge in foreign inflow and low yield on overseas sovereign bonds may have led to RBI buy gold. As at end of September 2021, the Reserve Bank held 743.84 metric tonnes of gold ranking tenth globally in gold holding. While the quantity of holding is less than that of the US, Germany, France and Switzerland, it is far higher than other emerging economies, with the exception of China.

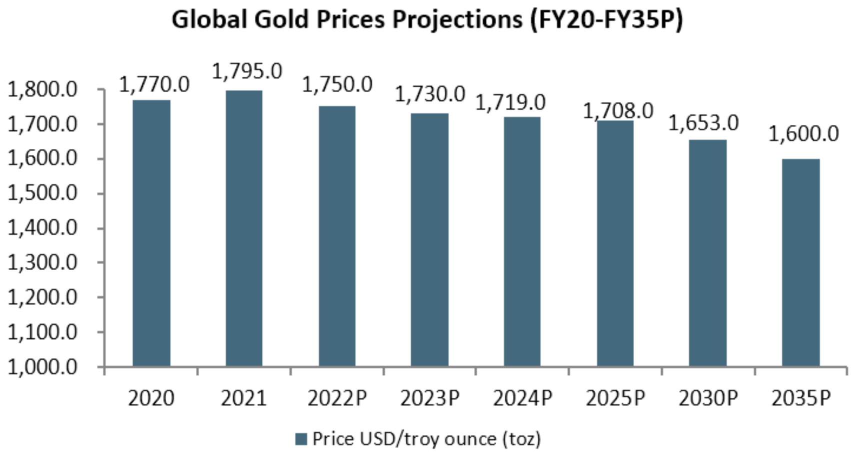
The RBI decision to buy gold is significant because unlike Central banks it does not regularly trade in gold although the law permits it do so. The RBI's decision to buy gold is probably a decision for diversification of assets for deployment keeping in mind the evolving global risks due to rising policy rates in the USA and increasing market volatility. The beginning of the RBI's recent gold purchases in early 2018 coincides with two events. One, the US dollar fell sharply in 2017 as the trade war with China and crash in commodity prices led to selling in dollar assets. Two, yields on US treasury bonds spiked sharply between September 2017 and March 2018. These two happenings, taken together, would have resulted in a sharp loss in the value of US treasury securities held in foreign exchange reserves. Gold prices have also been in a strong up-trend since September 2018, gaining almost 48% since then. This rally would have bolstered the central bank's resolve further.

India's desire to add gold reserves seems to be driven mainly by the fear of depreciation in dollar value causing capital loss. India's forex reserves have been on an upward trajectory for most part over the last three decades as the RBI used the copious foreign portfolio and direct investment inflows to build its reserves. More than one-third of these reserves are held as US treasury securities.

VIII. KEY CHALLENGES FACED BY THE GOLD LOAN INDUSTRY

Volatility in Gold prices

Volatility in the gold prices has impact on the performance of the gold loan market. The gold prices have shot up sparked by the geopolitical tensions on account of Russia-Ukraine war. As on 28th January 2022 the gold prices were USD1792 per toz and by 14th March 2022 gold prices have risen to USD1951 per toz. Russia is a major supplier and exporter of energy, metals and food grains. The economic sanctions imposed on Russia have disrupted global supply chains, affecting the movement of essential commodities. Russia is also a major producer of gold, so the supply of the precious metal is likely to be hit. This will contribute to increase in prices of gold. The Russia-Ukraine war is major black swan event which is threatening to send the global economy jnto a tailspin. The countries are outlooking higher inflation and possibility of recession. In a such time of uncertainty investment in gold will prove to be safe haven and will prompt investors to opt for safe haven by investing in gold and shun risker asset classes. This can be another contributory factor to an increase in gold prices. As per World Bank - Commodity Markets Outlook, October 2021, in the long term the global prices of gold are expected to decline from USD1,795.0 per toz in 2021 to USD1,600.0 per toz in 2035P.



Source: World Bank - Commodity Markets Outlook, October 2021

Regulatory pressure

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 part of its go digital drive post demonetization. RBI had increased the maximum limit for LTV for gold loans for scheduled commercial banks to 90% (earlier it was 75%) till March 2021 but it was brought back to 75% post 31st March 2021. The LTV is still 75% for NBFCs. The objective behind increasing the LTV would be to provide some lending room for the lenders. The higher LTV ratio suggests more credit risk for the lenders as the collateral available in the form of gold ornaments or jewellery may not be sufficient to fully cover both principal and interest components on these loans. Higher LTV could adversely impact the recoverability and asset quality of lenders in the case of a weakening in the borrower's credit risk profile and/or sharp decline in gold prices.

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, in-house or outsourced storage model, electronic surveillance, internal and external audits and insurance.

Lack of financial literacy among rural customers

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 youth in urban markets.

Change in Savings Pattern

The youth are turning towards alternative options such as equity markets/mutual funds for wealth creation as against traditional method of buying gold. Also, the %age of discretionary spending is also rising day by day. These alternate investment options are gaining more traction.

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.

IX. GOLD LOAN INDUSTRY DURING COVID-19 CRISIS

During periods of economic stress, banks can really become risk averse and gold will offer on lending. The global financial crisis happened in 2008-09 when major economies went into recession and stock markets crashed. But unlike the financial crisis, challenges are different this time. The COVID-19 pandemic is a medical problem and the remedy of this problem also lies in the realm of medical sciences. Monetary and fiscal measures extensively used across the globe at best will only help in mitigating some of the adverse impact on the economy. Therefore, it is now evident that the impact of COVID-19 on the economy and livelihood is going to be greater than the impact of global financial crisis of 2008-09.

The economic package of INR20tn to revive Indian economy which includes the loan guarantee scheme of INR750bn for NBFCs and the MFIs would help in easing the liquidity challenges faced by the NBFCs. Both the government and RBI are fully committed to do whatever it takes in addressing the challenges of the pandemic.

Unlike other segment like house finance, commercial vehicle finance and MFIs, leading NBFCs have kept momentum going in gold loan by focusing on online channels. Leading NBFC is expecting 12-15% growth on gold loans in FY22 while other segments do not expect any growth. The application for gold loans have increased 35%-40% during June 2021. Gold loans were disbursed online when branches were closed during lockdown period. Due to this, even during the lockdown period itself, the online gold loan out of the total portfolio has gone up. Online channels are helping NBFCs in the interest collection and customer find it easy to transfer online whenever they have some money in their accounts. Online gold loan brings a lot of cost savings to NBFCs, but it will be accrued only in future because there are minimal number of people in the branch. Even if portfolio grows 3x to 4x, NBFCs do not need any additional employees. In future, this is going to bring a lot of operating expenditure saving per branch. Online gold disbursement would prove as competitive advantage to NBFCs who will proactively consider it as a vital business strategy in coming years

NBFCs are expecting increase in gold loans as benefits like free storage of gold and drawing power up to 75% of the LTV can be done anytime from anywhere. At the portfolio level, most of the NBFCs have average LTV at around 60% against recent increase of RBI limit. It creates lot of room to borrow more against their excessive ledgers by most of the customers.

Unlike Micro Finance Institutions (MFIs) loans, most of the gold loan customers have preferred not to opt for loan moratorium as they realize the deferment of payments without the waiver of interest would add to their interest outflow. One of major reason for this is the nature of gold loan offered by NBFCs. It is bullet repayment loans and loan moratorium are applicable to term loans. The current overall bounce rate of the customers is around 40% to 50% during lockdown. But NBFCs were able to collect almost all interest on gold loan. That is why, there is not much difference between approvals pre COVID-19 and present for gold loans. But for other segments, normal rate of disbursement for the NBFCs will start once the collection %age gets back to normal. Gold loans can turn the tide due to innovative products like online gold loans, being liquid and secured in nature and increase in gold prices during the period.

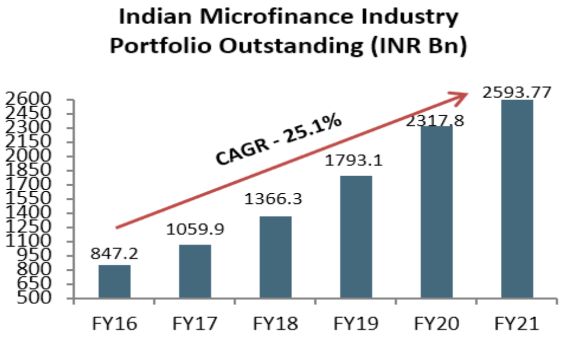
X. OVERVIEW OF MICRO FINANCE INDUSTRY IN INDIA

Microfinance, which involves providing small loans to financially excluded rural market, is an important player to bridge the credit demand gap among the underserved lower income groups. The journey of financial inclusion in the past two decades has been one of intensive efforts and incremental experimentation. However, the quantum jump came when Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched in 2014, which enabled achievement of the objective of providing bank accounts to adult population in almost every household. The reach of mobile phones and e-KYC has ensured these accounts are accessible to those who have been included in the financial services.

Number of negative events in the past have influenced growth as well as asset quality of the microfinance sector including – the AP crisis of October 2010, farm loan waivers by several states, demonetisation in November 2016, floods in some states, as well as recent economic slowdown. Despite these setbacks, the industry has evolved over the cycles and demonstrated resilience by adapting to changing dynamics. It is significant to note that the number of institutions providing microfinance as also the quantum of credit made available to the financially excluded clients have increased significantly during the last decade. RBI has been making sustained efforts to increase the penetration of formal financial services in unbanked areas, while continuing with its policy of ensuring adequate flow of credit to productive sectors of the economy and also ensuring the availability of banking services to all sections of people in the country.

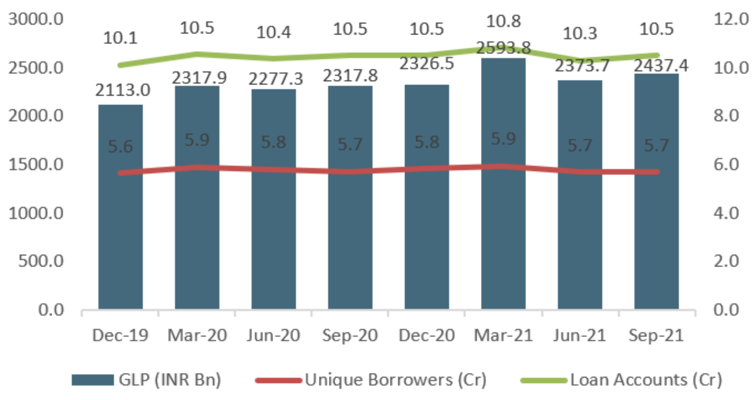
Market size of Indian microfinance industry

Micro Finance industry 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. According to Microfinance Institutions Network (MFIN), MFIs operate in 27 States, 5 Union Territories and 627 districts in India. The sector served 5.7 crore(cr) unique borrowers through 10.5cr loan accounts. The industry Gross Loan Portfolio (GLP) has grown at a CAGR of 25.1% during FY16 to FY21 period as depicted in the graph alongside.



Source: Microfinance Institutions Network (MFIN)

GLP growth of Microfinance Industry from Q3FY20 to Q2FY22

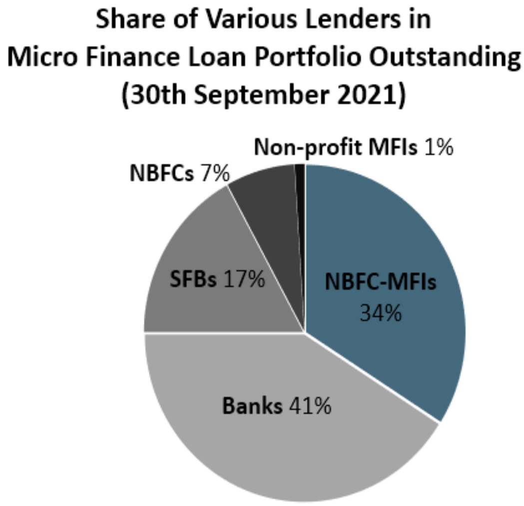


Source: Microfinance Institutions Network (MFIN)

The latest Micrometer report of 30th September 2021 published by MFIN states on a y-o-y basis GLP has increased by 15.5% from INR2,317.8bn in 30th Sep 2020 to INR2,437.4bn in 30th Sep 2021. Total Unique live borrowers in India decreased from 5.68cr as of 30th June 2021 to 5.65cr as of 30th September 2021. Total number of active loans increased from 10.30cr as of 30th June 2021 to 10.52cr as of 30th September 2021. Average loan amount disbursed per account during Q2FY22 was INR36,251 which is an increase of around 15.5% in comparison to same quarter of last financial year. PAR>30 has shown a decreasing trend for all entities since June 2021 signifying recovery of portfolio health. PAR>30 of Banks are at the highest levels of 11.8%, followed by SFBs at 9.6%, NBFC-MFIs at 7.1% and other NBFCs at 6.6% as of 30th September 2021.

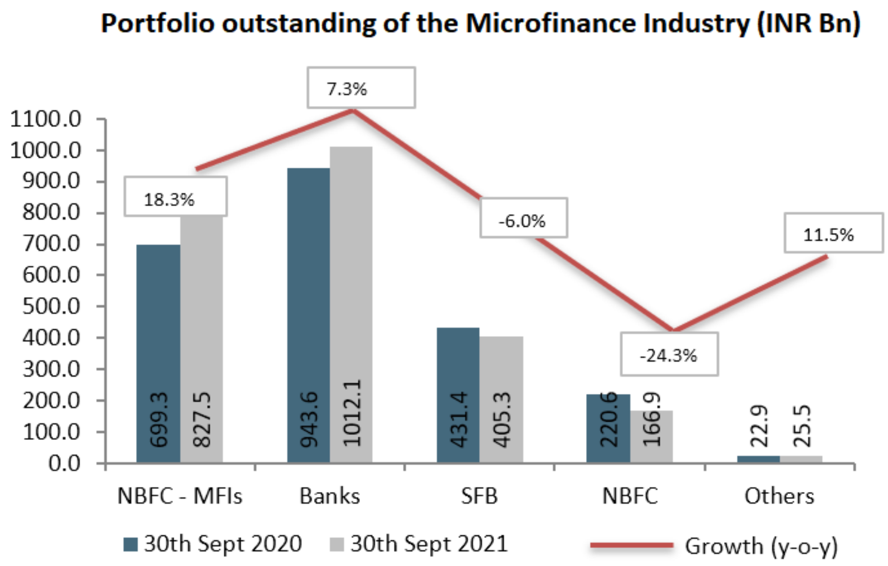
Microfinance loan disbursals during Q2FY22 improved significantly to INR19,672cr as compared to same quarter of last financial year (INR8,155cr), despite the peak of second wave. Similarly, the number of loans disbursed during Q2FY22 increased to 54.3 lakhs from 26 lakhs in Q2FY21, signifying resilience and progress of the industry. Some other trends of the industry are as follows:

- Banks hold the largest share of the portfolio in micro-credit with a total loan outstanding of INR1,01,209cr, which is 41% of total micro-credit universe. NBFC-MFIs are the second largest provider of micro-credit with a loan amount outstanding of INR82,749cr accounting for 34% to total industry portfolio. SFBs have a total loan amount outstanding of INR40,534cr with a total share of 17%. NBFCs account for another 7% and other MFIs account for 1% of the microfinance universe.
- The microfinance active loan accounts increased to 10.5 crores as on 30th September 2021.
- In terms of regional distribution of GLP, East & Northeast and South continue to account for 65% per cent of the total portfolio as on 30th September 2021.
- The Top 10 states constitute 81.6% in terms of GLP. West Bengal has retained its spot as the largest state in terms of portfolio outstanding followed by Tamil Nadu and Bihar. Among Top 10 states, West Bengal has the highest average loan outstanding per unique borrower of INR51,648 followed by Assam at INR46,300.



Source: Microfinance Institutions Network (MFIN)

The graph below depicts the comparison of portfolio growth of different microfinance lenders as on 30th September 2021 and 30th September 2020.



Source: Microfinance Institutions Network (MFIN)

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. RBI has also raised the household income limit for availing micro loans while enhanced the lending limit to INR1.25 lakh per eligible borrower from INR1.0 lakh earlier, creating more opportunity for MFIs to grow.

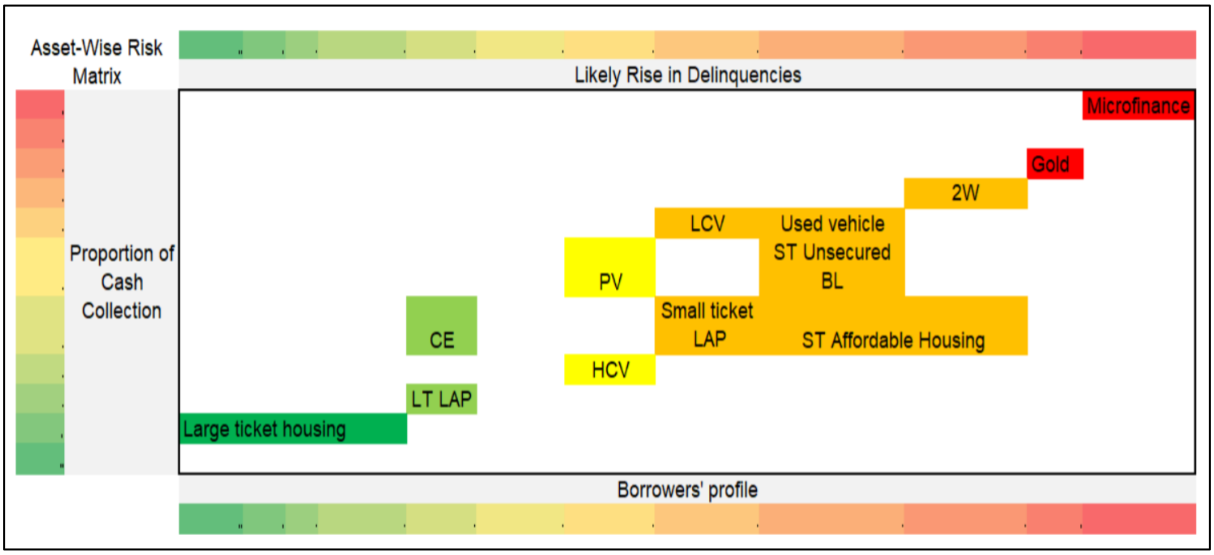
The NBFC-MFIs adhere to RBI guidelines to fix interest rates. As NBFC-MFIs are non-deposit taking entities they borrow funds from external sources to cater to the micro-credit requirements of their clients. The interest rates what NBFC-MFI are heavily dependent on the cost of funds that it borrows and 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. RBI set an average base rate of 9.18% for non-banking financial companies and micro finance institutions to be charged from their customers for the quarter beginning July 2019.

A significant portion of the Indian population still lacks access to credit from the formal sector and consequently borrows from informal channels like moneylenders or relatives, indicating the scope of micro lending in achieving financial inclusion and overall industry growth. 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.

XI. CHALLENGES FACED BY MFIS AND SFBS DUE TO COVID-19

Asset class-wise vulnerabilities

MFIs and SFBs will face severe asset quality issues in the short term, as near-term collections would see unprecedented disruptions. There may be refinancing and funding challenges for entities in the next 3-6 months. MFIs would be among the severely impacted primarily due to the operational challenges to collect cash because of the lockdown. Additionally, the credit costs could exceed pre-provision operating profits (4%-6% for NBFC-MFIs) with likely erosion in capital. It could take much longer for the credit support to normalise. Domestic banks may curtail funding/refinancing to MFIs for the short-to-medium term, given the uncertainty towards inflows.



Source: IRR Advisory

Trends in collection efficiency

While COVID-19 impacted the collections of MFIs severely early FY22, the recoveries have been encouraging and substantially differentiated across states as they opened up at varied paces. Credit costs is expected to be in the range of 5%-10% for MFIs in FY22 depending on their size and scale, access to liquidity (ability to continue to disburse) and geographic concentration. The collection efficiency (collections only against current month non-cumulative demand) at end-June 21 lagged end March 21 metrics by 15%-20%; the peak lag was highest in May 2021; April 21 was reasonably normal. The second Covid wave impact did not fully percolate to the 90+ days past due or stage 3 bucket at end-Q1FY22 and expects about 5% addition on the lower side across the industry to end-FY21 stage 3 metrics (write-offs in Q2FY22-Q4FY22 notwithstanding). This could be higher especially for MFIs that have a higher concentration in Kerala and West Bengal. This in the backdrop where in West Bengal, the recovery from the first wave was lagging.

MFIs significantly curtailed their disbursements during April-May 2021 and the initial two weeks of June 2021. However, as monthly disbursements have normalised to pre-second wave level since July 2021, this by itself would aid the recovery efforts for MFIs. At end-December 21, the current collection efficiencies were near 90-95% on a consolidated basis. Small MFIs would need to conserve liquidity and hence their disbursements could be constrained. The proportion of MFI customers who have not paid any EMI during May-July 2021 is estimated to be in the range of 5%- 10% and their behaviour remains a key near-term monitorable. Restructuring by MFIs has been limited.

Most large MFIs (having pre-provision operating profit in the 6%-9% range) would be able to absorb this impact through their P&L with minimal impact on equity. Nevertheless, the key differentiators in their performance would be their funding access. While the Assam debt waiver prompts borrowers to maintain discipline and would enable MFIs, small finance banks, banks to recoup some of their losses, it does not address the aspect of borrower behaviour during election times. This is critical given that there are nine states and union territories where elections could be held in the rest of FY22. proposed harmonization between MFIs and banks would be a positive, given the regulatory differences applicable to various forms of MFIs and the yield caps putting small entities with high cost of funds at a disadvantage. But a wide borrower income range or inability of MFIs to have a more or less uniform way of assessing borrower income could result in a higher systemic risk for the system. It is believed that large MFIs with a diverse customers base are better placed to raise funding at competitive costs.

Geographical concentration risks evident in the 2nd Covid wave

With the lifting of restrictions in the first half of June 2021 in the northern and western states of India, there was a modest improvement in the collection efficiencies of those regions. In the southern states, however, the restrictions began to ease very slowly, only towards the second half of June 2021. In fact, the daily number of COVID-19 cases in Kerala were on an increasing trend. Even West Bengal lagged recoveries from the first wave impact; the trend continued in the second wave. Against this backdrop, geographically concentrated MFIs would remain more vulnerable to shocks than diversified ones.

Harmonisation Norms – Important but need to tread carefully

The proposed harmonisation guidelines are the need of the hour to address the diverse interpretations of regulations by the multiple forms of entities (mostly regulated) involved in microfinance. Under the draft harmonisation guidelines, Microfinance Institutions Network is trying to evolve a common income evaluation guideline for NBFC-MFIs and other players in the segment such as small bank banks (SFBs), banks and NBFCs. Traditionally, banks have followed their own criteria (sometimes deriving from NBFC-MFI regulatory guidelines) which often put NBFC-MFIs at a disadvantage and this, in some states has increased the systemic risk. In addition, the removal of caps on lending rates could provide small NBFC-MFIs some breathing space and the opportunity to have reasonable operating buffers. Lending rates are capped on account of the formula at 21.5% and funding costs at 13-15%. Thus, small MFIs have marginal operating buffers, if any. The caveat here is that in case the microfinance qualifying borrower income cap is high; the purpose of microfinance could be diluted and the group structure may not be cut out to withstand defaults on high indebtedness.

Assam Debt Waiver – Encouraging discipline, but still a waiver

The Assam debt waiver is crafted in a manner to incentivise disciplined borrowers who have faced temporary cashflow problems but are not willing to default. For long-time defaulters, the plan envisages clearing of overdues and an incentive conditional to borrower behaviour becoming regular. While the MFIs operating in the region would probably see write-backs in their portfolio, this only partly addresses the larger problem of defaults post announcement/expectation of loan waivers especially in election times. In the rest of FY22, there could be elections in nine states/union territories and hence MFIs operating in these regions might slow down disbursements.

Timing of stress events to play role in FY22 Income statements

MFIs and SFBs were able to spread the provisions on the first Covid wave impacted portfolio over two financial years; 4QFY20 entailed advance creation of provisions, given that the national lockdown was imposed in 4Q; SFBs that have a prescriptive provision regime would also have made some provisions on the first wave impacted portfolio in FY22. However, given that the bulk of the second wave portfolio deterioration would happen at the beginning of FY22, the incidence of most of the relevant provision will also fall in FY22. As a consequence, the impact of the credit costs on account of the second wave would be higher in the single financial year for FY22 than FY21 - which saw some benefit of the Q4FY20 provision buffers created by players in anticipation of another COVID-19 led country-wide lockdown. Even during the demonetization crisis, companies were able to spread the credit cost over three years as the event occurred at end Q3FY17 and the regulator provided forbearance for NPA recognition.

Funding Access would be critical

Smooth access to funding and liquidity would be critical for the MFI sector. For most large MFIs (assets under management (AUM) above INR50bn or those part of large groups), bank funding lines could continue and hence they may not face immediate liquidity stress. During Q1FY22, the regulatory announcement of special long-term repo operations of INR100bn for SFBs and categorization of lending by SFBs to MFIs under the priority sector lending (for loans to MFIs of AUM INR5bn and less) were steps to ensure flow of liquidity to small MFIs.

Government Measures for microfinance to counter COVID-19 crisis:

- All India financial Institutions such as NABARD, SIDBI and the National Housing Bank were provided with special refinance facility of INR 50,000 crore at the repo rate by Government of India as a part of COVID-19 relief package.
- The government has provided 2% interest subvention to loans given under the Mudra-Shishu scheme. These loans are up to a ticket size of INR50,000 and are primarily given by NBFC-MFIs catering to low-income groups.
- RBI kept repo rate unchanged at 4% and maintains accommodative stance during six-member Monetary Policy Committee held in February 2022. RBI has taken various steps to encourage MFIs to lend to entities in need and mitigate the impact of cash losses during the lockdown. All these have ensured capital flows to a large section of borrowers and lenders at a cheaper cost.

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 15 for a discussion of risks and uncertainties related to those statements and also "Risk Factors" on page 17, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Interim Unaudited Ind AS Financial Statements, Reformatted Financial Statements and Audited IGAAP Financial Statements 2019 included in this Prospectus on page 112. We have included various operational and financial performance indicators in this section, some of which may not have been derived from our Interim Unaudited Ind AS Financial Statements or Reformatted Financial Statements or Audited IGAAP Financial Statements 2019 and which may not have been subject to an audit or review by 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 Interim Unaudited Ind AS Financial Statements, Reformatted Financial Statements Audited IGAAP Financial Statements 2019 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 dated March 25, 2022, prepared and issued by IRR Advisory Services Private Limited.

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, Gujarat, Delhi and Goa and the union territory of Puducherry. We also have microfinance loan segment 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 December 31, 2021, March 31, 2021, March 31, 2020, and March 31, 2019 comprises of 4,22,073, 3,86,110, 4,37,182, and 3,75,665 Gold Loan accounts respectively, aggregating to 2,18,985.25 lakhs, ₹1,93,510.34 lakhs, ₹1,64,480.28 lakhs and, ₹1,35,012.97 lakhs which is 97.40%, 97.04%, 97.26%, and 97.50% of our total loans and advances as on such specific dates. We, as on March 31, 2022, had a network of 814 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry and we employ 3581 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 (renewed up to March 31, 2025), 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 three 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 to sanction and disburse the loan. For the nine months period ended on December 31, 2021, and for the Fiscals 2021, 2020, and 2019, the average loan amount advanced by us was ₹51,883 , ₹50,118, ₹37,623, and ₹35,940 per loan transaction. Our Gold Loan product mix varies from 30 days up to 365 days tenure with varying rates of interest and amount of loan to suit the requirements of the customers. For the nine months period ended on December 31, 2021, and for the Fiscals 2021, 2020 and, 2019 our yield on Gold Loan assets was 19.06%, 19.57%, 19.70% and, 19.17% 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 for the nine months period ended on December 31, 2021, and for the Fiscals ended March 31, 2021, March 31, 2020, and March 31, 2019 comprised of 19,915, 20,048, 19,632 and, 25,749 microfinance loan accounts respectively, aggregating to ₹ 5,119.62 lakhs, ₹5,149.33 lakhs, ₹4,537.76 lakhs and, ₹3,215.18 lakhs which is 2.28%, 2.58%, 2.68% and, 2.32% of our total loans and advances as on such specific dates. For the nine months period ended on December 31, 2021, and for the Fiscals ended 2021, 2020 and, 2019 the average loan amount advanced by us was ₹ 25,707, ₹25,685, ₹23,114 and, ₹12,487 per loan transaction. For the nine-months period ended on December 31, 2021 and for the Fiscals ended March 31, 2021, March 31, 2020 and March 31, 2019, our yield on microfinance loan assets was 18.68%, 17.62%, 25.04% and, 25.91% respectively.

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

For the nine months period ended on December 31, 2021, and for the Fiscals 2021, 2020 and, 2019, our total revenue was ₹ 31,410.04 lakhs, ₹36,825.38 lakhs, ₹31,315.27 lakhs and ₹29,815.48 lakhs, respectively. Our profit after tax, for the nine months period ended on December 31, 2021, and for the Fiscals 2021, 2020 and, 2019, was ₹3,782.76 lakhs, ₹3,191.14 lakhs, ₹3,354.18 lakhs and ₹2,095.60 lakhs, respectively. For the nine months period ended on December 31, 2021, and for the Fiscals 2021, 2020 and, 2019, our income from our Gold Loan business constituted 93.87%, 95.10%, 94.60% and, 93.37% respectively, of our total income. For the nine months period ended on December 31, 2021, and for the Fiscals 2021, 2020 and, 2019, revenues from our microfinance loan business constituted 2.29%, 2.32%, 3.10% and, 4.54%, respectively, of our total income.

Gross non-performing loan assets were 0.88%, 0.86%, 1.89% and 2.16% of our gross loan portfolio under management for the nine months period ended on December 31, 2021, and for the Fiscals 2021, 2020 and, 2019, respectively.

Key Operational and Financial indicators of our Company

A summary of our key operational and financial indicators as for the nine months period ended December 31, 2021, have been derived from the Interim Unaudited Ind AS Financial Statements and for Fiscal 2021 and 2020 have been derived from Reformatted Ind AS Financial Statements, both prepared in accordance with Ind AS and for the Fiscal 2019, has been derived from Audited IGAAP Financial Statements prepared in accordance with IGAAP which are as follows:

A. Based on the Reformatted Financial Statements

(₹ in lakhs)

Parameters	Fiscal 2021	Fiscal 2020
Net Fixed assets	18,768.50	19,011.76
Current assets	2,25,142.58	1,75,320.01
Non-current assets	8,436.97	8,232.96
Total assets	2,52,348.05	2,02,564.73
Non-Current Liabilities (including maturities of long-term borrowings and short term borrowings)	-	-
Financial (borrowings, trade payables, and other financial liabilities)	1,28,465.30	81,413.24
Provisions	-	-
Deferred tax liabilities (net)	-	-
Other non-current liabilities	10.40	566.77
Current Liabilities (including maturities of long-term borrowings)	-	-
Financial (borrowings, trade payables, and other financial liabilities)	70,386.16	71,435.01
Provisions	156.65	142.12
Current tax liabilities (net)	-	-
Other current liabilities	1,996.19	847.27
Equity (equity and other equity)	51,333.35	48,160.32
Total equity and liabilities	2,52,348.05	2,02,564.73
Total revenue	36,825.38	31,315.27
Revenue from operations	36,821.75	31,296.67
Other income	3.63	18.60
Total Expenses	31,500.93	28,081.51
Total comprehensive income	3173.03	3,342.20
Profit / loss	5,324.45	3,233.76
Other comprehensive income	(18.11)	(11.98)
Profit / loss after tax	3,191.14	3,354.18
Earnings per equity share: Basic; (Continuing operations)	12.79	13.44
Earnings per equity share: Diluted (Continuing operations)	12.79	13.44
Earnings per equity share: Basic (Discontinued operations)	-	-
Earnings per equity share: Diluted (Discontinued operations)	-	-
Earnings per equity share: Basic (Total Continuing and discontinued operations)	12.79	13.44
Earnings per equity share: Diluted (Total Continuing and discontinued operations)	12.79	13.44
Net cash generated from operating activities	(27,473.63)	(32,649.82)
Net cash used in / generated from investing activities	(243.66)	(147.85)
Net cash used in financing activities	46,545.45	31,545.61
Cash and cash equivalents	23,048.70	4,220.54
Balance as per statement of cash flows	23,048.70	4,220.70
Net worth	49,818.91	47,480.37
Cash and Cash Equivalents	23,048.70	4,220.54
Current Investments	-	-
Assets Under Management	1,99,421.36	1,69,109.97
Off Balance Sheet Assets	-	-
Total Debts to Total assets	0.71	0.63
Debt Service Coverage Ratios	0.13	0.13
Interest Income	36,298.46	30,882.36
Interest Expense	19,219.96	16,548.85
Interest service coverage ratio	1.33	1.25
Provisioning & Write-offs	341.10	(65.23)
Bad debts to Account receivable ratio	Negligible	Negligible
Gross NPA (%)	0.86%	1.89%
Net NPA (%)	0.75%	1.34%
Tier I Capital Adequacy Ratio (%)	22.38%	24.57%
Tier II Capital Adequacy Ratio (%)	3.37%	5.08%

B. Based on the Interim Unaudited Ind AS Financial Statements of the Company for the nine month period ended December 31, 2021

(₹ in lakhs)

Parameters	December 31, 2021
Net Fixed assets	18,516.85
Current assets	2,64,318.90
Non-current assets	10,728.29
Total assets	2,93,564.04
Non-Current Liabilities (including maturities of long-term borrowings and short term borrowings)	
Financial (borrowings, trade payables, and other financial liabilities)	1,19,380.84
Provisions	-
Deferred tax liabilities (net)	-
Other non-current liabilities	13.40
Current Liabilities (including maturities of long-term borrowings)	
Financial (borrowings, trade payables, and other financial liabilities)	1,16,967.81
Provisions	391.35
Current tax liabilities (net)	-
Other current liabilities	1,694.53
Equity (equity and other equity)	55,116.11
Total equity and liabilities	2,93,564.04
Total revenue	31,410.04
Revenue from operations	31,407.83
Other income	2.21
Total Expenses	26,629.23
Total comprehensive income	3,782.76
Profit / loss	4,780.81
Other comprehensive income	-
Profit / loss after tax	3,782.76
Earnings per equity share: Basic; (Continuing operations)	20.21
Earnings per equity share: Diluted (Continuing operations)	20.21
Earnings per equity share: Basic (Discontinued operations)	-
Earnings per equity share: Diluted (Discontinued operations)	-
Earnings per equity share: Basic (Total Continuing and discontinued operations)	20.21
Earnings per equity share: Diluted (Total Continuing and discontinued operations)	20.21
Net cash generated from operating activities	(23,103.05)
Net cash used in / generated from investing activities	(98.55)
Net cash used in financing activities	37,595.38
Cash and cash equivalents	37,442.48
Balance as per statement of cash flows	37,442.48
Net worth	53,551.86
Cash and Cash Equivalents	37,442.48
Current Investments	-
Assets Under Management	2,24,841.41
Off Balance Sheet Assets	-
Total Debts to Total assets	0.73
Debt Service Coverage Ratios	0.12
Interest Income	30,945.60
Interest Expense	16,394.13
Interest service coverage ratio	1.36
Provisioning & Write-offs	442.95
Bad debts to Account receivable ratio	Negligible
Gross NPA (%)	0.88%
Net NPA (%)	0.76%
Tier I Capital Adequacy Ratio (%)	19.83%
Tier II Capital Adequacy Ratio (%)	2.51%

C. Based on the Audited Financial Statements

(₹ in lakhs)

Parameters	Fiscal 2019
Net Fixed assets	19,443.07
Current assets	1,61,269.14
Non-current assets	2,883.59
Total assets	1,83,595.80
Non-Current Liabilities (including maturities of long-term borrowings and short term borrowings)	
Financial (borrowings, trade payables, and other financial liabilities)	64,707.06
Provisions	133.92
Deferred tax liabilities (net)	-
Other non-current liabilities	-
Current Liabilities (including maturities of long-term borrowings)	
Financial (borrowings, trade payables, and other financial liabilities)	35,510.20
Provisions	1,682.58
Current tax liabilities (net)	-
Other current liabilities	36,834.52
Equity (equity and other equity)	44,727.52
Total equity and liabilities	1,83,595.80
Total revenue	29,815.48
Revenue from operations	29,612.44
Other income	203.04
Total Expenses	27,236.90
Total comprehensive income	2,095.60
Profit / loss	2,095.60
Other comprehensive income	-
Profit / loss after tax	2,095.60
Earnings per equity share: Basic; (Continuing operations)	8.40
Earnings per equity share: Diluted (Continuing operations)	8.40
Earnings per equity share: Basic (Discontinued operations)	-
Earnings per equity share: Diluted (Discontinued operations)	-
Earnings per equity share: Basic (Total Continuing and discontinued operations)	8.40
Earnings per equity share: Diluted (Total Continuing and discontinued operations)	8.40
Net cash generated from operating activities	24,920.66
Net cash used in / generated from investing activities	(54.73)
Net cash used in financing activities	(26,735.27)
Cash and cash equivalents	8,342.95
Balance as per statement of cash flows	8,342.95
Net worth	44,280.10
Cash and Cash Equivalents	8,342.95
Current Investments	-
Assets Under Management	1,38,472.95
Off Balance Sheet Assets	-
Total Debts to Total assets	0.60
Debt Service Coverage Ratios	0.18
Interest Income	29,453.05
Interest Expense	16,461.05
Interest service coverage ratio	1.21
Provisioning & Write-offs	286.65
Bad debts to Account receivable ratio	-
Gross NPA (%)	2.16%
Net NPA (%)	1.39%
Tier I Capital Adequacy Ratio (%)	25.11%
Tier II Capital Adequacy Ratio (%)	9.74%

Debt Equity Ratio of the Company (as on December 31, 2021):-

Parameters	
Debt Equity Ratio before Issue of the Debt Securities	4.43
Debt after Issue of the Debt Securities	4.90

Note 1: The debt equity ratio post issue is indicative and is on account of inflow of ₹ 25,000 lakhs from the proposed public issue.

Note 2: The debt equity ratio pre-issue is calculated based on the Interim Unaudited Ind AS Financial Statements for the year ended December 31, 2021.

Note 3: The following events that occurred after December 31, 2021 may have an impact on the above calculation:

1. *The Company during January 1, 2022 – March 31, 2022 has raised debentures amounting to ₹ 17,086.23 lakhs by way of public issue.*
2. *The Company during January 1, 2022 – March 31, 2022 has raised subordinated debts amounting to ₹ 2,786.40 lakhs.*
3. *The Company during January 1, 2022 – March 31, 2022 redeemed secured public non-convertible debenture amounting to ₹ 7,234.35 lakhs.*
4. *The Company during January 1, 2022 – March 31, 2022 redeemed subordinated debts amounting to ₹ 9,102.53 lakhs.*
5. *The Company during January 1, 2022 – March 31, 2022 has been sanctioned new term loan from Canara bank and Punjab & Sind Bank amounting to ₹ 5,000 lakhs and ₹2,500 lakhs respectively. The Company has also been sanctioned Term loan and WCDL amounting to ₹ 6,000 lakhs from Indian Bank. The impact of the said transactions is not provided in the above table.*

Note 4.

1. *Short term borrowings represent borrowings which are due within twelve months.*
2. *Long term borrowings represent debts other than short term borrowings, as defined above, including current maturities of long-term borrowings.*
3. *The figures disclosed above are based on Interim Unaudited Ind AS Financial Statements for the nine months period ended December 31, 2021, Reformatted Ind AS Financial Statements of the Company for Fiscals 2021 and 2020 and audited financial statements for the Fiscals 2019.*
4. *Total Debts to Total assets= Short term borrowings + Long term borrowings including current maturity of long term borrowings / Total Assets.*
5. *Debt Service Coverage Ratios = Earnings before Interest and Taxes/ Total Debt (Borrowings)*
6. *Interest service coverage ratio = Earnings before Interest and Taxes / Finance Cost*
7. *Bad debts to Account receivable ratio = Bad Debts written off / Trade Receivables*
8. *Debt / Equity Ratio= Total Debt (Borrowings) / Net worth.*

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, Gujarat, 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 March 31, 2022, we have a network of 814 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry. Our total number of Gold Loan accounts were 4,22,073.00 customer accounts as on December 31, 2021. 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 which are located in rural and semi-urban areas as on March 31, 2022 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 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 March 31, 2022, we have 814 branches spread across the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry. For further details, please refer to "*Our Business – Branch Network*" on page 99. About 61% of our branches (496 branches) are in rural and semi-urban areas in South India.

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 lakhs and above are subject to the prior approval of the Regional Managers. The Regional Managers can approve Gold Loans to individual borrowers up to ₹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 Zonal Head 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 strong rooms which are reinforced concrete cement structures built per industry standards and practices and fitted with security cameras to ensure high level of security.

Experienced management team and skilled personnel

Our Promoters, Nizzy Mathew has over 23 years of experience and Mathew Muthoottu has over seven 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 estimated to be around 23,000-24,000 tonnes of gold. *(Source: NITI Aayog – Transforming India's Gold Market Feb 2018)* Just a small fraction of this idle gold stock is being used for raising gold loans.

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. As on March 31, 2022, we are offering micro finance loan only through 74 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. For the nine months period ended on December 31, 2021, and for the Fiscal ended March 31, 2021, March 31, 2020 and March 31, 2019, our micro finance loan represented 2.28% , 2.58%, 2.68% and, 2.32% of our total assets under management as on these 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 December 31, 2021 account for 97.40% and 2.28% of total loans of our Company, respectively. These contribute to over 96.16% of our total revenues, making us dependent on such 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, 2025. 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 ₹60,000 per loan transaction and typically remain outstanding approximately for an average tenor of 180 days. As on December 31, 2021, and for the Fiscals March 31, 2021, March 31, 2020, and March 31, 2019, we had 4,22,073, 3,86,110, 4,37,182 and 3,75,665 Gold Loan accounts, aggregating to balance of ₹ 2,18,985.25 lakhs, ₹ 1,93,510.34 lakhs, ₹1,64,480.28 lakhs, and ₹1,35,012.97 lakhs, respectively. For the nine months period ended on December 31, 2021, Fiscals ended 2021, 2020 and, 2019, our Gold Loan portfolio yield representing interest income on Gold Loans as a percentage of average outstanding of Gold Loans, for the same period were 19.06%, 19.57%, 19.70% and, 19.17% respectively, per annum. For the nine months period ended on December 31, 2021, the Fiscals ended 2021, 2020 and 2019, income from interest earned on our Gold Loans constituted 93.87% , 95.10%, 94.60%, and 93.37%, respectively, of our total income. We are able to offer a variety of Gold Loan schemes to our customers to suit their individual needs. We have various new and different schemes in place. The schemes which 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 business structure

Following are details of our gold loan business structure:

Zonal Office

We had structured our Business Model by adding Nine Zonal Offices across the country with 28 regional Managers attached to it along with two independent regions. Our Zonal Offices are located at Delhi, Hyderabad, Bangalore, Vijayawada, Salem, Madurai, Kanyakumari , Kochi & Alappuzha. Our Zonal Office headed by a Zonal Manager is supported by Regional Manager Business Development(for every 30-40 branches) , Regional Manager Administration, Sales Manager, Marketing Manager, Zonal Office Executives and Sales Team. Through this we maintain a five way connect to branches.

Sales Department

The newly formed Sales Department is directly dealing with new customers by visiting them and updating about our product and services. Sales Manager at Zonal Office shall be leading the team in Zones and parallel reporting to Corporate Office. One Lakhs plus data collected during the period which can be utilised for further addition of Gold Loan and our other services.

Call Centre

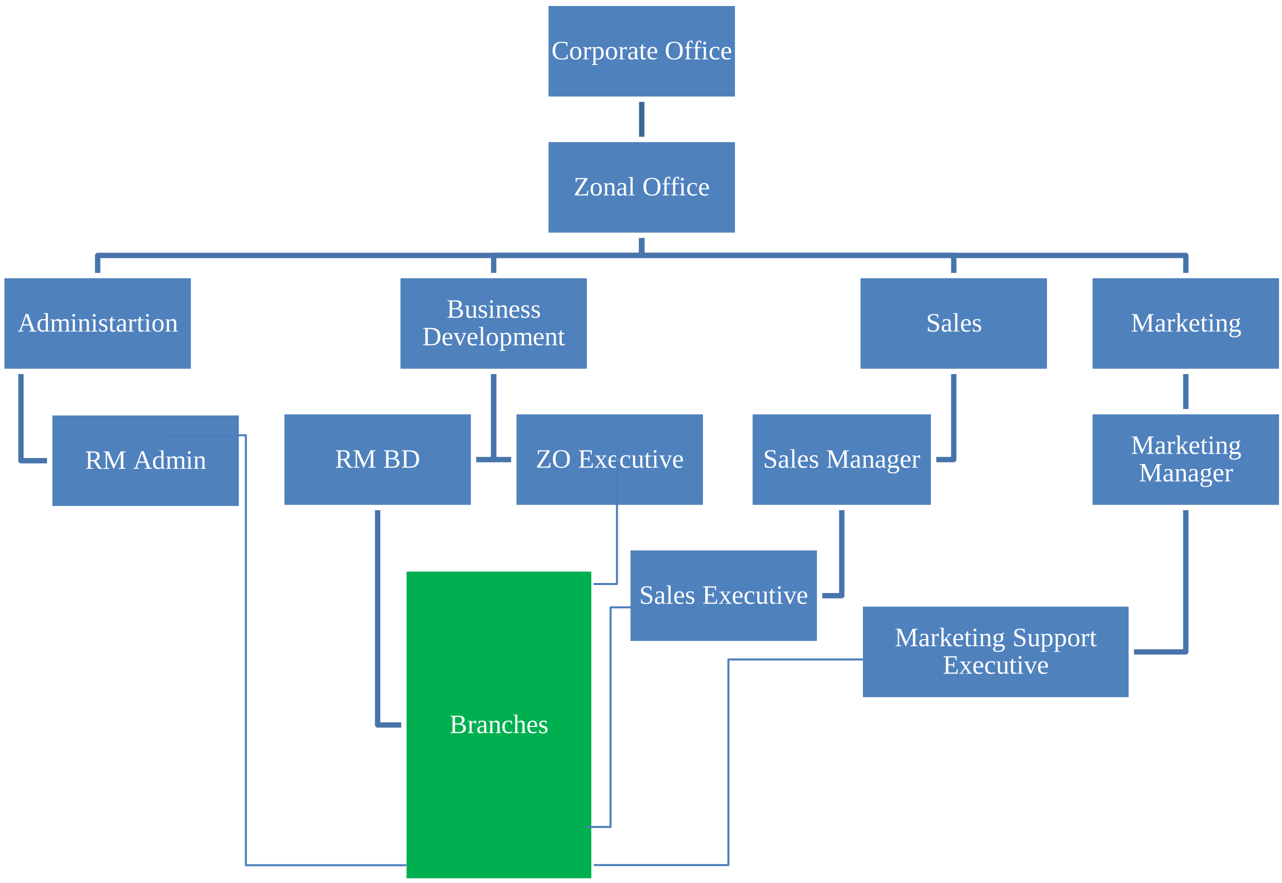
Our upcoming call centre with 40 staff members is going to connect all our customers centrally, our existing Business Development Team of 10 members shall be leading the call centre team. This shall be a two way connect to our customers not only to strengthen business but also to strengthen our vigilance.

Marketing Department

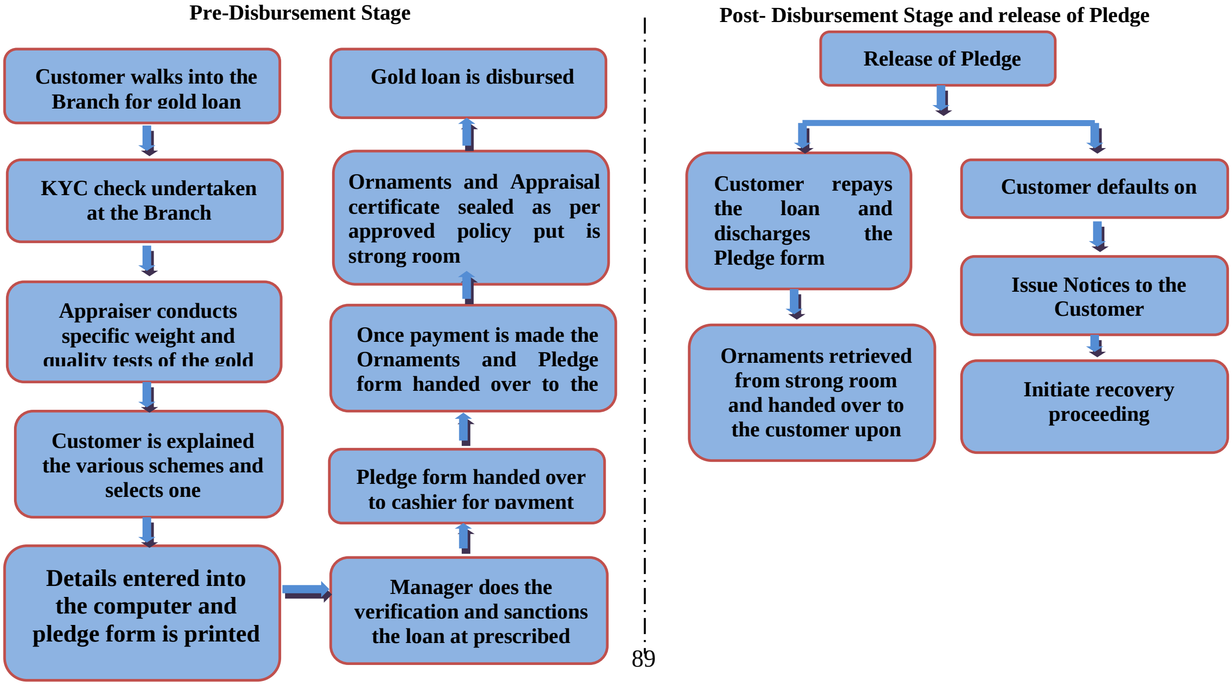
We had strengthened our marketing department by adding Marketing Managers in all Zones to increase our branding visibility along with a supporting person in each cluster. This is going to make our brand more visible through our marketing and branding activities.

Audit

A four layer auditing system has been done to ensure the quality of assets and securities namely Gold Audit, Accounts Audit, Vigilance Audit and Online Audit. Vigilance Team is revamped recently with additional team members along with an online audit process. Online audits reinforce audit process during lockdowns and blockages during current pandemic. A live CCTV monitoring from corporate office is added as the 5th layer of our security.



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 October 1, 2021 and updated on February 14, 2022 ("**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 365 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 safeguard 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 fireproof 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: 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

Once a loan is fully repaid, the pledged gold jewellery is returned to the customer. The customer has to be present personally along with the gold loan token, at the branch where the pledge was originally made. The branch will verify the person with the photo taken at the time of pledge and confirm that there is no foul play and the amount to be paid is informed to the customer from the software and clarifies doubts if any on the amount demanded. The customer pays the amount at the cash counter and the ornaments are taken out of the safe and handed over to the customer after confirming them with the list of ornaments mentioned in the token and gold loan application form.

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 Fiscal 2017 and we provide loan amounts typically within the range of ₹10,000 to ₹80,000 per loan transaction and which remain outstanding approximately for an average tenor of 365 days to 730 days. As on December 31, 2021, and for the Fiscals ended March 31, 2021, March 31, 2020, and March 31, 2019, we had 19,915, 20,048, 19,632 and, 25,749 micro finance loan accounts respectively, aggregating to balance of ₹ 5,119.62 lakhs, ₹5,149.33 lakhs**,** ₹4,537.76 lakhs and ₹3,215.18 lakhs, respectively. For the nine months period ended on December 31, 2021, and for the Fiscals ended 2021, 2020 and, 2019, 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 18.68%, 17.62%**,** 25.04% and, 25.91% respectively. For the nine months period ended on December 31, 2021, and for the Fiscals ended 2021, 2020 and 2019 income from interest earned on our micro finance loans constituted 2.29%, 2.32%, 3.10% and 4.54% respectively, of our total income. We offer only one type of scheme in micro finance.

Micro Finance Loan disbursement process

The Microfinance branches identifies locations where loans are required through market survey within 25 km radius of branch and collect the KYC of the prospective loanees and check credit worthiness from RBI approved credit bureaus. A group guarantee is taken from the members of JLG group and the loan documentation is completed after the required personal verifications. After the due appraisal process in accordance with Microfinance credit policy of the Company, the amount is transferred directly to the bank account of each JLG member. An end use check is also made by the Branch head to confirm that the disbursement is in order. The collections are made on a weekly basis and start after a seven day moratorium, through collection agents of the Company.

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, 2025. 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.

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 December 31, 2021, we have opened 44,800 securities DP accounts.

Travel Agency services – Our Company has entered into an agreement for air travel related services with Akbar Online Booking Company Private Limited, 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.

Consignee services for sale of bullion and jewellery – Our Company has entered into an agreement dated February 23, 2021 with Muthoottu Royal Gold ("**MRG**"), a proprietorship concern, to act as a consignee for exclusive sale of gold and silver coins and selected jewellery items supplied by or through MRG. Further, our branches will also collect the money from the customers on such sale or against advance payment scheme of MRG. The agreement came into effect from February 1, 2021 and will be valid for a period of 5 years.

Branch Network

As on March 31, 2022, we had 814 branches in the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry. The branch network of the Company as on March 31, 2022, March 31, 2021 and March 31, 2020, are given below:

State	As on March 31		
	2022	2021	2020
Andhra Pradesh	80	72	59
Delhi	7	7	7
Goa	6	6	6
Gujarat	5	5	-
Haryana	3	3	3
Karnataka	112	110	108
Kerala	180	180	179
Maharashtra	2	2	2
Tamil Nadu	339	342	341
Puducherry (Union Territory)	1	1	1
Telangana	78	79	78
Total	**814**	**807**	**784**

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 addressing 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 July 20, 2020 ("**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 ₹0.80 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 AUM 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 risk management policy of our Company was reviewed at the meeting of the Board on July 20, 2020. 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. We conduct regular inspection at our branches with special focus on high risk branches wherein inspection takes place once in 25 days with the focus on the verification of the Gold Loan pledges. A tiered approach is undertaken by the internal audit policy as per the audit policy dated July 20, 2020, which was reviewed by the Board last on February 14, 2022. 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 which was last reviewed on July 20, 2020. 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, 2013 constituted an Asset Liability Committee ("**ALCO**") comprising of the directors and senior management functionaries of the Company, which was re-constituted on March 27, 2017 and thereafter on July 20, 2020.

Non-performing Assets (NPA)

The 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 non-deposit taking NBFC is required to make provisions against sub-standard assets, doubtful assets and loss assets in accordance with the above RBI Master Directions. In terms of the RBI Master 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

$: In addition to above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion

For further details, please refer to *"Key Regulations and Policies"* on page 327.

Based on the RBI Master Directions for asset classification, details of the classification of our gross NPAs for significant classes of our assets as of December 31, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 are furnished below:

(in ₹ lakhs)

Asset Type	As on December 31, 2021	As on March 31		
		2021	2020	2019
Sub-standard	909.73	822.30	2,127.04	457.17
Doubtful	1,041.90	878.20	624.66	2,322.06
Loss	30.12	20.65	438.44	208.20
Gross NPA	1,981.75	1,721.16	3,190.14	2,987.44
Less Provisions	281.83	224.00	931.76	1,090.47
Net NPA	1,699.92	1,497.16	2,258.38	1,896.97
Net NPA% of Total Assets under management	0.76	0.75	1.34	1.38

Secured loans are classified or provided for, as per management estimates, subject to the minimum provision required as per RBI Master Directions. We have written off ₹ 13.15 lakhs ₹412.26 lakhs, and ₹19.72 lakhs for the nine months period ended on December 31, 2021, Fiscals 2021 and, 2020 respectively. We have not written off any amount for the Fiscal 2019.

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 NPA 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
(i) 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 20, 2020, approved the auction policy of the Company ("**Auction Policy**") which was reviewed by the Board of Directors of our Company on February 14, 2022. 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 an 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 Master Directions, every NBFC-ND-SI including us are subject to capital adequacy requirements. Currently, we are required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. Further, we need to maintain a Tier I capital of 12%. Also, the total of Tier II capital, at any point of time, shall not exceed one hundred percent of Tier I capital. Additionally, we are required to transfer up to 20% of our net profit to a reserve fund and make provisions for NPAs. We had a capital adequacy ratio of 22.34%, 25.75%, 29.65% and, 34.85% on December 31, 2021, March 31, 2021, March 31, 2020 and, March 31, 2019 respectively. We have satisfied the minimum capital adequacy ratios prescribed by the RBI for the nine months period ended on December 31, 2021, and for the Fiscal ended March 31, 2021, March 31, 2020 and March 31, 2019.

Technology

We believe in Information Technology and Total Automation to promote innovation and achieve the maximum efficiency and performance in all our products and services to the customers. All the branches are connected to the central data centre, via a secured network. Redundant network connectivity is provided using multiple telecom providers to ensure 24/7 operations. The data centre is well-secured using physical security, environmental controls, and uninterrupted power systems. The data centre utilizes state-of-the-art hardware, network, and software components to run the banking applications and storage of data. All the transactions entered at the branch level are updated online to the central database system immediately. User access to the computer systems and applications is controlled using RBAC (Role Based Access Control).

Customers are also provided with secure online banking channels like web banking, mobile banking, etc., for easy and convenient financial operations, like interest payments, top-up, etc. All the customer accounts and transactions have complied with KYC/CKYC norms. Core banking software includes modules for customer creation, loan, deposit, repayments, interest calculation, auction, MIS reports, etc.

Backup and recovery tests are conducted regularly, and a separate DR is set up in the cloud environment for Business Continuity in case of any failures. The data centre and the systems are monitored 24x7 by the system support team. System logs are monitored regularly. Critical or confidential data is stored using encryption techniques. Financial and certain critical non-financial transactions are configured to work on entry and multiple authorizations (Maker/Checker).

The current banking system is created more than ten years ago and is using some of the old architecture, libraries, and technologies that may become obsolete in the future. To utilize the advanced computing powers, cloud-native technologies, and other latest innovations in the IT domain, The Company is also working parallelly on building a new NBFC platform. The IT department is managed by well-qualified personnel with extensive experience in both technology and business domains.

Our Borrowings and Credit Ratings

As on March 31, 2022, our Company had outstanding secured borrowing of ₹ 2,02,591.59 lakhs and unsecured borrowing of ₹ 37,058.56 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 118 and 234, respectively.

Our Company has received rating of 'CARE BBB+';Stable ('Triple B Plus; Outlook: Stable') by CARE Ratings *vide* its letter dated March 8, 2022 and revalidation letter dated April 6, 2022 for the NCDs proposed to be issued pursuant to this Issue. Further, India Ratings, pursuant to their rationale letter dated August 26, 2021 have affirmed the rating of our bank loans of ₹1,50,000 lakhs as 'IND BBB+; Stable'. The outstanding NCDs are rated by CARE Ratings vide their letter dated March 7, 2021 and India Ratings vide their letter dated August 26, 2021. The rating of the NCDs by CARE Ratings & India Ratings 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 may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The 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 and press release of the rating received for the NCDs proposed to be issued pursuant to this Issue.

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 fireproof 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. All our existing branches have 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 814 branches, as on March 31, 2022 spread across the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, 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. The trademark is owned by Mini Muthoottu Nidhi (Kerala) Limited, one of our Group Companies. Mini Muthoottu Nidhi (Kerala) Limited by way of their letter dated May 2, 2009, authorised our Company to use the trademark , which was revalidated by a letter dated July 30, 2020.

Employees and Training of Employees

Being a service industry, our key resource is our manpower. As on March 31, 2022, we have 3581 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 (renewed up to March 31, 2025), 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 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.

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.

Registered Office and Corporate Office

The Registered Office of our Company is located at 65/623-K, Muthoottu Royal Towers, Kaloor, Kochi, Kochi – 682 017.

Change in Registered Office of our Company

The registered office of our Company was changed from 2/994 Muthoottu Buildings, Kozhencherry, Pathanamthitta Kerala – 689 641 to 65/623-K, Muthoottu Royal Towers, Kaloor, Kochi, Kerala – 682 017, with effect from February 21, 2022.

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
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 (renewed up to March 31, 2025)
2016-2017	Our Company commenced the business of microfinance loans

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 guidelines 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 our 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 Directors on the Board which include two Executive Directors and three Non-Executive Directors of which two are the Independent Directors on our Board.

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 (in years)	Date of appointment/ re-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	68	3 years from January 1, 2022, liable to retire by rotation	1. Muthoottu Mini Theatres Private Limited; 2. Cochin Mini Muthoottu Nidhi Limited; 3. Muthoottu Mini Hotels Private Limited; 4. Mini Muthoottu Nidhi Kerala Limited; 5. Mini Muthoottu Credit India Private Limited; 6. MM Nirman and Real Estate Private Limited; 7. R M M Properties India Private Limited; 8. Kozhencherry Properties India Private Limited; and 9. 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	32	3 years from May 30, 2021, liable to retire by rotation	1. Muthoottu Mini Theatres Private Limited; 2. Mini Muthoottu Credit India Private Limited; 3. MM Nirman and Real Estate Private Limited; 4. Muthoottu Mini Hotels Private Limited; 5. Kandamath Cine Enterprises Private Limited; 6. R M M Properties India Private Limited; 7. Kozhencherry Properties India Private Limited; 8. Kozhencherry M M Financial Services Private Limited; 9. Muthoottu Mini Nidhi Limited
Manoj Kumar R **Designation**: Additional Director **DIN:** 09357326 **Nationality:** Indian **Occupation:** Chartered Accountant	50	October 1, 2021 till the conclusion of the AGM for 2021-2022	Nil

Name, designation, nationality, DIN, occupation and address	Age (in years)	Date of appointment/ re-appointment (Period of directorship in years)	Other directorships
Address: Panorama Enclave, Lane 1, Subhash Chandra Bose Road, Vyttila, SO, Ernakulam 682019, Kerala, India			
Rajagopal M. S. **Designation**: Independent Director **DIN**: 08114376 **Nationality**: Indian **Occupation**: Professional **Address:** 31/988Q, Souparnika Sreemangalam, Ambedkar Colony, Thiruvarppu P.O., Kottayam 686 020, Kerala, India	45	October 1, 2021 to September 30, 2024	Nil
Jose Paul Maliakal **Designation**: Independent Director **DIN**: 07218120 **Nationality**: Indian **Occupation**: Chartered Accountant **Address:** Chethalan, Church Road, Pariyaram, Thrissur 680 721, Kerala, India	71	April 1, 2021 to March 31, 2024	Kosamattam Finance Limited

Relationship between Directors

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

Sr. 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 68 years, is the Chairman and Wholetime Director of our Company. She holds a bachelor’s degree in arts from the University of Kerala and has been a director of our Company since its incorporation and is responsible for overall management of the Company.

Mathew Muthoottu, aged 32 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.

Manoj Kumar R, aged 50 years, is an Additional Director of our Company. He is a Fellow Member of the Institute of Chartered Accountants of India and holds certificate of practice as issued by ICAI. He has also qualified the Information System Auditor (DISA) course conducted by ICAI in 2009.

Rajagopal M.S., aged 45 years, is an Independent 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.

Jose Paul Maliakal, aged 71 years, is an Independent Director of our Company. He is a Fellow Member of the Institute of Chartered Accountants of India. He has been a director of our Company since November 18, 2019.

Confirmations

None of our directors is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by the SEBI.

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 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.

The whole time director of our Company is not a promoter or whole time director of another company that is a wilful defaulter.

None of the Directors of our Company interested in the appointment of or acting as lead managers, credit rating agency(ies), underwriter, registrar, debenture trustee, advertising agency, printers, banker to the Issue or any other such intermediary appointed in connection with the Issue.

Terms of appointment of Directors

Managing Director

Mathew Muthoottu was re-appointed as the Managing Director of our Company by the Board of Director in their Meeting held on May 3, 2021 for a period of 3 years commencing from May 30, 2021, at a remuneration of a sum not exceeding ₹17 lakhs per month, which was approved by the Board of Directors in their meeting held on November 13, 2020, effective from December 1, 2020. The tenure of appointment and remuneration payable was approved by the members of the Company at the Extraordinary General Meeting held on June 14, 2021. The Board of Directors in their meeting held on September 16, 2021 revised the remuneration to a sum not exceeding ₹22 lakhs per month which was approved by the members at the annual general Meeting of the Company held on September 30, 2021.

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. According to her term of appointment, she is authorised to receive ₹6 lakhs per month, The Board pursuant to its resolution dated November 13, 2020, revised the remuneration to a sum not exceeding ₹15 lakhs per month from December 1, 2020, which was approved by the members of the Company at the Extraordinary General Meeting held on June 14, 2021

Non-Executive Directors

The Board of Directors of our Company in their meetings held on December 17, 2012 and February 26, 2020 have approved payment of sitting fees of ₹20,000 and ₹5,000 respectively, to Non-Executive Directors for attending the meetings of the Board and committees of the Board, respectively.

Remuneration paid to our Directors in the last three financial years by our Company

The following table sets forth the remuneration (which includes sitting fees) paid by our Company to our Directors during last three financial year:

(₹ in lakhs)

Name	financial year		
	2022	2021	2020
Mathew Muthoottu	239.00	132.00	66.00
Nizzy Mathew	180.00	108.00	55.00
Rajagopal M.S.	3.15	3.20	0.85
Thomas Cherian*	NA	2.20	2.70
Jose Paul Maliakal	2.55	2.75	0.50
Rudran Puthukulangara***	NA	0.20	0.20
John V George**	0.45	0.20	NA
Krishnakumar^	NA	NA	0.20
Mammen Mathew@	NA	NA	NA
Manoj Kumar R	1.25	0	0

**Thomas Cherian ceased to be a Director of our Company from September 30, 2020*
***John V George was appointed as Additional Director in the Meeting of Board of Directors held on March 22, 2021 and his tenure as additional Director ended on 30-09-2021.*
****Rudran Puthukulangara resigned from the Board with effect from September 26, 2020*
^ Krishnakumar Resigned w.e.f September 9, 2019
@ Mammen Mathews ceased to be a Director w.e.f July 23, 2018

Remuneration paid by subsidiary and associate companies to the Directors

Our Company does not have any subsidiary or associate company as on the date of this Prospectus.

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, Mathew Muthoottu and Nizzy Mathew are also interested to the extent of principle and interest amount of Debentures 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 said Equity Shares.

None of the 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

For further details regarding the interest of our Directors, refer to "*Related Party Transactions*" on page 111.

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 111.

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.

Except as stated in chapter titled "*Capital Structure*", our Directors or their relatives have not purchased or sold any securities of our Company in the six month preceding the date of this Prospectus.

None of the directors, have made any contribution as part of this Prospectus or separately.

No regulatory action is pending against any of the Directors of our Company before the SEBI or Reserve Bank of India or any other regulatory or statutory body in India or overseas.

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 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 March 31, 2022, except as stated below, none of our Directors hold any debentures in our Company:

Name of director	No. of debentures held	Aggregate amount outstanding as on March 31, 2022 (in ₹)
Nizzy Mathew	3,175	31,75,000
Mathew Muthoottu	1,820	18,20,000
Total	4,995	49,95,000

Shareholding (including any stock options) of our Directors in our Company, subsidiary company and associate company

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 of this Prospectus, is provided in the table given below:

Name of the Shareholder	No of equity shares	% of total equity share capital of the Company
Mathew Muthoottu	1,47,79,912	59.23%
Nizzy Mathew	33,54,446	13.44%
Total	**1,81,34,358**	**72.67%**

Our Company does not have any stock option plan. Further, our Company does not have any subsidiary or associate company as on the date of this Prospectus.

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 Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
Manoj Kumar R ***Designation***: Additional Director ***DIN***: 09357326	October 1, 2021	-	-	Appointment as an Additional Director
Rajagopal M.S. ***Designation***: Independent Director ***DIN***: 08114376	October 1, 2021	-	-	Appointment as an Independent Director – 2nd tenure
John V George	-	-	September	Cessation of tenure of

Name of director, designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
Designation**:* Additional Director ***DIN: 09121961			30, 2021	appointment as an Additional Director
Jose Paul Maliakal ***Designation***: Independent Director ***DIN***: 07218120	April 1, 2021	-	-	Appointment as an Independent Director- 2nd tenure
John V George ***Designation**:* Additional Director ***DIN:*** 09121961	March 22, 2021	-		Appointment as an Additional Director
Rajagopal M.S. ***Designation***: Independent Director ***DIN***: 08114376	October 1, 2020	-	-	Appointment as an Independent Director – 1st tenure
Thomas Cherian ***Designation***: Independent Director ***DIN***: 00492598	-	September 30, 2020	-	Cessation as an Independent Director
Rudran Puthukulangara ***Designation:*** Additional Independent Director ***DIN***: 00546638	-	-	September 26, 2020	Resignation as an Additional Independent Director
Rudran Puthukulangara ***Designation:*** Additional Independent Director ***DIN***: 00546638	February 26, 2020	-	-	Appointment as an Additional Independent Director
Jose Paul Maliakal ***Designation***: Independent Director ***DIN***: 07218120	November 18, 2019	-	-	Appointment as an Additional Independent Director- 1st tenure
Krishnakumar K. R. ***Designation***: Independent Director ***DIN***: 07771403	-	September 30, 2019	-	Cessation as an Independent Director on end of tenure

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

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. ***P. E. Mathai***, aged 71 years, is the Chief Executive Officer of our Company. He holds a bachelor's degree in science from the University of Kerala. He joined our Company in 2019. Prior to joining our Company, he was associated with South Indian Bank Limited and retired as a general manager in 2010. He has also been the chief executive officer with Muthoot Precious Metals Corporation and as general manager with Muthoot Finance Limited.

2. ***Ann Mary George***, aged 46 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.

3. ***Smitha K. S.***, aged 49 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.

For details about our Managing Director and Whole Time Director, please refer to "*Our Management – Brief profiles 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 October 9, 2020.

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

Name of the Director	Designation	Designation in committee
Maliakal Jose Paul	Independent Director	Chairman
Rajagopal M.S	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 dated November 9, 2021.

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

Name of the Director	Designation	Designation in committee
Rajagopal M.S.	Independent Director	Chairman
Maliakal Jose Paul	Independent Director	Member
Manoj Kumar R	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 dated October 9, 2020.

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

Name of the Director	Designation	Designation in Committee
Rajagopal M.S.	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 dated October 9, 2020.

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

Name of the Director	Designation	Designation in Committee
Rajagopal M.S.	Independent Director	Member
Mathew Muthoottu	Managing 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 dated October 9, 2020.

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

Name of the Director	Designation	Designation in Committee
Rajagopal M.S.	Independent Director	Chairman
Nizzy Mathew	Chairman and Wholetime Director	Member
Mathew Muthoottu	Managing 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 dated October 9, 2020.

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

Name of the Director	Designation	Designation in Committee
Rajagopal M.S.	Independent Director	Chairman
Mathew Muthoottu	Managing Director	Member
Nizzy Mathew	Chairman and Wholetime Director	Member

7. ***Borrowings and investments committee***

The Borrowings and investment Committee of our Company was constituted vide a Board resolution dated October 1, 2021.

Name of the Director	Designation	Designation in Committee
Rajagopal	Independent Director	Chairman
Nizzy Mathew	Chairman and Whole Time Director	Member
Mathew Muthoottu	Managing Director	Member

OUR PROMOTERS

The Promoters of our Company are:

	**Nizzy Mathew** Nizzy Mathew, aged 68 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. **Date of Birth**: July 30, 1953 **PAN**: AFHPM0461M For further details, see "*Our Management*" on page 161.
	**Mathew Muthoottu** Mathew Muthoottu, aged 32 years, is the Managing Director of our Company. 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. **Date of Birth**: August 29, 1989 **PAN**: AVJPM1609B For further details, see "*Our Management*" on page 161.

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.

Our Company confirms that the permanent account number, AADHAR number, driving license number, bank account number(s) and the passport number of the Promoters, as available be submitted to the Stock Exchange at the time of filing of the Draft Prospectus.

There have been no changes in the Promoters' holding in our Company during last financial year and also beyond the threshold prescribed by the RBI.

Interest of our Promoters in the Company

Except as stated under "*Our Management*" on page 101, to the extent of their shareholding and debenture holding in our Company, corresponding dividend or principal and interest payable to them and to the extent of remuneration 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.

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 the Promoters of our Company is promoter of another company that is Wilful Defaulter as defined under SEBI NCS 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 has 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. Further, our Promoters is a not a promoter of another company which is debarred from accessing the securities market or dealing in securities under any order or directions passed for any reasons by SEBI.

None of the member forming part of our Promoter Group have 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

Related party transactions entered during the last three financial years i.e. 2019, 2020 and 2021 with regard to loans made or, guarantees given or securities provided:

(₹ in lakhs)

Name of related parties	Nature of transactions	For the year ended March 31,		
		2021	2020	2019
Roy M Mathew	Loan Against Property	1,150.00	-	-
M/s Muthoottu Mini Hotels Private Limited	Loan Against Property	675.00	-	-

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Ramdas & Venugopal
Chartered Accountants
No. 7A, Green Park, Near Daya Hospital
Thiruvambady P.O., Thrissur 680 022

Auditors' report on the reformatted statement of assets and liabilities as at March 31, 2021 and March 31, 2020, reformatted statements of profit and loss, reformatted cash flows statement and reformatted statements of changes in equity, for the each of the years ended March 31, 2021 and March 31, 2020 of Muthoottu Mini Financiers Limited (collectively, the "Reformatted Financial Statements")

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

Dear Sirs / Madams,

1 We have examined the attached Reformatted Financial Statements of Muthoottu Mini Financiers Limited (the "**Company**" or the "**Issuer**") as at and for the years ended March 31, 2021 and March 31, 2020 annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed issue of secured redeemable non-convertible debentures of face value of ₹1,000 each ("**Issue of NCDs**"). The Reformatted Financial Statements, which have been approved by the Board of Directors of the Company at their meeting held on 7th March, 2022 have been prepared by the Company in accordance with the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "**Act**");

b) relevant provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "**SEBI NCS Regulations**") issued by the Securities and Exchange Board of India ("**SEBI**"); and

c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time (the "**Guidance Note**")

2 The Management of the Company is responsible for the preparation of the Reformatted Ind AS Financial Statements for the purpose of inclusion in the Draft Prospectus and Prospectus ("**Offer Documents**") to be filed with SEBI, the BSE Limited and Registrar of Companies, Kerala and Lakshadweep in connection with the Issue of NCDs. The Reformatted Financial Statements has been prepared by the Management of the Company on the basis of preparation stated in **Note II** to the Reformatted Financial Statements. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted Financial Statements. The Management of the Company is also responsible for identifying and ensuring that the Company complies with the Act, the SEBI NCS Regulations and the Guidance Note.

3 We have examined such Reformatted Financial Statements taking into consideration:

a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 7th March, 2022 requesting us to carry out work on such Reformatted Financial Statements in connection with the Company's Issue of NCDs;

b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Ind AS Financial Statements; and

Head Office : Thrissur
Partners :
M.Ramdas, FCA
T.T. Shajan, FCA, DISA(ICAI)
Silpa Shajan, FCA, DISA, DIRM(ICAI)

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Branh Offices :
1. Eranakulam 2. Goruvayur

Phone : **0487 2321246, 2331246, 2324847**
E. mail : **randvtcr@yahoo.co.in**

d) The requirements of Section 26 of the Act and the SEBI NCS Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI NCS Regulations and the Guidance Note in connection with the Issue of NCDs.

4. These Reformatted Financial Statements have been compiled by the Management of the Company from the audited Ind AS financial statements of the Company as at and for the years ended March 31, 2021 and March 31, 2020 prepared in accordance with the Indian Accounting Standards (referred to as "**Ind AS**") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 25, 2021 and July 20, 2020, respectively.

5. For the purpose of our examination, we have relied on the auditor's report issued by Manikandan & Associates, a previous statutory auditor of the Company dated June 25, 2021 on the audited Ind AS financial statements of the Company as at and for the years ended March 31, 2021 and on the auditor's report issued by Vishnu Rajendran & Co., a previous statutory auditor of the Company dated July 20, 2020 on the audited Ind AS financial statement of the Company as at and for the year ended March 31, 2020, as referred in paragraph 4 above.

a. The audit report dated June 25, 2021 of Manikandan & Associates on the audited Ind AS financial statement for the year ended March 31, 2021, included the following:

Emphasis Of Matter

We draw attention to the declaration by the World Health Organisation on March 11, 2020, of the Novel Corona Virus (COVID 19) outbreak as a pandemic. The impact of and uncertainty related to the COVID-19 pandemic has been identified as a key element for recognition and measurement of impairment on loans and advances, on account of this impact on the company's customers and their ability to repay the dues. The management has taken a thorough analysis of the possible impact of the pandemic and has concluded that the COVID-19 pandemic may have an impact on the Company's financial performance depending on future developments, which are highly uncertain as of now.

b. Other matters:

i. According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax, which have not been deposited on account of any dispute except the following:

Forum where the dispute is pending	Period of Dispute	Amount (in INR lakhs)
Commissioner of Income-tax (Appeals), Kochi	AY 2013-14	159.88
Commissioner of Income-tax (Appeals), Kochi	AY 2015-16	216.15
Commissioner of Income-tax (Appeals), Kochi	AY 2016-17	136.30
Commissioner of Income-tax (Appeals), Kochi	AY 2017-18	94.86

ii. According to the information and explanations given to us, there is a fraud in the company by its officers/employees during the year, amounting to ₹ 22.16 lakhs, out of which ₹ 19.64 lakhs has been recovered and the remaining ₹ 2.52 lakhs has been written off. Hence, there is no recovery pending as on March 31, 2021.

The opinion above on the audited Ind AS financial statements for the year ended March 31, 2021 is not modified by Manikandan & Associates in respect of the above matters.

c. The audit report dated July 20, 2020, of Vishnu Rajendran & Co. on the audited Ind AS financial statement for the year ended March 31, 2020, included the following:

Emphasis Of Matter

We draw attention to the declaration by the World Health Organisation on March 11, 2020, of the Novel Corona Virus (COVID 19) outbreak as a pandemic. The impact of and uncertainty related to the COVID-19 pandemic has been identified as a key element for recognition and measurement of impairment on loans and advances, on account of this impact on the company's customers and their ability to repay the dues. The management has

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

taken a thorough analysis of the possible impact of the pandemic and has concluded that the COVID-19 pandemic may have an impact on the Company's financial performance depending on future developments, which are highly uncertain as of now.

Other matters:

According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax, which have not been deposited on account of any dispute except the following

Forum where the dispute is pending	Period of Dispute	Amount (in INR lakhs)
Commissioner of Income-tax (Appeals), Kochi	AY 2013-14	159.87
Commissioner of Income-tax (Appeals), Kochi	AY 2015-16	216.15
Commissioner of Income-tax (Appeals), Kochi	AY 2016-17	136.30
Commissioner of Income-tax (Appeals), Kochi	AY 2017-18	94.86

The opinion above on the audited Ind AS financial statements for the year ended March 31, 2020 is not modified by Vishnu Rajendran & Co. in respect of the above matters.

6. The audit for the financial year ended March 31, 2021 was conducted by Manikandan & Associates, a previous statutory auditor of the Company and for the financial year ended March 31, 2020 was conducted by the Vishnu Rajendran & Co., a previous statutory auditor. We have performed adequate tests and procedures which in our opinion were necessary for the purpose of issuing our examination report on the reformatted Ind AS financial statement of the Company for the aforesaid period. These procedures, mainly involved comparison of the attached Reformatted Ind AS Financial Statements witb the Company's audited Ind AS financial statements for financial year ended March 31, 2021 and March 31, 2020 and regrouping and reclassification as per schedule III of Companies Act 2013 and requirements of SEBI NCS Regulations.

7. Based on our examination and according to the statements and explanations given to us, we report that the Reformatted Financial Statements are prepared, in all material aspects, on the basis described in Note II to the Reformatted Financial Statements.

8. The Reformatted Financial Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS financial statements mentioned in paragraph 4 above.

9. This report should not in any way he construed as a reissuance or re-dating of any of the previous audit reports issued by us or by the previous auditors nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Management of the Company for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited and Registrar of Companies, Kerala and Lakshadweep in connection with the Issue of NCDs and is not be used, referred to, or distributed for any other purpose except with our prior consent.

For Ramdas & Venugopal
Chartered Accountants
Firm Registration No: 010669S
UDIN : **22211270AFSBJR2445**

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

T.T. Shajan
Partner
Membership No: 211270

Date : 26.03.2022
Place: Thrissur

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rupees in Lakhs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
I. ASSETS			
1 Financial assets			
a) Cash and cash equivalents	1.1	23,048.70	4,220.54
b) Bank Balance other than (a) above	1.2	7,909.27	5,981.13
c) Receivables			
(I) Trade receivables		-	-
(II) Other receivables		-	-
d) Loans	2	1,97,894.20	1,67,514.53
e) Investments	3	4.70	3.24
f) Other financial assets	4	2,149.78	2,253.94
2 Non-financial Assets			
a) Inventories		-	-
b) Current tax assets (Net)		1,820.54	1,795.13
c) Deferred tax assets (Net)		371.54	1,569.77
d) Property, Plant and Equipment	5	18,716.91	19,006.51
e) Other intangible assets	6	51.59	5.25
f) Other non-financial assets	7	380.82	214.69
Total Assets		**2,52,348.05**	**2,02,564.73**
II. LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
a) Debt Securities	8	1,28,066.82	87,619.46
b) Borrowings (other than debt securities)	9	36,982.46	36,537.95
c) Subordinated liabilities	10	33,802.18	28,690.84
d) Other financial liabilities	11	1,676.84	1,280.66
2 Non-financial Liabilities			
a) Provisions	12	156.65	142.12
b) Other non-financial liabilities	13	329.75	133.38
3 EQUITY			
a) Equity share capital	14	24,952.54	24,952.54
b) Other equity	15	26,380.81	23,207.78
Total Liabilities and Equity		**2,52,348.05**	**2,02,564.73**

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

REFORMATTED STATEMENTS OF PROFIT AND LOSS

(Rupees in Lakhs)

	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
	Revenue from operations			
(i)	Interest income	16	36,266.72	30,093.68
(ii)	Dividend income		-	0.12
(iii)	Rental income		106.21	112.91
(iv)	Fees and Commission income		59.52	67.70
(v)	Net gain on derecognition of financial instruments under amortised cost category		31.74	788.68
(vi)	Net gain on fair value changes	17	1.46	-
(vii)	Sales of services	18	356.10	233.58
(I)	**Total Revenue from operations**		36,821.75	31,296.67
(II)	Other Income	19	3.63	18.60
(III)	**Total Income (I + II)**		36,825.38	31,315.27
	Expenses			
(i)	Finance costs	20	19,219.96	16,548.85
(ii)	Net loss on fair value changes	17	-	5.76
(iii)	Impairment on financial instruments	21	341.10	(65.23)
(iv)	Employee benefits expenses	22	7,161.97	6,705.19
(v)	Depreciation, amortization and impairment	23	587.21	692.58
(vi)	Other expenses	24	4,190.69	4,194.36
(IV)	**Total Expenses (IV)**		31,500.93	28,081.51
(V)	**Profit before tax (III- IV)**		5,324.45	3,233.76
(VI)	Tax Expense:			
	(1) Current tax		928.10	551.91
	(2) Earlier years adjustments		-	31.36
	(3) Deferred tax		1,205.21	(703.69)
(VII)	**Profit for the year (V- VI)**		3,191.14	3,354.18
A)	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement of defined benefit plans		(25.09)	(17.97)
	- Fair value changes on equity instruments through other comprehensive income		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		6.98	5.99
	Subtotal (A)		(18.11)	(11.98)
B)				
	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Subtotal (B)		-	-
(VIII)	**Other Comprehensive Income (A + B) (VIII)**		(18.11)	(11.98)
(IX)	**Total Comprehensive Income for the year (VII+VIII)**		3,173.03	3,342.20
	Earnings per equity share			
	(Face value of Rs. 100/- each)			
	Basic (Rs.)	25	12.79	13.44
	Diluted (Rs.)	25	12.79	13.44

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

REFORMATTED CASH FLOW STATEMENT

(Rupees in Lakhs)

Particulars	For the year Ended March 31, 2021		For the year Ended March 31, 2020	
A. Cash Flow from Operating Activities				
Profit before tax		5,324.45		3,233.76
Adjustments for :				
Impairment on financial instruments	341.10		-65.23	
Net (gain)/loss on fair value changes	-1.46		5.76	
Net (Profit) / Loss on Sale of assets	5.92		-0.40	
Finance Costs	19,219.96		16,548.85	
Depreciation, amortization and impairment	587.21		692.58	
Income from Non-Operating Business				
- Rental Income	-106.21		-112.91	
- Dividend Income	-	20,046.52	-0.12	17,068.53
Operating Profit / (Loss) before working capital Adjustments		25,370.97		20,302.29
Adjustments for :				
Loans	-30,723.65		-29,402.47	
Other financial assets	107.04		-54.46	
Other non financial assets	-166.13		-31.11	
Bank Balance other than "Cash and casb equivalents"	-1,928.14		-3,110.78	
Provisions	-10.56		-9.77	
Other financial liabilities	396.18		-2,618.91	
Other non financial liabilities	196.37	-32,128.89	-97.90	-35,325.40
Cash Generated from operations		-6,757.92		-15,023.10
Income Tax paid		-953.51		-845.35
Finance cost paid		-19,762.20		-16,781.37
Net Cash Flow from Operating Activity		**-27,473.63**		**-32,649.82**
B. Cash Flow from Investment Activities				
Dividend Income		-		0.12
Rental Income		106.21		112.91
Sale of Fixed Assets		19.47		27.64
Purchase of Fixed Assets		-369.34		-288.52
Net Cash Flow from Investment Activity		**-243.66**		**-147.85**
C. Cash Flow from Financing Activity				
Net increase/(Decrease) in Borrowings(other than debt securities)		444.51		1,024.01
Net increase/(Decrease) in Subdebt		5,111.34		2,060.28
Net increase/(Decrease) in Debt Securities		40,989.60		28,461.32
Net Cash Flow from Financing Activity		**46,545.45**		**31,545.61**
Net Increase/(Decrease)in Cash & Cash Equivalents(A+B+C)		18,828.16		-1,252.06
Opening Balance of Cash & Cash Equivalents		4,220.54		5,472.60
Closing Balance of Cash & Cash Equivalents		**23,048.70**		**4,220.54**
Components of Cash and Cash Equivalents				
Current Account with Banks		20,477.90		1,783.83
Deposit with Banks		475.09		1,199.00
Cash in Hand		2,095.71		1,237.71
		23,048.70		4,220.54

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

REFORMATTED STATEMENT OF CHANGES IN EQUITY

a. Equity Share Capital

Equity shares of Rs. 100/- each issued, subscribed and fully paid

(Rupees in Lakhs)

Particulars	Number	Amount
As at March 31, 2019	2,49,52,539	24,952.54
Shares issued during the period	-	-
As at March 31, 2020	2,49,52,539	24,952.54
Shares issued during the period	-	-
As at March 31, 2021	2,49,52,539	24,952.54

b. Other Equity

(Rupees in Lakhs)

Particulars	Reserves and Surplus					Other comprehensive income		Total
	Special Reserve Fund(u/s 45 IC of RBI Act, 1934)	Securities Premium	Debenture Redemption Reserve	Revaluation Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Other Items of Other Comprehensive Income (Remeasurement of defined benefit plans)	
Balance as at March 31, 2019	4,071.63	7,844.15	8,564.08	350.00	-972.71	-	8.43	19,865.58
Transfer from Retained earnings	668.44	-	-	-	-	-	-	668.44
Profit for the period	-	-	-	-	3,354.18	-	-11.98	3,342.20
Transfer to Special Reserve Fund	-	-	-	-	-668.44	-	-	-668.44
Transfer from/(to) Debenture Redemption Reserve	-	-	-8,564.08	-	8,564.08	-	-	-
Balance as at March 31, 2020	4,740.07	7,844.15	-	350.00	10,277.11	-	-3.55	23,207.78
Transfer from Retained earnings	634.61	-	-	-	-	-	-	634.61
Profit for the period	-	-	-	-	3,191.14	-	-18.11	3,173.03
Transfer to Special Reserve Fund	-	-	-	-	-634.61	-	-	-634.61
Balance as at March 31, 2021	5,374.68	7,844.15	-	350.00	12,833.64	-	-21.66	26,380.81

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Note 1.1: Cash and cash equivalents (Rupees in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	2,095.71	1,237.71
Balances with Banks		
- in current accounts*	20,477.90	1,783.83
- in fixed deposit (maturing within a period of three months)	475.09	1,199.00
Total	**23,048.70**	**4,220.54**

*The sanctioned amount of Rs. 10,000 Lakhs from Canara Bank towards Term Loan was received on 31st of March 2021 and kept in Current account as on 31st March 2021.

Note 1.2: Bank balance other than cash and cash equivalents (Rupees in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed deposits with bank (maturing after period of three months)	7,909.27	5,981.13
Total	**7,909.27**	**5,981.13**

Note 1.3 : Additional details of Fixed Deposits (Rupees in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed deposits given as security for borrowings	3,697.17	1,274.39
Fixed deposits given as security for guarantees	1,503.11	2,473.56
Fixed deposits held for redemption of debentures	3,184.08	3,257.18
Free held fixed deposits	-	175.00
Total	**8,384.36**	**7,180.13**

RAMDAS & VENUGOPAL * CHARTERED ACCOUNTANTS * THRISSUR-22

Notes to Reformatted Ind AS Financial Statements

Note 2: Loans

(Rupees in Lakhs)

Particulars	As at March 31, 2021					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Loans repayable on demand	-	-	-	-	-	-
ii) Term loans	1,99,421.36	-	-	-	-	1,99,421.36
iii) Leasing	-	-	-	-	-	-
iv) Factoring	-	-	-	-	-	-
v) Others	-	-	-	-	-	-
Total (A) - Gross	1,99,421.36	-	-	-		1,99,421.36
Less: Impairment loss allowance	1,527.16	-	-	-	-	1,527.16
Total (A) - Net	**1,97,894.20**	-	-	-	-	**1,97,894.20**
(B)						
I) Secured by tangible assets						
Gold Loan	1,93,510.34	-	-	-	-	1,93,510.34
Loan Against Property	761.69	-	-	-	-	761.69
Total (I) - Gross	**1,94,272.03**	-	-	-	-	**1,94,272.03**
Less: Impairment loss allowance	1,429.55	-	-	-	-	1,429.55
Total (I) - Net	**1,92,842.48**	-	-	-	-	**1,92,842.48**
II) Covered by Bank / Government Guarantees						
III) Unsecured						
Microfinance	5,149.33	-	-	-	-	5,149.33
Total (III) - Gross	5,149.33	-	-	-	-	5,149.33
Less: Impairment loss allowance	97.61	-	-	-	-	97.61
Total (III) - Net	5,051.72	-	-	-	-	5,051.72
(C) (I) Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	1,99,421.36	-	-	-	-	1,99,421.36
(C) (II) Loans outside India						
Total (C) - Gross	1,99,421.36	-	-	-	-	1,99,421.36
Less: Impairment loss allowance	1,527.16	-	-	-	-	1,527.16
Total (C)- Net	1,97,894.20	-	-	-	-	1,97,894.20

(Rupees in Lakhs)

Particulars	As at March 31, 2020					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Loans repayable on demand	-	-	-	-	-	-
ii) Term loans	1,69,109.97	-	-	-	-	1,69,109.97
iii) Leasing	-	-	-	-	-	-
iv) Factoring	-	-	-	-	-	-
v) Others	-	-	-	-	-	-
Total (A) - Gross	1,69,109.97	-	-	-		1,69,109.97
Less: Impairment loss allowance	1,595.44	-	-	-	-	1,595.44
Total (A) - Net	**1,67,514.53**	-	-	-	-	**1,67,514.53**
(B)						
I) Secured by tangible assets						
Gold Loan	1,64,480.28	-	-	-	-	1,64,480.28
Loan Against Property	91.93	-	-	-	-	91.93
Total (I) - Gross	**1,64,572.21**	-	-	-	-	**1,64,572.21**
Less: Impairment loss allowance	1,522.80	-	-	-	-	1,522.80
Total (I) - Net	**1,63,049.41**	-	-	-	-	**1,63,049.41**
II) Covered by Bank / Government Guarantees						
III) Unsecured						
Microfinance	4,537.76	-	-	-	-	4,537.76
Total (III) - Gross	4,537.76	-	-	-	-	4,537.76

Less: Impairment loss allowance	72.64	-	-	-	-	72.64
Total (III) - Net	4,465.12	-	-	-	-	4,465.12
(C) (I) Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	1,69,109.97	-	-	-	-	1,69,109.97
(C) (II) Loans outside India						
Total (C) - Gross	1,69,109.97	-	-	-	-	1,69,109.97
Less: Impairment loss allowance	1,595.44	-	-	-	-	1,595.44
Total (C)- Net	1,67,514.53	-	-	-	-	1,67,514.53

2.1 Expected Credit Loss (ECL)

As required by RBI, the Company is obliged to comply with the extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). ECL computed by the Company as per the policy, laid down under significant accounting policies, is higher than the provision as per IRACP norms.

The Notification RBI/2019-20/170 dated 13 March, 2020, states that a comparison to be made between the provisions required under IRACP and impairment allowances made under Ind AS 109 and where the impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), the Company shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment reserve'.

Since, the ECL provision computed as per the policy laid down under significant accounting policies is higher than the provision as per IRACP norms, the requirement of appropriating the difference from the net profit after tax to a separate 'impairment reserve' doesnot arise.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activities is, as follows:

(Rupees in Lakhs)

Year ended March 31, 2021				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	1,62,808.87	3,110.96	3,190.14	1,69,109.97
New Assets/increase in interest accured	5,80,488.90	2,303.40	-	5,82,792.30
Assets repaid	-5,47,579.67	-2,573.94	-1,915.04	-5,52,068.65
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-22,039.60	22,039.60	-	-
Transfer to Stage 3	-858.32	-	858.32	-
Write off	-	-	-412.26	-412.26
Closing carrying amount	1,72,820.18	24,880.02	1,721.16	1,99,421.36

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements
Reconciliation of ECL Balance

Year ended March 31, 2021				
ECL	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	651.24	12.44	931.76	1,595.44
New Assets/increase in Interest accured	3,624.79	13.31	-	3,638.10
Assets repaid	-3,336.91	-14.73	-141.63	-3,493.27
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-127.22	127.22	-	-
Transfer to Stage 3	-4.06	-	116.69	112.63
Write off	-	-	-31.68	-31.68
Impact of revision of ECL rates	278.68	5.18	-651.14	-367.28
Impact of provision for MTM loss	30.83	42.39	-	73.22
Closing carrying amount	1,117.35	185.81	224.00	1,527.16

(Rupees in Lakhs)

Year ended March 31, 2020				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	1,28,071.65	8,668.14	2,987.43	1,39,727.22
New Assets	4,51,293.13	-	-	4,51,293.13
Assets repaid	-4,14,462.39	-5,397.78	-2,030.49	-4,21,890.66
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-57.43	57.43	-	-
Transfer to Stage 3	-2,036.09	-216.83	2,252.92	-
Write off	-	-	-19.72	-19.72
Closing carrying amount	1,62,808.87	3,110.96	3,190.14	1,69,109.97

Reconciliation of ECL Balance

(Rupees in Lakhs)

Year ended March 31, 2020				
ECL	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	557.44	34.67	1,090.47	1,682.58
New Assets	1,805.17	-		1,805.17
Assets repaid	-1,703.00	-21.59	-628.76	-2,353.35
Transfer to Stage 1	-	-		-
Transfer to Stage 2	-0.23	0.23		-
Transfer to Stage 3	-8.14	-0.87	489.77	480.76
Write off	-	-	-19.72	-19.72
Closing carrying amount	651.24	12.44	931.76	1,595.44

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements
2.2 MOVEMENT OF PROVISION FOR STANDARD AND NON-PERFORMING ASSETS

As per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Reserve Bank Directions, 2016, the Company has created provision for Standard Assets as well as Non-Performing Assets. Details are as per the table below:-

(Rupees in Lakhs)

Particulars	2020-21	2019-20
Provision for Standard Assets		
Provision at the beginning of the year	663.68	541.94
Additional provision made during the year	639.48	121.74
Provision at the close of the year	1,303.16	663.68
Non-Performing Assets	As at 31st March 2021	As at 31st March 2020
Sub-standard Assets	108.90	245.88
Doubtful Assets (Upto 1year)	33.87	18
Doubtful Assets (1 - 3 years)	55.34	110.26
Doubtful Assets (More than 3 years)	24.37	119.18
Loss Assets	1.52	438.44
Total Non-performing Assets	224.00	931.76
Provision for non-performing assets	2020-21	2019-20
Provision at the beginning of the year	931.76	1090.47
Additional provision made during the year	-707.76	-158.71
Provision at the close of the year	224.00	931.76

The company is maintaining LTV (Loan to Value) within the maximum prescribed ratio of 75% of the securities as per RBI Guidelines.

2.3 Credit Quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification

As on 31/03/2021 (Rupees in Lakhs)

Internal Rating	Stage 1	Stage 2	Stage 3	Grand Total
High grade	1,72,820.18	-	-	1,72,820.18
Medium grade	-	24,880.02	-	24,880.02
Low grade	-	-	1,721.16	1,721.16
Total	1,72,820.18	24,880.02	1,721.16	1,99,421.36

As on 31/03/2020 (Rupees in Lakhs)

Internal Rating	Stage 1	Stage 2	Stage 3	Grand Total
High grade	1,62,808.87	-	-	1,62,808.87
Medium grade	-	3,110.96	-	3,110.96
Low grade	-	-	3,190.14	3,190.14
Total	1,62,808.87	3,110.96	3,190.14	1,69,109.97

RAMDAS & VENUGOPAL * THRISSUR-22 * CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Note 3: Investments

(Rupees in Lakhs)

Particulars	As at March 31, 2021						
		At Fair value					
	Amortised Cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	At cost	Total
i) Mutual funds	-	-	-	-	-	-	-
ii) Government securities	-	-	-	-	-	-	-
iii) Debt securities	-	-	-	-	-	-	-
iv) Equity instruments							
Subsidiaries	-	-	-	-	-	-	-
Others	-	-	4.70	-	4.70	-	4.70
Total Gross (A)	-	-	4.70	-	4.70	-	4.70
i) Investments outside India	-	-	-	-	-	-	-
ii) Investments in India	-	-	4.70		4.70		4.70
Total Gross (B)	-	-	4.70	-	4.70	-	4.70
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-
Total - Net D = (A) - (C)	-	-	4.70	-	4.70	-	4.70

(Rupees in Lakhs)

Particulars	As at March 31, 2020						
		At Fair value					
	Amortised Cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	At cost	Total
i) Mutual funds	-	-	-	-	-	-	-
ii) Government securities	-	-	-	-	-	-	-
iii) Debt securities	-	-	-	-	-	-	-
iv) Equity instruments							
Subsidiaries	-	-	-	-	-	-	-
Others	-	-	3.24	-	3.24	-	3.24
Total Gross (A)	-	-	3.24	-	3.24	-	3.24
i) Investments outside India	-	-	-	-	-	-	-
ii) Investments in India	-	-	3.24	-	3.24	-	3.24
Total Gross (B)	-	-	3.24	-	3.24	-	3.24
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-
Total - Net D = (A) - (C)	-	-	3.24	-	3.24	-	3.24

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

3.1 Details of investments are as follows :-

Equity instruments **(Rupees in Lakhs)**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Subsidiaries				
Quoted	-	-	-	-
Unquoted	-	-	-	-
Subtotal	-	-	-	-
Others				
Quoted				
Wonderla Holidays Ltd	503	0.97	503	0.70
The South Indian Bank Limited	45,020	3.73	45,020	2.54
Unquoted				
Subtotal	**45,523**	**4.70**	**45,523**	**3.24**
Total	**45,523**	**4.70**	**45,523**	**3.24**

Note 4: Other financial assets **(Rupees in Lakhs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits		
Rent Deposit	1,636.38	1,664.10
Security Deposit with NSE, BSE & CDSL	396.25	383.75
Security Deposit VAT	-	0.25
HDFC STD Life deposit	-	0.25
Insurance deposit	0.61	1.51
Service asset	-	164.45
Other Receivables		
Commission/Incentive Receivable	26.98	19.84
Third Party Products	59.36	3.32
Rent Receivable	30.20	16.47
Total	**2,149.78**	**2,253.94**

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

Note 5: Property, plant and equipment

(Rupees in Lakhs)

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Computer	Vehicles	Electrical Installations	Total	Capital-work-in progress
Gross block- at cost									
As at March 31, 2019	14,599.67	3,352.75	629.12	1,382.08	109.88	100.81	72.90	20,247.21	-
Additions	-	-	55.41	86.75	46.09	100.27	-	288.52	-
Disposals	-		-	(5.85)	(3.45)	(17.90)	(0.04)	(27.24)	-
As at March 31, 2020	14,599.67	3,352.75	684.53	1,462.98	152.52	183.18	72.86	20,508.49	-
Additions			55.31	81.20	177.46		8.87	322.84	-
Disposals			(0.07)	(8.99)	(0.34)	(40.17)	(0.07)	(49.64)	-
As at March 31, 2021	14,599.67	3,352.75	739.77	1,535.19	329.64	143.01	81.66	20,781.69	-
Accumulated depreciation									
As at March 31, 2019	-	198.41	119.00	404.51	41.54	37.87	17.09	818.42	-
Charge for the period	-	184.82	103.47	297.83	50.55	30.78	16.11	683.56	-
As at March 31, 2020	-	383.23	222.47	702.34	92.09	68.65	33.20	1,501.98	-
Charge for the period	-	172.01	92.68	225.46	51.50	33.05	12.35	587.05	-
Disposals						(24.25)		(24.25)	
As at March 31, 2021	-	555.24	315.15	927.80	143.59	77.45	45.55	2,064.78	-
Net Block									
As at March 31, 2019	14,599.67	3,154.34	510.12	977.57	68.34	62.94	55.81	19,428.79	-
As at March 31, 2020	14,599.67	2,969.52	462.06	760.64	60.43	114.53	39.66	19,006.51	-
As at March 31, 2021	14,599.67	2,797.51	424.62	607.39	186.05	65.56	36.11	18,716.91	-

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Note 6: Other Intangible Assets

(Rupees in Lakhs)

Particulars	Computer Software	Intangible assets under development	Total
Gross block- at cost			
As at March 31, 2019	31.58	-	31.58
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2020	**31.58**	-	**31.58**
Additions	-	**46.50**	46.50
Disposals	-	-	-
As at March 31, 2021	**31.58**	**46.50**	**78.08**
Accumulated amortisation			
As at March 31, 2019	**17.30**	-	17.30
Charge for the period	9.03	-	9.03
As at March 31, 2020	**26.33**	-	**26.33**
Charge for the period	0.16	-	0.16
As at March 31, 2021	**26.49**	-	**26.49**
Net book value:			
As at March 31, 2019	**14.28**	-	14.28
As at March 31, 2020	**5.25**	-	5.25
As at March 31, 2021	**5.09**	**46.50**	**51.59**

Note 7: Other Non-financial assets

(Rupees in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with government authorities		
-GST Receivable	278.54	151.59
Other Advances/Receivables	102.28	63.10
Total	**380.82**	**214.69**

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Note 8: Debt Securities

(Rupees in Lakhs)

Particulars	As at March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(i) Secured, Privately Placed NCD	1,803.46	-	-	1,803.46
(ii) Secured, Redeemable NCD Public Issue	1,06,100.74	-	-	1,06,100.74
(iii) Unsecured, Privately Placed NCD	203.75	-	-	203.75
(iv) Unsecured Public Placed NCD	9,308.08	-	-	9,308.08
(v) Unclaimed Matured Debentures	108.48	-	-	108.48
(vi) Interest accrued on above	11,408.60	-	-	11,408.60
(vii) Unamortized expense of public issue	-866.29	-	-	-866.29
Total (A)	1,28,066.82	-	-	1,28,066.82
Debt securities in India	1,28,066.82	-	-	1,28,066.82
Debt securities outside India	-	-	-	-
Total (B)	1,28,066.82	-	-	1,28,066.82

(Rupees in Lakhs)

Particulars	As at March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(i) Secured, Privately Placed NCD	3,055.87	-	-	3,055.87
(ii) Secured, Redeemable NCD Public Issue	48,054.28	-	-	48,054.28
(iii) Unsecured, Privately Placed NCD	1,039.75	-	-	1,039.75
(iv) Unsecured Public Placed NCD	18,393.27	-	-	18,393.27
(v) Unclaimed Matured Debentures	264.08	-	-	264.08
(vi) Interest accrued on above	17,136.26	-	-	17,136.26
(vii) Unamortized expense of public issue	-324.05	-	-	-324.05
(viii) Debenture Application Money				-
Total (A)	87,619.46	-	-	87,619.46
Debt securities in India	87,619.46	-	-	87,619.46
Debt securities outside India	-	-	-	-
Total (B)	87,619.46	-	-	87,619.46

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

8.1 Secured Redeemable Non-Convertible Debentures – Listed

The outstanding amount of Secured Redeemable Non-Convertible Listed Debentures raised through Public Issue stood at ₹1,06,100.74 lakhs (Previous Year: ₹48,054.28 lakhs). During the FY 2020-2021. Secured Redeemable NCD -listed amounting to ₹65,751.86 lakhs (Previous year : 42,468.31 lakhs) was raised.

(Rupees in Lakhs)

Date of maturity	Amount	Interest rates
11-06-2021	3167.27	9.40%
25-08-2021	5585.97	11.57%-12.25%
12-09-2021	1871.60	10%
22-10-2021	3164.34	9.50%
21-01-2022	3359.69	9.50%
17-02-2022	1654.83	9.75%
18-03-2022	2423.48	9.50%
24-04-2022	3469.50	9.75%-10.22%
09-06-2022	3198.71	9.25%
01-07-2022	5406.23	9.75%- 9.77%
12-09-2022	4037.23	10.25%-10.50%
29-09-2022	4132.90	9.75%-9.77%
23-11-2022	3459.34	9.75%- 9.77%
14-02-2023	6629.28	9.50%-9.54%
17-02-2023	2591.07	10.00%
01-07-2023	2693.53	10.00%
29-09-2023	2047.40	10.00%
23-11-2023	2122.55	10.00%
17-04-2024	3094.56	10.22%
24-04-2024	3912.50	10.00%-10.47%
14-08-2024	4727.33	10%
31-08-2024	1686.07	10.22%
12-09-2024	3878.94	10.35%-10.65%
29-11-2024	749.79	10.22%
23-01-2025	865.15	10.22%
17-02-2025	2727.43	10.50%
01-07-2025	3684.44	10.50%
29-09-2025	3084.45	10.50%
21-11-2025	3624.01	10.50%
17-12-2025	164.71	10.07%
14-08-2026	2181.65	10.71%
17-03-2027	4193.27	10.28%
31-07-2027	3156.06	10.28%
29-10-2027	1596.76	10.28%
23-12-2027	1758.70	10.28%
Total	**1,06,100.74**	

8.2 Secured Redeemable Non-convertible Debentures - Unlisted

The Company had privately placed Secured Redeemable Non-convertible Debentures for a maturity period up to 66 months with an outstanding amount of ₹1803.46 lakhs (Previous year: ₹3055.87 lakhs). During the FY 2020- 2021, No Secured Privately Placed NCD was raised (Previous year: ₹1149.87 lakhs)

(Rupees in Lakhs)

Date of maturity	Amount	Interest rates
29-10-2021	210.00	8.75% - 9.25%
17-11-2021	65.00	10.00% - 10.25%
29-11-2021	736.00	9.50% - 9.75%
12-06-2022	359.86	9.75% -10.22%
12-06-2024	432.60	10.00% - 10.47%
Total	**1,803.46**	

8.3 Unsecured Debentures – UnListed

The outstanding amount of Unsecured Debentures raised through Private placement stood at ₹203.75 lakhs (Previous Year: ₹1039.75 lakhs). There is no fresh issue of debentures during the FY- 2020-2021.

(Rupees In Lakhs)

Date of maturity	Amount	Interest rates
26-05-2021	100.00	11%
12-10-2021	0.50	24.74%
17-10-2021	0.25	24.74%
20-10-2021	1.25	24.74%
24-10-2021	0.50	24.74%
28-10-2021	0.25	24.77%
06-11-2021	1.00	24.74%
29-11-2021	100.00	11%
Total	**203.75**	

8.4 Unsecured Debentures -Listed

The outstanding amount of Unsecured Debentures raised through Public Issue stood at ₹ 9,308.08 lakhs (Previous Year: ₹18393.27 lakhs). During the FY-20-21 Unsecured Public Placed NCD's amounting to ₹4907.33 lakhs were raised

(Rupees in Lakhs)

Date of maturity	Amount	Interest Rate
27-07-2022	4,400.75	11.02%-11.25%
13-03-2026	2,770.94	10.25%
14-02-2028	2,136.39	10.41%
Total	**9,308.08**	

8.5 Unclaimed Matured Debentures

The outstanding amount of Unclaimed Matured Debentures as on 31st March 2021 is ₹108.48 lakhs. (Previous year ₹264.08 lakhs). The same has been transferred to current account maintained with INDUSIND BANK-201008866449

(Rupees in Lakhs)

Period	Amount
2014-2015	31.30
2015-2016	23.99
2016-2017	23.15
2017-2018	4.20
2018-2019	25.84
Total	**108.48**

There are no outstanding dues pending to be transferred to Investor Education and Protection Fund as on 31st March,2021.

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Note 9: Borrowings (other than debt securities)

Particulars	As at March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(a) Term loan				
(i) from banks				
Vehicle Loans -State Bank of India, Commercial Br., Ernakulam	61.29	-	-	61.29
Term Loan -CSB Bank, Market Road, Ernakulam	2,982.83	-	-	2,982.83
Term Loan -Canara Bank, MG Road, Ernakulam	9,774.21	-	-	9,774.21
(ii) from financial institutions				
(b) Loans from related party				
(c) Loans repayable on demand				
(i) from banks				
South Indian Bank, M.G. Road, Ernakulam	2.36	-	-	2.36
State Bank of India, Commercial Br., Ernakulam	3,846.15	-	-	3,846.15
Dhanlaxmi Bank, Shanmugam Road, Ernakulam	1,948.10	-	-	1,948.10
Union Bank of India, Ernakulam (erstwhile Andhra Bank, M.G Road , Ernakulam)	3,655.93	-	-	3,655.93
Indus Ind Bank, M.G Road. Ernakulam	4,656.10	-	-	4,656.10
Union Bank of India, Kottayam	2,264.40	-	-	2,264.40
Punjab National Bank Coimbatore (erstwhile Oriental Bank of Commerce,Coimbatore)	4,826.80	-	-	4,826.80
Karur Vysya Bank, Coimbatore	1,464.29	-	-	1,464.29
DCB Bank, Chennai	1,500.00	-	-	1,500.00
(ii) from financial institutions	-	-	-	-
Total (A)	**36,982.46**	-	-	**36,982.46**
Borrowings in India	**36,982.46**	-	-	**36,982.46**
Borrowings outside India	-	-	-	-
Total (B)	**36,982.46**	-	-	**36,982.46**

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Particulars	As at March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(a) Term loan				
(i) from banks				
Term Loan -Dhanlaxmi bank, Shanmugam Road, Ernakulam	300.00	-	-	300.00
Vehicle Loans -State Bank of India, Commercial Br., Ernakulam	74.83	-	-	74.83
(ii) from financial institutions				
Securitisation borrowings				-
Northern Arc Loan	3,529.54	-	-	3,529.54
(b) Loans from related party				-
(c) Loans repayable on demand				
(i) from banks				
South Indian Bank, M.G. Road, Ernakulam	14,425.49	-	-	14,425.49
State Bank of India, Commercial Br., Ernakulam	4,454.41	-	-	4,454.41
Dhanlaxmi Bank, Shanmugam Road, Ernakulam	1,380.18	-	-	1,380.18
Union Bank of India, Ernakulam (erstwhile Andhra Bank, M.G Road , Ernakulam)	3,563.14	-	-	3,563.14
Indus Ind Bank, M.G Road. Ernakulam	4,860.20	-	-	4,860.20
Union Bank Of India, Kottayam	991.39	-	-	991.39
Punjab National Bank Coimbatore (erstwhile Oriental Bank of Commerce,Coimbatore)	2,958.77	-	-	2,958.77
(ii) from financial institutions	-	-	-	-
Total (A)	**36,537.95**	-	-	**36,537.95**
Borrowings in India	**36,537.95**	-	-	**36,537.95**
Borrowings outside India	-	-	-	-
Total (B)	**36,537.95**	-	-	**36,537.95**

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

9.1 Security Details

Term Loans

a. State Bank of India- Sanctioned Amount ₹80 lakhs - Outstanding . ₹61.29 Lakhs (Previous year ₹74.83 Lakhs)
Secured by way of first and exclusive charge by Hypothecation of the vehicle for the due payment

Repayment terms: 84 monthly installments of ₹ 0.95 lakhs

b. CSB Bank- Sanctioned Amount - ₹3,000 lakhs - Outstanding ₹2,982.83 Lakhs (Previous year NIL)
Secured by a) first Pari passu charge on gold receivables and other current assets, b) Collateral - Fixed Deposit of ₹ 1500 lakhs c.) Personal guarantee of Mathew Muthoottu and Nizzy Mathew d) Corporate guarantee of M/s Muthoottu Mini Hotels Private Limited and M/s Muthoottu Mini Theatres Private Limited.

Repayment terms: 54 monthly installments of ₹55.56 lakhs

c. Canara Bank - Sanctioned Amount* - ₹10,000 lakhs - Outstanding ₹9,774.21 Lakhs (Previous year NIL)

Secured by a) first Pari passu charge on gold receivables and other current assets, b) Collateral - Fixed Deposit of ₹2500 lakhs c) Personal guarantee of Mathew Muthoottu and Nizzy Mathew

Repayment terms: 35 monthly installments of ₹278 lakhs and last installment of ₹270 lakhs

*The sanctioned amount of ₹10,000 Lakhs was received on 31st of March 2021.

Loans repayable on demand

a. South Indian Bank – Sanctioned Amount - ₹9,900 lakhs Outstanding ₹ 2.36 Lakhs (Previous year ₹14,425.49 Lakhs)**

Secured by a) 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 25% margin and equitable mortgage of immovable properties being land admeasuring 21.18 acres bolonging to our Company,personal guarantors and corporate guarantors and b) Personal guarantee of Roy M. Mathew; Nizzy Mathew; and Mathew Muthoottu and c)Corporate guarantee of 1)Muthottu Mini Theatres Private Limited;2)Muthoottu Mini Hotels Private Limited;3)Mini Muthoottu Credit India Private Limited; and 4)Kandamath Cine Enterprises Private Limited

** The loan has been fully repaid and the Credit facility closed in April 2021.

b. Dhanlaxmi Bank–Sanctioned Amount - ₹2,400 lakhs - Outstanding ₹1,948.10 Lakhs (Previous year ₹1,380.18 Lakhs)

Secured by a) Pari-passu charge by way of hypothecation of current assets, loans, advances and book debts including gold loan receivable, with a margin of 25% B) Collateral security by way of Equitable mortgage of 34.39 ares of vacant land at Pathanamthitta village, Kozhencherry Taluk, Pathanamthitta District in the name of Muthoottu Mini Theatres (Private) Limited C) Personal guarantee of Roy M. Mathew; Nizzy Mathew and Mathew Muthoottu and D)Corporate guarantee of Muthottu Mini Theatres Private Limited

c. State Bank of India–Sanctioned Amount ₹5,000 lakhs- ₹ Outstanding ₹3,846.15 Lakhs (Previous year ₹4,454.41Lakhs)

Secured by a) Pari-passu charge First charge on current assets of the Company basis with other lenders in MBA and non-convertible holder's with a margin of 25% B) Equitable mortgage of 32.86 ares of land regarding serial number 219/2, block number 13 in Maradu village, Kerala in the name of Muthoottu Mini Theatres Private Limited C) Personal guarantee of Roy M. Mathew, Mathew Muthoottu and Nizzy Mathew and D) Corporate guarantee of Muthoottu Mini Theatres Private Limited

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

d. Union Bank of India (erstwhile Andhra Bank) - Sanctioned amount - ₹7,500 lakhs - Outstanding ₹3,655.93 Lakhs (Previous year ₹3,563.14 Lakhs)

Secured by a) 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% b) 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) c)Equitable mortgage of (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. 012520100083648 in the name of Muthoottu Mini Financiers Limited amounting to ₹518 lakhs c) Personal guarantee of Nizzy Mathew and Mathew Muthoottu and d) Corporate guarantee: Muthottu Mini Hotels Private Limited.

e. Punjab National Bank (Erstwhile Oriental Bank of Commerce) – Sanctioned amount - ₹5,000 lakhs -Outstanding ₹ 4,826.80 Lakhs (Previous year ₹2,958.77 Lakhs)

Secured by a) Pari passu first charge by way of hypothecation of Gold Loan receivables of the Company with minimum asset coverage of 1.33 times b) Equitable Mortgage of immovable property multiplex theatre Dhanya & Remya, situated at Survey No. 34, M. C. Road, Kottayam, Kerala and C) Personal guarantee of Nizzy Mathew and Mathew Muthoottu d) FD of ₹250 lakhs

f. IndusInd Bank - Sanctioned amount - ₹5,000 lakhs Outstanding ₹4,656.10,Lakhs (Previous year ₹4,860.20 Lakhs)

Secured by a) First pari-passu charge on receivables including gold loan receivables with banks under MBA and non-convertible debenture holders b) Equitable Mortgage of I) 05.85 ares along with a three storied building comprised in re-survey number 83 in block number 179 of Kollam East Village, Kollam Taluk;ii)09.250 cents (03.74 Ares) situated at Survey No. 2786/C-1, 2786/C-2-1 at Vanchiyoor, Trivandrum along with building bearing T.C. nos. 26/44 and 45; and iii)Landed Property having an extent of 19 cents (07.69 ares) and all other things attached thereto comprised in old sy.no.290/3 (re-sy no 170/2-1) of Pandalam Village, Adoor Taluk

g. Union Bank of India- Sanctioned amount - ₹2,500 lakhs Outstanding ₹2,264.40 Lakhs (Previous year ₹991.39 Lakhs)

Secured by a) first Pari passu charge on gold receivables and other current assets, b) Personal guarantee of Mathew Muthoottu and Nizzy Mathew c) EM of land having its improvements and building there in to an extent of 4.05 Ares in survey no 93/1-2 of Tholicode Village, Nedumangadu Taluk, Thiruvananathapuram District, Kerala State in the name of M/s Muthoottu Mini Financiers Ltd and FD of ₹458 lakhs

h. Karur Vysya Bank - Sanctioned amount - ₹2,500 lakhs Outstanding ₹1,464.29 Lakhs (Previous year NIL)

Secured by a) first Pari passu charge on gold receivables and other current assets, b) Personal guarantee of Mathew Muthoottu and Nizzy Mathew, c) Equitable Mortgage of - 1. Extent of 24.37 ares (10.12 ares in Sy. 332/8, 10.20 ares in Sy No; 332/8-5, 4.05 ares in Sy.No: 332/8-5) in Kozhencherry Gramapanchayath ward No: Viii, Pazhayatheruvu Junction,Kozhencherry Village, Kozhencherry Taluk, Pathanamthitta District standing in the name ofM/s Muthoottu Mini Hotels Private Limited. (Legal Clearance EKMDO/LC/20-21 dated 13.01.2021) 2. Extent of 32.79 ares in sy. No: 332/9A in Kozhencherry Gramapanchayath ward No: Viii,Pazhayatheruvu Junction, Kozhencherry Village, Kozhencherry Taluk, pathanamthitta District standing in the name of M/s Muthoottu Mini Hotels Private Limited. (Legal clearance EKMDO/LC/2020-21 dated 13.01 .2021) and Fixed Deposit of ₹468 lakhs

i. DCB Bank - Sanctioned amount - ₹1500 lakhs Outstanding ₹1,500 Lakhs (Previous year NIL)

Secured by a) first Pari passu charge on gold receivables and other current assets, b) Collateral - Fixed Deposit of ₹150 lakhs

Note 10: Subordinated Liabilities

(Rupees in Lakhs)

Particulars	As at March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinated Liabilities in India	33,802.18	-	-	33,802.18
Subordinated Liabilities outside India	-	-	-	-
Total	**33,802.18**	-	-	**33,802.18**

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

(Rupees in Lakhs)

Particulars	As at March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinated Liabilities in India	28,690.84	-	-	28,690.84
Subordinated Liabilities outside India	-	-	-	-
Total	28,690.84	-	-	28,690.84

THRISSUR 22

RAMDAS & VENUGOPAL CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Note 10.1 Details of Subordinated Liabilities

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 Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Reserve Bank Directions, 2016. The outstanding amount (excluding interest accrued) of privately placed subordinated debt stood at ₹ 23,318.20 lakhs (Previous year: ₹20467.07 lakhs).

(Rupees in Lakhs)

Maturity Pattern	Amount*	Interest Rate
	As at 31st March, 2021	
Interest pay out-Monthly		
2021- 2022	2,456.79	10.75% - 11.00%
2022– 2023	5,373.44	10.50% - 11.00%
2023– 2024	183.89	10.50% - 10.75%
2025-2026	1,592.61	10.50%
2026-2027	60.50	10.25%
2027-2028	5.50	14.29%
Interest pay out- Maturity		
2021– 2022	6,645.74	16.67%
2022– 2023	5,760.56	10.75% - 16.67%
2023– 2024	46.65	15.38%
2027-2028	1,192.52	14.29%
Total	**23,318.20**	

* Excluding interest accrued

Note 11: Other Financial liabilities

(Rupees in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Expenses payable	661.14	228.17
Rent Payable	145.98	145.65
Rent Deposit	10.40	8.40
Kotak Insurance Payable	25.01	14.02
Auction Surplus Payable	709.44	554.22
Securitisation Payable	-	330.20
Other Payable	124.87	-
Total	**1,676.84**	**1,280.66**

Note 12: Provisions

(Rupees in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
- Gratuity	156.65	142.12
Total	**156.65**	**142.12**

Note 13: Other Non-financial liabilities

(Rupees in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	273.06	88.58
Others	56.69	44.80
Total	**329.75**	**133.38**

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Note 14: Equity share capital

14.1 The reconciliation of equity shares outstanding at the beginning and at the end of the period

(Rupees in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
325,00,000 Equity Shares of Rs.100/- each	32,500.00	32,500.00
Issued, subscribed and fully paid up		
249,52,539 Equity shares of Rs. 100/- each fully paid up	24,952.54	24,952.54
Total Equity	**24,952.54**	**24,952.54**

14.2 Terms/ rights attached to equity shares

The Company has issued only one class of equity shares having a par value of Rs 100/- per share. 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.

14.3 Reconciliation of the number of Equity shares and of Equity share capital amount outstanding at the beginning and at the end of the year

(Rupees in Lakhs)

Particulars	In Numbers	Amount
As at March 31, 2020	**2,49,52,539**	**24,952.54**
Shares issued during the period	-	-
As at March 31, 2021	**2,49,52,539**	**24,952.54**

14.4 Details of Equity shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2021	
	No. of shares held	% holding in the class
Mr. Mathew Muthoottu	1,47,79,912	59.23%
Nizzy Mathew	33,54,446	13.44%
Mini Muthoottu Hotels (P) Ltd	25,51,298	10.22%
Mini Muthoottu Credit India (P) Ltd	14,19,841	5.69%

Particulars	As at March 31, 2020	
	No. of shares held	% holding in the class
Mr. Mathew Muthoottu	1,47,79,912	59.23%
Nizzy Mathew	33,54,446	13.44%
Mini Muthoottu Hotels (P) Ltd	25,51,298	10.22%
Mini Muthoottu Credit India (P) Ltd	14,19,841	5.69%

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

Particulars	Fully paid up pursuant to contract(s) without payment being received in cash	Fully paid up by way of bonus shares	Shares bought back
Equity Shares :			
2019-2020	-	-	-
2018-2019	-	-	-
2017-2018	-	-	-
2016-2017	-	-	-
2015-2016	-	-	-

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Note 15: Other equity

(Rupees in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Reserves		
Special Reserve Fund(u/s 45 IC of RBI Act, 1934)		
Balance at the beginning of the year	4,740.07	4,071.63
Add: Transfer from Retained earnings	634.61	668.44
Balance at the end of the year	**5,374.68**	**4,740.07**
Debenture Redemption Reserve		
Balance at the beginning of the year	-	8,564.08
Add: Transfer from/(to) Retained earnings	-	(8,564.08)
Balance at the end of the year	-	-
Securities Premium		
Balance at the beginning of the year	7,844.15	7,844.15
Add: Securities premium on share options exercised during the year	-	-
Balance at the end of the year	**7,844.15**	**7,844.15**
Revaluation Reserve		
Balance at the beginning of the year	350.00	350.00
Add: Amount transferred	-	-
Balance at the end of the year	**350.00**	**350.00**
Retained Earnings		
Balance at the beginning of the year	**10,273.56**	**(964.28)**
Add: Profit for the period	**3,173.03**	**3,342.20**
Add/Less: Appropriation :-		
Transfer to Special Reserve Fund	(634.61)	(668.44)
Transfer from/(to) Debenture Redemption Reserve	-	8,564.08
Transfer to Impairment Reserve	-	-
Total appropriations	**(634.61)**	**7,895.64**
Balance at the end of the year	**12,811.98**	**10,273.56**
Total	**26,380.81**	**23,207.78**

15.1 Nature and purpose of reserve
Statutory reserve

Statutory Reserve represents the Reserve Fund created u/s 45IC of the Reserve Bank of India Act, 1934. In current year ₹ 634.61 lakhs is appropriated from Statement of Profit and Loss to the Special Reserve Fund.

Debenture Redemption Reserve
The Company, being an NBFC registered with the Reserve Bank of India under Section 45 IA of the RBI Act, 1934, is not required to create a Debenture Redemption Reserve, in respect of public issue of debentures and debentures issued by it on a private placement basis, Pursuant to Rule 18(7)(b)(iii) of the Companies (Share Capital and Debentures) Rules, 2014, as amended vide the Companies (Share Capital and Debentures) Amendment Rules dated August 16, 2019.

Securities Premium

This Reserve represents the premium on issue of equity shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Revaluation Reserve

Revaluation reserve represents a portion of the value of land that has been revalued based on the valuation made by approved external valuer during financial year 2012-13.

Retained Earnings

This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Note 16: Interest income

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	On Financial asset measured at amortised cost	On Financial asset measured at amortised cost
i)Interest on Loans		
On Gold loan	34,990.43	28,835.24
On Micro Finance	853.67	970.79
On loan against property	82.80	13.69
ii)Interest on deposits with bank	339.82	273.96
Total	36,266.72	30,093.68

Note 17: Net gain on fair value changes

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	1.46	-
- Derivatives	-	-
- Others	-	-
(B) Loss on fair valuation of equity shares	-	5.76
Total Net gain on fair value changes (C)	1.46	(5.76)
Fair Value changes:		
- Realised	-	-
- Unrealised	1.46	(5.76)
Total Net gain on fair value changes	1.46	(5.76)

Note 18: Sale of services

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other Operating Income	356.10	233.58
Total	356.10	233.58

Note 19: Other Income

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other non-operating income	3.63	18.60
Total	3.63	18.60

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Note 20: Finance Costs

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
Interest on deposits	-	-
Interest on borrowings (other than debt securities)	4,819.02	4,642.18
PTC loan amortization	5.89	25.06
Term Loan Amortisation	1.09	
Interest on debt securities		
-Public issue	9,992.29	7,949.82
-NCD amortization	303.15	100.72
-Pvt Placement	320.06	525.02
Interest on subordinated liabilities	3,267.32	2,960.21
Other interest expense	-	9.06
Bank Charges	511.14	336.78
Total	**19,219.96**	**16,548.85**

Note 21: Impairment on financial instruments

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	On financial instruments measured at amortised cost	On financial instruments measured at amortised cost
Loans	(68.28)	(87.14)
Bad Debts Written Off	412.26	19.71
Investments	-	-
Other Assets	(2.88)	2.20
Total	**341.10**	**(65.23)**

Note 22: Employee Benefits Expenses

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and Wages	6,317.24	5,941.42
Gratuity	47.57	45.77
Bonus	219.52	214.41
Contributions to Provident and Other Funds	577.37	501.28
Staff Welfare Expenses	0.27	2.31
Total	**7,161.97**	**6,705.19**

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Note 23: Depreciation, amortization and impairment

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of tangible assets	587.05	683.55
Amortization of intangible assets	0.16	9.03
	587.21	**692.58**

Note 24: Other Expenses

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent, taxes and energy costs	2,130.56	2,165.99
Repairs and maintenance	381.19	287.32
Communication Costs	286.84	219.46
Printing and stationery	188.21	228.65
Advertisement and publicity	185.87	88.65
Director's fees, allowances and expenses	8.55	4.46
Auditor's fees and expenses	22.60	21.55
Legal and Professional charges	217.32	149.83
Insurance	88.25	90.59
General Office Expenses	143.68	263.03
Travelling Expenses to Staff	227.03	287.43
Vehicle Running & Maintenance Expenses	4.79	8.59
Security Charges	195.38	177.26
Subscription Charges - Spot Exchange	2.23	2.73
Corporate social responsibility	57.21	-
Public Issue NCD Expenses	38.04	38.13
Loss on sale of Fixed assets	5.92	0.70
Other expenditure	7.02	159.99
Total	**4,190.69**	**4,194.36**

Note 24.1 Auditor's fees and expenses

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
For Statutory audit	20.00	16.80
For Limited Review	2.60	2.55
For other services	-	2.20
Total	**22.60**	**21.55**

RAMDAS & VENUGOPAL • THRISSUR-22 • CHARTERED ACCOUNTANTS

Notes to Reformatted Ind AS Financial Statements

Note 25: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of the company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net profit attributable to ordinary equity holders in lakhs	3,191.14	3,354.18
Weighted average number of equity shares for basic earnings per share	2,49,52,539	2,49,52,539
Effect of dilution:		
Weighted average number of equity shares for diluted earnings per share	2,49,52,539	2,49,52,539
Earnings per share:		
Basic earnings per share (₹)	**12.79**	**13.44**
Diluted earnings per share (₹)	**12.79**	**13.44**

RAMDAS & VENUGOPAL * THRISSUR-22 * CHARTERED ACCOUNTANTS

MUTHOOTTU MINI FINANCIERS LIMITED

Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641

Notes to Reformatted Ind AS Financial Statements for the year ended 31st March, 2021 and March 31, 2020

I. Corporate Information :

Muthoottu Mini Financiers Limited is a public limited company incorporated under the provisions of the Companies Act, 1956.The Company was primarily incorporated as a private limited company on March 18, 1998 under the provisions of the Companies act 1956 and the certificate of incorporation was issued by the registrar of companies Kochi. Pursuant to a special resolution passed in the general meeting of the Shareholders of the Company held on September 14, 2013, the Company was converted into a public limited company and a fresh certificate of incorporation was issued by the Registrar of Companies on November 27, 2013. The Company currently operates through 807 branches across the country.

The Company is engaged in full-fledged Gold Loan business, its debt securities are listed on Bomhay Stock Exchange and has accepted debentures under private placement complying with the provisions as per RBI guidelines. As part of dlversification of business the Company, apart from the core business of Gold Loan and Public issue of Debentures have entered the arena of Microfinance, Insurance agency business, Money transfers, Travel & Tourism etc.

II. Basis of Preparation, Critical Accounting Estimates and Judgments

The financial statements have been prepared on the following basis:

A. Basis for preparation of Reformatted Ind AS Financial Statements for the year ended March 31, 2021 and March 31, 2020

The reformatted statement of assets and liabilities of the Company as at March 31. 2021and March 31, 2020 and reformatted statement of profit and loss and the reformatted statement of cash flows and reformatted statement of change in equity and the summary of significant accounting policies and expianatory notes for the year ended March 31. 2021and March 31, 2020 (together referred as "Reformatted ind AS Financial Statements" have been extracted by the Management from the audited Ind AS financial statements of the Company for the year ended March 31. 2021and March 31, 2020 ("Audited Ind AS Financial Statements").

The Reformatted Ind AS Financial Statements have been prepared by the management in connection with the proposed listing of secured and unsecured redeemable non-convertible debentures of the Company with BSE Limited ('the stock exchanges'), in accordance with the requirements of:

a) Section 26 of the Companies Act, 2013; and

b) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "SEBI NCS Regulations") issued by the Securities and Exchange Board of India ("SEBI")

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

The Reformatted Ind AS Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). The financial statements for the year ended 31 March 2020 was the first financial statement of the Company prepared in accordance with Ind AS.

The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Indian Accounting Standards.

Accounting policies have been consistently applied to all periods presented, unless otherwise stated. The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the Company are discussed in Note IV- Significant accounting judgments, estimates and provisions.

B. Presentation of Reformatted Ind AS Financial Statements

The Reformatted Ind AS Financial Statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event and the parties intend to settle on a net basis.

C. Statement of Compliance

These standalone or separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act

D. New accounting standards issued hut not effective

There are no standards that are issued but not yet effective on March 31, 2021

E. Functional and Presentation currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest lakhs, except when otherwise indlcated.

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

III. Significant Accounting Policies

A. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(a) Interest Income

Interest income from financial assets is recognized on an accrual basis using effective interest rate method (EIR). The effective interest rate method is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts paid or received) through the expected life of the financial instrument to the carrying amount on initial recognition. While estimating future cash receipts, factors like expected behavior and life cycle of the financial asset, probable fluctuation in collateral value etc. are considered which has an impact on the EIR. 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 recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Such interests, where installments are overdue in respect of non-performing assets are recognized on realization basis. Any such income recognized and remaining unrealized after the installments become overdue with respect to non-performing assets is reversed.

(b) Dividend Income

Dividend income is recognised when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

(c) Income from sale of services

Revenue is recognized upon transfer of control of promised services to customer in an amount that reflects the consideration we expect to receive as per the agreement with the customer.

Where the performance obligation is satisfied overtime and where there is no uncertainty as to measurement or collectability of consideration, revenue is recognized as per the percentage of completion method.

The Company has applied revenue recognition criteria for each distinct performance obligation in relation to service income. The transaction price is allocated to each performance obligation based on the stand alone selling price.

Any other revenue from operations are recognised based on a five step model frame work under INDAS 115 elucidated below:

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Step1 Identify the contract with the customer – A contract is considered within the scope when the contract is approved by both the parties, payment terms and party's rights are identified and it is probable that the consideration will be collected.

Step2 Identify the performance obligations in the contract

Step 3 Determine the transaction price

Step4 Allocate the transaction price to the performance obligation in the contracts

Step 5 Recognize revenue when the Company satisfies a performance obligation

B. Financial Instruments

(a) Classification of Financial Instruments

Financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets and financial liabilities are recognized on its balance sheet when the company becomes a party to the contractual provisions of the instrument.

(b) Business Model Assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets

Financial Assets

Initial Recognition& measurement

Financial asset is initially recognized in the Balance sheet at fair value. Transaction costs directly attributable to the acquisition of the financial asset measured at fair value through profit or loss, are recognized immediately in profit or loss. Transaction costs directly attributable to the acquisition or issue of financial asset that are measured at amortized cost are added or deducted from the fair value of the financial asset as appropriate, on initial recognition.

Subsequent measurement

Subsequent to initial recognition, financial assets may be classified as under:

- Financial assets to be measured at amortized cost
  A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.
- Financial assets to be measured at fair value through other comprehensive income (FVOCI)
  A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting the contractual cash flows& selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets to be measured at fair value through profit or loss account
  Where the criteria for the above two methods of classification are not met then the financial assets shall be be measured at fair value through profit or loss account

Financial Liabilities

Initial Recognition & measurement

All financial liabilities are recognized initially at fair value and, In the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, non-convertible debentures, loans and borrowings including bank overdrafts.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

Derecognition of Financial Asset/Liability

Tbe Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

(c) **Impairment of financial assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' model (ECL), for evaluating impairment of financial assets other than those measured at Fair value through profit and loss. Expected Credit Loss, at each reporting date, is measured through a loss allowance for a financial asset:

- At an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.
- At an amount equal to 12-month expected credit losses, if the credit risk on a financial instrument has not increased significantly since initial recognition.

Lifetime expected credit losses means expected credit losses that result from all possible default events over the expected life of a financial asset.

12-month expected credit losses means the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date. The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses

Based on the above process, the Company categorizes its loans into three stages as described below: For non-impaired financial assets

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial assets. In assessing whether credit risk has increased significantly, the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition.
- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Company recognizes lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then entities shall revert to recognizing 12 months ECL provision.
- For impaired financial assets: Financial assets are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognizes lifetime ECL for impaired financial assets.

  The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

  - Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD. For

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

this purpose the probability over a period of one year of the outstanding loan portfolio for the past few years is taken for Gold loan portfolio taking slippage to NPA, loans written off and auction closure as defaulting events. For microfinance and loan against property slippage to NPA and written off are taken as defaulting events.

- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The company uses historical information where available to estimate its EAD. By observing the historical data and due to the bullet payment scheme of gold loans, EAD for gold loan portfolio is taken as 100% and for micro finance and loan against property based on the amount of loan outstanding at the time of default to the actual disbursed amount of loan over the last few years.
- Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

To mitigate its credit risks on financial assets, the Company uses collateral, where possible. Collateral comes in various forms, and mainly represents Gold jewellery in respect of Gold loans financed by the company. However, the fair value of collateral affects the calculation of ECL. The collateral is majorly the property for which the loan is given. The fair value of the same is based on data provided by third party or management judgements.

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Statement of Profit and Loss.

Where the expected credit loss assessed by the company based on the above metrics are lower that the provision required under the RBI norms , an overlay is added to the provision methodology to ensure that the expected credit loss ascertained by the company is always not lower than the minimum regulatory provision required under RBI norms

Determination of Fair Value of Financial instruments

The company measurers certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the perception that the transaction to sell the asset or transfer the liability takes place either –

a. In the principal market for the asset or liability ; or
b. In the absence of principal market , in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest. The fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

The financial instruments are classified based on hierarchy of valuation techniques, as summarised below -

Level 1 - This level includes financial assets that are measured by reference to quoted prices in active markets for identical assets or liabilities.

Level 2 - This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. price) or indirectly (i.e. derived from prices).

Level 3 - This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

C. **Retirement and other employee benefits**

1. 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 short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognized in the period in which the employee renders the related service.

2. Long term Employee Benefits

- Defined contribution plans:

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognizes such contributions as an expense in the period in which employee renders the related service.

- Defined Benefit Plan:

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates.

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

D. Leases

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

<u>The Company as a lessee</u>

The Company has elected not to recognize right-of use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months and leases with low value assets. The Company determines the lease term as the non-cancellable period of a lease, together with periods covered hy an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company recognizes the lease payments associated with these leases as an expense in Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit. The related cash flows are classified as operating activities.

Wherever the above exception permitted under Ind AS 116 is not applicable, the Company at the time of initial recognition:

- Measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

- Measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing and any initial direct costs. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation (depreciated on straight line basis over the lease period) and any accumulated impairment losses adjusted for any re measurement of the lease liability specified in Ind AS 116 'Leases'

<u>The Company as a lessor</u>

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases. Lease payments from operating leases are recognized as an income in the Statement of Profit and Loss on a

RAMDAS & VENUGOPAL THRISSUR-22

straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

E. Taxes

- Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current Income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

- Deferred Tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss ie., either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

- Minimum Alternate Tax

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum

Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

F. Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

G. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, cash in hand, cheque to be realized and bank deposits having a maturity of less than three months from the date of deposit.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above, net of outstanding bank overdrafts if any, as they are considered an integral part of the Company's cash management.

H. Property Plant and Equipment

The Company has elected to choose the cost model as its accounting policy and continue with the carrying value of assets as deemed cost of all its property, plant and equipment on transition date to IndAS.

The property plant and equipment are the assets held for the use in the supply of services. Property, plant and equipment's are stated in the balance sheet at cost (net of duty/tax credit availed) less accumulated depreciation and accumulated impairment losses, where applicable.

The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

I. Depreciation

Depreciation is provided using written down value method as per the Useful life provided in the Schedule II of The Companies Act, 2013.

Particulars	Useful life as per Companies Act (in years)	Useful life estimated by the Company (in years)
Computers and accessories	3	3
Plant and machinery	15	15
Building	60	60
Car	8	8
Furniture and fittings	10	10
Electrical fittings	10	10
Electronic equipment	15	15
Weighing machine	15	15
Software and licenses	3	3
Video surveillance equipment	15	15
Air conditioner	10	10

J. Intangible Assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale. Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortized on a straight-line basis over a period of 3 years, unless it has a shorter useful life.

The Company's intangible assets consist of computer software with definite life. Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

K. Related Party

All related party transactions which were entered into during the year were on an arm's length basis and generally in the ordinary course of business under the Act. The Company has a policy on related party transactions which has been approved by the Board in their meeting held on 27 March, 2017. All the transactions which are identified as related party transactions are approved by the Audit Committee/ Board of Directors/ members at the General Meeting as may be deemed necessary and as stipulated in the policy.

Details of transactions entered into with the related party is disclosed in Note V (4) Accompanying notes to the financial statements.

L. Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the

Expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. As at reporting date, the Company does not have any such provisions where the effect of time value of money is material."

M. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The company does not have any contingent assets in the financial statements.

N. Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

O. Cash Flow

The company is reporting cash flow statement in indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, tax, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

P. Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss.

Q. Impairment of Non-Financial Assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

IV. Significant accounting judgments, estimates and provisions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

(a) Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(b) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

(c) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

(d) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the Assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(e) Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of cbanging facts and circumstances.

(f) Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty, interest and charges). This estimation, hy nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes te India's base rate and other fee income/expense that are integral parts of the Instrument

(g) Determination of lease term

Ind AS 116 "Leases" requires lessee to determine the lease term as the non-cancellabie period of a lease adjusted with any option to extend or terminate the iease, if the use of such option is reasonabiy certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underiying asset and the availahility of the suitable aiternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

(h) Other estimates:

These include contingent iiabilities, useful lives of tangible and intangible assets etc.

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

V. ACCOMPANYING NOTES TO THE REFORMATTED IND AS FINANCIAL STATEMENTS

1. Income Tax

a. Major components of tax expense/(income)

(Rupees in lakhs)

Particulars	2020-21	2019-20
Profit or Loss section:		
(i) Current income tax:		
Current income tax expense	928.10	551.91
Tax expense of prior periods	-	31.36
(ii) Deferred tax:		
Tax expense on origination and reversal of temporary differences	1,205.21	(703.69)
Income tax expense reported in Profit or Loss [(i) + (ii)]	**2,133.31**	**(120.42)**
Other Comprehensive Income (OCI) section:		
(i) Items that will not be reclassified to profit or loss		
- Remeasurement of defined benefit plans	(6.98)	(5.99)
(ii) Items to be reclassified to profit or loss in subsequent periods:	-	-
Income tax expense reported in Other Comprehensive Income[(i)+(ii)]	**(6.98)**	**(5.99)**
Retained earnings:		
Current income tax	928.10	551.91
Previous year tax	-	31.36
Deferred tax	1,198.23	(709.68)
Income tax expense reported in retained earnings	**2,126.33**	**(126.41)**

b. Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate

(Rupees in lakhs)

Particulars	2020-21	2019-20
Accounting profit before tax as per Ind AS	5,324.45	3,233.76
At India's Statutory Income Tax rate of 27.82 % /29.12%	1,550.48	941.67
Add/(Less) : Ind AS adjustments on PBT	-	-
Add/(Less) : Allowances / disallowances (Net) for which deferred tax not taken	(345.27)	(1,645.36)
Add: Tax paid as per MAT and interest thereof	928.10	551.91
Add: Adjustment of prior year tax	-	31.36
Deferred tax	1,205.21	(703.69)
Total tax expenses in Profit/Loss Statement	**2,133.31**	**(120.42)**

The effective Income Tax rate for FY 2020-21 : 27.82% (PY :29.12%)

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

c. **Components of deferred tax (assets) and liabilities recognized in Balance Sheet and statement of profit and loss**

(Rupees in lakhs)

Sl. no	Particulars	As at 31-03-2021	As at 31-03-2020	Year ended 31-03-2021	
		Balance sheet		Statement of Profit and Loss	OCI
(a)	Re measurement gain / (loss) on defined benefit plan	43.58	41.39	(4.79)	6.98
(b)	Impact of carry forward losses	-	958.01	(958.01)	-
(c)	Difference between book depreciation and tax depreciation	623.55	713.60	(90.05)	-
(d)	Financial assets measured at Fair value	0.31	0.75	(0.44)	-
(e)	Net impact of gain on de recognition of financial instruments under amortised cost category	(323.95)	(47.89)	(276.06)	-
(f)	Other temporary differences	28.05	(96.09)	124.14	-
	Net deferred tax assets/(liabilities)	371.54	1,569.77	(1,205.21)	6.98

d. **Reconciliation of deferred tax (assets)/liabilities**

(Rupees in lakhs)

Sl. no	Particulars	2020-21	2019-20
(a)	Opening balance as at April 1	1569.77	860.09
(b)	Deferred Tax income/(expense) during the period recognised in:		
	(i) Statement of Profit and Loss in Profit or Loss section	(1205.21)	703.69
	(ii) Statement of Profit and Loss under OCI section	6.98	5.99
	Closing balance as at March 31	**371.54**	**1569.77**

Unused tax losses for which no deferred tax asset has been recognized - Rs Nil

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

2. Retirement Benefit Plan

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Net employee benefit expense recognized in the Other Comprehensive Income

(Rupees in lakhs)

Movement in Other Comprehensive Income (OCI)	**As at 31-03-2021**	**As at 31-03-2020**
Actuarial Loss/ (Gain)on Obligation side during the period	25.09	17.97

Reconciliation of Net asset/liability

(Rupees in lakhs)

Particulars	**As at 31-03-2021**	**As at 31-03-2020**
Opening Net liability	142.12	133.92
Expense recognized in P/L	47.57	45.77
Actuarial loss/(Gain) recognized in OCI	25.09	17.97
Contribution paid by employer	(58.13)	(55.54)
Closing Net Liability	156.65	142.12

Expenses recognized in the statement of profit and loss

Particulars	**As at 31-03-2021**	**As at 31-03-2020**
Current Service Cost	35.58	34.43
Past Service Cost	-	-
Settlement Cost/(Credit)	-	-
Net Interest on Obligation/Asset	11.99	11.34
Expenses recognized in the statement of Profit & Loss	47.57	45.77

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below

Particulars	**31.03.2021**	**31.03.2020**
Discount Rate	7.5%	7.5%
Compensation Escalation Rate	5%	5%
Mortality rate during employment	Indian Assured Lives mortality (2006-08)	Indian Assured Lives mortality (2006-08)

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Sensitivity Analysis

Assumptions	31-03-2021 Discount Rate		31-03-2021 Increase in Compensation level		31-03-2020 Discount Rate		31-03-2020 Increase in Compensation level	
Sensitivity level	1 % increase	1 % decrease	1 % increase	1 % decrease	1 % increase	1 % decrease	1 % increase	1 % decrease
Impact on Defined benefit obligation	(127.89)	160.22	158.98	(128.66)	(127.23)	159.89	158.37	(128.24)

3. FOREIGN EXCHANGE TRANSACTIONS

There are no foreign currency transactions during the financial year.

4. RELATED PARTY TRANSACTIONS

a) List of related parties and relationships

Name and Particulars of the Related Party	Relationship with the Company
Nizzy Mathew (Whole-time Director)	Key Managerial Personnel(KMP)
Mathew Muthoottu (Managing Director)	
P.E. Mathai (CEO)^	
Ann Mary George, ACA (CFO)	
Smitha K S, ACS (CS)	
M S Rajagopal	Independent Director
Thomas Cherian*	
Maliakal Jose Paul	
John V George^^	Additional Director
Rudran Puthukulangara**	Additional Independent Director
Roy M Mathew	Relatives of Key Managerial Personnel / Director
Mini Muthoottu Nidhi Kerala Ltd	Entity in which KMP has significant influence.
MM Nirman and Real Estate Pvt Ltd	
Muthoottu Mini Hotels Pvt Ltd	
Muthottu Mini Theatres Private Limited	
Mini Muthoottu Credit India Private Limited	
Kandamath Cine Enterprises Private Limited	
Kozhencherry M M Financial Services Pvt Ltd	
Miilanche	

*Ceases to be a director from September 30,2020
**Ceases to be a director from September 26,2020
^With effect from January 01, 2021
^^With effect from March 24, 2021

b) Transactions during the financial year with related parties as on 31.03.2021

(Rupees in lakhs)

Particulars	**Key managerial personnel**				
	Mathew Muthoottu (Managing Director)	Nizzy Mathew (Whole Time Director	P E Mathai (CEO)	Ann Mary George, ACA (CFO)	Smitha. K.S ACS (CS)
Salary and allowance	132.00	108.00	15.00	28.62	19.52
Rent/ maintenance charges	3.45	1.10	-	-	-
Debenture interest	1.81	2.77	-	-	-
Debenture redeemed	6.00	3.50	-	-	-
Debenture holdings	12.60	28.50	-	-	-
Sub debt Holdings	4.50	-	-	-	-
Advance for property	1,150*	-	-	-	-

* Nil as on 31.03.2021

Particulars	**Directors**				
	John V George	Thomas Cherian	Maliakal Jose Paul	M S Rajagopal	Rudran Puthukulangara
Sitting fee	0.20	2.20	2.75	3.20	0.20

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Particulars	Relative of KMP	Entity in which KMP has significant influence				
	Roy M Mathew	Mini Muthoottu Nidhi Kerala Ltd	MM Nirman and Real Estate P Ltd	Muthoottu Mini Hotels P Ltd	Kozhencherry M M Financial Services Pvt Ltd	MM Boutique
Rent/ maintenance charges	3.25	3.00	2.40	2.35	-	-
Rent received	-	16.20	-	-	-	0.90
Debenture interest	0.07	-	-	-	-	-
Subdebt Holdings	1.12	-	-	-	-	-
Loan against property	1,150.00*	-	-	675.00	-	-
Interest on Loan against property	67.08			15.72		
Principal repayment of Loan against property	1,150.00			5.24		
Payment towards masks (CSR)	-	-	-	-	-	29.73
Diary printing	-	-	-	-	11.97	-

*Closed as on 31.03.2021

c) Charge created on assets of the related party

The following entities have extended collateral security and corporate guarantee for the borrowings from banks as reflected in Note 9.

1. Muthottu Mini Theatres Private Limited;
2. Muthoottu Mini Hotels Private Limited;
3. Mini Muthoottu Credit India Private Limited; and
4. Kandamath Cine Enterprises Private Limited

The following related parties have extended personal guarantee for the borrowings from banks as reflected in Note 9.

1. Roy M Mathew
2. Nizzy Mathew
3. Mathew Muthoottu

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

d) Transaction during the financial year with related parties as on 31.03.2020.

(Rupees in lakhs)

Particulars	Key managerial personnel					Directors					Relative of KMP	Entity in which KMP has significant influence		
	Mathew Muthoottu(Managing Director)	Nizzy Mathew(Whole Time Director)	Dr.Kurian P Abraham(CEO)	Ann Mary George,ACA(CFO)	Smitha.K.S ACS(CS)	Krishna Kumar	Thomas Cherian	Maliakal Jose Paul	M S Rajagopal	Rudran Puthukulangara	Roy M Mathew	Mini Muthoottu Nidhi Kerala Ltd	MM Nirman and Real Estate Pvt Ltd	Muthoottu Mini Hotels Pvt. Ltd
Salary and allowance	66.00	55.00	*29.72	22.83	18.57	-	-	-	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	0.20	2.70	0.50	0.85	0.20	-	-	-	-
Rent/maintanace charges	3.45	1.10	-	-	-	-	-	-	-	-	3.25	3.54	2.40	2.35
Rent received	-	3.54	-	-	-	-	-	-	-	-	-	19.12	-	-
Travelling expenses	2.18	2.19	-	0.02	0.22	0.01	-	-	-	-	-	-	-	-
Debenture interest	0.73	1.18	-	-	-	-	-	-	-	-	-	-	-	-
Debenture redeemed	-	6.00		-	-	-	-	-	-	-	-	-	-	-
Debenture holdings	7.20	5.50		-	-	-	-	-	-	-	-	-	-	-

4.MANAGERIAL REMUNERATION (Rupees in lakhs)

Whole time director	2020-21	2019-20
Nizzy Mathew	108.00	55.00
Mathew Muthoottu	132.00	66.00
Key managerial person		
P E Mathai	15.00	-
Ann Mary George	28.62	22.83
Smitha K S	19.52	18.57
Total	**303.14**	**162.40**

5. Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. However, they are under constant review by the Board.

(Rupees in lakhs)

Particulars	**As at 31.03.2021**	**As at 31.03.2020**
1. CRAR- Tier I Capital	49,395.78	46,559.35
2. CRAR- Tier II Capital	7,430.00	9,617.36
3. Total Capital	56,825.78	56,176.71
4. Risk Weighted Assets	2,20,673.57	1,89,494.35
5. CRAR- Tier I Capital (%)	22.38%	24.57%
6. CRAR- Tier II Capital (%)	3.37%	5.08%
7. Total CRAR (%)	25.75%	29.65%

6. Fair Value Measurement

a. Valuation Principle

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, explained in the note - "Determination of fair value of Financial Instruments" (Note No: III B (c))

b. Valuation Hierarchy:

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

(Rupees in lakhs)

Particulars	**31-03-2021**				**31-03-2020**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value on a recurring basis								
Financial investment held for trading	-	-	-	-	-	-	-	-
Equity Shares	4.70	-	-	4.70	3.24	-	-	3.24
Total Assets measured at fair value on a recurring basis	**4.70**	-	-	**4.70**	**3.24**	-	-	**3.24**

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Assets measured at fair value on a non-recurring basis	-	-	-	-	-	-	-	-
Liabilities measured at fair value on a recurring basis								
Derivative financial instruments -Forward contracts	-	-	-	-	-	-	-	-
-Cross Currency Swaps	-	-	-	-	-	-	-	-
Total derivative financial instruments	-	-	-	-	-	-	-	-
Total Liabilities measured at fair value on a recurring basis	-	-	-	-	-	-	-	-
Liabilities measured at fair value on a non-recurring basis	-	-	-	-	-	-	-	-

c. Valuation Technique

Equity Instruments: Equity instruments in listed entities are measured at the latest available listed market price as at the end of the reporting date.

d. Transfer between Level 1/Level2 and Level 3 during the reporting period

During the year there have been no transfers between level 1 and level 2. Similarly, there were no transfers from or to level 3

e. Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial Assets and non-financial liabilities.

RAMDAS & VENUGOPAL • THRISSUR-22 • CHARTERED ACCOUNTANTS

(Rupees in lakhs)

Particulars	Level	Carrying Value		Fair Value	
		31-03-2021	31-03-2020	31-03-2021	31-03-2020
Financial assets					
Cash and cash equivalents	1	23,048.70	4,220.54	23,048.70	4,220.54
Bank Balance other than (a) above	1	7,909.27	5,981.13	7,909.27	5,981.13
Loans	3	1,97,894.20	1,67,514.53	1,97,894.20	1,67,514.53
Investments	1	4.70	3.24	4.70	3.24
Other financial assets	3	2,149.78	2,253.94	2,149.78	2,253.94
Total Financial assets		**2,31,006.65**	**1,79,973.38**	**2,31,006.65**	**1,79,973.38**
Financial liabilities					
Debt Securities	2	1,28,066.82	87,619.46	1,28,066.82	87,619.46
Borrowings (other than debt securities)	2	36,982.46	36,537.95	36,982.46	36,537.95
Subordinated liabilities	2	33,802.18	28,690.84	33,802.18	28,690.84
Other financial liabilities	2	1,676.84	1,280.66	1,676.84	1,280.66
Total Financial liabilities		**2,00,528.30**	**1,54,128.91**	**2,00,528.30**	**1,54,128.91**

f. Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financiai instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only.

- Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value.

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

- Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Since comparable data is not available, Credit risk is derived using, historical experience, management view and other information used in its collective impairment models.

- Borrowings

The floating rate loans are fair valued on the basis of MCLR + spread. For fixed rate loans, the carrying values are a reasonable approximation of their fair value.

7. Risk Management
Introduction and Risk Profile

As a lending institution, the Company is exposed to various risks that are related to gold lending business, micro finance business and operating environment. Risk management forms an integral element of the business. The objective in the risk management process is to appreciate, measure and monitor the various risks that are subject to and to follow policies and procedures to address these risks. The Company manages it through the risk management architecture. The Company continue to improve the policies and procedures and to implement these rigorously, for the efficient functioning of the business. This also helps in managing the risks, associated with the business.

Risk management structure

The Company has constituted Risk Management Committee to assist the Board of Directors in the execution of its risk management accountabilities. The Committee provides the Risk Committee of the Board of Directors an independent and objective oversight view of the information to review Company's financial risk activities and provide an assurance to the Board of Directors that the Company has implemented an effective ongoing process to identify the risk, to measure the potential impact and proactively manage these risks and to decide the tolerance for the risk.

Risk measurement and reporting systems

In order to address the risks that are inherent to the business, the Company has developed a risk management architecture that includes a Risk Management Committee, of the Board of Directors, internal audit department, and an internal Risk Management Committee comprising senior management. The Risk Management Committee, oversees the risk management policies, which helps to identify, measure, monitor and mitigate the various risks in the businesses. The terms of reference of Risk Management Committee are as follows:

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

(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 & Risk Audit

Our internal audit department assists in the management of operational risk.

Assets-Liabilities Management Policy

The asset-liability management policy (**"ALM Policy"**) adopted by the Board is reviewed periodically and last updated on July 20, 2020.

Analysis of risk concentration

1. Credit Risk

Credit risk is the possibility of loss due to the failure of any borrower to abide by the terms and conditions of the loan agreement. 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

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

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 ₹ 0.70 lakh to an individual customer. We also decrease credit risk by closely follow up with the group members on weekly basis.

The table below summarises the credit risk exposure of the loan portfolio of the company based on days past due and geography of the borrower:

As on 31/03/2021

(Rupees in lakhs)

State wise (Geography)	Stage 1 (0 – 30 days past due) – No significant increase in credit risk	Stage 2 (31-90 days past due) – Significant increase in credit risk but no impairment	Stage 3 (More than 90 days past due) – Impaired Assets	Grand Total
Kerala	20,090.12	2,585.82	464.28	23,140.22
Tamil Nadu	71,167.27	11,085.51	741.17	82,993.95
Andhra Pradesh	40,516.04	6,002.59	205.49	46,724.12
Karnataka	31,804.45	4,212.49	275.08	36,292.02
Others*	9,242.31	993.61	35.13	10,271.05
Total	1,72,820.19	24,880.02	1,721.15	1,99,421.36

As on 31/03/2020 **(Rupees in lakhs)**

State wise (Geography)	Stage 1 (0 – 30 days past due) – No significant increase in credit risk	Stage 2 (31-90 days past due) – Significant increase in credit risk but no impairment	Stage 3 (More than 90 days past due) – Impaired Assets	Grand Total
Kerala	20,975.96	451.96	595.44	22,023.36
Tamil Nadu	64,794.74	1,099.74	1,317.53	67,212.02
Andhra Pradesh	36,742.11	621.77	281.21	37,645.09
Karnataka	32,362.72	751.17	737.85	33,851.74
Others*	7,933.34	186.32	258.11	8,377.77
Total	1,62,808.87	3,110.96	3,190.14	1,69,109.97

* Others include Delhi, Haryana, Goa, Maharashtra, Pondicherry, Telangana, and Gujarat.

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.

The tables below discloses the maximum exposure to credit risk by class of financial asset. They also discloses the quantitative information of collateral held including surplus collateral (the extent to which the value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk based on Loan to Value at the point of origination of loans .

As at 31/03/2021

(Rupees in lakhs)

Particulars	Maximum exposure to credit risk	Cash	Securities	Bank and government guarantees	Household used Gold ornaments	Book debts, Inventory and other working capital items	Surplus collateral	Total Collateral	Net Exposure	Associated ECLs
ASSETS										
Financial assets										
Cash and cash equivalents	23,048.70	23,048.70	-	-	-	-	-	23,048.70	-	-
Bank Balance other than (a) above	7,909.27	7,909.27	-	-	-	-	-	7,909.27	-	-
Loans										
(a) Gold Loan	1,93,510.34	-	-	-	1,93,510.34	-	51,819.71	2,45,330.05	-	1,284.69
(b) Loan Against Property	761.69	-	761.69	-	-	-	620.81	1,382.50	-	144.86
(c) Micro finance	5,149.33	-	-	-	-	-	-	-	5,149.33	97.61
Investments	4.70	-	-	-	-	4.70	-	4.70	-	-
Other financial assets	2,149.78	-	-	-	-	-	-	-	2,149.78	-
Total	2,32,533.81	30,957.97	761.69	-	1,93,510.34	4.70	52,440.52	2,77,675.22	7,299.11	1,527.16

As at 31/03/2020

(Rupees in lakhs)

Particulars	Maximum exposure to credit risk	Cash	Securities	Bank and government guarantees	Household used Gold ornaments	Book debts, Inventory and other working capital items	surplus collateral	Total Collateral	Net Exposure	Associated ECLs
ASSETS										
Financial assets										
(a) Cash and cash equivalents	4,220.54	4,220.54	-	-	-	-	-	4,220.54	-	-
Bank Balance other than (a) above	5,981.13	5,981.13	-	-	-	-	-	5,981.13	-	-
Loans										
(a) Gold Loan	1,64,480.28	-	-	-	1,64,480.28	-	66,758.34	2,31,238.62	-	1495.22
(b) Loan Against Property	91.93	-	91.93	-	-	-	70.10	162.03	-	27.58
(c) Micro finance	4,537.76	-	-	-	-	-	-	-	4,537.76	72.64
Investments	3.24	-	-	-	-	3.24	-	3.24	-	
Other financial assets	2,253.94	-	-	-	-	-	-	-	2,253.94	
Total	1,81,568.82	10,201.67	91.93	-	1,64,480.28	3.24	66,828.44	2,41,605.56	6,791.70	1,595.44

2. Liquidity 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 AUM 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.

3. 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

RAMDAS & VENUGOPAL * THRISSUR-22 * CHARTERED ACCOUNTANTS

repayment amount. We believe that a prompt and effective recovery mechanism also helps us deal with this risk.

As a measure of combating the risk involved due to the volatility in gold prices, the Company has put in place a process to review the gold loan outstanding based on marking the gold loan outstanding to the market prices , Marked to Market (MTM), on a regular basis. When the amount of Gold Loan outstanding exceeds 95% of the market price, the company initiates steps to intimate the borrower to close the loan account and or to pledge additional gold jewellery. In case of delay, immediate steps will be taken to recover the amount through auction, post intimation to the borrower. Based on the risk assessed as per the MTM (Mark to Market) review, additional provision for the shortfall as against the gold loan outstanding of the customer, if any, is provided in the books of accounts.

4. 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. We are also maintaining 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 of March 31, 2021, our Company has a total insurance cover of ₹3,00,000 lakhs.

Rating Loans Days past due (DPD) Stages with regard to quality of assets

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected credit Loss (ECL) calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

Rating	**Days Past Due (DPD)**	**Stages**
High grade	Not yet due	Stage 1
High grade	1-30 DPD	Stage 1
Medium grade	31-60 DPD	Stage 2
Medium grade	61-90 DPD	Stage 2
Low grade	91 DPD or More	Stage 3

RAMDAS & VENUGOPAL
THRISSUR-22
CHARTERED ACCOUNTANTS

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Portfolio	Stage 1	Stage2	Stage 3
Gold Loan	100.00%	100.00%	100.00%
Microfinance	41.08%	41.08%	41.08%
Loan Against Property	91.93%	91.93%	91.93%

Probability of Default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. The table below shows the probability of default on different portfolios as computed by the Company based on the ECL method mentioned in Significant Accounting Policies

Portfolio	Stage 1	Stage2	Stage 3
Gold Loan	7.84%	7.84%	100.00%
Microfinance	0.92%	0.92%	100.00%
Loan Against Property	33.33%	33.33%	100.00%

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral.

Portfolio	Stage 1	Stage2	Stage 3
Gold Loan	7.35%	7.35%	7.35%
Microfinance	65.00%	65.00%	65.00%
Loan Against Property	50.00%	50.00%	50.00%

ECL rate is computed as the product of EAD, PD, and LGD

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Liquidity risk and funding management

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at March 31.

Maturity pattern of assets and liabilities as on March, 31, 2021

(Rupees in iakhs)

Particulars	As at March, 31 2021	Upto 1 months	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years
Financial assets									
Cash and cash equivalents	23,048.70	22,573.61	-	475.09	-	-	-	-	-
Bank Balance other than (a) above	7,909.27	554.63	1,879.65	-	1,969.14	2,928.41	577.44	-	-
Receivables									
(I) Trade receivables									
(II) Other receivables									
Loans	1,97,894.20	69,651.74	12,874.34	5,233.07	95,845.02	10,660.51	3,074.22	110.11	445.19
Investments	4.70	-	-	-	-	-	-	-	4.70
Other financial assets	2,149.78	116.55	-	-	-	-	2,033.23	-	-
Total Financial Assets	**2,31,006.65**	**92,896.53**	**14,753.99**	**5,708.16**	**97,814.16**	**13,588.92**	**5,684.89**	**110.11**	**449.89**
Financial Liabilities									
Debt Securities	1,28,066.82	697.57	100.21	3,167.27	12,114.13	11,599.16	48,374.76	36,919.46	15,094.26
Borrowings (other than debt securities)	36,982.46	281.31	278.95	278.95	947.97	26,168.83	8,020.24	1,244.88	-238.67
Subordinated liabilities	33,802.18	46.40	-	-	-	14,705.41	16,049.18	1,592.61	1,408.58
Other financial liabilities	1,676.84	949.01	141.89	150.00	134.66	290.88	10.40	-	-
Total Financial Liabilities	**2,00,528.30**	**1,974.29**	**521.05**	**3,596.22**	**13,196.76**	**52,764.28**	**72,454.58**	**39,756.95**	**16,264.17**
Net Undiscounted Asset/(Liabilities)		90,922.24	14,232.94	2,111.94	84,617.40	(39,175.36)	(66,769.69)	(39,646.84)	(15,814.28)

Maturity pattern of assets and liabilities as on March 31, 2020

(Rupees in lakhs)

Particulars	As at March 31, 2020	Upto 1 month	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years
Financial assets									
Cash and cash equivalents	4,220.54	4,113.14	107.40	-	-	-	-	-	-
Bank Balance other than (a) above	5,981.13	600.21	266.74		1,775.66	2,434.40	904.12		
Loans	1,67,514.53	30,860.69	14,238.26	13,525.37	79,450.99	25,478.52	3,960.70		
Investments	3.24								3.24
Other financial assets	2,253.94		40.23			2,213.71			

Total financial Assets	**1,79,973.38**	**35,574.04**	**14,652.63**	**13,525.37**	**81,226.65**	**30,126.63**	**4,864.82**	**-**	**3.24**
Financial Liabilities									
Debt Securities	87,619.46	438.57	12,706.01	308.76	5,062.93	16,438.29	34,124.38	18,540.53	-
Borrowings (other than debt securities)	36,537.95	25.95	1,123.94	829.70	1,711.57	32,789.29	22.86	22.86	11.78
Subordinated liabilities	28,690.84							28,435.65	255.19
Other financial liabilities	1,280.66	159.67	47.73	38.18	37.03	431.28	330.20	236.57	
Total Financial Liabilities	**1,54,128.91**	**624.19**	**13,877.68**	**1,176.64**	**6,811.53**	**49,658.86**	**34,477.44**	**47,235.61**	**266.96**
Net Undiscounted Asset/(Liabilities)		34,949.85	774.95	12,348.73	74,415.12	(19,532.23)	(29,612.62)	(47,235.61)	(263.72)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

(Rupees in lakhs)

Particulars	Upto 1 month	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years
AS at March 31, 2021								
Income tax demands						607.19		
AS at March 31, 2020								
Income tax demands						607.19		

Interest Rate Risk

The Company's exposure to changes in interest rates relates to the Company's outstanding floating rate liabilities. Most of the Company's outstanding liability is on fixed rate basis and hence not subject to interest rate risk. Some of the borrowings of the Company are linked to rate benchmarks hence subject to interest rate risk. The sensitivity of the Company's floating rate borrowings to change in interest rate (assuming all other variables constant) is given below:

Particulars	1% increase	1% decrease
On Floating Rate Borrowings	**241.64**	**(241.64)**

8. Leases

The company has neither taken nor let out any assets on financial lease. All operating lease agreements entered into by the company are cancellable in nature. The company has debited/ credited the lease rent paid/ received to the profit and loss statement.

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Therefore, disclosure requirement of future minimum lease payment in respect of non-operating lease as per Ind AS 116 is not applicable to the company.

Lease payments for the assets taken on operating lease ₹ 1716.08 lakhs (Previous year ₹ 1754.15 lakhs) are recognized as rent paid in the Statement of Profit and loss.

9. Maturity pattern of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Rupees in lakhs)

Particulars	As at March 31, 2021	Within 12 months	After 12 months
ASSETS			
Financial assets			
Cash and cash equivalents	23,048.70	23,048.70	-
Bank Balance other than (a) above	7,909.27	7,331.83	577.44
Loans	1,97,894.20	1,94,264.68	3,629.52
Investments	4.70	-	4.70
Other financial assets	2,149.78	116.55	2,033.23
Non-financial Assets		-	-
Current tax assets (Net)	1,820.54	-	1,820.54
Deferred tax assets (Net)	371.54	-	371.54
Property, Plant and Equipment	18,716.91	-	18,716.91
Other intangible assets	51.59	-	51.59
Other non-financial assets	380.82	380.82	-
Total Assets	**2,52,348.05**	2,25,142.58	27,205.47
LIABILITIES			
Financial Liabilities			
Debt Securities	1,28,066.82	27,678.34	1,00,388.48
Borrowings (other than debt securities)	36,982.46	27,956.01	9,026.45
Subordinated liabilities	33,802.18	14,751.81	19,050.37
Other financial liabilities	1,676.84	1,666.44	10.40
Non-financial Liabilities		-	-
Provisions	156.65	156.65	-
Other non-financial liabilities	329.75	329.75	-
Total Liabilities	**2,01,014.70**	72,539.00	1,28,475.70
Net Undiscounted Asset/(Liabilities)		1,52,603.58	(1,01,270.23)

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

Particulars	As at March 31, 2020	Within 12 months	After 12 months
ASSETS			
Financial assets			
Cash and cash equivalents	4,220.54	4,220.54	-
Bank Balance other than (a) above	5,981.13	5,077.01	904.12
Loans	1,67,514.53	1,63,553.83	3,960.70
Investments	3.24	-	3.24
Other financial assets	2,253.94	2,253.94	-
Non-financial Assets			
Current tax assets (Net)	1,795.13	-	1,795.13
Deferred tax assets (Net)	1,569.77	-	1,569.77
Property, Plant and Equipment	19,006.51	-	19,006.51
Other intangible assets	5.25	-	5.25
Other non-financial assets	214.69	214.69	-
Total Assets	**2,02,564.73**	1,75,320.01	27,244.72
LIABILITIES			
Financial Liabilities			
Debt Securities	87,619.46	34,954.56	52,664.90
Borrowings (other than debt securities)	36,537.95	36,480.45	57.50
Subordinated liabilities	28,690.84	-	28,690.84
Other financial liabilities	1,280.66	713.89	566.77
Non-financial Liabilities			
Provisions	142.12	142.12	-
Other non-financial liabilities	133.38	133.38	-
Total Liabilities	**1,54,404.41**	72,424.40	81,980.01
Net Undiscounted Asset/(Liabilities)		1,02,895.61	(54,735.29)

10. Transferred financial assets that are not derecognised in their entirety

The company had transferred certain pools of fixed rate loan receivables backed by underlying assets by entering in to securitization transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction. The company, being Originator of these loan receivables, also acted as Servicer with a responsibility of collection of receivables from its borrowers and deposited the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Through Certificates

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

(PTCs) issued by the SPV Trust. The above-mentioned transaction was completely closed during the financial year 2020-21.

The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

(Rupees in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Securitisations		
Carrying amount of transferred assets measured at amortised cost(Held as collateral)	Nil	3,342.00
Carrying amount of associated liabilities (Borrowings (other than debt securities)-measured at amortised cost)	Nil	3,529.55
Fair Value of assets	Nil	3,342.00
Fair value of associated liabilities	Nil	3,529.55
Net position at Fair Value	Nil	(187.55)

11. **Change in liabilities arising from financing activities disclosed as per Ind AS 7, Cash flow statement**

(Rupees in lakhs)

Particulars	As at 31 March 2020	Cash flows	Change in Fair Value	Others	As at 31 March 2021
Borrowings (other than debt securities)	36,537.95	687.41	-	(242.90)	36,982.46
Subordinated liabilities	28,690.84	5,111.34	-	-	33802.18
Debt Securities	87,619.46	40,989.60	-	(542.24)	1,28,066.82
Total	**1,52,848.25**	**46,788.35**	-	**(785.14)**	**1,98,851.46**

Particulars	As at 31 March 2019	Cash flows	Change in Fair Value	Others	As at 31 March 2020
Borrowings (other than debt securities)	35,519.83	1,024.01	-	(5.89)	36,537.95
Subordinated liabilities	26,630.56	2,060.28	-	-	28,690.84
Debt Securities	59,384.77	28,461.32	-	(226.63)	87,619.46
Total	**1,21,535.16**	**31,545.61**		**(232.52)**	**1,52,848.25**

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

12. **List of statutory dues outstanding for a period of more than 6 months from the due date**

Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Nil	Nil	Nil	Nil

13. **Contingent liabilities and other commitments**

A. Contingent liability

(Rupees in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Claims against the company not acknowledged as debts - Income tax demands	607.19	607.19

a. **Claims against the company not acknowledged as debts**

Sl. No	A.Y	Section	Tax Demand	Total Tax Paid	Bank Guarantee given	Forum where dispute is pending
1	2013-14	u/s 154	199.84	39.96	159.88	Commissioner of Income-tax (Appeals), Kochi
2	2015-16	u/s 154	270.19	54.04	216.15	Commissioner of Income-tax (Appeals), Kochi
3	2016-17	u/s 156	170.38	34.08	136.30	Commissioner of Income-tax (Appeals), Kochi
4	2017-18	u/s 154	118.58	23.72	94.86	Commissioner of Income-tax (Appeals), Kochi
Total			758.99	151.80	607.19	

B. Other Commitments

a. Estimated amount of contracts remaining to be executed on capital accounts, net of advances - ₹ 108.50 lakhs (PY NIL)

b. Commitments relating to loans sanctioned but undrawn -Nil (PY – Nil)

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

14. **Disclosure regarding auditor's remuneration disclosed under finance cost**

In addition to the auditor's remuneration shown under note 24 Other expenses, the Company has also incurred remuneration for audit and related statutory services performed in connection with public issue of non-convertible debentures. The amortized portion of the same is included in note 20 Finance Costs under interest on debt securities and unamortized portion is included in note 8 Debt securities under unamortized expense of public issue.

15. **Ex-gratia claim**

The Company had estimated an ex-gratia amount of ₹ 367.25 lakhs for the payment of difference between the compound interest and simple interest to the accounts of borrowers in specified loan accounts between March 1, 2020 and August 31, 2020 as per the eligibility criteria and other features as mentioned in the notification dated October 23, 2020 issued by Government of India, Ministry of Finance, Department of Financial Services. The Company had filed a claim with the State Bank of India for reimbursement of the said ex-gratia amount as specified in the notification and the same was received on March 31, 2021.

In accordance with the instructions in aforementioned RBI circular dated April 07, 2021, and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021, the Company has put in place a Board approved policy to refund/ adjust the interest on interest charged during the moratorium period of March 01, 2020 to August 31, 2020 to the eligible borrowers under the abovementioned circular and advisory. The Company has estimated the benefit to be extended to the eligible borrowers at ₹ 124.87 lakhs and created a liability / credited the Borrower's account towards the estimated interest relief and reduced the same from the interest income.

16. **The Code on Social Security, 2020**

The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

17. **Guarantee for loans taken by others**

The Company has not given any guarantee for loans taken by others from banks or financial institutions.

18. **Note on Covid-19**

There has been no significant impact on the operations /financial position of the company on account of the Covid-19 pandemic, including the current second wave. In accordance with the Reserve Bank of India's guidelines relating to Covid -19 Regulatory package dated 27 March 2020 and 17 April, 2020, the Company has granted moratorium

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

of six months on the payment of all instalments falling due between 1 March, 2020 and 31August, 2020 to ail eligible borrowers for the moratorium, as per its moratorium policy.

The company has assessed the impact of the Covid-19 pandemic on its liquidity and abilityto repay its obligations as and when they fali due. Based on the assessment of the management, the company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time. The company considers that the provisions held by the company is adequate.

19. Disclosure under the MSME Act 2006

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Smali and Medium Enterprises Development ('MSMED') Act, 2006". Accordingiy, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2021 together with interest paid /payable are required to be furnished.

20. Segment Reporting

The Company is primarily engaged in the business of financing and there are no separate reportable segments identified as per the Ind AS 108 - Segment Reporting.

21. Previous year figures

Previous year figures have been regrouped, reclassified and rearranged, where necessary, to conform to the current year's classification.

INDEPENDENT AUDITOR'S REPORT

To the Members of Muthoottu Mini Financiers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Muthoottu Mini Financiers Limited ("the Company"), which comprise the balance sheet as at 31st March 2019 and the statement of profit and loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2019, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there is no other matter to be communicated in our report as Key Audit Matters.

Vishnu Rajendran & Co. Kottayam FRN 004741S Chartered Accountants

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|

Responsibilities of Management and Those Charged With Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and the cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement if it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

VISHNU RAJENDRAN & CO. KOTTAYAM FRN 004741S Chartered Accountants

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|

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are

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|

| Bangalore | Trivandrum | Kottayam | Ettumanoor | Kochi | Calicut | Kannur | Chennai |
http://www.vrc.co.in

therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2016, we give in the "Annexure 2", an additional Audit Report addressed to the Board of Directors containing our statements on the matters specified therein.

3. As required by section 143(3) of the Act, we report that:-
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b. In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. No report on the accounts of any of the branch offices audited under sub-section (8) of Section 143 by any person has been received by us and therefore no comments need to be made on the matter.

   d. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account based on our examination of the system made available for our verification.

   e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   f. 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.

   g. On the basis of the written representations received from the directors as on March 31, 2019 and taken on record by the Board of Directors, none of the directors is disqualified

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|

as on March 31, 2019, from being appointed as a director in terms of section 164 (2) of the Act.

h. In our opinion there are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.

i. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, a separate report in "Annexure 3" is attached.

j. With respect to other matters included in the Auditor's Report in accordance with Rule 11 of the Companies(Audit and Auditors) Rules, 2014, (Division two) in our opinion and to the best of our information and according to the explanations provided to us, we report that:

   i. The company has disclosed the impact of pending litigation on its financial position in its financial statements.
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses to be provided for.
   iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company and so there is no requirement to requirement to report any delay.

For Vishnu Rajendran & Co.
Chartered Accountants
FRN: 004741S

VISHNU RAJENDRAN & CO. KOTTAYAM FRN 004741S Chartered Accountants

Mesfin Zacharias Abraham, FCA
Partner
Membership No: 208529

Place: Kochi
Date: 28-05-2019

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|

| Bangalore | Trivandrum | Kottayam | Ettumanoor | Kochi | Calicut | Kannur | Chennai |
http://www.vrc.co.in

Annexure 1 to the Auditor's Report

The Annexure 1 referred to in our report to the members of Muthoottu Mini Financiers Limited (the Company) for the year ended on March 31, 2019. We report that;

i.

a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Company has a regular programme for the verification of its fixed asset, by our opinion, this periodicity of physical verification is reasonable having regard to the size and nature of the Company and the nature of its assets. Pursuant to such program, a portion of such fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.

c) In our opinion and according to the information and explanation given to us, the title deeds of immovable property are held in the name of the Company.

ii. The Company is a service company, primarily rendering financial services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

iii. The Company has not granted loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Thus, paragraph 3(iii) of the Order is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has not given any loans, made any investments, provided any guarantees, and given any security to which the provision of Section 185 and 186 of the Companies Act are applicable.

v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits and accordingly paragraph 3(v) of the order is not applicable.

vi. Being a financial company, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act. Thus paragraph 3(vi) of the order is not applicable.

VISHNU RAJENDRAN & CO. KOTTAYAM FRN 004741S Chartered Accountants

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|

vii.

a) The Company is regular in depositing undisputed statutory dues including provident fund, employers state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of statutory dues as at the last day of the financial year concerned for a period of more than six months from the date on which they became payable.

b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders during the period.

ix. In our opinion and according to the information and explanation given to us, the Company has obtained term loan aggregating to Rs.200 Cr during the period by means of securitization of gold loan amounting to 223 crores. The money raised through the public issue of non-convertible debentures has been applied for the purpose for which they have been raised.

x. According to the information and explanations given to us, fraud on the Company by its officers or employees has been noticed, amounting to Rs. 206.76 lakhs across two Branches of the Company during the current year out of which 16.09 lakhs was recovered.

xi. According to the documents provided for our verification, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the entity.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 188 of the Companies Act, 2013 and the details of such transactions have been disclosed in the financial statements of the Company as required by the applicable accounting standards.

VISHNU RAJENDRAN & CO. KOTTAYAM FRN 004741S Chartered Accountants

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|

| Bangalore | Trivandrum | Kottayam | Ettumanoor | Kochi | Calicut | Kannur | Chennai |
http://www.vrc.co.in

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made private placement of securities during the period amounting to Rs. 29,79,00,000.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable to the Company.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has obtained the required registration under Section 45-IA of the Reserve Bank of India Act, 1934.

For Vishnu Rajendran & Co.
Chartered Accountants
FRN: 004741S

VISHNU RAJENDRAN & CO. KOTTAYAM FRN 004741S Chartered Accountants

Place: Kochi
Date: 28.05.2019

Mesfin Zacharias Abraham, FCA
Partner
Membership No: 208529

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|

| Bangalore | Trivandrum | Kottayam | Ettumanoor | Kochi | Calicut | Kannur | Chennai |
http://www.vrc.co.in

Annexure 2 to the Auditor's Report

To the Board of Directors of Muthoottu Mini Financiers Limited,

We have audited the Balance Sheet of Muthoottu Mini Financiers Limited for the year ended as on March 31, 2019, the Statement of Profit and Loss and Cash Flow Statement for the year then ended annexed thereto. As required by the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Direction, 2016, and according to the information and explanations given to us, we provide herewith, a statement on the matters specified in paragraphs 3 and 4 of the aforesaid directions;

i. The company is engaged in the business of Non-Banking Financial Institution and it has obtained the certificate of registration as provided in section 45IA of the RBI Act, 1934.

ii. The Company is entitled to hold Certificate of Registration in terms of the Asset/Income pattern as on March 31, 2019.

iii. The Board of Directors of the Company has passed a resolution for non-acceptance of public deposit.

iv. The Company has not accepted any public deposit during the period under review.

v. According to the information and explanation given to us, the Company has complied with the prudential norms on Income Recognition, Accounting Standards, Asset Classification, Provisioning for bad and doubtful debts as specified in the direction issued by the Reserve Bank of India in terms of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016.

vi. The capital adequacy ratio as disclosed in the return submitted to RBI in terms of Master Direction - Non-Banking Financial Company - Systemically Important Non- deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016, has been correctly arrived and such ratio is in compliance with the minimum CRAR as prescribed by the Reserve Bank of India.

vii. The Company has furnished to RBI the annual statement of Capital Fund, risk assets and risk assets ratio within the stipulated period.

viii. The Company has not been classified as NBFC-MFI for the year ended March 31, 2019.

VISHNU RAJENDRAN & CO. KOTTAYAM FRN 004741S Chartered Accountants

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|

| Bangalore | Trivandrum | Kottayam | Ettumanoor | Kochi | Calicut | Kannur | Chennai |
http://www.vrc.co.in

The report has been issued pursuant to the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Direction, 2016 and is issued to the Board of Directors of the Company as required by Paragraph 2 of such directions and should not be used for any other purpose.

For Vishnu Rajendran & Co.
Chartered Accountants
FRN: 004741S

VISHNU RAJENDRAN & CO. KOTTAYAM FRN 004741S Chartered Accountants

Place: Kochi
Date: 28.05.2019

Mesfin Zacharias Abraham, FCA
Partner
Membership No: 208529

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|

| Bangalore | Trivandrum | Kottayam | Ettumanoor | Kochi | Calicut | Kannur | Chennai |
http://www.vrc.co.in

Annexure 3 to the Independent Auditor's Report

The Annexure 3 referred to in our report to the members of Muthoottu Mini Financiers Limited ("the Company") for the year ended on March 31, 2019.

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting Muthoottu Mini Financiers Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of the internal controls stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing ("the Standards") issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

VISHNU RAJENDRAN & CO. KOTTAYAM FRN 004741S Chartered Accountants

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|

| Bangalore | Trivandrum | Kottayam | Ettumanoor | Kochi | Calicut | Kannur | Chennai |
http://www.vrc.co.in

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of the internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Control over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and the dispositions of the assets of the Company;
ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made in accordance with authorization of the management and directors of the Company; and
iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal financial Controls over financial reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to fraud or error may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of the changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

VISHNU RAJENDRAN & CO. KOTTAYAM FRN 004741S Chartered Accountants

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|

Opinion

In our opinion, the Company has in all material respects, an adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note issued by the ICAI.

For Vishnu Rajendran & Co.
Chartered Accountants
FRN: 004741S

VISHNU RAJENDRAN & CO. KOTTAYAM FRN 004741S Chartered Accountants

Place: Kochi
Date: 28.05.2019

Mesfin Zacharias Abraham, FCA
Partner
Membership No: 208529

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|

| Bangalore | Trivandrum | Kottayam | Ettumanoor | Kochi | Calicut | Kannur | Chennai |
http://www.vrc.co.in

MUTHOOTTU MINI FINANCIERS LIMITED

CIN : U65910KL1998PLCO12154

Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641

BALANCE SHEET

(Rupees in Lakhs)

	Particulars	Note No.	Figures as at 31/03/2019	Figures as at 31/03/2018
I.	EQUITY AND LIABILITIES			
(1)	**Shareholders' Funds**			
	(a) Share Capital	A	24,952.54	24,952.54
	(b) Reserves and Surplus	B	19,774.98	17,679.51
	(c) Money Received against share warrants		-	-
(2)	**Share application money pending allotment**		-	-
(3)	**Non-current Liabilities**			
	(a) Long-term borrowings	C	46,801.06	56,809.60
	(b) Deferred tax liabilities (Net)		-	-
	(c) Other Long-term Liabilities	D	17,906.00	18,171.68
	(d) Long-term provisions	E	133.92	145.47
(4)	**Current Liabilities**			
	(a) Short-term borrowings	F	35,510.20	37,795.19
	(b) Trade payables		-	-
	(c) Other Current liabilities	G	36,834.52	41,400.44
	(d) Short Term Provisions	H	1,682.58	1,395.94
	TOTAL		1,83,595.80	1,98,350.38
II.	ASSETS			
(1)	**Non-current assets**			
	(a) Property, Plant and Equipment			
	(i) Tangible Assets	I	19,428.79	20,171.24
	(ii) Intangible Asset	J	14.28	31.58
	(iii) Capital work-in-progress		-	-
	(b) Non-current investments	K	5.81	5.81
	(c) Deferred Tax assets (Net)		908.77	727.40
	(d) Long term loans and advances	L	1.969.01	1,983.64
	(e) Other non-current asset		-	-
(2)	**Current Assets**			
	(a) Current Investments		-	-
	(b) Cash and cash equivalents	M	8,342.95	10,212.30
	(c) Short-term loans and advances	N	1,38,472.95	1,63,078.52
	(d) Other current assets	O	14,453.24	2,139.89
	TOTAL		1,83,595.80	1,98,350.38

See accompanying notes to the financial statements

As per our report of even date attached

For Muthoottu Mini Financiers Limited

For Vishnu Rajendran & Co.
Chartered Accountants (FRN.004741S)

Mathew Muthoottu (DIN: 01786534)
Managing Director

Nizzy Mathew (DIN:01680739)
Whole-time Director

Mesfin Zacharias Abraham,FCA
Partner (M.No.208529)

Ann Mary George

Dr Kurian P Abraham
Chief Executive Officer

Ann Mary George, ACA
Chief Financial Officer

Smitha K S, ACS
Company Secretary

VISHNU RAJENDRAN & CO. KOTTAYAM FRN:004741S CHARTERED ACCOUNTANTS

Place: Kochi
Date: 28/05/2019

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

MUTHOOTTU MINI FINANCIERS LIMITED

CIN : U65910KL1998PLC012154

Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641

STATEMENT OF PROFIT AND LOSS

(Rupees in Lakhs)

	Particulars	Note No.	For the Year Ended 31/03/2019	For the Year Ended 31/03/2018
I	Revenue from operations	P	29,612.44	33,260.16
II	Other Income	Q	203.04	233.23
III	Total Revenue (I + II)		**29,815.48**	**33,493.39**
IV	Expenses			
	(a) Employee benefits expenses	R	5,837.99	6,208.98
	(b) Finance Costs	S	16,461.05	19,493.31
	(c) Depreciation and amortization expenses	T	881.90	1,343.45
	(d) Other expenses	U	4,055.96	3,965.05
	Total Expenses		**27,236.90**	**31,010.79**
V	Profit before Exceptional & Extraordinary items (III-IV)		2,578.58	2,482.60
VI	Exceptional items		-	-
VII	Profit before Extraordinary items & Tax (V-VI)		2,578.58	2,482.60
VIII	Extraordinary items		-	-
IX	Profit Before Tax		2,578.58	2,482.60
X	Tax Expenses			
	(a) Current Tax/ MAT		664.35	990.41
	(b) Deferred Tax		(181.37)	67.60
XI	Profit/ (Loss) for the period		**2,095.60**	**1,424.59**
XII	Earnings per share:			
	(a) Basic		8.40	4.31
	(b) Diluted		8.40	4.31

See accompanying notes to the financial statements

As per our report of even date attached

For Muthoottu Mini Financiers Limited

Mathew Muthoottu (DIN: 01786534)
Managing Director

Nizzy Mathew (DIN:01680739)
Whole-time Director

For Vishnu Rajendran & Co.
Chartered Accountants (FRN.004741S)

Mesfin Zacharias Abraham,FCA
Partner (M.No.208529)

VISHNU RAJENDRAN & CO. KOTTAYAM FRN:004741S CHARTERED ACCOUNTANTS

Dr Kurian P Abraham
Chief Executive Officer

Ann Mary George, ACA
Chief Financial Officer

Smitha K S, ACS
Company Secretary

Place: Kochi
Date: 28/05/2019

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

MUTHOOTTU MINI FINANCIERS LIMITED

CIN : U65910KL1998PLC012154

Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641

CASH FLOW STATEMENT

(Rupees in Lakhs)

Particulars	For the year Ended 31/03/2019		For the year Ended 31/03/2018	
A. Cash Flow from Operating Activities				
Profit before tax after prior period adjustments		2,578.58		2,482.60
Adjustments for :				
Provision for Standard Assets	(54.82)		(11.58)	
Provision for NPA	291.30		(27.38)	
Provision for Asset Under Securitisation	50.17			
Provision for Gratuity (Net)	(11.55)		37.26	
(Profit) / Loss on Sale of assets	(6.56)		(75.18)	
Finance Cost	16,461.05		19,493.31	
Depreciation	835.73		1,196.13	
Income from Non-Operating Business	(0.20)	17,565.12	(0.19)	20,612.37
Operating Profit / (Loss) before working capital Adjustments		20,143.70		23,094.97
Adjustments for :				
Short term loans & Advances	24,605.57		32,861.96	
Other Current Assets	(12,313.35)		201.50	
Short term borrowings	(2,284.99)		(534.81)	
Current Liabilities	(4,565.92)	5,441.31	(9,672.37)	22,856.30
Cash Generated from operations		25,585.01		45,951.27
Income Tax paid / Provisions		664.35		990.41
Net Cash Flow from Operating Activity		**24,920.66**		**44,960.86**
B. Cash Flow from Investment Activities				
Income from Investment		0.20		0.19
(Increase)/Decrease in Long Term Loans & Advances		14.62		218.73
Sale of Fixed Assets		33.42		954.12
Purchase of Fixed Assets		(102.97)		(209.64)
Net Cash Flow from Investment Activity		**(54.73)**		**963.40**
C. Cash Flow from Financing Activity				
Increase/(Decrease) in Long Term Borrowings		(10,008.54)		(28,050.32)
Increase/(Decrease) in Other Long-term Liabilities		(265.68)		
Finance Cost		(16,461.05)		(19,493.31)
Increase/(Decrease) in Capital incl. Securities Premium		-		4,046.69
Net Cash Flow from Financing Activity		**(26,735.27)**		**(43,496.94)**
Net Increase/(Decrease)in Cash & Cash Equivalents(A+B+C)		(1,869.35)		2,427.32
Opening Balance of Cash & Cash Equivalents		10,212.30		7,784.98
Closing Balance of Cash & Cash Equivalents		**8,342.95**		**10,212.30**
Components of Cash and Cash Equivalents				
Current Account with Banks		4,215.57		6,586.09
Deposit with Banks		2,870.35		2,227.92
Cash in Hand		1,257.03		1,398.29
		8,342.95		10,212.30

For Muthoottu Mini Financiers Limited

As per our report of even date attache

For Vishnu Rajendran & Co.

Chartered Accountants (FRN.004741S)

Mathew Muthoottu (DIN: 01786534)
Managing Director

Nizzy Mathew (DIN:01680739)
Whole-time Director

Mesfin Zacharias Abraham,FCA
Partner (M.No.208529)

Dr Kurian P Abraham
Chief Executive Officer

Ann Mary George, ACA
Chief Financial Officer

Smitha K S, ACS
Company Secretary

VISHNU RAJENDRAN & CO. KOTTAYAM FRN:004741S CHARTERED ACCOUNTANTS

Place: Kochi
Date: 28/05/2019

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

A. Share Capital

(Rupees in Lakhs)

Particulars	As at 31/03/2019		As at 31/03/2018	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 100/- each	3,25,00,000	32,500	3,25,00,000	32,500
Issued, Subscribed & Paid up				
Equity shares of Rs. 100/- each, fully paid	2,49,52,539	24,952.54	2,49,52,539	24,952.54

Rights attached to each class of equity shares

The Company has issued only one class of equity shares having a par value of Rs 100/- per share. 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.

Reconciliation of the no. of shares outstanding at the beginning & at the end of the reporting period

Particulars	As at 31/03/2019		As at 31/03/2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	2,49,52,539	24,952.54	2,25,00,000	22,500.00
Shares issued during the period	-	-	24,52,539	2,452.54
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the year	2,49,52,539	24,952.54	2,49,52,539	24,952.54

Particulars of shareholders holding more than 5 percent share

Name of shareholder	As at 31/03/2019		As at 31/03/2018	
	Number	%	Number	%
Mr. Mathew Muthoottu	1,47,79,912	59.23%	1,47,79,912	59.23%
Nizzy Mathew	33,54,446	13.44%	33,54,446	13.44%
Mini Muthoottu Hotels (P) Ltd	25,51,298	10.22%	25,51,298	10.22%
Mini Muthoottu Credit India (P) Ltd	14,19,841	5.69%	14,19,841	5.69%

Particulars of Shares Issued during the Previous 5 Years

Particulars	During the Year/Period				
	2017-18	2016-17	2015-16	2014-15	2013-14
Equity Shares of Rs. 100/- each					
Aggregate no. of shares allotted as fully paid up pursuant to contracts without payment being received in cash	-	-	-	-	-
Aggregate number & class of shares allotted as fully paid up by way of bonus shares	-	-	-	-	25,00,000
Aggregate number & class of shares bought back	-	-	-	-	-

MINI MUTHOOTTU FINANCIERS LIMITED KOCHI 682 017

B. Reserves & Surplus

(Rupees in Lakhs)

Particulars	As at 31/03/2019	As at 31/03/2018
a. Securities Premium		
Opening Balance	7,844.15	6,250.00
(+) Securities Premium credited on Share Issue	-	1,594.15
Closing Balance	7,844.15	7,844.15
b. Debenture Redemption Reserve		
Opening Balance	13,172.72	12,801.65
(-) Current Year Transfer	(4,608.64)	371.07
Closing Balance	8,564.08	13,172.72
c. Revaluation Reserve		
Opening Balance	350.00	350.00
(+) Current Year Transfer	-	-
Closing Balance	350.00	350.00
d. Other Reserves		
(i). Special Reserve Fund(u/s 45 IC of RBI Act, 1934)		
Opening Balance	3,652.54	3,367.63
(+) Current Year Transfer	419.09	284.92
Closing Balance	4,071.64	3,652.54
e. Surplus in Profit & Loss Statement		
Opening Balance	(7,339.90)	(8,108.51)
(+) Net profit /(loss) for the current year	2,095.47	1,424.59
(-) Transfer to Special Reserves	(419.09)	(284.92)
(+) Transfer from Debenture Redemption Reserves	4,608.64	(371.07)
Closing Balance	(1,054.89)	(7,339.90)
TOTAL	**19,774.98**	**17,679.51**

MUTHOOTTU MINI FINANCIERS LTD KOCHI 682 017

C. Long Term Borrowings

(Rupees in Lakhs)

Particulars	As at 31/03/2019	As at 31/03/2018
SECURED LOAN		
(a) Bonds/Debentures		
I. Public Non Convertible Debentures (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 - 600130 and first pari passu charge on Current Assets including Book Debts, Loans & Advances, Cash & Bank Balances and Receivables, both present and future ranking pari-passu with the existing secured lenders)		
(i) Issue 5 (maturity on 25-Aug-2021)	5,585.97	5,585.97
(ii) Issue 6 (maturity on 27-Mar-2020)	-	612.69
(iii) Issue 1 (maturity on 27-Sep-2019)	-	3,106.56
(iv) Issue 5 (maturity on 25-May-2019)	-	1,594.86
Sub-Total	**5,585.97**	**10,900.08**
II. Secured, Redeemable, Privately Placed NCD (Secured on pari passu charge on Current Assets including Book Debts, Loans & Advances, Cash and Bank Balances and Receivables, both present and future of the Company with secured lenders)		
Maturity in 2021-2022	946.25	-
Maturity in 2020-2021	960.00	640.00
Maturity in 2019-2020	-	1,072.44
Maturity in 2018-2019	-	-
Sub-Total	**1,906.25**	**1,712.44**

C. Long Term Borrowings Contd.

Particulars	As at 31/03/2019	As at 31/03/2018
UNSECURED LOAN		
(a) Bonds/debentures		
Subordinate Debt	20,467.07	20,467.07
Unsecured Privately Placed NCD	448.50	373.75
Unsecured Public Placed NCD - Public Issue II(maturity on 04-Feb-2020)	-	4,962.99
Unsecured Public Placed NCD - Public Issue III(maturity on 11-May-2020)	7,143.37	7,143.37
Unsecured Public Placed NCD - Public Issue IV(maturity on 07-Dec-2020)	6,849.15	6,849.15
Unsecured Public Placed NCD - Public Issue VI(maturity on 27-Jul-2020)	4,400.75	4,400.75
Sub-Total	**39,308.84**	**44,197.08**
TOTAL	**46,801.06**	**56,809.60**

D.Other Long-term Liabilities

Particulars	As at 31/03/2018	As at 31/03/2018
(a) Others		
Interest accrued but not due on debentures & sub debt	17,906.00	18,171.68
TOTAL	**17,906.00**	**18,171.68**

E. Long Term Provisions

Particulars	As at 31/03/2019	As at 31/03/2018
(a) Provision for employee benefits		
Gratuity	133.92	145.47
(b) Others	-	-
TOTAL	**133.92**	**145.47**

F. Short-term borrowings

Particulars	As at 31/03/2019	As at 31/03/2018
SECURED LOAN		
(a) Loans repayable on demand		
(A) From Bank		
(i) South Indian Bank Limited, Banerji Road, Ernakulam	16,533.31	15,478.70
(ii) State Bank of India, Commercial Br., Ernakulam	4,503.62	3,484.75
(iii) Dhanalaxmi Bank, Shanmugam Road, Ernakulam	1,213.46	1,566.41
(iv) Andhra Bank, M.G Road , Ernakulam	5,047.70	7,457.11
(v) Indus Ind Bank, M.G Road. Ernakulam	4,525.42	3,337.54
(vi) Union Bank Of India, Kottayam	2,100.72	2,435.48
(vii) Oriental Bank of Commerce,Coimbatore	1,585.98	4,035.20
(B) From Others		
	35,510.20	**37,795.19**

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

G. Other Current Liabilities

(Rupees in Lakhs)

Particulars		As at 31/03/2019	As at 31/03/2018
a) Current Maturity of Long Term Debts			
(i) Secured, Privately Placed NCD		1,626.94	9,865.11
(ii) Secured, Redeemable NCD Public Issue		5,314.11	18,434.56
(iii) Unsecured, Privately Placed NCD		1,080.00	768.46
(iv) Term Loan -SIB		-	419.07
(v) Term Loan -Dhanalakshmi bank		-	208.33
(iv) Vehicle Loans		9.63	33.77
(vii) Unclaimed Matured Debentures		235.87	372.19
(viii) SIB Term Loan		14,614.93	-
(ix) Unsecured Public Placed NCD		4,962.99	-
	Sub-Total	**27,844.47**	**30,101.49**
b) Interest accrued but not due on Debentures		8,015.81	10,082.49
c)Interest accured on Unclaimed debenture		169.97	259.99
c) Other Payables			
NCD (kept hold as per court order)		53.02	53.02
ESI, EPF & Staff Welfare Fund		35.37	36.04
Tax Deducted at Source		90.36	248.43
Professional tax		-	0.11
Sundry Deposit		0.29	0.29
Caution Deposit		42.31	36.26
Expenses payable		299.32	132.30
Earmarked CSR Fund		20.14	28.88
Rent Payable		3.98	8.82
Kotak Insurance Payable		4.29	33.26
Auction Surplus Payable		212.38	238.54
GST Payable		41.37	139.42
Stamp Duty Collected		1.44	0.92
Interest Payable on Sub Debt		0.02	0.17
	Sub-Total	**8,990.06**	**11,298.95**
TOTAL		**36,834.52**	**41,400.44**

H. Short -term Provisions

Particulars	As at 31/03/2019	As at 31/03/2018
i)Contingent Provision for Standard Assets	541.94	596.76
ii) Provision for Bad and Doubtful debt		
(a) Provision for Non Performing Assets	1,090.47	799.17
iii) Provision for Asset Under Securitisation	50.17	-
TOTAL	**1,682.58**	**1,395.94**

MUTHOOTTU MINI FINANCIERS LIMITED
KOCHI
682 017

Note-I : TANGIBLE ASSETS

Sl. No.	Asset	FOR BALANCE AS ON 01.04.2018				FOR ADDITIONS DURING THE PERIOD				NET BALANCE AS ON 31.03.2019		
		WDV as on 01.04.2018	Sale/ (Adj.)	Depreciation (A)	WDV as on 31.03.2019	Cost	Sale/ (Adj.)	Depreciation (B)	WDV as on 31.03.2019	Depreciable Value	Depreciation for the year (A+B)	WDV as on 31.03.2019
I	LAND & LAND DEVELOPMENT	14,599.67	-	-	14,599.67	-	-	-	-	14,599.67	-	14,599.67
II	BUILDINGS	3,352.75	-	198.41	3,154.35	-	-	-	-	3,352.75	198.41	3,154.35
III	PLANT & MACHINERY	594.21	0.30	116.85	477.05	35.35	0.14	2.15	33.06	629.11	119.00	510.11
IV	FURNITURE & FITTINGS	1,374.14	1.48	404.11	968.55	9.42	-	0.40	9.02	1,382.08	404.51	977.58
V	ELECTRICAL INSTALLATIONS	52.85	-	16.12	36.74	20.39	0.35	0.98	19.06	72.90	17.09	55.80
VI	MOTOR VEHICLES	125.55	24.73	37.87	62.96	-	-	-	-	100.82	37.87	62.96
VII	COMPUTERS AND DATA PROCESSING UNITS	72.07	-	27.83	44.23	37.81	-	13.71	24.10	109.88	41.54	68.34
	Total	**20,171.24**	**26.51**	**801.18**	**19,343.55**	**102.97**	**0.49**	**17.24**	**85.25**	**20,247.21**	**818.42**	**19,428.79**

Note-J : INTANGIBLE ASSETS

Sl. No.	Asset	FOR BALANCE AS ON 01.04.2018				FOR ADDITIONS DURING THE PERIOD				NET BALANCE AS ON 31.03.2019		
		WDV as on 01.04.2018	Sale/ (Adj.)	Depreciation (A)	WDV as on 31.03.2019	Cost	Sale/ (Adj.)	Depreciation (B)	WDV as on 31.03.2019	Depreciable Value	Depreciation for the year (A+B)	WDV as on 31.03.2019
VII	SOFTWARE AND LICENSES	31.58		17.31	14.28				-	31.58	17.31	14.28
	Total	**31.58**	-	**17.31**	**14.28**	-	-	-	-	**31.58**	**17.31**	**14.28**

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

K. Non Current Investments

(Rupees in Lakhs)

Particulars	As at 31/03/2019	As at 31/03/2018
Other Investments		
(a) Investment in Equity instruments	5.81	5.81
TOTAL	**5.81**	**5.81**

L. Long Term Loans & Advances

Particulars	As at 31/03/2019	As at 31/03/2018
a) Security Deposits		
Unsecured, considered good		
Rent Deposit	1,583.39	1,598.28
Security Deposit with NSE, BSE & CDSL	383.75	383.75
Security Deposit VAT	0.25	0.25
Telephone Deposit	0.48	0.57
Electricity Deposit	0.89	0.54
HDFC STD Life deposit	0.25	0.25
TOTAL	**1,969.01**	**1,983.64**

M. Cash & Cash Equivalents

	As at 31/03/2019	As at 31/03/2018
a) Balances with banks		
In deposit account	2,870.35	2,227.92
In current account	4,215.57	6,586.09
b) Cash in hand	1,257.03	1,398.29
TOTAL	**8,342.95**	**10,212.30**

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

N. Short Term Loans & Advances

(Rupees in Lakhs)

Particulars	As at 31/03/2019	As at 31/03/2018
(a) Loans & Advances to Others		
(A) Secured considered good		
Gold Loan	1,32,140.46	1,52,269.93
Loan Against Property	152.87	313.19
(B) Secured considered doubtful		
Gold Loan	2,872.51	3,162.90
Loan Against Property	91.93	91.93
(C) Other Unsecured Loan	3,192.19	7,240.57
(D) Unsecured considered doubtful	22.99	
TOTAL	**1,38,472.95**	**1,63,078.52**
*Include interest receivable Rs.7026.75 & PY Rs.10,709.95		

Note O - Other Current Assets

Particulars	As at 31/03/2019	As at 31/03/2018
Commission/Incentive Receivable	36.17	48.51
Prepaid Expenses	97.42	88.22
Income Tax including TDS (Net of Provisions)	1,533.05	1,726.57
Other Advances/Receivables	92.33	62.04
Insurance deposit	0.96	0.96
Third Party Products	42.34	60.75
Krishi Kalyan Cess Receivable	0.41	0.41
Rent Receivable	16.07	37.63
Kotak Mahindra	0.60	0.60
CDSL Commission and subscription	0.35	0.35
GST Receivable	90.84	113.85
Rent Advance	0.10	-
Asset Under Securitisation	12,542.62	-
TOTAL	**14,453.24**	**2,139.89**

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

P. Revenue from Operations

(Rupees in Lakhs)

Particulars	31-03-2019	31/03/2018
a) Interest Income		
On Loans & Advances	26,971.82	27,920.65
On Auction	866.71	3,847.78
On Income Genarated Loan Interest	1,354.33	883.93
On Loan against debentures	-	18.19
On Deposits	208.69	203.34
Interest on loan against property	49.60	76.64
Interest Others	1.89	1.30
	29,453.05	**32,951.83**
b) Other Financial Services		
Commission & Brokerage	74.57	153.15
Other Operating Income	84.83	155.18
	159.40	**308.33**
TOTAL	**29,612.44**	**33,260.16**

Q. Other Income

Particulars	31-03-2019	31/03/2018
a) Dividend income	0.20	0.19
b) Other non-operating income	202.84	233.04
TOTAL	**203.04**	**233.23**

R. Employee Benefits Expenses

Particulars	31-03-2019	31/03/2018
a) Salaries & Wages		
Staff	5,002.48	5,230.79
Gratuity	31.57	87.94
b) Other Expenses	688.67	772.22
c) Directors Remuneration		
Salary & Allowances	111.60	111.60
Travelling Expense	0.90	2.24
Sitting fee to directors	2.60	3.19
TA to Non executive directors	0.17	1.00
TOTAL	**5,837.99**	**6,208.98**

S. Finance Costs

Particulars	31-03-2019	31/03/2018
a) Interest expenses		
Interest on Debentures (Private Placement) & Subordinate Debt	4,173.27	5,925.73
Interest on Debentures (Public Issue)	6,967.58	8,916.52
Interest on Loans	5,040.64	4,530.76
Bank Charges	265.50	106.02
Interest on Application Money (NCD)	14.06	14.28
TOTAL	**16,461.05**	**19,493.31**

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

T. Depreciation & Amortisation Expenses

(Rupees in Lakhs)

Particulars	31-03-2019	31/03/2018
Depreciation Expenses	835.73	1,196.13
Amortisation of NCD Public Issue Expenses	46.17	147.32
TOTAL	**881.90**	**1,343.45**

U. Other Expenses

Particulars	31-03-2019	31/03/2018
Power and fuel	205.41	211.45
Rent	1,846.65	1,798.72
Repairs & Maintenance	210.50	198.96
Insurance	80.03	89.15
Rates & Taxes, excluding, taxes on income	143.89	200.24
Payment to Auditors	19.63	19.62
Business Promotion expenses	26.78	13.03
General Office Expenses	252.17	385.47
Advertisement charges	11.33	24.53
Bad debts written off	-	2.43
Travelling Expenses to Staff	186.50	215.58
Legal & Professional Charges	81.81	139.08
Telephone Charges	164.59	195.50
Postage & Courier	56.28	19.61
Printing & Stationery	133.59	147.30
Other Expenses	125.90	38.89
Provision for Non-performing assets	291.30	(27.38)
Provision for Asset Under Securitisation	50.17	-
Contingent Provision for Standard Assets	(54.82)	(11.58)
Vehicle Running & Maintenance Expenses	11.68	12.29
Security Charges	161.42	215.48
Subscription Charges - Spot Exchange	16.14	2.39
Corporate Social Responsibility	-	7.45
Public Issue NCD	29.69	65.20
Loss on sale of Fixed assets	5.33	1.61
TOTAL	**4,055.96**	**3,965.05**

MUTHOOTTU MINI FINANCIERS LIMITED * KOCHI 682 017

MUTHOOTTU MINI FINANCIERS LIMITED

Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641

Notes to Financial Statements for the year ended 31st March, 2019

I. Corporate Information :

Muthoottu Mini Financiers Limited is a public limited company incorporated under the provisions of the Companies Act, 1956.The company was primarily incorporated as a private limited company on March 18, 1998 under the provisions of the Companies act 1956 and the certificate of incorporation was issued by the registrar of companies Kochi. Pursuant to a special resolution passed in the general meeting of the Shareholders of the Company held on September 14, 2013, the Company was converted into a public limited company and a fresh certificate of incorporation was issued by the Registrar of Companies on November 27, 2013.The Company currently operates through 766 branches across the country.

The Company is engaged in full-fledged Gold Loan business, its debt securities are listed on Bombay Stock Exchange and has accepted debentures under private placement complying with the provisions as per RBI guidelines. As part of diversification of business the Company, apart from the core business of Gold Loan and Public issue of Debentures have entered the arena of Microfinance, Insurance agency business, Money transfers, Travel & Tourism etc.

II. Basis of Preparation, Critical Accounting Estimates and Judgments, Significant Accounting Policy and Recent Accounting Pronouncement

The financial statements have been prepared on the following basis:

A. Statement of Compliance

The company follows prudential norms for income recognition, asset classification, and provisioning as prescribed by the Reserve Bank of India vide Non – Banking Financial Company Systematically Important Non – Deposit taking company direction 2016.

B. Basis for preparation of Financial statements

The financial statements of the company are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) 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, and other relevant provisions of the Companies Act, 2013. The financial statements are prepared and presented on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

C. Use of Estimates

The preparation of these financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires making of estimates and assumptions by the management that affect the reported balances of assets and liabilities, disclosure relating to contingent liability as at the date of financial statements and the reported amounts on income and expenses for the year presented. Actual results may differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

D. Current – Non-current classification: The Company classified all assets and liabilities in current and non-current as per the schedule III of the Companies Act, 2013 and the basis of classification is given below.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a. 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.

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

VISHNU RAJENDRAN & CO. CHARTERED ACCOUNTANTS KOTTAYAM FRN:004741S

d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies the following criteria:

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:
c. 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 equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

E. Property Plant and Equipment

➢ Tangible Assets

Tangible 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. The residual values, useful life and method of depreciation of fixed assets are reviewed each year and adjusted appropriately.

➢ Intangible Assets

Intangible Assets are amortized over their expected useful life. It is stated at cost, net of amortization. The computer software is amortized over a period of three years on written down value method.

F. Depreciation

Depreciation is charged at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Written Down Value method.

G. Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date to ascertain impairment based on internal /external factors. An impairment loss is recognized when the carrying amount of asset exceeds it recoverable amount. The recoverable amount is the higher of the net selling price of assets or their value in use. After impairment, the depreciation is provided on the revised carrying amount of asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on change in circumstances. However, carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no depreciation.

H. Revenues Recognition

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.

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

VISHNU RAJENDRAN & CO. KOTTAYAM FRN:004741S CHARTERED ACCOUNTANTS

Interest income on loans given is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Such interests, where installments are overdue in respect of non-performing assets are recognised on realisation basis. Any such income recognised and remaining unrealised after the installments become overdue with respect to non-performing assets is reversed. Revenues from fee-based activities are recognised as and when services are rendered.

I. 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.

J. Investments

Investment intended to be held for not more than one year are classified as current investments. All other investments are classified as Non-current investments. Current investments are carried at lower of cost and fair value determined on individual investment basis. Non-current investments are carried at cost.

K. Accounting for Taxes on Income

Income tax expenses comprises of current tax and deferred asset/liability.

i. Provision for current tax is the amount of tax payable on the taxable income for the year determined as per section 115 JB (Minimum Alternative Tax) of Income tax Act, 1961. And the Minimum Alternative Tax credit carried forwarded u/s 115JAA is Rs. 13,04,42,187/-

ii. Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

L. 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.

M. 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 2016, issued on 1st September, 2016(updated as on 16thMay,2019).

N. Debenture Redemption Reserve

In terms of section 71 of the companies Act, 2013 read with rule 18(7) of the companies (share capital and debenture) rule 2014, the company has created Debenture Redemption Reserve in respect of Secured and Unsecured Redeemable Non-Convertible Debenture issued through public issue as per SEBI (Issue and listing of Debt Securities) Regulations, 2008. No Debenture Redemption Reserve is to be created for privately placed debentures of Non-banking Finance Companies.

O. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when the company has present, legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of obligation.

Contingent liability is disclosed for a possible obligations which will be confirmed only by future events not wholly within the control of the company or present obligation arising from past events where it is not probable that an out

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

VISHNU RAJENDRAN & CO. CHARTERED ACCOUNTANTS KOTTAYAM FRN:004741S

flow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are neither recognized nor disclosed in the financial statement.

P. Borrowing Costs and Debenture Issue Expenses

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are be capitalised as part of the cost of respective asset. All other borrowing cost are expensed in the period in which they occour.

Issue expenses of public issue of debentures and borrowings costs for raising other long term borrowings are amortized over the period of debentures and over the tenure of loan on pro rata basis.

Q. 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.

R. Long term Employee Benefits

(i) Defined contribution plans:

Defined contribution plan is adopted for Provident Fund scheme administered by Government for all eligible employees. The company's contribution to defined contribution plan is recognized in the Statement of Profit & Loss in the financial year to which they relate.

(ii) 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 has provided gratuity for the year as per the requirements of Accounting Standard 15 (Revised 2005) and Guidance Notes of The Institute of Actuaries of India.

S. Events occurring after the Balance Sheet Date

Material Events occurring after the Balance Sheet date are taken into cognizance while preparing the financial statements. We have raised an amount of Rs.11,671.79 lakhs through public issue of secured redeemable non-convertible debenture, which commenced on 18-03-2019 and closed on 16-04-2019.

T. Related Party Disclosures

Disclosures are made in accordance with the requirements of Accounting Standard 18 "Related PartyDisclosures" read with the clarifications issued by the Institute of Chartered Accountants of India.

U. Surplus on auction of pledged gold

The Company has a policy of refund of any surplus that arises on auction of pledged gold which has beenre-possessed by the Company in accordance with the terms of the agreement with the customers and auction policy.

V. Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as requiredunder the Act as a charge to the statement of profit and loss.

W. Cash Flow

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

VISHNU RAJENDRAN & CO. CHARTERED ACCOUNTANTS KOTTAYAM FRN:004741S

The company reporting cash flow statement in indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

III. ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

1. Term loans

On vehicle loans, the outstanding liability as on 31st March 2019 is 9.63 Lakhs (PY 33.77 lakhs), and is shown under the head Other Current Liabilities.

Loan under Securitization

Due to the current economic scenario, the company could not secure any additional bank loan facility during the year and therefore raised a fund amounting toRs. 20,000 lakhs from The South Indian Bank Ltd pursuant to an assignment agreement dated 31-12-2018. Identified gold receivables of value amounting to Rs. 22,300 lakhs have been assigned at an interest rate 10.35% p.a. The outstanding balance as on 31.03.2019 is 14,614.93. The company has made provision@ 0.4% for the amount outstanding as on 31.03.2019.

2. Secured Redeemable Non-Convertible Debentures – Listed

The outstanding amount of Secured Redeemable Non-Convertible Listed Debentures raised through Public Issue stood at Rs. 10,900.08 Lakhs (Previous Year: Rs.29,334.64Lakhs). There is no fresh issue of debentures during the FY -18-19.

Date of maturity	Amount (Rs. in Lakhs) As at 31st March,2019	Interest Rate
25/08/2021	5,585.97	11.57% - 12.25%
27/03/2020	612.69	10.22%
27/09/2019	3,106.56	13.43%
25/05/2019	1,594.86	11.42%
TOTAL	**10,900.08**	

3. Secured Redeemable Non-convertible Debentures - Unlisted

The Company had privately placed Secured Redeemable Non-convertible Debentures for a maturity period up to 66 months with an outstanding amount of Rs. 3,533.19 Lakhs (Previous year: Rs. 11,577.55 Lakhs). During the FY 2018-2019. Secured Privately Placed NCD amounting to Rs. 1,824.00 Lakhs was raised.

Series	Redemption Period	Amount (Rs. in Lakhs) As at 31st March,2019	Interest Rate
X	1 Year to 6 Years	2.00	11.50-18.18%
XIII	1 Year to 6 Years	14.32	12.50-18.18%
XIV	1 Year to 6 Years	20.22	12.50-18.18%
XV	1 Year to 6 Years	18.03	12.50-18.18%

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

VISHNU RAJENDRAN & CO. KOTTAYAM FRN:004741S CHARTERED ACCOUNTANTS

XVI	1 Year to 6 Years	24.98	12.50-18.18%
XVII	1 Year to 6 Years	36.46	12.50-18.18%
XVIII	1 Year to 6 Years	3417.18	12.00-18.18%
	TOTAL	**3,533.19**	

4. Unsecured Debentures – Listed (Forming part of Tier II Capital)

The outstanding amount of Unsecured Debentures which forming part of Tier II capital raised through Public Issue stood at Rs.23, 356.26Lakhs (Previous Year: Rs.23, 356.26 Lakhs). There is no fresh issue of debentures during the FY-2018-2019.

Date of maturity	Amount (Rs. in Lakhs) As at 31st March,2019	Interest Rate
27/07/2022	4,400.75	11.02% - 11.25%
07/12/2020	6,849.15	12.68% - 13.01%
11/05/2020	7,143.37	12.75% - 13.43%
04/02/2020	4,962.99	13.43%
TOTAL	**23,356.26**	

5. Unsecured Debentures - Unlisted

The outstanding amount of Unsecured Privately placed Debentures stood at Rs. 1,528.50 Lakhs(Previous Year: Rs. 1,142.21 Lakhs). During the FY-18-19 Unsecured Privately Placed NCD's amounting to Rs. 1,155 Lakhs were raised.

Date of maturity	Amount (Rs in Lakhs) As at 31st March,2019	Interest Rate
2021 - 2022	203.50	24.74% - 24.77%
2020 - 2021	245.00	12.50% - 18.18%
2019 - 2020	1,080.00	11.25% - 18.18%
TOTAL	**1,528.50**	

6. Subordinate DebtBy Private Placement

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 Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Reserve Bank Directions, 2016. The outstanding amount of privately placed subordinated debt stood at Rs.20, 467.07 Lakhs (Previous year:Rs. 20,467.07 Lakhs).

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

VISHNU RAJENDRAN & CO. KOTTAYAM FRN:004741S CHARTERED ACCOUNTANTS

Maturity Pattern	Amount (Rs in Lakhs) As at 31st March,2019	Interest Rate
Interest pay out-Monthly		
2021- 2022	2,456.79	10.75% - 11.00%
2022– 2023	5,364.24	10.50% - 11.00%
2023– 2024	188.39	10.05% - 10.75%
Interest pay out- Maturity		
2021– 2022	6,645.74	16.67%
2022– 2023	5,764.66	10.75% - 16.67%
2023– 2024	47.25	15.38%

7. Unclaimed Matured Debentures

The outstanding amount of Unclaimed Matured Debentures with applicable accumulated interest, as on 31st March 2019 is Rs.405.84 Lakhs. The same has been transferred to escrow account maintained with Indusind Bank.Kochi, A/C No: 201002755275.

Series	Principal	Interest	Total
X	108.86	28.32	137.18
XI	1.00	1.09	2.09
XIII	14.58	16.08	30.66
XIV	6.30	6.98	13.28
XV	7.59	8.33	15.92
XVI	3.45	3.76	7.21
XVII	19.94	21.67	41.61
XVIII	74.15	83.74	157.89
Total	**235.87**	**169.97**	**405.84**

8. MOVEMENT OF PROVISION FOR STANDARD AND NON-PERFORMING ASSETS

As per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Reserve Bank Directions, 2016, the Company has created provision for Standard Assets as well as Non-Performing Assets. Details are as per the table below:-

Amount (Rs. in Lakhs)

Particulars	2018-19	2017-18
Provision for Standard Assets		
Provision at the beginning of the year	596.76	608.34
Additional provision made during the year	(54.82)	(11.58)
Provision at the close of the year	**541.94**	**596.76**

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

VISHNU RAJENDRAN & CO. CHARTERED ACCOUNTANTS KOTTAYAM FRN:004741S

Non-Performing Assets	As at 31st March 2019	As at 31st March 2018
Sub-standard Assets	66.29	121.76
Doubtful Assets (Upto 1year)	129.01	145.19
Doubtful Assets (1 – 3 years)	296.23	270.96
Doubtful Assets (More than 3 years)	390.74	146.73
Loss Assets	208.20	114.53
Total Non-performing Assets	**1,090.47**	**799.17**
Provision for non-performing assets	**2018-19**	**2017-18**
Provision at the beginning of the year	799.17	826.55
Additional provision made during the year	291.30	(27.38)
Provision at the close of the year	1,090.47	799.17

The company is maintaining LTV(Loan to Value)within the maximum prescribed ratio of 75% of the securities as per RBI Guidelines.

9. DEFERRED TAX ASSET/LIABILITY

The Company has provided deferred tax assets/liability in accordance with Accounting Standard -22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. The detailed workings are given below.

Amount (Rs in Lakhs)

Particulars	2018-19	2017-18
Opening Balance	727.40	795.00
Created/(Reversed) during the year on account of Depreciation and Provision for Gratuity	181.37	(67.60)
Net Deferred Tax Asset/(Liability)	**908.77**	**727.40**

10. PROVISION FOR GRATUITY

The provision for gratuity was revised during the period according to the actuarial valuation report. Detailed workings are as under:

Particulars	2018-219	2017-18
Opening Balance	145.47	108.20
Less:Gratuity Paid during 18-19	43.12	50.67
Add: Provision made during FY 18-19	31.57	87.94
Provision for Gratuity FY 18-19	**133.92**	**145.47**

MUTHOOTTU MINI ... RS LIMITED * KOCHI 682 017

VISHNU RAJENDRAN & CO. KOTTAYAM FRN:004741S CHARTERED ACCOUNTANTS

11. CONTINGENT LIABILITY

	Particulars	Amount (Rs. in Lakhs)
a)	Claims against the company not acknowledged as debts	831.54
b)	Other money for which the company is contingently liable	280.33

a. Claims against the company not acknowledged as debts

Sl. No	A.Y	Section	Tax Demand	Total Tax Paid	Bank Guarantee given	Forum where dispute is pending
1	2010-11	u/s 200A	4,28,085	-	-	Commissioner of Income-tax (Appeals), Kochi
2	2011-12	u/s 156	29,70,540	29,70,540	-	ITAT Cochin
3	2012-13	u/s 156	38,57,170	38,57,170	-	ITAT Cochin
4	2013-14	u/s 154	1,99,83,580	39,96,716	1,59,86,864	Commissioner of Income-tax (Appeals), Kochi
5	2015-16	u/s 154	2,70,19,180	54,03,836	2,16,15,344	Commissioner of Income-tax (Appeals), Kochi
6	2016-17	u/s 156	1,70,37,970	34,07,594	1,36,30,376	Commissioner of Income-tax (Appeals), Kochi
8	2017-18	u/s 154	1,18,57,699	23,71,539	94,86,160	Commissioner of Income-tax (Appeals), Kochi
Total			**8,31,54,224**	**2,20,07,395**	**6,07,18,744**	

b. Other money for which the company is contingently liable: (Frauds against the company committed by employees)

SL NO	BRANCH	AMOUNT	PROVISON CREATED
1	APR-Sattenappalli	47,97,400	47,97,400
2	DLH-Tughlakabad	3,88,997	3,88,997
3	HAR- BK Chowk	3,17,000	3,17,000
4	HAR-Old Railway Road	15,14,200	15,14,200
5	KAR- Maruthiseva Nagar	3,76,858	3,76,858
6	KAR- Ramanagar	24,24,878	24,24,878
7	KAR-Sumanahalli	4,54,000	4,54,000
8	MHR-Charkop	50,33,370	50,33,370
9	MHR- Goregaon	2,33,400	2,33,400
10	TML-Nadarmedu	54,68,000	54,68,000
11	TML-Panthalkudi	28,78,670	28,78,670
12	TML-Shenkottai	41,47,200	41,47,200
	Total	**2,80,33,973**	**2,80,33,973**

All above cases are pending before various authorities and the Company has made full provisions for the above liabilities.

MUTHOOTTU MINI FINANCIERS LIMITED * KOCHI 682 017

VISHNU RAJENDRAN & CO. CHARTERED ACCOUNTANTS * KOTTAYAM FRN:004741S

12. RELATED PARTY TRANSACTIONS

a) List of related parties and relationships

Name and Particulars of the Related Party	Relationship with the Company
Nizzy Mathew	Key Managerial Personnel(KMP)
Mathew Muthoottu	
Dr. Kurian P Abraham (CEO)	
Ann Marry George ACA (CFO)	
Smitha K S, ACS(CS)	
Mammen Mathew	Director
Roy M Mathew	Relatives of Key Managerial Personnel / Director
Saramma Mammen	
Nirmal Mathew	
Mini Muthoottu Nidhi Kerala Ltd	Entity in which KMP has significant influence.
Mini Muthoottu Nirman & Real Estate Pvt Ltd	
M/s Muthoottu Mini Hotels Pvt Ltd	

b) Transactions during the year with related parties **Amount (Rs in Lakhs)**

Particulars	Key Managerial Personnel (KMP)					Director	Relatives of KMP / Director			Entity in which KMP has significant influence		
	Mathew Muthoottu	Nizzy Mathew	Dr. Kurian P Abraham (CEO)	Ann Marry George ACA (CFO)	Smitha K S, ACS (CS)	Mammen Mathew	Roy M Mathew	Saramma Mammen	Nirmal Mathew	M/S Muthoottu Mini Hotels	Mini Muthoottu Nidhi Kerala Ltd	Mini Muthoottu Nirman & Real Estate Pvt Ltd
Salary & Allowances	60.00	51.60	***6.97	19.92	16.80	-		6.00				-
Sitting fees		-				0.20*			-			-
Rent/ Maintenance charges**	3.45	1.10				0.59	3.25	3.24	1.07	2.35	3.00	2.40
Rent Received	-	3.54				-			-		25.04	
Travelling expense	0.90	-				-			-			-
Debeture Interest	-	-										
Debenture Subscribed/Redeemed	-	-										

***Resigned effective from 23/07/2018**

****The value of transactions are excluding GST.**

*****Date of joining of Dr. Kurian P Abraham 14.01.2019**

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

VISHNU RAJENDRAN & CO CHARTERED ACCOUNTANTS KOTTAYAM FRN:004741S

13. MANAGERIAL REMUNERATION

Amount (Rs. in Lakhs)

Sl. No	Name of the Director	Current Year	Previous Year
I.	**Whole time Director**		
1.	Nizzy Mathew	51.60	51.60
2.	Mathew Muthoottu	60.00	60.00
II.	**Key Managerial Person**		
1.	Dr Kurian P Abraham	6.97	-
4.	Chief Financial Officer	19.92	19.92
5.	Company Secretary	16.80	16.80
	Total	**155.29**	**148.32**

- Date of Joining Of Dr Kurian P Abraham 14-01-2019

14. AUDITORS' REMUNERATION (EXCLUDING GST)

Amount (Rs in Lakhs)

Particulars	Current Year	Previous Year
For Statutory Audit	19.63	19.62

15. CRAR (CAPITAL TO RISK ASSET RATIO)

The company reports CRAR (Capital to Risk Asset Ratio) as per RBI guidelines. CRAR have been computed by dividing total of Tier-1 and Tier-2 capital by total of risk weighted asset.

Particulars	As on 31/03/2019	As on 31/03/2018
CRAR – Tier I Capital (%)	25.11%	22.33%
CRAR – Tier II Capital (%)	9.74%	11.58%
CRAR (%)	34.85%	33.90%

16. LEASES

The company has neither taken nor let out any assets on financial lease. All operating lease agreements entered into by the company are cancellable in nature. The company has debited/ credited the lease rent paid/ received to the profit and loss statement. Therefore disclosure requirement of future minimum lease payment in respect of non-operating lease as per AS 19 is not applicable to the company.

Lease payments for assets taken on operating lease Rs.1,846.65 Lakhs (Previous Year Rs.1,798.72Lakhs) are recognized as rent paid in the Profit and Loss statement under the head other expenses.

17. LIST OF STATUTORY DUES OUTSTANDING FOR A PERIOD OF MORE THAN 6 MONTHS FROM THE DUE DATE

Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Nil	Nil	Nil	Nil

MUTHOOTTU MINI FINANCIERS LIMITED * KOCHI 682 017

VISHNU RAJENDRAN & CO. KOTTAYAM FRN:004741S CHARTERED ACCOUNTANTS

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash at bank, cash in hand, cheque to be realized and bank deposits having a maturity of less than one year.

19. REVALUATION RESERVE

Revaluation reserve represents a portion of the value of land that has been revalued based on the valuation made by approved external valuer during financial year 2012-13.

20. SPECIAL RESERVE AND DEBENTURE REDEMPTION RESERVE

a. Statutory Reserve represents the Reserve Fund created u/s 45IC of the Reserve Bank of India Act, 1934. In current year Rs. 419.09 lakhs is appropriated from Statement of Profit and Loss to the Special Reserve Fund.

b. Debenture Redemption Reserve as at 31st March 2018 amounts to Rs.13,172.72/- lakhs and Rs. 4,608.64/- lakhs is transferred to the Statement of Profit and Loss during the year. Closing balance of Debenture redemption reserve as on 31st March, 2019 is8,564.08/-.

21. FOREIGN EXCHANGE TRANSACTIONS

There are no foreign currency transactions during the financial year.

22. GUARANTEE FOR LOANS TAKEN BY OTHERS

The Company has not given any guarantee for loans taken by others from banks or financial institutions.

23. PREVIOUS YEAR FIGURES

Previous year figures have been regrouped, reclassified and rearranged, where necessary, to conform to the current year's classification.

MUTHOOTTU MINI FINANCIERS LIMITED KOCHI 682 017

VISHNU RAJENDRAN & CO. KOTTAYAM CHARTERED ACCOUNTANTS

Ramdas & Venugopal
Chartered Accountants
No. 7A, Green Park, Near Daya Hospital
Thiruvambady P.O., Thrissur 680 022

Limited Review Report

To

The Board Of Directors
Muthoottu Mini Financiers Limited
Kochi

1. We have reviewed the accompanying statement of standalone unaudited financial results of Muthoottu Mini Financiers Limited, Kochi (the Company) for the quarter and nine months ended December 31, 2021 (Statement) being submitted by the company pursuant to the requirements of Regulation 52 of SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015, as amended read with relevant circulars issued by SEBI.

2. This statement , which is the responsibility of the company management and approved by the board of directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards(Ind AS)34, "Interim Financial Reporting" prescribed under section 133 of the Companies Act,2013 ("the Act"), read with Rule 3 of the Companies (Indian Accounting Standards) 2015 as amended, is the responsibility of the Company's management and have been approved by the committee of Board of Directors. Our responsibility is to issue a report on the statement based on our review.

3. We conducted our review in accordance with 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 . This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of standalone, unaudited financial prepared in accordance with the aforesaid Indian Accounting standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Head Office : Thrissur
Partners:
M.Ramdas, FCA
T.T. Shajan, FCA, DISA(ICAI)
Silpa Shajan, FCA, DISA, DIRM(ICAI)

RAMDAS & VENUGOPAL CHARTERED ACCOUNTANTS THRISSUR-22

Branh Offices :
1. Eranakulam 2. Guruvayur
Phone : **0487 2321246, 2331246, 2324847**
E. mail : **randvtcr@yahoo.co.in**

5. We draw attention to Note 3 of the accompanying financial statements, which describes the uncertainty relating to the effects of Covid -19 pandemic on the company's operations which could impact the assessment of impairment provision recognized towards the loan assets outstanding as at December 31, 2021.

Our conclusion on the statement is not modified in respect of this matter.

Place: Thrissur
Date: 14.02.2022

UDIN: 22211270ABZBSS9237

For RAMDAS & VENUGOPAL

RAMDAS & VENUGOPAL THRISSUR-22 CHARTERED ACCOUNTANTS

T.T. Shajan, B.Sc., FCA, DISA (ICA)
Partner, (M.No. 211270)
CHARTERED ACCOUNTANTS

MUTHOOTTU MINI FINANCIERS LIMITED
CIN: U65910KL1998PLCO12154
Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641

STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2021

Rs. In Lakhs Except Face Value of Shares and EPS

Particulars	3 months ended December 31, 2021	Preceding 3 months ended September 30,2021	Corrrespondi ng 3 months ended December 31, 2020	Year to date figures for current period ended December 31, 2021	Year to date figures for current period ended December 31, 2020	Previous year ended March 31, 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations						
Interest income	10,635.11	10,377.12	9,587.99	30,945.60	26,689.32	36,266.72
Dividend income	-	-	-	-	-	-
Rental income	34.18	28.48	32.73	96.35	64.77	106.21
Fees and Commission income	17.31	14.69	10.39	40.39	31.42	59.52
Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-	31.74	31.74
Net gain on fair value changes	-0.79	-1.21	1.27	6.32	1.85	1.46
Sales of services	121.51	99.11	101.24	319.17	214.22	356.10
			-			
Total Revenue from operations (I)	**10,807.32**	**10,518.19**	**9,733.62**	**31,407.83**	**27,033.32**	**36,821.75**
			-			
Other Income (II)	1.26	0.63	4.93	2.21	11.99	3.63
Total Income (III)	**10,808.58**	**10,518.82**	**9,738.55**	**31,410.04**	**27,045.31**	**36,825.38**
Expenses						
Finance costs	5,732.75	5,992.48	5,182.15	16,394.13	14,449.61	19,219.96
Net loss on fair value changes	-	-	-	-	-	-
Impairment on financial instruments	-16.43	-818.73	0.09	442.95	487.30	341.10
Employee benefits expenses	2,022.66	2,114.59	2,051.14	5,891.20	4,969.42	7,161.97
Depreciation, amortization and impairment	155.34	147.52	153.77	445.33	443.02	587.21
Other expenses	1,149.68	1,262.51	1,029.26	3,455.62	3,015.44	4,190.69
Total Expenses (IV)	**9,044.00**	**8,698.37**	**8,416.41**	**26,629.23**	**23,364.79**	**31,500.93**
Profit before tax (III- IV)	1,764.58	1,820.45	1,322.14	4,780.81	3,680.52	5,324.45
Tax Expense:						
(1) Current tax	304.07	397.51	231.00	910.51	643.06	928.10
(2) Previous year tax	-	-	-	-	-	-
(3) Deferred tax	-2.20	89.74	-	87.54	-	1,205.21
Profit for the year (V- VI)	**1,462.71**	**1,333.20**	**1,091.14**	**3,782.76**	**3,037.46**	**3,191.14**
Other Comprehensive Income						
(i) Items that will not be reclassified to profit or loss						
- Remeasurement of defined benefit plans	-	-	-	-	-	-25.09
- Fair value changes on equity instruments through other comprehensive income	-	-	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	6.98
Subtotal (A)	-	-	-	-	-	-18.11
	-		-			-
(i) Items that will be reclassified to profit or loss	-	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Subtotal (B)	-	-	-	-	-	-
Other Comprehensive Income (A + B) (VIII)	-	-	-	-	-	**-18.11**
Total Comprehensive Income for the year (VII+VIII)	**1,462.71**	**1,333.20**	**1,091.14**	**3,782.76**	**3,037.46**	**3,173.03**
Earnings per equity share						
(Face value of Rs. 100/- each)						
Basic (Rs.)	**23.45**	**21.37**	**17.49**	**20.21**	**16.23**	**12.79**
Diluted (Rs.)	**23.45**	**21.37**	**17.49**	**20.21**	**16.23**	**12.79**

Place :Kochi
Date: 14th February, 2022

For Muthoottu Mini Financiers Limited

MATHEW
MUTHOOTTU

Mathew Muthoottu (DIN: 1786534)
Managing Director

MUTHOOTTU MINI FINANCIERS LIMITED

CIN: U65910KL1998PLCO12154

Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641

Notes to the financial statements:-

1. The above financial results were reviewed by the audit committee on 12th February, 2022 and has been approved by the Board of Directors at their meeting held on 14th February, 2022.

2. The Company has adopted Indian Accounting Standards ('Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules from April 01, 2019. The financial statements have been presented in accordance with the format prescribed for Non-Banking Financial Companies under the Companies (Indian Accounting Standards) Rules, 2015 in Division III of Schedule Ill as per Notification No. C.S.R. 1022(E) dated 11.10.2018, issued by Ministry of Corporate Affairs, Government of India.

3. There has been no significant impact on the operations /financial position of the company on account of the Covid-19 pandemic. The company has assessed the impact of the Covid-19 pandemic on its liquidity and ability to repay its obligations as and when they fall due. Based on the assessment of the management, the company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time. The company considers that the provisions held by the company is adequate.

4. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS – 108 dealing with Operating Segments.

5. Earnings Per equity Share for the quarter and nine months ended December 31, 2021 and December 31, 2020 and for quarter ended September 30, 2021 have been annualized.

6. The figures for the quarter ended December 31, 2021 and December 31, 2020 are the balancing figures between unaudited figures in respect of the nine months ended December 31, 2021 and December 31, 2020 and the figures for the half year ended September 30, 2021 and September 30, 2020 respectively, which were subjected to limited review by the auditors.

7. Disclosure pursuant to Regulation 54 of Securities and Exchange Board of India (Listing Obligations. And Disclosure Requirements) Regulations, 2021.

   a. Nature of security created and maintained with respect to secured listed nonconvertible debt securities is:

      Public issue VII to XV is secured by way of first ranking paripassu charges 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.

MATHEW MUTHOOTTU

Digitally signed by MATHEW MUTHOOTTU Date: 2022.02.14

b. The Company has maintained requisite full asset cover by way of pari passu charge 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, on its Secured, Listed Non-Convertible Debentures.

8. Information required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015 is attached as Annexure I.

9. Information as required by Reserve Bank of India Circular on Resolution framework for Covid-19 related stress dated August 06, 2020 is attached as annexure II.

10. Information as requested by Reserve Bank of India Circular on Resolution Framework - 2.0: Resolution of Covid- 19 related stress of Individuals and Small Business dated May 05, 2021 is attached as Annexure III.

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

For and on behalf of Board of Directors

MATHEW
MUTHOOTTU

Digitally signed by MATHEW MUTHOOTTU
DN: c=IN, o=Personal,
pseudonym=384ed2725f4bf9247166e7f8a18471fef9281e361b82dbc6ad47c49b84179f55, postalCode=682016, st=KERALA,
serialNumber=0135935927d3cbdc8183b0d6ddca153fbdde9d87d370046f1ef6824f65b6bb04, cn=MATHEW MUTHOOTTU
Date: 2022.02.14 19:57:18 +05'30'

Mathew Muthoottu (DIN: 01786534)
Managing Director
Place: Kochi
Date: 14th February, 2022

Annexure I

Information required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015.

Sl No.	Particulars	Nine months ended December 31, 2021
1	Debenture Redemption Reserve	Nil
2	Net worth (note1)	₹53,551.86 lakhs
3	Net Profit after Tax	₹3,782.76 lakhs
4	Earnings per Share(Face Value Rs.100)	₹20.21
5	Debt Equity Ratio (note 2)	₹4.32 times
6	Debt service coverage ratio*	Not Applicable
7	Interest service coverage ratio*	Not Applicable
8	Outstanding redeemable preference shares	Nil
9	Capital redemption reserve/debenture redemption reserve	Nil
10	Current Ratio (note3)*	2.23 times^
11	Long term debt to working capital (note4)*	0.82 times^
12	Bad debts to Account receivable ratio (note5)*	Negligible
13	Current liability ratio (note6)*	0.50 times^
14	Total debts to total assets (note7)*	80.51%^
15	Debtors turnover*	Not Applicable
16	Inventory turnover*	Not Applicable
17	Operating margin*	Not Applicable
18	Net profit margin (note8)	12.04%
19	Sector specific equivalent ratios a. Gross NPA b. Net NPA c. CRAR	 0.88% 0.76% 22.37%

*The Company is registered under the Reserve Bank of India Act, 1934 as Non-Banking Financial Company. Hence these ratios are generally not applicable.

^The financial statements have been presented in accordance with the format prescribed for Non-Banking Financial Companies under the Companies (Indian Accounting Standards) Rules, 2015 in Division III of Schedule Ill as per Notification No. C.S.R. 1022(E) dated 11.10.2018, issued by Ministry of Corporate Affairs, Government of India, the Company has worked out these ratios by considering the maturity of assets and liabilities.

1. Net worth = Equity Share Capital + other Equity -- Deferred revenue expenditure – Revaluation Reserve.
2. Debt Equity ratio = (Non-convertible debentures + Subordinated Liabilities + Bank borrowings) / (Equity share Capital +Other Equity).
3. Current Ratio = Current assets/current liabilities. (Based on the maturity of assets/liabilities).
4. Long term debt to working capital = (Non-convertible debentures + Subordinated Liabilities + Term Loan from Bank)/ (Current assets - current liabilities).
5. Bad debts to Account receivable ratio = Bad debts / Gross AUM.
6. Current liability ratio = current liabilities/ Total liabilities.
7. Total debts to total assets = (Non-convertible debentures + Subordinated Liabilities + Bank borrowings)/ total assets.
8. Net profit margin = Profit after tax/Total income.

MATHEW MUTHOOTTU

Annexure II

Information as required by Reserve Bank of India Circular on Resolution framework for Covid-19 related stress dated August 06, 2020.

Nil

Annexure III

Information as requested by Reserve Bank of India Circular on Resolution Framework - 2.0: Resolution of Covid- 19 related stress of Individuals and Small Business dated May 05, 2021.

a) Format B: For the period ended December 31, 2021 (₹ in lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the Previous half-year	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year	Of (A), amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year
	(A)	(B)	(C)	(D)	(E) *
Personal loans	-	-	-	-	2,372.20
Corporate loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	2,372.20

*represents the closing balance of loan accounts as on December 31, 2021

b) Format X: For the period ended December 31, 2021 (₹ in lakhs)

Sl. No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	28,038.00	-	-
(B)	Number of accounts where resolution plan has been implemented under this window	28,038.00	-	-
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	10,737.01	-	-
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan	-	-	-

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
1.	Presentation of Financial Statements	Other Comprehensive Income: There is no concept of 'Other Comprehensive Income' under Indian GAAP	Other Comprehensive Income: IndAS introduces the concept of Other Comprehensive Income ("OCI"). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other Ind AS. Such recognition of income and expenses in OCI is primarily governed by the income recognition norms and classification of financial instruments and assets as "Fair Value through OCI."
		Extraordinary items: Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	Extraordinary items: Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
		Change in Accounting Policies Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	Change in Accounting Policies Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied unless transitional provisions of an accounting standard require otherwise.
2.	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e., based on the differences between carrying value of the assets/ liabilities and their respective tax base. Using the balance sheet approach, there could be additional deferred tax charge/income on account of all Ind AS opening balance sheet adjustments

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
3.	Property, plant and equipment– reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation on written down value over the useful lives of the assets as per Schedule II of the Companies Act,2013	Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS
4.	Accounting for Employee benefits	Currently, all actuarial gains and losses are recognized immediately in the statement of profit and loss.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re measurements and the change in asset is split between interest income and re measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re- measurements comprising of actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are to be recognized directly in OCI.
5.	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognized only under a legal obligation. Also, discounting of provisions to present value is not permitted	Under Ind AS, provisions are recognised for legal as well as constructive obligations. Ind AS requires discounting the provisions to present value, if the effect of time value of money is material.
6.	Presentation and classification of Financial Instruments and subsequent measurement	Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited. Currently under Indian GAAP, loan processing fees and/or fees of similar nature are recognized upfront in the Statement of Profit and Loss.	Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (FVTPL) or recognized in other comprehensive income (FVOCI). Financial assets include equity and debts investments, security receipts, interest free deposits, loans, trade receivables etc. Assets classified at amortized cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method. Loan processing fees and/or fees of similar nature would be measured and recognised

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
			using the Effective Interest Rate (EIR) method over the period of loan. There are two measurement categories for financial liabilities - FVTPL and amortized cost. Liabilities classified at amortized cost and the related expenses (processing cost & fees) have to be measured using the Effective Interest Rate (EIR) method. Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition. Disclosures under Ind AS are extensive.
7.	Financial Instruments - Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on relevant information like past experience, financial position of the debtor, cash flows of the debtor, guidelines issued by the regulator etc.	The impairment model in Ind AS is based on expected credit losses and it applies equally to debt instruments measured at amortized cost or FVOCI, financing receivables, lease receivables, trade receivables and certain written loan commitments and financial guarantee contracts.
8.	Segment Reporting	Under Indian GAAP there is a requirement to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
9.	Financial Instruments - Disclosure	Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an Announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements: • Category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date; • The purpose, viz., hedging or speculation, for which such derivative instruments have been acquired; and • The foreign currency exposures that are not hedged by a derivative instrument or otherwise.	Requires disclosure of information about the nature and extent of risks arising from financial instruments: • qualitative disclosures about exposures to each type of risk and how those risks are managed; and • quantitative disclosures about exposures to each type of risk, separately for credit risk, liquidity risk and market risk (including sensitivity analysis).

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
10.	Gain on Derecognition of Financial Assets	There is no concept of 'Derecognition of financial assets' under Indian GAAP	As per Para 3.2.5 of Ind AS 109, when an entity retains the contractual rights to receive the cash flows of a financial asset (the 'original asset') but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met. (a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition. (b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows. (c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents (as defined in Ind AS 7 Statement of Cash Flows) during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients. As per Para 3.2.12 on derecognition of a financial asset in its entirety, the difference between: 1.(a) the carrying amount (measured at the date of derecognition) and 2.(b) the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

The above key difference between the disclosures between the Indian GAAP and Indian Accounting Standards are given for general understanding only.

MATERIAL DEVELOPMENTS

Other than as disclosed below, there have been no material developments since March 31, 2021 and there have arisen no circumstances that materially or adversely affect the operations, or financial condition or profitability of the Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

1. Raising of fund through issuance of non-convertible debentures and subordinated debt

The Company has raised public issue of secured, redeemable, non-convertible debenture amounting to ₹ 45,095.42 lakhs during April 1, 2021 – March 31, 2022. Further, the Company has raised public issue of unsecured, redeemable, non-convertible debenture amounting to ₹ 8,754.02 lakhs during April 1, 2021 – March 31, 2022.

The Board of Directors in their meeting dated May 3, 2021 approved the issuance of subordinated debt by the Company up to an amount of ₹ 15,000 lakhs during the Financial Year 2021-22. During the period April 1, 2021 – March 31, 2022, the Company has raised funds through Subordinated Debt amounting to ₹ 4,780.79 lakhs and may continue to raise subordinated debts not exceeding ₹ 15,000 lakhs during the Financial Year 2021-22.

2. Redemption of Non- convertible debentures and subordinated debt

a. The Company during April 1, 2021 – March 31, 2022 redeemed secured privately placed non-convertible debenture amounting to ₹ 1,011.00 lakhs and unsecured privately placed non-convertible debenture amounting to ₹ 203.75 lakhs.

b. The Company during April 1, 2021 – March 31, 2022 has redeemed secured public issue of non-convertible debenture amounting to ₹ 21,023.53 lakhs.

c. The Company during April 1, 2021 – March 31, 2022 has redeemed subordinated debt amounting to ₹ 9,102.53 lakhs.

3. Sanction of new working capital facilities and enhancement of existing facilities

The Company, pursuant to sanction letter dated June 18, 2021 with HDFC Bank has been sanctioned Working Capital Demand Loan of ₹ 5,100 lakhs and Cash credit facility of ₹ 500 lakhs (Sublimit of Working Capital Demand Loan). This is in addition to the overdraft facility of ₹ 100 lakhs against fixed deposits already granted by HDFC bank taking the overall limits to ₹ 5,200 lakhs. The said loan is secured by way of pari-passu first charge on all current assets of the Company, both current and future including receivables (Gold loan receivables excluding Micro Finance receivables). In addition to it, there is also personal guarantee of Mr. Mathew Muthoottu and Mrs. Nizzy Mathew and corporate guarantee of Muthoottu Mini Hotels Private Limited and Muthoottu Mini Theatres Private limited. As on March 31 2022, the balance outstanding is ₹ 5,114.38 lakhs.

The Credit limits of the Company with IndusInd Bank has been enhanced to ₹ 7,500 lakhs from present limit of ₹ 5,000 lakhs pursuant to sanction letter dated April 09,2021.

The Credit limits of the Company with Dhanlaxmi Bank Limited has been enhanced to ₹ 4,900 lakhs from present limit of ₹ 2,400 lakhs pursuant to sanction letter dated September 17,2021.

The Company, pursuant to sanction letter dated September 8, 2021 with South Indian Bank has been sanctioned Cash Credit Book Debt and WCDL of ₹ 5,000 lakhs. The said loan is secured by way of first pari-passu charge along with other secured lenders, by way of hypothecation of current portion of loan receivables of standard assets (other than those secured to term loan lenders) and which are not overdue as per RBI/Regulatory guidelines. Cash collateral of ₹ 12.50 crores by way of lien marked fixed deposits is also maintained. In addition to it, there is also personal guarantee of Mr. Mathew Muthoottu and Mrs. Nizzy Mathew. As on March 31, 2022, the balance outstanding is ₹ 4,888.45 lakhs.

The Company, pursuant to sanction letter dated February 14, 2022 with Canara Bank has been sanctioned Term loan of ₹ 5,000 lakhs in addition to the existing term loan of ₹ 10,000 lakhs. The said loan is secured by way of first pari-passu 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. The minimum ACR to be maintained at 1.25 times of outstanding liability. 25% cash collateral is also to be provided. In addition to it, there is also personal guarantee of Mr. Mathew Muthoottu and Mrs. Nizzy Mathew. As on March 31, 2022, the balance outstanding is ₹ 5,000.00 lakhs.

The Company, pursuant to sanction letter dated November 3, 2021 with Bank of Baroda has been sanctioned Demand Loan of ₹ 3,500 lakhs. The said loan is secured by first pari-passu charge by way of hypothecation of all chargeable current assets, book debts, loans and advances and receivables including Gold loan receivables of the Company both present and future, along with other lenders including NCD holders. Any underlying / receivables classified as NPA should be replaced / excluded. Minimum Security coverage of 1.33 times to be maintained. Cash collateral of minimum 25% of the sanctioned limit in the form of Term Deposit to be kept for the tenure of the loan. In addition to it, there is also personal guarantee of Mr. Mathew Muthoottu and Mrs. Nizzy Mathew. As on March 31, 2022, the balance outstanding is ₹ 3,191.70 lakhs.

The Company, pursuant to sanction letter dated November 18, 2021 with UCO Bank has been sanctioned secured Working Capital CC of ₹ 2,000 lakhs. The said loan is secured by first pari-passu charge over gold loan receivables and standard other current assets, both present and future. The company has to maintain minimum ACR of 1.34 times of outstanding liability. FDR to the tune of 25% of the limit proposed, i.e., for ₹ 500 lakhs. In addition to it, there is also personal guarantee of Mr. Mathew Muthoottu and Mrs. Nizzy Mathew. As on March 31, 2022, the balance outstanding is ₹ 1,407.78 lakhs.

The Company, pursuant to sanction letter dated December 22, 2021 with IDBI Bank has been sanctioned Working Capital Demand Loan and Cash Credit (Inner limit to WCDL) of ₹ 4,000 lakhs. The said loan is secured by first pari-passu charge on entire receivables/gold loans and other current assets pf the company, both present and future, with other secured lenders and NCD holders with 25% margin. 25% of the sanctioned limit as cash margin in the form of FD with IDBI Bank has to be maintained as collateral. In addition to it, there is also personal guarantee of Mr. Mathew Muthoottu and Mrs. Nizzy Mathew. As on March 31, 2022, the balance outstanding is ₹ 3,623.36 lakhs.

The Company, pursuant to sanction letter dated December 30, 2021 with Karur Vysya Bank has been sanctioned Term Loan of ₹ 2,500 lakhs. This is in addition to the CCBD/WCDL of ₹ 2,500 lakhs already granted taking the overall limits to ₹ 5,000 lakhs. The said loan is secured by way of pari-passu first charge over the gold loan receivables (both present and future); and other current assets of the Company, with other secured lenders (Bank's, FIs and NCD holders) except those which are specifically charged to any term lenders. Minimum security cover of 1.33 times of the loan amount to be maintained. The collateral given for the existing facility is extended to the new facility as well. In addition to it, there is also personal guarantee of Mr. Mathew Muthoottu and Mrs. Nizzy Mathew and corporate guarantee of Muthoottu Mini Hotels Private Limited and Muthoottu Mini Theatres Private limited. As on March 31 2022, the balance outstanding is ₹ 2,500.00 lakhs.

The Company, pursuant to sanction letter dated March 23, 2022 with Indian Bank has been sanctioned Term Loan of ₹ 5,000 lakhs and WCDL of ₹ 1,000 lakhs. The said loans are secured by way of first pari-passu charge by way of hypothecation of current assets, loans & advance and book debts including gold loan receivables and excluding micro finance receivables with 20% margin to other lenders and NCD holders. Exclusive charge on FDR or EM of Land & Building with RSV of ₹ 15 crores to be provided as collateral. In addition to it, there is also personal guarantee of Mr. Mathew Muthoottu and Mrs. Nizzy Mathew. As on March 31 2022, the balance outstanding is ₹ 6,001.55 lakhs.

The Company, pursuant to sanction letter dated March 22, 2022 with Punjab & Sind Bank has been sanctioned Term Loan of ₹ 2,500 lakhs. The said loan is secured by way of first hypothecation charge on pari-passu basis on current assets of the company including book debts, loans and advances and receivables including gold loan receivables both present and future along with other banks with 20% margin. 25% on sanctioned loan facility to be provided as cash collateral. In addition to it, there is also personal guarantee of Mr. Mathew Muthoottu and Mrs. Nizzy Mathew. As on March 31 2022, the balance outstanding is ₹ 2,500 lakhs.

4. Remuneration of Executive Directors:

a. Mathew Muthoottu - Managing Director

The Board of Directors in their meeting held on 16th September 2021 revised the remuneration to a sum not exceeding ₹22 lakhs per month which was approved by the members at the annual general Meeting of the Company held on September 30, 2021.

b. Nizzy Mathew - Chairman and Whole time Director

The Board pursuant to its resolution dated November 13, 2020, revised the remuneration to a sum not exceeding ₹15 lakhs per month from December 1, 2020, which was approved by the members of the Company at the Extraordinary General Meeting held on June 14, 2021.

FINANCIAL INDEBTEDNESS

As on March 31, 2022, our Company had outstanding secured borrowing of ₹ 2,02,591.59 lakhs and unsecured borrowing of ₹ 37,058.56 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, type of facility and details of documentation	Amount sanctioned (in ₹ lakhs)	Amount outstanding as on March 31, 2022 (₹ in lakhs)#	Security	Repayment date/schedule
Dhanlaxmi Bank Limited *Cash Credit and working capital demand loan* Sanction letter dated September 17, 2021	4,900.00	4,659.15	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 ares of vacant land at Pathanamthitta village, Kozhencherry Taluk, Pathanamthitta District in the name of Muthottu Mini Theatres (Private) Limited, Equitable mortgage of 2.40 ares land with 4500 Sq. ft 3 storied building at Konni village, Konni Taluk, Pathanamthitta District and Fixed Deposit of 551 lakhs. Personal guarantee of Roy M. Mathew; Nizzy Mathew and Mathew Muthoottu Corporate guarantee of Muthoottu Mini Theatres Private Limited and Muthoot Mini Hotels Pvt Limited.	On demand
State Bank of India *Cash credit/Working Capital loan* Sanction letter dated April 29, 2021	5,000.00**	3,635.68	Hypothecation and Pari-passu first charge over Gold loan receivables and other current assets, both present and future except those which are specifically charged to any lenders with a margin of 25%. Equitable mortgage of 32.86 ares 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
Punjab National Bank (erstwhile Oriental Bank of Commerce) *Cash Credit*	5,000.00	4,835.78	Pari passu first charge on Gold Loan receivables and other assets (excluding cash collateral given specifically to each bank) of the Company with minimum asset coverage of 1.33 times of the loan	On demand

Name of the lender, type of facility and details of documentation	Amount sanctioned (in ₹ lakhs)	Amount outstanding as on March 31, 2022 (₹ in lakhs)#	Security	Repayment date/schedule
Sanction letter dated August 23, 2021			amount. Collateral security: Equitable/Registered Mortgage of immovable property multiplex theatre Dhanya & Remya, situated at Survey No. 34, M. C. Road, Kottayam, Kerala FD of ₹ 258 lakhs. Personal guarantee: Nizzy Mathew and Mathew Muthoottu	
IndusInd Bank *Cash Credit and Working Capital Demand Loan* Sanction letter dated April 09, 2021	7,500.00	7,383.90	First pari-passu charge on receivables including gold loan receivables with banks under MBA and non-convertible debenture holders with an asset coverage of at least 1.33 times. 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. 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 ares) and all other things attached thereto comprised in old sy.no.290/3 (re-sy no 170/2-1) of Pandalam Village, AdoorTaluk	On demand
Union Bank of India *Open Cash Credit* Sanction letter dated November 2, 2021	10,000.00	9,686.77	First pari passu floating charge on current assets, book debts, loans and advances and receivables including gold loan receivables with a margin of 25%. Collateral Security of: -EM of land having its improvements and building there in to an extent of 4.05 Ares in survey no 93/1-2 of Tholicode Village, Nedumangadu Taluk, Thiruvananthapuram District, Kerala State in the name of M/s Muthoottu Mini Financiers Ltd -EM of 16.17 Ares (40 cents) of land in Sy. No. 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.	On demand

Name of the lender, type of facility and details of documentation	Amount sanctioned (in ₹ lakhs)	Amount outstanding as on March 31, 2022 (₹ in lakhs)#	Security	Repayment date/schedule
			-Pledge of Deposit no: 012520100083648, 361203230000486 and 361203230000569 in the name of M/s Muthoottu Mini Financiers Ltd. Personal guarantee of Mathew Muthoottu, and Nizzy Mathew and Corporate guarantee of Muthoottu Mini Hotels Pvt Ltd.	
HDFC Bank *Over Draft against Fixed Deposit* Sanction letter dated June 18, 2021	100.00	(6,109.08)^	Primary security of Fixed deposit of ₹ 100 lakhs.	On demand
Karur Vysya Bank *Cash Credit and WCDL* Sanction letter dated December 30,2021	2,500.00	2,467.72	Pari passu first charge over gold loan receivables, both present and future; and other current assets of the company, with other secured lenders except those which are specifically charged to any term lenders with 25% margin.	On demand
Term Loan Sanction letter dated December 30,2021	2,500.00	2,500.00	Equitable Mortgage of – 1. Extent of 24.37 ares (10.12 ares in Sy. 332/8, 10.20 ares in Sy No; 332/8-5, 4.05 ares in Sy.No: 332/8-5) in Kozhencherry Gramapanchayath ward No: VIII, Pazhayatheruvu Junction, Kozhencherry Village, Kozhencherry Taluk, Pathanamthitta District standing in the name of M/s Muthoottu Mini Hotels Private Limited. 2. Extent of 32.79 ares in sy. No: 332/9A in Kozhencherry Grama panchayath Ward No: VIII, Pazhayatheruvu Junction, Kozhencherry Village, Kozhencherry Taluk, Pathanamthitta District standing in the name of M/s Muthoottu Mini Hotels Private Limited. and Lien on Fixed Deposits to the tune of ₹ 468 lakhs (TD No. 1503464000000131) Personal guarantee of Nizzy Mathew and Mathew Muthoottu. Corporate Guarantee of M/s Muthoottu Mini Hotels Pvt Ltd.	Repayable in 57 monthly principal installments with an initial holiday period of 3 months. Door to Door tenor of 5 years. Interest to be serviced as and when debited.
DCB Bank* *Working Capital Demand Loan* Sanction letter dated December	1,500.00	1,500.00	First pari-passu charge on receivables/book debts (pertaining to gold loan book) other than those specifically charged to other lenders covering 125% of loan exposure at	Each tranche of WCDLs to be available for a maximum period of up to 89 days.

Name of the lender, type of facility and details of documentation	Amount sanctioned (in ₹ lakhs)	Amount outstanding as on March 31, 2022 (₹ in lakhs)#	Security	Repayment date/schedule
16,2020			all times. Also, cash margin of 10% to be maintained at all times.	Rollover shall be permitted after a cooling period of 2 days.
State Bank of India *Vehicle Loan (BMW-X5)* Agreement of loan-cum-hypothecation dated September 19, 2019	80.00	49.69	Hypothecation by way of first and exclusive charge on the vehicle for the due payment	Repayable in not exceeding 84 monthly instalments
Canara Bank *Term loan* Sanction letter dated March 31, 2021	10,000.00	6,664.00	Secured by a) first Pari passu charge on gold loan receivables of the company excluding microfinance receivables with 20% margin. b) Collateral - Fixed Deposit of ₹2500 lakhs c) Personal guarantee of Mathew Muthoottu and Nizzy Mathew	35 monthly instalments of ₹278 lakhs and last instalment of ₹270 lakhs. Interest and charges to be paid as and when due at monthly rest.
CSB Bank *Term loan* Sanction letter dated January 22, 2021	3,000.00	2,600.67	Secured by a) first Pari passu charge on all receivables under gold loans (both present and future) of the company with 25% margin. b) Collateral – Land and theatre complex (18.12 ares& building 1303 sq. mtr) in the name of Muthoottu Mini Theatres Pvt Ltd. and FD of 250 lakhs. c.) Personal guarantee of Mathew Muthoottu and Nizzy Mathew d) Corporate guarantee of M/s Muthoottu Mini Hotels Private Limited and M/s Muthoottu Mini Theatres Private Limited.	54 monthly instalments of ₹55.56 lakhs after initial repayment holiday of 6 months. Monthly interest should be serviced separately as and when debited.
HDFC Bank *Working Capital Demand Loan and Cash Credit* Sanction letter dated June 18, 2021	5,100.00	5,114.38	Secured by way of a) First pari passu charge on all current assets of the Co, both current and future including receivables (Gold loan receivables excluding Micro Finance receivables) for working capital limits with 20% margin. b) Collateral security of 25% Cash collateral/Commercial Land and building c) Personal guarantee of Mathew Muthoottu and Nizzy Mathew d) Corporate guarantee of M/s Muthoottu Mini Hotels Private Limited and M/s Muthoottu Mini Theatres Private Limited.	On Demand

Name of the lender, type of facility and details of documentation	Amount sanctioned (in ₹ lakhs)	Amount outstanding as on March 31, 2022 (₹ in lakhs)#	Security	Repayment date/schedule
South Indian Bank *Cash Credit Book Debt and WCDL* Sanction letter dated September 8, 2021	5,000.00	4,888.45	First Pari passu charge along with other secured lenders, by way of hypothecation of current portion of loan receivables of standard assets (other than those secured to term loan lenders) and which are not overdue as per RBI/Regulatory guidelines with 25% margin. Cash collateral- Fixed Deposit of ₹ 12.50 crores Personal guarantee of Mathew Muthoottu and Nizzy Mathew.	On Demand
Bank of Baroda *Term Loan* Sanction letter dated November 3, 2021	3,500.00	3,191.70	First pari-passu charge by way of hypothecation of all chargeable current assets, book debts, loans and advances and receivables including Gold loan receivables of the Company both present and future, along with other lenders including NCD holders. Any underlying/receivables classified as NPA should be replaced/ excluded. Minimum security coverage of 1.33 times to be maintained. Cash collateral of minimum 25% of sanctioned limit in the form of Term Deposit to be kept for the tenure of the loan. Personal guarantee of Mathew Muthoottu and Nizzy Mathew.	Repayable in 35 equal monthly installments of ₹ 1.00 crore each, commencing from 1 month after the date of first disbursement. Interest to be serviced as and when debited.
UCO Bank Working Capital CC Sanction letter dated November 18, 2021	2,000.00	1,407.78	Pari passu first charge over gold loan receivables and standard other current assets, both present and future. The Company to maintain minimum ACR of 1.34 times of outstanding liability. FDR to the tune of 25% of the limit proposed, i.e., for ₹ 5 crores. Personal guarantee of Mathew Muthoottu and Nizzy Mathew.	On Demand
IDBI Bank WCDL and Cash Credit Sanction letter dated December 22, 2021	4,000.00	3,623.36	Pari passu first charge on entire receivables/gold loans and other current assets of the company, both present and future, with other secured lenders and NCD holders with 25% margin. Collateral: 25% of the sanctioned limit as cash margin in the form of FD with IDBI Bank Personal guarantee of Mathew Muthoottu and Nizzy Mathew.	On Demand
Canara Bank Term loan Sanction letter dated February	5,000.00	5,000.00	Secured by a) first Pari passu charge on gold loans receivables of the company excluding microfinance receivables with 20% margin.	35 monthly instalments of ₹139 lakhs and last instalment of ₹135 lakhs.

Name of the lender, type of facility and details of documentation	Amount sanctioned (in ₹ lakhs)	Amount outstanding as on March 31, 2022 (₹ in lakhs)#	Security	Repayment date/schedule
2, 2022			b) Collateral of 25% by way of cash deposits. c) Personal guarantee of Mathew Muthoottu and Nizzy Mathew	Interest and charges to be paid as and when due.
Indian Bank *WCDL* Sanction letter dated March 23,2022 Term Loan Sanction letter dated March 23,2022	1,000.00 5,000.00	1,000.25 5,001.30	Secured by a) first Pari passu charge by way of hypothecation of current assets, loans and advance and book debts including gold loan receivables and excluding microfinance receivables with 20% margin. b) Collateral: exclusive charge on FDR or EM of land and building with RSV of ₹ 15 crores. c) Personal guarantee of Mathew Muthoottu and Nizzy Mathew	On Demand Principle is repayable in 11 quarterly instalments of ₹ 4.55 crores starting at the end of the quarter from the date of first disbursement and interest to be served monthly as and when due.
Punjab & Sind Bank Term loan Sanction letter dated March 22, 2022	2,500.00	2,500.00	Secured by a) first Pari passu charge by way of hypothecation of current assets of the company including book debts, loans and advances and receivables including gold loan receivables both present and future along with other banks with 20% margin. b) Collateral: 25% cash collateral c) Personal guarantee of Mathew Muthoottu and Nizzy Mathew	Principle is repayable in 33 equal monthly instalments of ₹ 0.76 crore each starting from 4th month onwards with a moratorium period of 3 months from date of 1st disbursement and interest to be served as and when due.
Total		**71,601.50**		

 # The above-mentioned amounts are inclusive of the interest component as on that date.
**The said facility is under renewal.*
***₹4,382.58 lakhs is the limit outstanding against the initial sanctioned limit of ₹ 5,000.00 lakhs as per the latest renewal letter dated 29th April, 2021.*
^The negative balance denotes the excess funds lying in the overdraft facility as on 31st March, 2022.

Restrictive Covenants

Many of the 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;

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

Secured Non-Convertible Debentures

The details of the secured non-convertible debentures issued by our Company, outstanding as on March 31,2022 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 ₹ 817.46 lakhs was cumulatively outstanding as on March 31,2022, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Tenure	Redemption Date	Security	Credit Rating
XVIII	June 12, 2019 – November 18, 2019	9.75 to 10.47	817.46	36 months to 60 months	Various	Secured 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.	N.A.

2. **Public issue of secured redeemable non-convertible debentures**

(a) Public Issue 7

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 7,382.00 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-	36 months to 60	9.75 to 10.47	7,382.00	April 24, 2019	April 24, 2022 to April 24, 2024	11,671.79	First ranking pari-passu charges with existing secured	IND-BBB+: Stable

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
convertible debentures	months						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	Outlook

(b) Public Issue 8

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 7,916.17 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/ schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	36 months to 60 months	10.25 to 10.65	7,916.17	September 12, 2019	September 12, 2022 to September 9, 2024	13,203.38	First ranking *pari passu* charges 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	CARE-BBB+: Stable Outlook

(c) Public Issue 9

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 12,771.04 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/ schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	24 months to 85 months	9.75 to 10.50	12,771.04	February18, 2020	February 17, 2022 to March 17, 2027	17,593.14	First ranking paripassu charges 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	CARE-BBB+: Stable Outlook

(d) Public Issue 10

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 16,626.33 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/ schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	480 days to 85 months	9.75 to 10.50	16,626.33	July 02, 2020	July 1, 2022 to July 31, 2027	19,790.67	First ranking *paripassu* charges 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	CARE-BBB+: Stable Outlook

(e) Public Issue 11

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 11,814.95 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/ schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	24 months to 85 months	9.75 to 10.50	11,814.95	September 30, 2020	September 29, 2022 to October 29, 2027	14,970.99	First ranking *paripassu* charges 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	IND-BBB+: Stable Outlook

(g) **Public Issue 12**

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 11,829.75 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/ schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	24 months to 85 months	9.75 to 10.50	11,829.75	November 24, 2020	November 23, 2022 to December 23, 2027	14,253.23	First ranking *paripassu* charges 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	IND-BBB+: Stable Outlook

(h) **Public Issue 13**

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹16,736.97 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	480 days to 66 months	9.25% to 10.71%	16,736.97	February 15, 2021	June 09, 2022 to August 14,2026	16,736.97	First ranking *pari passu* charges 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	IND-BBB+: Stable Outlook

(i) **Public Issue 14**

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 9,650.88 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/ schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	480 days to 50 months	9.00% to 10.22%	9,650.88	May 03, 2021	August 25, 2022 to July 02, 2025	9,650.88	First ranking *paripassu* charges 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	IND-BBB+: Stable Outlook

(j) **Public Issue 15**

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 18,358.31 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/ schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	480 days to 50 months	8.75% to 10.22%	18,358.31	September 09,2021	January 7,2023 to November 15,2025	18,358.31	First ranking *paripassu* charges 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	CARE-BBB+: Stable Outlook

(k) **Public Issue 16**

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 17,086.23 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Date of allotment	Redemption Date/ schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	480 days to 54 months	8.50% to 10.13%	17,086.23	January 03,2022	April 27,2023 to July 2,2026	17,086.23	First ranking *paripassu* charges 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	CARE-BBB+: Stable Outlook

Unsecured Non-Convertible Debentures

The details of the unsecured non-convertible debentures issued by the Company, outstanding as on March 31,2022 is provided below:

1. Public issue of unsecured redeemable non-convertible debentures

a. Public Issue 6

The Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which ₹4,400.75lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Tenure	Redemption Date	Total Issue Size (principal amount) (in ₹ lakhs)	Credit Rating
Unsecured redeemable non-convertible debentures	January 27, 2016	10.50 to 11.25	4,400.75	78 months	July 27, 2022	4,400.75	IND-BBB+: Stable Outlook

b. Public Issue 13

The Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which ₹ 4,907.33 lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Tenure	Redemption Date	Total Issue Size (principal amount) (in ₹ lakhs)	Credit Rating
Unsecured redeemable non-convertible debentures	February 15,2021	10.25% to 10.41%	4,907.33	61 months to 84 months	March 13, 2026 to February 14,2028	4,907.33	IND-BBB+: Stable Outlook

c. Public Issue 14

The Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which 3,754.02lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Tenure	Redemption Date	Total Issue Size (principal amount) (in ₹ lakhs)	Credit Rating
Unsecured redeemable non-convertible debentures	May 03,2021	10.25% to 10.41%	3,754.02	61 months to 84 months	June 02,2026 to May 02,2028	3,754.02	IND-BBB+: Stable Outlook

d. Public Issue 15

The Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which₹5,000.00lakhs was outstanding as on March 31,2022, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Tenure	Redemption Date	Total Issue Size (principal amount) (in ₹ Lakhs)	Credit Rating
Unsecured	September	10.00%	5,000.00	66 months	March	5,000.00	CARE-

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Tenure	Redemption Date	Total Issue Size (principal amount) (in ₹ Lakhs)	Credit Rating
	16,2021	to 10.41%		to 84 months	15,2027 to September 15,2028		BBB+: Stable Outlook

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 ₹ 18,996.46 lakhs as on March 31,2022, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31,2022 (₹ in lakhs)	Tenure	Redemption Date	Total issue size (Principal amount) (in ₹ lakhs)	Credit Rating
Subordinated Debt	January 16 to December 2021	9.5 to 16.67	18,996.46	61 – 84 months	January 2022 to November 2028	18,996.46	N.A.

Commercial Papers

The Company has not issued any commercial papers.

Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible debentures/ Preference Shares) as on March 31,2022

Nil

As on the date of this Prospectus, there has been no default and non-payment of statutory dues, except:

Nil

Details of 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:

Nil

Loan from Directors and Relatives of Directors

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

Inter Corporate Loans

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

Details of Corporate Guarantees

The Company has not extended any Corporate Guarantee.

Servicing behaviour on existing debt securities, payment of interest on due dates on financing facilities or securities

The Company has not defaulted upon or delayed in payment of any interest and/or principal for the existing term loan, the debt securities and other financial indebtedness.

SECTION VI – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of NCDs aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs, on the terms and in the manner set forth herein.

At the meeting of the Board of Directors of our Company held on February 14, 2022, approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount aggregating up to ₹12,500 lakhs with an option to retain oversubscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs.

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	MITCON Credentia Trusteeship Services Limited (Formerly known as MITCON Trusteeship Services 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 charge with the Existing Secured Creditors on all current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company (not including reserves created in accordance with law, receivables of micro finance of the Company, fixed deposits and cash collateral over which exclusive charge is created) equal to the value one 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., ₹9,375 lakhs
Issue	Public issue of secured redeemable NCDs of our Company of face value of ₹1,000 each aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs, on the terms and in the manner set forth herein
Base Issue	₹12,500 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
Description regarding security (where applicable) including type of security (movable/ immovable/ tangible etc.) type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement	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 current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company (not including reserves created in accordance with law, receivables of micro finance of the Company, fixed deposits and cash collateral over which exclusive charge is created) equal to the value one time of the debentures outstanding plus interest accrued thereon.

of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Prospectus	The securities socreated pursuant to the security documents shall be registered with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), Depository or any other institution, as applicable, within 30 days of creation of charge. The tentative date of creation of the security for the NCDs shall be finalised upon execution of the Debenture Trust Deed. For further details on date of creation of Security/likely date of creation of Security, minimum security cover etc, see "*Terms of the Issue – Security*" on page 258. Replacement of security – Our Company shall within such period as may be permitted by the Debenture Trustee, furnish to the Debenture Trustee as additional security, if the Debenture Trustee is of the opinion that during the subsistence of these presents, the security for the NCDs has become inadequate on account of the margin requirement as provided in the financial covenants and conditions and the Debenture Trustee has, accordingly, called upon our Company to furnish such additional security. In such case, our Company shall, at its own costs and expenses, furnish to the Debenture Trustee such additional security, in form and manner satisfactory to the Debenture Trustee, as security for the NCDs and upon creation of such additional security, the same shall vest in the Debenture Trustee subject to all the trusts, provisions and covenants contained in these presents. For further details, please refer to the Debenture Trust Deed. Minimum security cover: Please refer to *"- Security Cover"* below. Interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Prospectus
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 *	**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 ₹2,500 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;

<table>
<tr><td></td><td>

- 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 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 ₹ 5 lakhs*</td></tr>
<tr><td>Credit Rating</td><td><table>
<tr><th>Rating agency</th><th>Instrument</th><th>Rating symbol</th><th>Date of credit rating letter</th><th>Amount rated (₹ in lakhs)</th><th>Rating Definition</th></tr>
<tr><td>CARE Ratings</td><td>Non-convertible debentures</td><td>CARE BBB+; Stable (Triple B Plus; Outlook: Stable)</td><td>March 8, 2022 and revalidation letter dated April 6, 2022</td><td>25,000</td><td>Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.</td></tr>
</table></td></tr>
<tr><td>Issue Size</td><td>Public issue of secured redeemable NCDs of our Company of face value of ₹1,000 each aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs, on the terms and in the manner set forth herein</td></tr>
<tr><td>Pay-in date</td><td>Application Date. The entire Application Amount is payable on Application</td></tr>
<tr><td>Application money</td><td>The entire Application Amount is payable on submitting the Application</td></tr>
<tr><td>Mode of payment</td><td>Please see “Issue Procedure” on page 271.</td></tr>
<tr><td>Record Date</td><td>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 Date</td></tr>
<tr><td>All covenants of the Issue (including side letters, accelerated payment clause, etc.)</td><td>Please refer to the chapter titled “Terms of the Issue” on page 258</td></tr>
<tr><td>Issue Schedule</td><td>The Issue shall be open from April 20, 2022 to May 17 2022 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 this Prospectus.</td></tr>
<tr><td>Objects of the Issue</td><td>Please refer to the chapter titled “Objects of the Issue” on page 50</td></tr>
<tr><td>Put/ Call Option</td><td>None</td></tr>
<tr><td>Details of the utilisation of the proceeds of the Issue</td><td>Please refer to the chapter titled “Objects of the Issue” on page 50</td></tr>
</table>

Coupon rate and redemption premium	Please refer to the chapter titled "*Terms of Issue*" on page 258.
Step up/ Step down coupon rate	Not Applicable
Coupon payment frequency	Please see "*Issue Structure – Terms of NCDs*" on page 255.
Coupon payment dates	Please see "*Issue Structure – Terms of NCDs*" on page 255.
Coupon type (fixed, floating or other structure)	Please see "*Issue Structure – Terms of NCDs*" on page 255.
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	Tuesday, May 17, 2022
Issue Opening Date	Wednesday, April 20, 2022
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Date 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
Tenor	Please see "*Issue Structure – Terms of NCDs*" on page 255.
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 and 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 and Sponsor Bank Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. Refer to section titled "*Material Contracts and Documents for Inspection*" on page 360.
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 the timeline as specified under Regulation 18 of SEBI NCS Regulations. Further, in the event our Company fails to execute the Debenture Trust Deed within a period specified under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed
Events of default (including manner of voting/conditions of joining inter-creditor agreement)	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 261.
Creation of recovery expense fund	The creation of recovery expense fund will be finalised upon the execution of the Debenture Trust Deed in accordance with the applicable provisions of SEBI NCS Regulations and other applicable laws.
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	The conditions for breach of covenants will be finalised upon execution of the Debenture Trust Deed which shall be executed within a period specified under Regulation 18 of SEBI NCS Regulations.
Cross Default	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 261.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled "*Terms of Issue – Debenture Trustees for the NCD Holders*" on page 260.
Risk Factors pertaining to the Issue	Please refer to the chapter titled "*Risk Factors*" on page 17.
Settlement Mode	Please refer to the chapter titled "*Terms of Issue – Payment on Redemption*" on page 268.

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 Kochi

Note:

(a) *The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company ("**Board**") or the Debenture Committee. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper and a regional newspaper in the state of Kerala with wide circulation 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. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

(b) *In terms of Regulation 7 of the SEBI NCS 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 rematerialisation, if the NCDs were originally issued in dematerialized form.*

**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 271.

Terms of NCDs

Tenure	480 Days	24 Months	24 Months	36 Months	48 Months	66 Months
Nature	**Secured**					
Options	**I**	**II**	**III**	**IV**	**V**	**VI**
Frequency of interest Payment	Monthly	Monthly	Cumulative	Cumulative	Monthly	Cumulative
Minimum Application	10 NCDs (₹10,000) (across all options of NCDs)					
In multiples, of	1 NCD after the minimum application					
Face Value of NCDs (₹/NCD)	₹ 1,000					
Issue Price (₹/NCD)	₹ 1,000					
Mode of Interest Payment/ Redemption	Through Various options available					
Coupon rate % Per Annum	8.00%	8.50%	NA	NA	9.50%	NA
Effective Yield % Per Annum	8.30%	8.84%	8.90%	9.25%	9.92%	10.00%
Redemption Amount of ₹ 1000	1,000	1,000	1,186	1,304	1,000	1,689
Coupon Type	Fixed					
Put and Call Option	Not Applicable					
Deemed Date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.					

Interest and Payment of Interest

1. Monthly interest payment options

Interest would be paid monthly under Options I, II 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:

Category of NCD Holder	Rate of Interest (p.a.) for the following tenures		
	Option I	**Option II**	**Option V**
	480 Days	**24 Months**	**48 Months**
All categories (%)	8.00%	8.50%	9.50%

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 on or 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 III, IV and VI of the NCDs shall be redeemed as below:

Category of NCD Holder	Redemption Amount (per NCD)		
	Option III	**Option IV**	**Option VI**
	24 Months	**36 Months**	**66 Months**
All categories (₹)	1,186	1,304	1,689

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI Operational Circular.

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 266.

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 271**.**

TERMS OF THE ISSUE

Authority for the Issue

At the meeting of the Board of Directors of our Company held on February 14, 2022, approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount of ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs.

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 NCS Regulations, the 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

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 ranking pari passu charge with the Existing Secured Creditors on all current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company (not including reserves created in accordance with law, receivables of micro finance of the Company, fixed deposits and cash collateral over which exclusive charge is created) equal to the value one time of the debentures outstanding plus interest accrued thereon.

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 current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company (not including reserves created in accordance with law, receivables of micro finance of the Company, fixed deposits and cash collateral over which exclusive charge is created) equal to the value one time of the debentures 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.

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.

Further, in the event our Company fails to execute the Debenture Trust Deed within a period as specified under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. to each Secured NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed.

Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI NCS 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) Amendment Rules, 2019, listed NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue 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 issued through public issue, maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company 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 issued through public issue, 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. 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.

Recovery Expense Fund

Pursuant to the SEBI circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020, the creation of the recovery expense fund shall be in accordance with the aforementioned circular, as may be amended from time to time.

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 NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided under the Companies Act, 2013, our Memorandum of Association and Articles of Association and/or the Debenture Trust Deed, confer upon the NCD 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 NCD 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 NCD Holders. In terms of Section 136 of the Companies Act, 2013, the NCD Holders 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 NCD 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 NCD 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 NCD 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 NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by them.

4. The NCDs are subject to the provisions of the SEBI NCS Regulations, the applicable provisions of Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Abridged 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. For the NCDs issued in dematerialized form, the Depositories shall also maintain updated records of holders of the NCDs in dematerialized Form. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. 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 NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD Holders.

6. Subject to compliance with appliable statutory requirements, the 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 15 days' prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the NCDs of all the NCD Holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of this Prospectus and the Debenture Trust Deed.

Debenture Trustees for the NCD Holders

We have appointed MITCON Credentia Trusteeship Services Limited (Formerly known as MITCON Trusteeship Services Limited) to act as the Debenture Trustees for the NCD Holders in terms of Regulation 8 of the SEBI NCS 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 NCD 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 NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the Debenture Holder(s).

The Debenture Trustee will protect the interest of the NCD 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. It is it the duty of the debenture trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Our Company shall not create any further encumbrances on the Security except with the prior approval of the Debenture Trustee. In the event of such request by our Company, the Debenture Trustee shall provide its approval for creation of further charges provided that our Company provides a certificate from a chartered accountant stating that after creation of such further charges, the required Security cover is maintained.

At any time before the Security constituted hereunder becomes enforceable, the Debenture Trustee, may, at the request of our Company and without any consent of the NCD Holders, do or concur our Company in doing all or any of the things which our Company might have done in respect of the Security as if no security had been created and particularly, but not by way of limitation, the following assent to any modification of any contracts or arrangements which may be subsisting in relation to the Security.

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 271.

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 Kochi, 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 (including Applications made by UPI Investors under the UPI Mechanism).

In terms of Regulation 7 of the SEBI NCS 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 rematerialize 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 NCS 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 271.

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 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. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act/ the relevant provisions of the Companies Act applicable as on the date of this Prospectus shall apply, mutatis mutandis (to the extent applicable) to the NCD(s) as well.

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 Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of the Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of Debenture Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased Debenture Holder. He shall approach the respective Depository Participant of the Debenture Holder for this purpose and submit necessary documents as required by the Depository Participant.

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 national daily newspaper and a regional newspaper in the state of Kerala, with wide circulation.

Issue Programme

ISSUE OPENING DATE	**WEDNESDAY, APRIL 20, 2022**
ISSUE CLOSING DATE	**TUESDAY, MAY 17, 2022***

*# The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company ("**Board**") or the Debenture Committee. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper and a regional daily newspaper in the state of Kerala, with wide circulation 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. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

*Application (including Application under the UPI Mechanism) 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 Designated Intermediaries at the bidding centre and by the SCSBs directly at the 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. Additionally, an Investor may also submit the Application Form through the app or web interface of 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, 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.

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 266.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 working (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, 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 Operational Circular.

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 Operational Circular shall be disclosed in this Prospectus.

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 Option I, 24 months from the Deemed Date of Allotment for Option II and III, 36 months from the Deemed Date of Allotment for Option IV, 48 months from the Deemed Date of Allotment for Option V, and 66 months from the Deemed Date of Allotment for Option 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 Options 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 options 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 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 263.

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) working 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 268.

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) working days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 (seven) working 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, provided stipulated security cover is maintained on the NCDs and after obtaining the consent of, or intimation to, the NCD Holders or the Debenture Trustee regarding the creation of a charge over such security.

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 ₹10 lakhs 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 ₹10 lakhs 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 ₹50 lakhs 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. ₹9,375 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. ₹ 9,375 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 V of SEBI NCS Regulations in compliance with the Regulation 30 of SEBI NCS 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 April 5, 2022. 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 option, such option(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 NCS Regulations. Our Board shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in the Company's financial statements for the relevant financial year commencing from financial year 2021-22, the utilisation of the 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

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 SEBI Operational Circular, 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. Further, pursuant to the SEBI Operational Circular, SEBI has introduced the UPI Mechanism as a payment mechanism for the Issue, wherein a UPI Investor, may submit the Application Form with a SCSB or a Designated Intermediary or through the app/web based interface platform of the Stock Exchange and use their bank account linked UPI ID for the purpose of blocking of funds, if the Application being made is for a value of ₹2 lakhs or less. The UPI Mechanism is applicable for public issue of debt securities which open for subscription on or after January 1, 2021. Accordingly, payment through the UPI Mechanism shall be available for the Issue. SEBI, vide the SEBI Operational Circular has also introduced an additional mode for application in public issues of debt securities through an online (app/web) interface to be provided by the stock exchanges. In this regard, SEBI has also stipulated that the stock exchanges formulate and disclose the operational procedure for applying through the app/web based interface developed by them for making applications in public issues through the stock exchange's website. Since, BSE is the Designated Stock Exchange for the Issue, BSE's online platform BSE Direct, shall be available to UPI Investors to make an application under the UPI Mechanism, in accordance with the operational procedures notified by BSE vide notifications dated December 28, 2020.

Applicants should note that they may submit their Application Forms (including in cases where Applications are being made under the UPI mechanism) 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 or (iii) through BSE Direct, the app and/or web based interface/platform of the Stock Exchange, as applicable. For further information, please see "Issue Procedure - *Submission of Completed Application Forms" on page* 289.

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 requirements notified by the SEBI Operational Circular and the notifications issued by BSE, in relation to the UPI Mechanism.

Further, our Company, the Lead Manager and the Members of the Syndicate do not accept any responsibility for any adverse occurrence consequent to the implementation of the UPI Mechanism for application in the Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBS AND OUR 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 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, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. 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 Saturday, Sundays and bank holidays in Mumbai, as per the SEBI NCS Regulations.

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 Member;
(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 this Prospectus and the Draft 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.

UPI Investors making an Application upto ₹2 lakhs, using the UPI Mechanism, must provide the UPI ID in the relevant space provided in the Application Form. Application Forms that do not contain the UPI ID are liable to be rejected. UPI Investors applying using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

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 ₹2,500 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 ₹5 lakhs.*
 # applications upto a value of ₹2 lakhs can be made under the UPI Mechanism.

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, Client ID and where applicable the UPI 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 "Issue Procedure- *Rejection of Applications*" on page 291 for information on rejection of Applications.

Method of Application

In terms of the SEBI Operational Circular, 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 SEBI Operational 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 SEBI Operational Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the SEBI Operational Circular and the Direct Online Application Mechanism infrastructure for the implementation of the SEBI Operational Circular and the Direct Online Application Mechanism. Further, SEBI vide the SEBI Operational Circular has directed the stock exchanges in India to formulate and disclose the operational procedure for making an application through the app/web based interface developed by them in order for investors to apply in public issue on their websites.

All Applicants shall mandatorily apply in the Issue either through:

1. the ASBA process (including UPI Investors). Applicants intending to subscribe in the Issue shall submit a duly filled Application Form to any of the Designated Intermediaries; or

2. UPI Investors having a valid UPI ID, through the app/web based interface platform of the Stock Exchange (BSE Direct) wherein the application would automatically be uploaded onto the Stock Exchange's bidding platform and the amount will be blocked using the UPI Mechanism.

Additionally, certain SEBI registered UPI handles which can be accessed at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40may also be used for making an Application through the UPI Mechanism.

Application process through physical Application Form

Applicants opting for the physical mode of Application process, should submit the Application Form (including for Applications under the UPI Mechanism) 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 on SEBI's website *for Applications under the UPI Mechanism* at https://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of Application Forms from ASBA Applicants (including for Applications under the UPI Mechanism), shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit the Application Forms (except Application Forms submitted by UPI Investors under the UPI Mechanism) 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, with the SCSB and 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. For Applicants submitting the physical application Form who wish to block the funds in their respective UPI linked bank account through the UPI Mechanism, post uploading of the details of the Application Forms into the online platform of the Stock Exchange, the Stock Exchange shall share the Application details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such UPI Investors for blocking of funds.

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 (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

APPLICATION PROCESS THROUGH APP/WEB BASED INTERFACE OF THE STOCK EXCHANGE – *BSE DIRECT*

SEBI, *vide* the SEBI Operational Circular, has introduced an additional mode for application in the Issue through online (app / web) interface/platform of the Stock Exchange. In furtherance to the same, the Stock Exchange has extended the facility of '**BSE Direct**', which is a web based and a mobile app based platform for making an Application in the Issue where the funds can be blocked through the UPI Mechanism. BSE Direct platform can be accessed at **https://www.bsedirect.com** and can be accessed through the mobile app available (for android phone users only) on the Google Playstore.

Please note that Applications in the Issue, through the 'BSE Direct' platform, can only be made by UPI Investors, i.e., Applicants who make an Application in the Issue for an amount upto ₹2 lakhs only.

BSE Limited, the Designated Stock Exchange, has vide notifications dated December 28, 2020, notified the detailed operational procedure for making an Application, under the UPI Mechanism, using BSE Direct. The detailed operational instructions and guidelines issued by the Stock Exchange can be accessed on the Stock Exchange's website at www.bseindia.com.

Operational Instructions and Guidelines

Certain relevant operational instructions and guidelines, for using BSE Direct to make an Application in the Issue, are listed below:

a. **General Instructions –**

i. Applicants are required to preregister themselves with BSE Direct. For the detailed process of registration and Applications under the BSE Direct Platform, see "*Issue Procedure- Process of Registration and Application on BSE Direct Platform/Mobile App*" on page 277.

ii. Applicants can access BSE Direct platform via internet at https://www.bsedirect.com or through the mobile app (on android phones only) called BSE Direct which can be downloaded from the Google Playstore.

iii. The Stock Exchange shall make this Prospectus and Issue related details available on its website under the 'Forthcoming Issues' a day prior to the Issue Opening Date and the details of the Issue shall also be made available on the issue page of BSE Direct.

iv. The BSE Direct platform, offers a facility of making a direct application through the web based platform or the mobile app with a facility to block funds upto ₹2 lakhs through the UPI Mechanism.

v. The mode of allotment for Applications made through the BSE Direct platform, shall mandatorily be in dematerialised form only.

b. **Order Entry Parameters –**

Pursuant to the SEBI Operational Circular and other relevant SEBI circulars, the following operating parameters shall be made available for making an Application in the Debt IPO Segment. Applicants are requested to note the following general instructions:

i. The Issue symbol will remain same across all series/options;

ii. Applicants can enter order for a single Application having different series within one order entry screen;

iii. Before submission of the Application, the Applicant should have created an UPI ID with a maximum length of 45 characters including the handle (example: investorId@bankname)

Applicants can only submit an Application with the UPI Mechanism as the payment mode. The Applications which are successfully accepted will be allotted a bid id or order no.

c. **Modification and cancellation of orders**

i. An Applicant shall not be allowed to add or modify the Application except for modification of either DP ID/Client ID, or PAN but not both.

ii. The Applicant can withdraw the bid(s) submitted under a single Application and reapply.

iii. The part cancellation of bid in a single Application will not be permitted.

For details of the process post the Application details being entered into the bidding platform of the Stock Exchange, see "*Issue Procedure- Submission of Applications – for Applications under the UPI Mechanism*" on page 282.

d. **Re-initiation of Bids**

i. If the Applicant has not received the UPI Mandate vide an SMS or on the mobile app, associated with the UPI ID linked bank account, they will have the option to re-initiate the bid which is pending for confirmation.

ii. The facility of re-initiation/ resending the UPI Mandate shall be available only till 5 pm on the day of bidding.

iii. The Designated Intermediaries shall be permitted to use the re-initiation of Application option only once.

e. **Acceptance of the UPI Mandate**

i. An Applicant will be required to accept the UPI Mandate by 5:00 pm on the third Working Day from the day of bidding on the Stock Exchange platform except for the last day of the Issue Period or any other modified closure date of the Issue Period in which case, they shall be required to accept the UPI Mandate by 5:00 pm of the next Working Day. As the Company reserves the right to close the issue prior to the Issue Closing Date, hence is advisable that the Applicants should accept the UPI mandate by 5:00 pm on the Working Day subsequent to date of submission of the Application on BSE Direct.

ii. The transaction will be treated completed only after the UPI Mandate is accepted by the Applicant and the transaction is authorised by entering of their respective UPI PIN and successful blocking of fund through ASBA process by the Applicant's bank.

iii. If the Applicant fails to accept the mandate within stipulated timelines, their Application will not be considered for allocation.

iv. Applicants are required to check the status of their Applications with regards to the UPI Mandate acceptance and blocking of fund in the UPI Report for completion of the transaction.

v. Please note that the display of status of acceptance of the UPI Mandate/fund blocking shall be solely based on the data received from the Sponsor Bank.

f. **Order book and T+1 Modification**

i. The order book will be available in the Debt module of the Stock Exchange in real time basis.

ii. An Applicant shall be allowed to modify selected fields such as their DP ID/Client ID or PAN (Either DP ID/Client ID or PAN can be modified but not both) on T+1 day for a validated bid.

g. **Applicant's responsibilities**

i. Applicants shall check the Issue details before making an Application.

ii. Applicants shall only be able to make an Application for an amount upto ₹2 lakhs.

iii. Applicants shall have only UPI as the payment mechanism with ASBA.

iv. Applicants must check and understand the UPI Mandate acceptance and the fund blocking process before making an Application.

v. The receipt of SMS for UPI Mandate acceptance depends upon the system response/ integration of UPI on the Debt Public Issue System.

vi. Applicants must check their respective mobiles for an SMS or the mobile app, associated with the UPI ID linked bank account, for receipt of the UPI Mandate.

vii. Applicants must accept the UPI Mandate request within stipulated timelines.

viii. Applicants must note that the transaction will be treated completed only after the UPI Mandate is accepted by the Applicant and the transaction is authorised by entering of their respective UPI PIN and successful blocking of fund through ASBA process by the Applicant's bank.

vi. If the Applicant fails to accept the mandate within stipulated timelines, their Application will not be considered for allocation.

vii. Applicants are required to check the status of their Applications with regards to the UPI Mandate acceptance and blocking of fund in the UPI Report for completion of the transaction.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager, the Registrar to the Issue or the Stock Exchange shall not be liable or responsible in the event an Applicant fails to receive the UPI Mandate acceptance request on their mobile or they fail to accept the UPI Mandate within the stipulated time period or due to any technical/other reasons.

Process of Registration and Application on BSE Direct Platform/Mobile App

a. **Process of Registration for Investor**

i. To make an Application on the BSE Direct platform/ mobile app an Applicant is required to register themselves with the platform/mobile app.
ii. At the time of registration, the Applicant shall be required to select the option of "New Registration Without Broker" and enter their respective PAN along with details of their demat account (i.e., DP ID and Client ID) and UPI ID.
iii. The Stock Exchange shall verify the PAN and demat account details entered by the Applicant with the Depository, within one Working Day.
iv. The Applicant shall be required to accept the terms and conditions and also enter the correct 'One Time Password' ("**OTP**") sent on their respective mobile phones and email IDs to complete the registration process.
v. Upon the successful OTP confirmation, the Applicant's registration request shall be accepted, and a reference number shall be provided to them for checking their registration status.
vi. At the time of demat account verification, the Stock Exchange shall also validate Applicant's client type (investor category) present in demat account.
vii. An Applicant's registration shall be rejected if an incorrect investor category and/or demat account details have been entered.
viii. Post the verification of the demat account, the Stock Exchange shall activate the Applicant's profile for making an Application and also provide a user ID (which is PAN) and password for login onto the BSE Direct platform.
ix. An Applicant shall be able to view their respective details including their demat account, by accessing the tab 'My Profile'.
x. To modify their details, an Applicant must login to the BSE Direct portal and click on 'My profile'.
xi. The Stock Exchange shall revalidate the modified details with Depository.
xii. No modification request shall be accepted during the Issue Period if the Applicant has made an Application in the Issue.
xiii. To re-generate a new password, the Applicant can use the 'Forget Password' option.
xiv. Existing investors who are already registered for "Gsec AND T-Bills investment", can also use the facility for applying in the Issue by using the UPI Mechanism for blocking of funds for Applications with a value upto ₹2 lakhs.

b. **Process to place Bid via BSE Direct platform/ mobile app**

i. The Issue, during the Issue Period, shall be opened for subscription and will be available for making an Application through the BSE Direct platform/ mobile app.
ii. Upon successful login, an Applicant can select the Issue to make an Application.
iii. The details of PAN and DP ID and Client ID will be populated based on the registration done by the Applicant.
iv. Before submission of the Application, an Applicant would be required to create a UPI ID with a maximum

length of 45 characters including the handle (Example: investorId@bankname)

v. An Applicant shall be required to enter a valid UPI ID, in the UPI ID field.

vi. An Applicant must select the series/option along with number of NCDs being applied for in the Issue.

vii. Applicants must check the Issue details before making an Application.

viii. Applicant will only be able to make an Application for an amount of upto ₹2 lakhs.

ix. Applicants shall only have UPI as a payment mechanism with ASBA.

x. Applicants must check and understand the UPI Mandate acceptance and blocking of fund process before making an Application.

For details of the blocking process post the Application details being entered into the bidding platform of the Stock Exchange, see "- *Submission of Applications for Applications under the UPI Mechanism*" on page 282.

c. **SMS from the Exchange**

i. Post completion of the blocking process, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application at the end of day, during the Issue Period and for the last day of the Issue Period, the SMS shall be sent the next Working Day.

d. **Modification and Cancellation of Orders**

i. An Applicant shall not be allowed to add or modify the bid(s) of the Application except for modification of either DP ID/Client ID, or PAN but not both.

ii. An Applicant can withdraw the bid(s) submitted under a single Application and reapply. However, part cancellation of bid in a single Application is not permitted.

e. **Re-initiation of Bid**

i. If the Applicant has not received the UPI Mandate vide an SMS or on the mobile app, associated with the UPI ID linked bank account, they will have the option to re-initiate the bid which is pending for confirmation, after the lapse of reasonable time.

ii. The Designated Intermediaries shall be permitted to use the re-initiation of Application option only once.

For details of the process of the UPI Mandate acceptance, see "- *Operational Instructions and Guidelines – Acceptance of the UPI Mandate*" on page 276.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager, the Registrar to the Issue or the Stock Exchange shall not be liable or responsible in the event an Applicant fails to receive the UPI Mandate acceptance request on their mobile or they fail to accept the UPI Mandate within the stipulated time period or due to any technical/other reasons. Sine the process of making an Application through BSE Direct is based on notifications issued by the Stock Exchange, Applicants are requested to check the website of the Stock Exchange for any further notifications by the Stock Exchange amending, supplementing, updating or revising the process of Applications through BSE Direct.

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 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 is 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 (including Applications under the UPI Mechanism) 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 or failure to block the Application Amount under the UPI Mechanism. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

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 SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

    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).

(c) A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is upto ₹2 lakhs, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

(d) A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

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. Post which:

(i) ***for Applications other than under the UPI Mechanism*** – 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 Application Form is liable to be rejected. If sufficient funds are 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.

(ii) ***for Applications under the UPI Mechanism*** – once the Application details have been entered in the bidding platform through Designated Intermediaries or BSE Direct, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. Post uploading of the Application details on the Stock Exchange's platform, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with the Applicants UPI ID, with the Sponsor Bank appointed by our Company. The Sponsor Bank shall then initiate a UPI Mandate Request on the Applicant. The request raised by the Sponsor Bank, would be electronically received by the Applicant as an SMS or on the mobile app, associated with the UPI ID linked bank account. The Applicant shall then be required to authorise the UPI Mandate Request. Upon successful validation of block request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account. The status of block request would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the Designated Intermediary.

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 43]. 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;

- It shall be mandatory for subscribers to the Issue to furnish their PAN and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction;

- 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 option or across different option;

- 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;

- 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;

- All Applicants are required to 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;

- 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;

- All Applicants are required to check if they are eligible to apply as per the terms of this Prospectus and applicable law, rules, regulations, guidelines and approvals;

- 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;

- 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;

- 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; and

- In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchange, the Applicants should ensure that they have first withdrawn their original Application and submit a fresh Application.

The option, 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, Client ID and UPI ID (wherever applicable) 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, PAN and UPI ID (wherever applicable) mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID, PAN and UPI ID (wherever applicable) 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, Sponsor 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 parameters, namely, DP ID, Client ID, PAN and UPI ID (wherever applicable) 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 option 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 Application. For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e., Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

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, rules, regulations, guidelines and approvals.

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, Client ID, PAN and UPI ID (wherever applicable) are correct and the depository account is active as Allotment of the Equity Shares will be in dematerialized form only. The requirement for providing Depository Participant details is mandatory for all Applicants.

5. Ensure that you have mentioned the correct ASBA Account number (for all Applicants other than UPI Investors applying using the UPI Mechanism) in the Application Form. Further, UPI Investors using the UPI Mechanism must also mention their UPI ID.

6. UPI Investors applying using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking, is certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries.

7. UPI Investors applying using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected.

8. Ensure that the Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) in case the Applicant is not the ASBA account holder. Applicants (except UPI Investors making an Application using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Application Form. UPI Investors applying using the UPI Mechanism should ensure that they have mentioned the correct UPI- linked bank account number and their correct UPI ID in the Application Form.

9. 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.

10. UPI Investors making an Application using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to Application Amount and subsequent debit of funds in case of Allotment, in a timely manner.

11. UPI Investors making an Application using the UPI Mechanism shall ensure that details of the Application are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using their UPI PIN. Upon the authorization of the mandate using their UPI PIN, the UPI Investor may be deemed to have verified the attachment containing the application details of the UPI Investor making and Application using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Application Amount and authorized the Sponsor Bank to issue a request to block the Application Amount mentioned in the ASBA Form in their ASBA Account.

12. UPI Investors making an Application using the UPI Mechanism should mention valid UPI ID of only the Applicants (in case of single account) and of the first Applicant (in case of joint account) in the ASBA Form.

13. UPI Investors making an Application using the UPI Mechanism, who have revised their Application subsequent to

making the initial Application, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Application Amount in their account and in case of Allotment in a timely manner.

14. 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.

15. 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.

16. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.

17. 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.

18. 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.

19. 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 43.

20. **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.

21. 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.

22. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.

23. Choose and mark the option 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, PAN and UPI ID (wherever applicable) 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 or in the case of UPI Investors making and Application using the UPI Mechanism, in the UPI-linked bank account where funds for making the Application are available.

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 link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Investors using the UPI Mechanism.

19. Do not submit more than five Application Forms per ASBA Account.

Please also see "- *Operational Instructions and Guidelines – Applicant's Responsibilities*" on page 276.

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 291 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).

For Applications other than those under the UPI Mechanism, 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. For Applications under the UPI Mechanism, i.e., upto ₹2 lakhs, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. The blocking of funds in such case (not exceeding ₹2 lakhs) shall happen under the UPI Mechanism.

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 or the Sponsor Bank (as the case maybe) 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.

For Applications submitted under the UPI Mechanism, post the successful validation of the UPI Mandate Request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application. 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.

A UPI Investor applying through the UPI Mechanism should ensure that, they check the relevant SMS generated for the UPI Mandate Request and all other steps required for successful blocking of funds in the UPI linked bank account, which includes accepting the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the Stock Exchange (except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day), have been completed.

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 or the Sponsor Bank (in case of Applications under the UPI Mechanism) on the basis of the instructions issued in this regard by the Registrar to the respective SCSB or the Sponsor Bank, 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 physical Application Form, (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 electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.
Applications under the UPI Mechanism	(i) Through the Designated Intermediary, physically or electronically, as applicable; or (ii) Through BSE Direct.

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 (including those under the UPI Mechanism) using the on-line facilities of the Stock Exchange. **The Members of Syndicate, our Company and the Registrar to the Issue or the Lead Manager is 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, (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (vi) any Application made under the UPI Mechanism, accepted or uploaded or failed to be uploaded by a Designated Intermediary or through the app/web based interface of the Stock Exchange and the corresponding failure for blocking of funds under the UPI Mechanism.**

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 option, 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 43.

(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
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option 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
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option 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 or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock 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 Committee thereof, reserves its 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 by persons prohibited from buying, selling or dealing in securities, directly or indirectly, by SEBI or any other regulatory authority;

(c) 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;

(d) Applications not being signed by the sole/joint Applicant(s);

(e) Investor Category in the Application Form not being ticked;

(f) 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;

(g) Applications where a registered address in India is not provided for the non-Individual Applicants;

(h) 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);

(i) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

(j) 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;

(k) DP ID, Client ID or UPI ID (wherever applicable) not mentioned in the Application Form;

(l) GIR number furnished instead of PAN;

(m) Applications by OCBs;

(n) Applications for an amount below the minimum Application size;

(o) Submission of more than five ASBA Forms per ASBA Account;

(p) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

(q) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;

(r) Applications accompanied by stockinvest/ cheque/ money order/ postal order/ cash;

(s) 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);

(t) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;

(u) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;

(v) 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;

(w) 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;

(x) ASBA Applications not having details of the ASBA Account or the UPI-linked Account to be blocked;

(y) In case no corresponding record is available with the Depositories that matches the parameters namely, DP ID, Client ID, UPI ID and PAN;

(z) 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;

(aa) 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;

(bb) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

(cc) Authorization to the SCSB for blocking funds in the ASBA Account not provided;

(dd) Applications by any person outside India;

(ee) Applications not uploaded on the online platform of the Stock Exchange;

(ff) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;

(gg) 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;

(hh) 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;

(ii) Applications providing an inoperative demat account number;

(jj) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;

(kk) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);

(ll) Investor category not ticked;

(mm) 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;

(nn) A UPI Investor applying through the UPI Mechanism, not having accepted the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the stock exchange except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day; and

(oo) A non-UPI Investor making an Application under the UPI Mechanism, i.e., an Application for an amount more than ₹2 lakhs.

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, UPI ID (where applicable) 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 or treat 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 ₹12,500 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), 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:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and 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 first-come 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 into 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 10 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 first-come 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 ₹25,000 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, II and I;

(ii) followed by payment on cumulative options in decreasing order of tenor i.e., Options VI, IV and III.

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: V, II, I, VI, IV and III.

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.

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 or the Sponsor Bank (for Applications under the UPI Mechanism), as applicable, to unblock the funds in the relevant ASBA Account/UPI linked bank 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 or the UPI linked bank accounts (for Applications under the UPI Mechanism) 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

Applicants can withdraw their Applications until the Issue Closing Date. In case an Applicant 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.

In case of Applications (other than under the UPI Mechanism) 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 unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications (other than under the UPI Mechanism) 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

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of the Basis of Allotment.

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. For Applications made under the UPI Mechanism, an Applicant shall not be allowed to add or modify the details of the Application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the Applicant may withdraw the Application and reapply.

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 in connection with any of the fields which are not allowed to be modified on the electronic 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. Please also see, "*Issue Procedure - Operational Instructions and Guidelines – Modification and cancellation of orders*" on page 275.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripa5rtite 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, 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, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), 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.

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

Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including SEBI nor does

SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of investors is invited to the statement of '*Risk factors*' on page 17.

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, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The issuer has no side letter with any debt securities holder except the one(s) disclosed in the offer document/offer document. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed."

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. Further, as per Regulation 18 of SEBI NCS Regulations, in the event our Company fails to execute the Debenture Trust Deed within a period specified under the said Regulation, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed;

(f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust as stated in this Prospectus and the Draft Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e., ₹ 9,375 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; and

(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.

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;

(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; and

(i) The allotment of NCDs will be done on a first come, first serve basis. On the successful allotment of the NCDs, the issue proceeds will be released to the issuer to use in pursuance of the objects specified in this Prospectus.

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 June 25, 2021, 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 tax as per our last audited financial statements, i.e., for Fiscal 2021, 5% of our Company's net profit after tax amounts to ₹159.55 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 which may affect the issue or the investor's decision to invest/continue to invest in the debt securities, 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 three 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 three years immediately preceding the year of this Prospectus; (vi) prosecutions filed (whether pending or completed), fines imposed or compounding of offences done in the three years immediately preceding the year of this Prospectus; and (vii) material frauds committed against our Company in the last three 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 trademark '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. An Affidavit was filed by the Plaintiff on December 3, 2015 impleading additional parties to the matter. Thereafter, Mathew Muthootu, our Managing Director, filed a written statement on May 28, 2019 categorically raising objections in relation to the Suit, inter alia, claiming that the proceedings challenging the validity of the trademark are pending before the relevant authority and therefore the Suit should be stayed and further substantiating the arguments advanced by the Defendants. The matter is currently pending and scheduled for hearing dated May 21, 2022.

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.

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 partition of the Property. The matter is currently pending before the Court and scheduled for hearing dated July 29, 2022.

4. An application under Section 9 of the Arbitration and Conciliation Act, 1956 dated June 13, 2016 was filed before the District Court at Ernakulum by Logical Developers Private Limited and others and Amardeep Buildcon Private Limited (the **"Petitioners"**) against our Company. The Petitioners claimed that in furtherance of a memorandum of association dated March 8, 2007, the sale deed dated May 3, 2007 ("**Sale Deed**"), and that there was deliberate cheating by total misrepresentation of the conveyances mentioned in the Sale Deed for an amount of ₹218.33 lakhs. The Petitioners alleged that the Respondents were fully aware of the fact that they have title only over half share of the property conveyed, since they had purchased only half of the share in the said property and paid consideration for that half. Further, an arbitration petition ("**Petition**") under Section 11(6) of the Arbitration and Conciliation Act, 1956 was filed by Logical Developers Private Limited and Amardeep Buildcon Private Limited, before the Kerala High Court ("**Court**") on September 13, 2018 to appoint an arbitrator, as per the memorandum of understanding entered into between the Petitioners and Company, to resolve the dispute which had arisen on the Sale Deed. A counter affidavit was filed by our Company before the Court. However, the Court *vide* its order dated March 11, 2020 disposed of the Petition by appointing an arbitrator. A claim for ₹2,217.23 lakhs was made before the arbitrator the Petitioners. The matter is currently pending and posted for hearing dated May 10, 2022.

5. J. H. Prasanna Kumar (Complainant) filed a consumer complaint CC 1046/2020 against our Company (Opposite Party) before the Consumer Disputes Redressal Commission, Bangalore for waiver of interest in the loan amount during the lockdown period amounting to ₹1,67,228. The Complainant claims that the Government had given moratorium benefit during the lockdown and therefore the interest amount for the gold loan from the month of May 2020 should be waived off. The matter is currently pending and is scheduled for hearing dated May 4, 2022.

Regulatory Actions involving our Company

Our Company received a letter dated April 29, 2021 from the RoC ("**Letter**"), in relation to an inspection proposed to be conducted under Section 206(5) of the Companies Act ("**Inspection**"). In this regard the Central Government has appointed the RoC, along with Deputy Official Liquidator, Kerala and the Regional Director, Ministry of Corporate Affairs (SR), Chennai as inspector to carry out the proposed Inspection ("**Inspector**"). The Inspector vide Letter has sought certain information and documents, inter alia Audited Financial Statements for last five years, Memorandum of Association, Articles of Association, and shareholding pattern from our Company. Our Company, vide its letter dated May 14, 2021, has submitted that owing to State-wide lockdown effective from May 8, 2021 to May 16, 2021 and the travel restrictions imposed by the Kerala Government to contain COVID 19, the Company was unable to physically submit the information and documents required. Further, our Company vide its letter dated June 11, 2021 has submitted all the documents and certain information mentioned in the Letter. The Company further received letter dated September 23, 2021 from RoC, proposing visit of the inspecting officer who visited the Company on October 6, 2021. The inspecting officer perused records and also took extracts of minutes and other ROC filed documents. The matter is currently pending.

Tax Proceedings involving our Company

Nature of case	Number of cases outstanding	Amount involved (in ₹ lakhs)
Direct Tax	10	2,128.79
Total	10	2,128.79

Economic Offences

Nil

By our Company

Civil cases

1. Writ Petition (WPC.18628 of 2021) filed by the company under Article 226 of Constitution of India challenging Notification/ Circular bearing No. DOR No.CRE.REC.35/21.04.048/2021-22 dated 04.08.2021 issued by the Reserve Bank of India. The above mentioned circular inter alia prohibits the banks from opening current accounts for customers who have availed credit facilities in the form of Cash Credit(CC)/ Over Draft (OD) from banking systems and directs all transactions to be routed through CC/OD Accounts. Aggrieved by the said circular, the company has filed this Writ Petition inter alia to challenge its constitutionality, to quash the same and to request the hon'ble High Court to pass a direction permitting the Respondent Banks in the Writ Petition to not interfere with the operations of current accounts maintained in their branches. Through this Writ Petition, Company had also sought an interim relief from the High Court for a direction to Respondent Banks to permit the company to operate its current accounts in their respective branches and further to stay operation of the circular dated 04.08.2021 issued by RBI. High Court vide its order dated 13.09.2021 has granted interim relief to the Company by giving an interim direction to the Respondent Banks to permit the company to operate its current account in respective branches till 31.10.2021. Subsequently on 03.01.2022, Hon'ble High Court of Kerala was pleased to extend the interim order is extended until further orders. 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 was transferred to a Negotiable Instruments Court, Ernakulam and is currently pending before the Court and scheduled for hearing dated April 22, 2022.

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 ₹188.32 lakhs These matters were transferred to a Special's Court and 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

Nil

(e) ***Litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoters during the last three 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 three 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 three 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 three 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 three years immediately preceding the year of this Prospectus:

SEBI had issued a show cause notice to our Company dated December 12, 2019 ("**SCN**"), under Rule 4(1) of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, for the alleged issuance of a misleading advertisement on our website, in relation to the public issue of secured, redeemable non-convertible debentures aggregating to ₹10,000 lakhs with an option to retain oversubscription upto ₹10,000 lakhs ("**NCD Issue**"). SEBI in the SCN has alleged violation by our Company of Regulation 8 of the SEBI NCS Regulations. SEBI had sought response to the SCN supported by documentary evidence within 15 days from the date of the receipt of SCN (i.e., December 18, 2019). Our Company submitted its response to SEBI on January 16, 2020. The Adjudicating Officer of SEBI through its order dated February 26, 2020 imposed a penalty of ₹10 lakhs under section 15HB of the SEBI Act for the violation of Regulation 8 of the SEBI NCS Regulations. Our Company subsequently paid the penalty on March 16, 2020.

(g) ***Details of acts of material frauds committed against our Company in the last three Fiscals, 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 three Fiscals:

Sl. No	Branch	Date Of Detection / Date Of Reporting To RBI	Gross Amount (₹ Lakh)	Modus Operandi & Action Taken	Recovery (₹ Lakh)	Amount Written Off (₹ Lakh)	Provision (₹ Lakh)	Action taken by the Company
1.	Charkop	May 15, 2018/ July 23, 2018	186.90	109 gold packets (overdue packets) held at Charkop Branch in possession of Mr. Maju Mathew, Cluster head were found to be missing. Mr. Maju Mathew had raised fake gold loans. Remittances received for investments were then used to close these fake loans. Meanwhile the remitters were issued fake investment Certificates. All these fraudulent acts were committed with the knowledge of Savitha Ajayan and Babaso	-	186.90	-	FIR filed and all employees terminated.

Sl. No	Branch	Date Of Detection / Date Of Reporting To RBI	Gross Amount (₹ Lakh)	Modus Operandi & Action Taken	Recovery (₹ Lakh)	Amount Written Off (₹ Lakh)	Provision (₹ Lakh)	Action taken by the Company
				Shamrao Surve. Branch employees				
2.	Maruthiseva Nagar	December 23, 2018/ January 11, 2019	19.86	Thickly Gold coated spurious bangles were pledged	19.86	-	-	Police complaint filed.
3.	TML- Raja Street	June 14, 2019/ July 8, 2019	NIL	Ms. Aneesha , branch head collected funds on the pretext of raising resource and got it routed to her own personal account using fraudulent and forged means. Subsequently, forged a deposit certificate and sent soft copy. On receiving query from the investor, fraud came to light.	-	-	-	Full amount has been settled by Ms. Aneesha directly to the customer
4.	TML- Puthiragoundan Palayam	December 21, 2019/ January 6, 2020	20.75	Borrowers pledged spurious ornaments.	12.07	-	8.68	Police complaint filed.
5.	KER- Pandalam	February 1, 2021/ February 12, 2021	3.55	Members of a gang pledged manufactured thickly coated spurious ornaments reported in following branches 1) Pandalam – 3 accounts – ₹ 241,800 2) Punnakkadu – 1 account- ₹ 59,000 3) Thekkemala- 1 account- ₹ 55,000	-	-	3.55	Police complaint lodged and acknowledgement obtained
6.	TML- Viralimalai	February 16, 2021/ March 4, 2021	22.16	Custodians were involved in misappropriation by cheating customers using dummy manual receipts and pledging ornaments at an enhanced amount and changing the customer accounts, pledging in different customers name and other activities.	19.64	2.52	-	Police complaint filed and disciplinary action taken against employees
7.	TML- Tirunelveli	March 16, 2021/ March 31, 2021	6.25	Members of a gang pledged manufactured thickly coated spurious ornaments in Tirunelveli branch	1.99	-	4.26	Complaint lodged and acknowledgement obtained.
8.	APR- Bosebomma Centre	22-10-2021/08-11-2021	2.89	Branch Head absconded with cash of Rs 1.50 Lakhs and GL packets with total advance of Rs98000/-. Further he has taken an amount of Rs 40507/- by enhancing 3 GL accounts without customer knowledge.	0.27	1.50	1.12	Complaint lodged with Police.

Sl. No	Branch	Date Of Detection / Date Of Reporting To RBI	Gross Amount (₹ Lakh)	Modus Operandi & Action Taken	Recovery (₹ Lakh)	Amount Written Off (₹ Lakh)	Provision (₹ Lakh)	Action taken by the Company
9.	KAR-Muthanallur	14-12-2021/07-01-2022	3.81	Thickly gold coated spurious ornaments were pledged	-	-	3.81	Complaint lodged with Police.
10.	KER-Panachamoodu	17-12-2021/04-01-2022	8.64	Members of a gang pledged manufactured thickly coated spurious ornaments in different dates	1.99	-	6.65	Complaint lodged at police station
11.	KER-MG Road Thrissur	27-01-2022/14-02-2022	1.81	Thickly gold coated spurious ornaments were pledged	-	-	1.81	Complaint lodged with Police.

(h) **Details of disciplinary action taken by SEBI or Stock Exchanges against the Promoters/ Group companies in the last five financial years, including outstanding action.**

Nil

(i) Summary of reservations, qualifications, emphasis of matter or adverse remarks of auditors during the last three 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 emphasis of matter or adverse remarks

Summary of reservations or qualifications or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO by the auditors in the limited review interim unaudited Ind AS financial statements for the nine month period ended December 31, 2021 and during the last three financial years i.e. 2019 to 2021.

Fiscal Year	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Company	Corrective steps taken and proposed to be taken by the Company
Limited Review for the Nine months ended 31st December, 2021	IND AS	We draw attention to the uncertainty relating to effects of Covid – 19 pandemic on the company's operations which could impact the assessment of impairment provision recognized towards the loan assets outstanding as at December 31, 2021.	No impact on the financial statements.	The matter has been noted and suitable measures will be taken when required.
2020-21	IND AS	We draw attention to the declaration by the World Health Organisation on 11 March 2020, of the Novel Corona Virus (COVID 19) outbreak as a pandemic. The impact of and uncertainty related to the COVID-19 pandemic has been identified as a key element for recognition and measurement of impairment on loans and advances, on account of this impact on the company's customers and their ability to repay the dues. The management has taken a thorough analysis of the possible impact of the pandemic and has concluded that the COVID-19 pandemic may have an impact on the Company's financial performance depending on future developments, which are highly uncertain as of now. Our audit opinion on the Financial Statements is not	No impact on the financial statements	The matter has been noted and suitable measures will be taken when required.

<table>
<tr><th>Fiscal Year</th><th>Basis of Financial Statements</th><th>Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO</th><th>Impact on the financial statements and financial position of the Company</th><th>Corrective steps taken and proposed to be taken by the Company</th></tr>
<tr><td></td><td></td><td>modified in respect of the above matters.</td><td></td><td></td></tr>
<tr><td></td><td></td><td>According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax, which have not been deposited on account of any dispute except the following:
<table>
<tr><th>Forum where the dispute is pending</th><th>Period of Dispute</th><th>Amount in ₹ lakhs</th></tr>
<tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2013-14</td><td>₹ 159.88 lakhs</td></tr>
<tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2015-16</td><td>₹ 216.15 lakhs</td></tr>
<tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2016-17</td><td>₹ 136.30 lakhs</td></tr>
<tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2017-18</td><td>₹ 94.86 lakhs</td></tr>
</table></td><td>To the extent of tax not paid, profit /general reserve of the company has been overstated.</td><td>Appeal has been filed in all cases.</td></tr>
<tr><td></td><td></td><td>According to the information and explanations given to us, there is a fraud in the company by its officers/employees during the year, amounting to ₹ 22.16 lakhs, out of which ₹ 19.64 lakhs has been recovered and the remaining ₹ 2.52 lakhs has been written off.</td><td>Since there is no recovery pending as on 31st March 2021 no further impact on the financial statements.</td><td>Disciplinary action taken against employees.
Random customer verification initiated during inspection to avoid such incidents in the future.</td></tr>
<tr><td>2019-20</td><td>IND AS</td><td>We draw attention to the declaration by the World Health Organisation on 11 March 2020, of the Novel Corona Virus (COVID 19) outbreak as a pandemic. The impact of and uncertainty related to the COVID-19 pandemic has been identified as a key element for recognition and measurement of impairment on loans and advances, on account of this impact on the company's customers and their ability to repay the dues. The management has taken a thorough analysis of the possible impact of the pandemic and has concluded that the COVID-19 pandemic may have an impact on the Company's financial performance depending on future developments, which are highly uncertain as of now. Our audit opinion on the Financial Statements is not modified in respect of the above matters.</td><td>No impact on the financial statements</td><td>The matter has been noted and suitable measures will be taken when required.</td></tr>
<tr><td></td><td></td><td>According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax, which have not been</td><td>To the extent of tax not paid, profit /general reserve of the company has been overstated.</td><td>Appeal has been filed in all cases.</td></tr>
</table>

<table>
<tr><th>Fiscal Year</th><th>Basis of Financial Statements</th><th>Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO</th><th>Impact on the financial statements and financial position of the Company</th><th>Corrective steps taken and proposed to be taken by the Company</th></tr>
<tr><td></td><td></td><td>deposited on account of any dispute except the following:
<table><tr><th>Forum where the dispute is pending</th><th>Period of Dispute</th><th>Amount in ₹ lakhs</th></tr><tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2013-14</td><td>₹ 159.87 lakhs</td></tr><tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2015-16</td><td>₹ 216.15 lakhs</td></tr><tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2016-17</td><td>₹ 136.30 lakhs</td></tr><tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2017-18</td><td>₹ 94.86 lakhs</td></tr></table></td><td></td><td></td></tr>
<tr><td>2018-19</td><td>IGAAP</td><td>According to the information and explanations given to us, fraud on the Company by its officers or employees has been noticed, amounting to ₹ 206.76 lakhs across two branches of the Company during the current year out of which ₹ 16.09 lakhs was recovered.</td><td>Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements.</td><td>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.</td></tr>
</table>

OTHER REGULATORY AND STATUTORY DISCLOSURES

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 aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

Authority for the Issue

At the meeting of the Board of Directors of our Company held on February 14, 2022, approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount aggregating up to ₹12,500 lakhs, with an option to retain oversubscription up to ₹12,500 lakhs. Aggregating up to ₹25,000 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.

The NCDs shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

The Consents/ permissions and no objection certificates required for creation of further pari passu charge in favour of the Debenture Trustee on the assets from the Existing Secured Creditors have been obtained.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE 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 THE PROSPECTUS. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

1. **IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY**

RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE 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 APRIL 18, 2022, WHICH READS AS FOLLOWS:**

2. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

3. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE 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.**

4. **WE CONFIRM THAT THE PROSPECTUS CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED.**

5. **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.**

6. **WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT PROSPECTUS HOSTED ON THE WEBSITE OF BSE (DESIGNATED STOCK EXCHANGE).**

Disclaimer Clause of BSE

THE EXCHANGE HAS GIVEN, VIDE ITS APPROVAL DATED APRIL 5, 2022 PERMISSION TO THIS COMPANY TO USE THE EXHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON 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 OFFER DOCUMENT; OR**

b) **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON HE EXCHANGE; OR**

c) **TAKE ANY RESPONSIBILTY 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 OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECTURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED APRIL 13, 2002 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:

THE REPORT IS PREPARED BY IRR ADVISORY SERVICES PRIVATE LIMITED (IRR ADVISORY). IRR ADVISORY HAS TAKEN UTMOST CARE TO ENSURE ACCURACY AND OBJECTIVITY WHILE DEVELOPING THE REPORT. THE REPORT IS FOR THE INFORMATION OF THE INTENDED RECIPIENTS ONLY AND NO PART OF THE REPORT MAY BE PUBLISHED OR REPRODUCED IN ANY FORM OR MANNER WITHOUT PRIOR WRITTEN PERMISSION OF IRR ADVISORY.

DISCLAIMER CLAUSE OF CARE RATINGS

CARE'S RATINGS ARE OPINIONS ON THE LIKELIHOOD OF TIMELY PAYMENT OF THE OBLIGATIONS UNDER THE RATED INSTRUMENT AND ARE NOT RECOMMENDATIONS TO SANCTION, RENEW, DISBURSE OR RECALL THE CONCERNED BANK FACILITIES OR TO BUY, SELL OR HOLD ANY SECURITY. CARE'S RATINGS DO NOT CONVEY SUITABILITY OR PRICE FOR THE INVESTOR. CARE'S RATINGS DO NOT CONSTITUTE AN AUDIT ON THE RATED ENTITY. CARE HAS BASED ITS RATINGS/OUTLOOKS ON INFORMATION OBTAINED FROM SOURCES RELIABLE AND CREDIBLE SOURCES. CARE DOES NOT, HOWEVER, GUARANTEE THE ACCURACY, ADEQUACY OR COMPLETENESS OF ANY INFORMATION AND IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS OR FOR THE RESULTS OBTAINED FROM THE USE OF SUCH INFORMATION. MOST ENTITIES WHOSE BANK FACILITIES/INSTRUMENTS ARE RATED BY CARE HAVE PAID A CREDIT RATING FEE, BASED ON THE AMOUNT AND TYPE OF BANK FACILITIES/INSTRUMENTS. CARE OR ITS SUBSIDIARIES/ASSOCIATES MAY ALSO HAVE OTHER COMMERCIAL TRANSACTIONS WITH THE ENTITY. IN CASE OF PARTNERSHIP/PROPRIETARY CONCERNS, THE RATING /OUTLOOK ASSIGNED BY CARE IS, INTER-ALIA, BASED ON THE CAPITAL DEPLOYED BY THE PARTNERS/PROPRIETOR AND THE FINANCIAL STRENGTH OF THE FIRM AT PRESENT. THE RATING/OUTLOOK MAY UNDERGO CHANGE IN CASE OF WITHDRAWAL OF CAPITAL OR THE UNSECURED LOANS BROUGHT IN BY THE PARTNERS/PROPRIETOR IN ADDITION TO THE FINANCIAL PERFORMANCE AND OTHER RELEVANT FACTORS. CARE IS NOT RESPONSIBLE FOR ANY ERRORS AND STATES THAT IT HAS NO FINANCIAL LIABILITY WHATSOEVER TO THE USERS OF CARE'S RATING. CARE'S RATINGS DO NOT FACTOR IN ANY RATING RELATED TRIGGER CLAUSES AS PER THE TERMS OF THE FACILITY/INSTRUMENT, WHICH MAY INVOLVE ACCELERATION OF PAYMENTS IN CASE OF RATING DOWNGRADES. HOWEVER, IF ANY SUCH CLAUSES ARE INTRODUCED AND IF TRIGGERED, THE RATINGS MAY SEE VOLATILITY AND SHARP DOWNGRADES.

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/offerdocuments

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, Chief Executive Officer, 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, Public Issue Account Bank, Refund Bank, Sponsor Bank, Syndicate Member, the Debenture Trustee, IRR, and the lenders to our Company 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 Ramdas & Venugopal, Chartered Accountants, 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 (i) Reformatted Ind AS Financial Statements dated March 26, 2022, and (ii) limited review report on interim unaudited standalone Ind AS financial statements of our Company for the nine months period ended on December 31, 2021, 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 CARE Ratings to include the credit rating and rationale letter dated March 8, 2022, and revalidation letter dated April 6, 2022 in respect of the credit rating issued for the NCDs to be issued pursuant to this Issue which furnishes the rationale and press release 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 transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus

The Draft Prospectus was filed with the Designated Stock Exchange in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website(s) prior to the opening of the Issue.

Filing of the Prospectus

The Prospectus shall be filed with the RoC in accordance with Section 26 of the Companies Act, 2013.

Debenture Redemption Reserve (“DRR”)

Pursuant to Regulation 16 of the SEBI NCS 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) Amendment Rules, 2019, listed NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue 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 issued through public issue, maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company 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 issued through public issue, 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. 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.

Issue related expenses

For details of Issue related expenses, see "*Objects of the Issue*" on page 50.

0

Reservation

No portion of this Issue has been reserved.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

The Debenture Trustee has agreed for one time acceptance fee amounting to ₹1,50,000 (plus the applicable taxes) with service charge of 0.0075% annually payable on the outstanding issue (plus the applicable taxes) for the services as agreed in the consent letter no. MITCONTRUSTEE/CL/2021-22/DT dated July 13, 2021.

Terms of carrying out due diligence:

As per the SEBI Circular "SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 03, 2020 titled "*Creation of Security in issuance of listed debt securities and due diligence by debenture trustee(s)*", the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

(a) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Disclosure Documents and Relevant Laws memorandum, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

(b) The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.

(c) Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

(d) Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.

(e) The Debenture Trustee shall have the power to either independently appoint or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

Process of Due Diligence to be carried out by the Debenture Trustee

Due Diligence will be carried out as per DT regulations and circulars issued by SEBI from time to time. This would broadly include the following:

- A Chartered Accountant ("**CA**") appointed by Debenture Trustee will conduct independent due diligence as per scope provided, regarding security offered by the Issuer.
- CA will ascertain, verify, and ensure that the assets offered as security by the Issuer is free from any encumbrances or necessary permission / consent / NOC has been obtained from all existing charge holders.
- CA will conduct independent due diligence on the basis of data / information provided by the Issuer.
- CA will, periodically undertake due diligence as envisaged in SEBI circulars depending on the nature of security.
- On basis of the CA's report / finding Due Diligence certificate will be issued by Debenture Trustee and will be filed with relevant Stock Exchanges.
- Due Diligence conducted is premised on data / information made available to the Debenture Trustee appointed agency and there is no onus of responsibility on Debenture Trustee or its appointed agency for any acts of omission / commission on the part of the Issuer.

While the Debt Security is secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other Confirmations

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI circulars titled (i) "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated November 3, 2020; and (ii) "Monitoring and Disclosures by Debenture Trustee(s)" dated November 12, 2020.

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED (FORMERLY KNOWN AS MITCON TRUSTEESHIP SERVICES LIMITED) HAVE FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE DATED MARCH 28, 2022, AS PER THE FORMAT SPECIFIED IN ANNEXURE A TO THE DT CIRCULAR WHICH READS AS FOLLOWS:

"1. WE HAVE EXAMINED DOCUMENTS PERTAINING TO THE SAID ISSUE AND OTHER SUCH RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS.

2. ON THE BASIS OF SUCH EXAMINATION AND OF THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND ON INDEPENDENT VERIFICATION OF THE VARIOUS RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS, WE CONFIRM THAT:

A. THE ISSUER HAS MADE ADEQUATE PROVISIONS FOR AND/OR HAS TAKEN STEPS TO PROVIDE FOR ADEQUATE SECURITY FOR THE DEBT SECURITIES TO BE ISSUED.

B. THE ISSUER HAS OBTAINED THE PERMISSIONS / CONSENTS NECESSARY FOR CREATING SECURITY ON THE SAID PROPERTY(IES).

C. THE ISSUER HAS MADE ALL THE RELEVANT DISCLOSURES ABOUT THE SECURITY AND ALSO ITS CONTINUED OBLIGATIONS TOWARDS THE HOLDERS OF DEBT SECURITIES.

D. ISSUER HAS ADEQUATELY DISCLOSED ALL CONSENTS/ PERMISSIONS REQUIRED FOR CREATION OF FURTHER CHARGE ON ASSETS IN OFFER DOCUMENT OR INFORMATION MEMORANDUM AND ALL DISCLOSURES MADE IN THE OFFER DOCUMENT OR INFORMATION MEMORANDUM WITH RESPECT TO CREATION OF SECURITY ARE IN CONFIRMATION WITH THE CLAUSES OF DEBENTURE TRUSTEE AGREEMENT.

E. ISSUER HAS GIVEN AN UNDERTAKING THAT CHARGE SHALL BE CREATED IN FAVOUR OF DEBENTURE TRUSTEE AS PER TERMS OF ISSUE BEFORE FILING OF LISTING APPLICATION.

F. ALL DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT OR INFORMATION MEMORANDUM WITH RESPECT TO THE DEBT SECURITIES ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

WE HAVE SATISFIED OURSELVES ABOUT THE ABILITY OF THE ISSUER TO SERVICE THE DEBT SECURITIES."

Details regarding the Company and other listed companies which are associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years.

Except as disclosed below, there are no other listed companies under the same management / associate companies as described under the Companies Act, 2013, which have made any public capital issuances during the previous three years from the date of this Prospectus.

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, Public Issue 6, Public Issue 7, Public Issue 8, Public Issue 9, Public Issue 10, Public Issue 11, Public Issue 12, Public Issue 13, Public Issue 14, Public Issue 15 and Public Issue 16, 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 during the last three financial years and nine-month period ended December 31, 2021.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kochi, Kerala India.

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 ₹10 lakhs 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 ₹10 lakhs 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 ₹50 lakhs or with both.

Details regarding lending out of issue proceeds of Previous Issues

A. Lending Policy

<u>Gold Loan:</u>

Introduction:

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. 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.

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.

Pricing of loan:

The interest rates on gold loans will be fixed by the company on the basis of the following internal valuations.

1. The company lends varying amounts per gram of the gold (LTV) depending upon the market value and the purity of the gold. As per the risk assessment of the company a higher LTV is riskier than a lower LTV. Accordingly, lower LTV attracts lower rate of interest and higher LTV attracts higher interest rate. Further, in case of schemes where the interest rate varies with tenor of the loan, the borrower can remit the monthly interest alone and continue to enjoy the loan at lower interest rate.

2. In terms of RBI guidelines, maximum LTV rate that can be fixed should not exceed 30-day average of the closing rate for standard gold (22k) fixed by India Bullion and Jewellery Association.

3. No allowance has been provided for add-ons such as making charge, sales tax, etc.

4. The maximum permissible LTV (Loan-to-Value) of the pledged ornaments will, however, be within the ceilings stipulated by RBI from time-to-time (The maximum permissible LTV is 75% at present).

5. Cost of funds: Interest on loans will be levied as a mark-up on the current cost of funds. The current cost of funds for this purpose means the incremental cost of borrowings of the company, its operating cost, loan loss provision and taking into account the operating margins required for growth of the Company.

6. The interest rates charged by the Company shall be expressed in compound rates with monthly rests.

Quantum of advance and discretionary limits:

While no minimum loan level is prescribed, company has stipulated that the minimum quantum of gold ornaments that can be ledged at one time will be two grams of gold content.

Maximum loan - no maximum cap, though individual loans of ₹ 5,00,000 and above should bear the respective Regional Manager's prior approval. RMs can approve loans to individual borrowers upto ₹ 25,00,000 (Twenty five lakhs only) subject to strict compliance with quality as well as rate per gram criteria (LTV). In such cases RMs should reconfirm that KYC norms have been fully complied with.

Loans to individuals above the value of ₹ 25 lakhs should bear Regional Head's prior approval.

Loans above value of ₹ 50 lakhs will be approved by the operations Head at the Corporate office of the Company with recommendation of the Regional Head

Our Gold Loans have an average tenure ranging from 3- 9 months. However, customers may redeem the loan at any time. As per the current policy of our Company, interest is to be paid in accordance with the scheme. 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-off, on behalf of the customer in satisfaction of the principal and interest charges in accordance with the applicable RBI guidelines. 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.

Process of GL :

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

Gold Loan appraisal of a customer involves the following steps:

(a) Customer identification

(b) KYC Documentation

(c) Security appraisal

(d) Documentation

Post-disbursement process

The period/tenure for a Gold Loans is generally 3-9 months. Timely interest collection and closing of accounts within the specified period is vital for the successful and smooth functioning of gold loan companies like that of ours. To ensure this, the branches regularly follow up with their gold loan customers through personal contacts directly and over the phone.

Storage of gold:

1. The Company shall ensure that a minimum level of physical infrastructure and facilities and a strong building, with reach and visibility etc are available for the branches engaged in financing against gold jewellery.

2. The pledged gold shall be stored systematically, serial number wise to facilitate easy check and location.

3. The pledged ornaments will be stored in pucca strong rooms and will be duly insured against theft, dacoity, etc.

4. Gold stored in the strong room shall have the following additional safety measures;

- The Strong room shall have a double lock system.
- There shall be two keys for operating the strong room, entrusted to two separate officers; one to the Branch Manager(custodian) and the other to a superior/supervisory officer (Joint custodian)in the Branch.
- The strong room can be opened only when the two keys are used.
- A register shall be maintained at Branch to enter the time of entry and exit, name of authorised person, whenever the strong room is opened.
- No person other than the Custodian shall enter the strong room unless otherwise authorised by the Branch Head or an Authorised person in Corporate Office in this behalf.

5. The strong room shall have additional security features like CCTV Camera at the most vantage point(s) to keep round the clock surveillance. The monitoring of such CCTV Camera shall be done by the Audit/Vigilance department. The daily recordings of the camera shall be taken as a backup and kept with the computer centre/systems unit.

Release of pledge

Once a loan is fully repaid, the pledged gold jewellery is returned to the customer. The customer has to be present personally along with the gold loan token, at the branch where the pledge was originally made. The branch will verify the person with the photo taken at the time of pledge and confirm that there is no foul play and the amount to be paid is informed to the customer from the software and clarifies doubts if any on the amount demanded. The customer pays the amount at the cash counter and the ornaments are taken out of the safe and handed over to the customer after confirming them with the list of ornaments mentioned in the token and gold loan application form.
Insurance:

The gold pledged as security is insured with an insurance company. Our Company makes periodic analysis and revises the insurance policy as per the value/quantity of the gold.

Microfinance Lending:

The Company's microfinance loans are typically small ticket loans, unsecured and given to joint liability groups forming of woman customers only.

Microfinance loans are loans given to Female clients for Income Generating Activities on the basis of joint liability. Loans are repayable in equated instalments over a period of time.

Loans are given for declared legal end use, like business expansion, working capital needs, purchasing raw material, purchasing animals, Marriage, education, debt consolidation etc. Clients are organized in centre consist of 5-25 females divided in to sub groups and each woman takes joint liability for the other members of the group. The clients have weekly/fortnightly /monthly meetings where they pay back the loans to the field officers called Relationship officers of the company. All process and procedures are formulated based on RBIs NBFC – MFI guidelines issued from time to time.

Microfinance loan amounts are typically within the range of ₹ 10,000 to ₹ 80,000 per loan transaction and which remain outstanding approximately for an average tenor of 365 days to 730 days.

B. ***Loans given by our 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.

C. ***Utilisation of Issue Proceeds of the previous issues by our Company and Group Companies***

Our Company

1st Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	19,559
	Utilisation of Issue Proceeds	

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
1.	Onward Lending	19,182
2.	Interest/Repayment of Loans	-
3.	Issue Related Expense	377
4.	General Corporate Purpose	-
	Total	19,559

2nd Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	24,963
	Utilisation of Issue Proceeds	
1.	Onward Lending	4,648
2.	Interest/Repayment of Loans	16,450
3.	Issue Related Expense	291
4.	General Corporate Purpose	3,574
	Total	24,963

3rd Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	26,913
	Utilisation of Issue Proceeds	
1.	Onward Lending	14,602
2.	Interest/Repayment of Loans	10,072
3.	Issue Related Expense	303
4.	General Corporate Purpose	1,936
	Total	26,913

4th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	24,909
	Utilisation of Issue Proceeds	
1.	Onward Lending	11,117
2.	Interest/Repayment of Loans	11,286
3.	Issue Related Expense	274
4.	General Corporate Purpose	2,232
	Total	24,909

5th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	22,827
	Utilisation of Issue Proceeds	
1.	Onward Lending	2,762
2.	Interest/Repayment of Loans	18,330
3.	Issue Related Expense	257
4.	General Corporate Purpose	1,478
	Total	22,827

6th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	24,401
	Utilisation of Issue Proceeds	
1.	Onward Lending	14,107
2.	Interest/Repayment of Loans	10,156

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
3.	Issue Related Expense	111
4.	General Corporate Purpose	27
	Total	24,401

7th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	11,672
	Utilisation of Issue Proceeds	
1.	Onward Lending	7,932
2.	Interest/Repayment of Loans	1,688
3.	Issue Related Expense	149
4.	General Corporate Purpose	1,903
	Total	11,672

8th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	13,203
	Utilisation of Issue Proceeds	
1.	Onward Lending	5,814
2.	Interest/Repayment of Loans	7,212
3.	Issue Related Expense	177
4.	General Corporate Purpose	-
	Total	13,203

9th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	17,593
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and for repayment/prepayment of principal and interest on borrowings of the Company	13,502
2.	Issue Related Expense	352
3.	General Corporate Purpose	3,739
	Total	17,593

10th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	19,791
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and for repayment/prepayment of principal and interest on borrowings of the Company	16,426
2.	Issue Related Expense	282
3.	General Corporate Purpose	3,083
	Total	19,791

11th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	14,971
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and for repayment/prepayment of principal and interest on borrowings of the Company	11,497
2.	Issue Related Expense	250
3.	General Corporate Purpose	3224

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Total	14,971

12th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	14,253
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and for repayment/prepayment of principal and interest on borrowings of the Company	13,999
2.	Issue Related Expense	254
3.	General Corporate Purpose	-
	Total	14,253

13th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	21,644
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and for repayment/prepayment of principal and interest on borrowings of the Company	17,613
2.	Issue Related Expense	372
3.	General Corporate Purpose	3,659
	Total	**21,644**

14th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	13,405
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and for repayment/prepayment of principal and interest on borrowings of the Company	9,822
2.	Issue Related Expense	309
3.	General Corporate Purpose	3,274
	Total	**13,405**

15th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	23,358
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and for repayment/prepayment of principal and interest on borrowings of the Company	20,572
2.	Issue Related Expense	405
3.	General Corporate Purpose	2,381
	Total	**23,358**

16th Issue

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	17,086
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and for repayment/prepayment of principal and interest on borrowings of the Company	16,736
2.	Issue Related Expense	350
3.	General Corporate Purpose	-
	Total	17,086

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, 2021 is as follows:

(₹ in lakhs)

No.	Type of Loans	Amount
1.	Secured	1,94,272.03
2.	Unsecured	5,149.33
	Total assets under management (AUM)	**1,99,421.36**

E. ***Denomination of loans outstanding by LTV as on March 31, 2021****

No.	LTV	Percentage of AUM
1.	Up to 40%	1.29%
2.	40%-50%	2.44%
3.	50%-60%	7.04%
4.	60%-70%	10.44%
5.	70%-80%	78.79%
6.	80%-90%	-
7.	More than 90%	-
	Total	100.00%

**LTV at the time of origination*

7. Sectoral Exposure as on March 31, 2021

Sr. No.	Segment wise break up of AUM	Percentage of AUM
1.	**Retail**	
(a)	Mortgages (home loans and loans against property)	0.38%
(b)	Gold Loans	97.04%
(c)	Vehicle Finance	-
(d)	MFI	2.58%
(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%

8. ***Denomination of the loans outstanding by ticket size as on March 31, 2021****

No.	Ticket size**	Percentage of AUM
1.	Up to 2 lakhs	86.48%
2.	2 lakhs to 5 lakhs	10.69%
3.	5 lakhs to 10 lakhs	1.98%
4.	10 lakhs to 25 lakhs	0.33%
5.	25 lakhs to 50 lakhs	0.06%
6.	50 lakhs to 1 crore	0.12%
7.	1 crore to 5 crores	-

8.	5 crores to 25 crores	0.34%
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.*

9. ***Geographical classification of the borrowers as on March 31, 2021***

Top 5 borrowers state wise

No.	Top 5 states	Percentage of AUM
1.	Tamil Nadu	41.59%
2.	Karnataka	18.21%
3.	Telangana	15.42%
4.	Kerala	11.61%
5.	Andhra Pradesh	8.78%
	Total	95.61%

10. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2021

(₹ in lakhs)

Movement of gross NPA*	Amount
Opening gross NPA	3,190.14
- Additions during the year	858.32
- Reductions during the year	2,327.30
Closing balance of gross NPA	1,721.16
Movement of net NPA*	
Opening net NPA	2,258.38
- Additions during the year	726.95
- Reductions during the year	1,488.17
Closing balance of net NPA	1,497.16
Movement of provisions for NPA	
Opening balance	931.76
- Provisions made during the year	131.37
- Write-off / write-back of excess provisions	839.13
Closing balance	224.00

11. Segment-wise gross NPA as on March 31, 2021

Sr. No.	Segment wise break up of gross NPA	Gross NPA (%)*
1.	**Retail**	
(a)	Mortgages (home loans and loans against property)	12.07%
(b)	Gold Loans	0.68%
(c)	Vehicle Finance	-
(d)	MFI	6.22%
(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	-
Gross NPA*		0.86%

** Gross NPA means percentage of NPAs to total advances in that sector*

12. Residual Maturity Profile of Assets and Liabilities as on March 31, 2021

(₹ in 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	71,178.89	12,874.34	5,233.07	95,845.02	10,660.51	3,074.22	110.11	445.2	1,99,421.36
Investments	-	-	-	-	-	-	-	4.70	4.70
Borrowings	1,025.28	379.16	3,446.22	13,062.10	52,473.40	72,444.18	39,756.95	17,373.37	1,99,960.66
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

13. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2021

(₹ in lakhs)

Particulars	Amount
Total advances to twenty largest borrowers	1,187.24
Percentage of Advances to twenty largest borrowers to Total Advances to the Company	0.60%

(b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2021

(₹ in lakhs)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	1,187.24	16.05
Percentage of exposure to twenty largest borrowers to Total exposure to the Company	0.61%	0.31%

14. Classification of loans/advances given to Group Companies as on March 31, 2021:

Sr. No.	Name of Borrower	Amount of Advance/ exposure to such borrower (₹ in lakhs) (A)	Percentage of Exposure (A/ Total AUM)
1.	Muthoottu Mini Hotels Pvt. Ltd.	669.76	0.34%

Revaluation of assets

Except the revaluation of fixed assets *viz* land during financial years 2012-13 for ₹4,600 lakhs, our Company has not revalued its assets.

Mechanism for redressal of investor grievances

Agreement dated March 24, 2022 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.

Additionally, the Stock Exchange shall be responsible for addressing investor grievances arising from applications submitted online through the app based/ web interface platform of the Stock Exchange or through its Trading Members. Further, in accordance with the SEBI Operational Circular, the Designated Intermediaries shall be responsible for addressing any investor grievances arising from the Applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

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 – 400 083
Maharashtra, India
Telephone: +91 22 4918 6200
Email: mmfl2022.ncd1@linkintime.co.in
Facsimile: +91 22 4918 6060
Website: www.linkintime.co.in
Investor Grievance Email: mmfl2022.ncd1@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.
65/623-K, Muthoottu Royal Towers
Kaloor, Kochi – 682 017
Kerala, India
Telephone: +91 484 291 2178
Facsimile: NA
E-mail: cs@minimuthoottu.com

Details of Auditor to the Issuer:

Name of the Auditor	Address	Auditor since
M/s. Ramdas & Venugopal, Chartered Accountants	No. 7A, Green Park, Near Daya Hospital, Thirwambady P.P., Thrissur 680 022	January 14, 2022

Change in Auditors of our Company during the last three years

Name of the Auditor	Date of Change	Reason of Change
M/s. Ramdas & Venugopal, Chartered Accountants	January	Appointed for a period of three financial years starting from January 14, 2022 and to hold office till the Annual General Meeting of the Company for FY 2021-22.
M/s. Manikandan & Associates, Chartered Accountants	September 28, 2020	Appointed for a period of three financial years starting from April 1, 2020 and to hold office till March 31, 2023
	January 14, 2022	Manikandan & Associates didn't fulfil the criteria for statutory auditors prescribed by the RBI *vide* its circular dated April 27, 2021. Hence they submitted their resignation on January 14, 2022.

Disclaimer statement from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accepts no responsibility for statements made other than in this Prospectus or in the advertisements or any other material issued by or at our Company's instance in connection with the Issue of the NCDs and anyone placing reliance on any other source of information including our Company's website, or any website of any affiliate of our Company would be doing so at their own risk. The Lead Manager accept no responsibility, save to the limited extent as provided in the Issue Agreement.

None among our Company or the Lead Manager or any Member of the Syndicate is liable for any failure in uploading the Application due to faults in any software/ hardware system or otherwise; the blocking of Application Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who make an Application in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs and will not issue, sell, pledge, or transfer the NCDs to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the NCDs being offered in the Issue.

Latest ALM statement

The following table describes the ALM of our Company as on March 31, 2021:

(₹ in 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	71,178.89	12,874.34	5,233.07	95,845.02	10,660.51	3,074.22	110.11	445.2	1,99,421.36
Investments	-	-	-	-	-	-	-	4.70	4.70
Borrowings	1,025.28	379.16	3,446.22	13,062.10	52,473.40	72,444.18	39,756.95	17,373.37	1,99,960.66
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

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 November 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 ₹25 lakhs to ₹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 ₹200 lakhs by the end of 1 April 2017. NBFCs failing to maintain NOF of ₹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:

(i) 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

(ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself.

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:

The RBI has recently harmonised the categories of NBFCs into: (i) investment and credit companies (which erstwhile consisted of asset finance companies, investment companies, and loan companies); (ii) infrastructure finance companies; (iii) infrastructure debt funds; (iv) NBFC – micro finance institutions; and (v) NBFC – factors.

Our Company has been classified as an NBFC-ND-SI.

Systemically Important NBFC-NDs

As per the NBFC Master Directions, the 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, as per this amendment, 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 regulations 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 of 15 per cent.

Rating of NBFCs

Pursuant to the RBI Master Directions, all NBFCs with an asset size of ₹50,000 lakhs are required to, as per RBI instructions to furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

Provisioning Requirements

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, 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* their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated January 17, 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25 per cent of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated June 11, 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The provisions on standard assets are not reckoned for arriving at Net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier II Capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II Capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Capital Adequacy Norms

Every systemically important NBFC-ND is required to maintain, a minimum capital ratio consisting of Tier I and Tier II Capital of not less than 15 per cent of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II Capital of a NBFC-MFI shall not exceed

100 per cent of the Tier I Capital.

Tier-I Capital, has been defined as, owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10 per cent of the owned fund and perpetual debt instruments issued by a systemically important NBFC-ND in each year to the extent it does not exceed 15 per cent of the aggregate Tier I Capital of such company as on 31st March of the previous accounting year.

Owned Funds, has been defined as, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier - II Capital includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five per cent; (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 per cent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt to the extent the aggregate does not exceed Tier - I capital; and (f) perpetual debt instrument issued by a systemically important NBFC-ND, which is in excess of what qualifies for Tier I Capital to the extent that the aggregate does not exceed Tier -I capital.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means a fully paid up instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed and to the extent such discounted value does not exceed fifty percent of Tier I capital.

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 systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFCs-ND may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5% of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important NBFC-ND taken together may not exceed 25% of its owned funds to or in single party and 40% of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings.

Asset Classification

The 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 0.40 per cent.

Other stipulations

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The Master Directions also specifically prohibit NBFCs from lending against its own shares.

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 ₹200 lakh. For this purpose, the RBI Act has defined "net owned fund" to mean:

Net Owned Fund - The aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,

(i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

(ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10 per cent of (a) above.

Further, in accordance with RBI Notification No DNBR.007/CGM (CDS) 2015 dated 27 March 2015 which provides that a non-banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than ₹200 lakhs may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of:

(i) ₹100 lakhs before April 1, 2016; and

(ii) ₹200 lakhs before April 1, 2017

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI's Non- Deposit Accepting Companies Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no., etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

All NBFCs (whether accepting public deposits or not) having an asset base of ₹10,000 lakhs or more or holding public deposits of ₹20,000 lakhs or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

RBI *vide* circular bearing reference number RBI/2018-19/130 DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, has harmonised different categories of NBFCs into fewer ones, based on the principle of regulation by activity rather than regulation by entity. Accordingly, RBI has merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Further differential regulations relating to bank's exposure to the three categories of NBFCs viz., AFCs, LCs and ICs were harmonised. Further, a deposit taking NBFC-ICC shall invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC, an amount not exceeding twenty per cent of its owned fund.

Lending against security of gold

The RBI pursuant to the Master Direction –Non-Banking Financial Company –Systemically Important Non Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended from time to time ("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%. The RBI Master Directions has issued guidelines with regard to the following:

(i) 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, including safe deposit vault, 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.

(ii) NBFCs shall not grant any advance against bullion / primary gold and gold coins. NBFCs shall 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.

(iii) Prior approval of RBI for opening branches in excess of 1,000: It is henceforth mandatory for NBFC to obtain prior approval of the Reserve Bank 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.

(iv) 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 BBA or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.

(v) Verification of the Ownership of Gold: NBFCs should have an explicit Board approved policy in their overall loan policy to verify ownership of the gold jewellery, and adequate steps be taken to ensure that the KYC guidelines stipulated by the Reserve Bank 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. The method of establishing ownership should be laid down as a Board approved policy. Auction Process and Procedures: The following additional stipulations are made with respect to auctioning of pledged gold jewellery:

  (a) The auction should be conducted primarily at the branch level and where the same has failed NBFCs can pool gold jewellery from different branches in a district and auction it at any location within the district, after ensuring that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met.

  (b) 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 The Bombay Bullion Association Limited and value of the jewellery of lower purity in terms of carats should be proportionately reduced.

(c) 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.

(d) 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.

(vi) Other Instructions:

(a) NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above ₹500,000.

(b) Every NBFC shall ensure compliance with the requirements under sections 269SS and 269T of the Income Tax Act, 1961, as amended from time to time.

(c) Documentation across all branches must be standardized.

(d) NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards ("**IAS**") 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 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. The Ministry of Corporate Affairs has amended the existing IAS *vide* Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 and the same shall be applicable to the Company from April 1, 2018.

Implementation of Indian Accounting Standards: RBI Notification

The Reserve bank of India vide notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/ 2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation.

The guidelines cover aspects on Governance Framework, Prudential Floor for ECL and Computation of Regulatory Capital and Regulatory Ratios.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Circular - Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021

The circular puts in place ownership-neutral regulations, ensuring independence of auditors, avoiding conflict of interest in auditor's appointments and to improve the quality and standards of audit in RBI Regulated Entities. These guidelines shall streamline the procedure for appointment of Statutory Auditors across all the Regulated Entities and ensure that appointments are made in a timely, transparent and effective manner.

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 ₹1 lakh and above, and if the fraud is of ₹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.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

Auditor's Report Master Directions are applicable to auditors of all NBFCs. In addition to the reports to be furnished under Companies Act, the auditors of NBFCs are mandated to provide a report as prescribed under Auditor's Report Master Directions. While matters pertaining to all NBFCs are covered under section 3(A) of Auditor's Report Master Directions, matters specifically pertaining to NBFCs-ND are mentioned in section 3(C). The report furnished by the auditors under Auditor's Report Master Directions shall include, amongst other things, if the NBFC has obtained the certificate of registration from the RBI to operate as an NBFC, clarification with respect to correctness of the capital adequacy ratio mentioned in the return submitted to RBI, status of furnishing of annual statement of capital funds, risk assets/exposures and risk asset ratio by NBFCs to the RBI and passing of resolution by the board of the NBFCs for non-acceptance of deposits from public. Every NBFC shall submit a certificate that is engaged in the business of being an NBFC and it holds a valid certificate of registration issued by 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.

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.

Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("RBI KYC Directions")

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further amended on January 9, 2020, in view of Government of India Gazette Notification No. G.S.R. 582(E) dated August 19, 2019 and Gazette Notification G.S.R. 840(E) dated November 13, 2019, notifying amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. With a view to leveraging the digital channels for Customer Identification Process (CIP) by Regulated Entities (REs), the Reserve Bank has decided to permit Video based Customer Identification Process (V-CIP) as a consent based alternate method of establishing the customer's identity, for customer onboarding.

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 each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") provides for establishment of the Debts Recovery Tribunals (the "**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy framework 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 are 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 on Information Technology Framework for the NBFC Sector, 2017

All systematically important NBFCs must implement the security enhancement requirements under the Master Direction with respect to enhancing security of its Information Technology/Information Security Framework ("**IT**") business continuity planning, disaster recovery and management. NBFCs must constitute an IT Strategy Committee and IT Steering Committee and formulate an IT and Information Security Policy in furtherance of the same. Further, a Cyber Crisis Management Plan must be formulated to address cyber intrusions and attacks.

Appointment of Chief Risk Officer

RBI vide circular bearing reference number RBI/2018-19/184 DNBR (PD) CC. No.099/03.10.001/2018-19 dated May 16, 2019 directed that NBFCs with asset size of more than ₹50 billion shall appoint a Chief Risk Officer ("**CRO**") with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management. To ensure independence, the CRO will have a fixed tenure with the approval of the Board. The CRO shall report directly to the managing director/CEO/risk management committee of the Board. The CRO shall be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks. The CRO's role in deciding credit proposals shall be limited to be an advisor.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("Risk Management Directions"). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

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 330 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 66% 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 for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of 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. In light of the COVID-19 pandemic, the Government of India, introduced economic reforms to contribute to the ease of doing business. One of the reforms introduced is the suspension of the Code for a period of one year. An ordinance detailing the changes pursuant to this reform is expected to be introduced by the government. Further, the GoI *vide* notification dated March 24, 2020 ("**Notification**") has amended section 4 of the Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, Government of India has increased the minimum amount of default under the insolvency matters from ₹1,00,000 to ₹1,00,00,000.

*The Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules 2019 ("**IBC Rules, 2019**")*

The Code, which regulates the insolvency resolution process for "corporate persons" previously excluded financial service providers from its purview. With the notification of the IBC Rules, 2019, the provisions of the Code will apply to financial service providers as well, which are subject to modifications and additional conditions as set out in the IBC Rules, 2019. Financial service providers are defined to mean persons engaged in the business of providing financial services in terms of authorisation issued or registration granted by a financial sector regulator under the Code. "Financial services" is broadly defined in the Code, and includes, inter alia, services in the nature of acceptance of deposits, administration of assets, underwriting services, advisory services with respect to dealings in financial products, operation of an investment scheme, and maintenance of records of ownership of a financial product. The IBC Rules, 2019, lays down the provisions for setting up an advisory committee, resolution plan and the liquidation process of Financial service providers.

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 Code of Wages, 2019, 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 (Debt Instrument) Regulations, 2019 ("**FEMA Debt Regulations**")*

The FEMA Debt Regulations prohibits investments by non-residents in debt instruments in contravention of the rules laid down by the RBI. Similarly, restriction have also been placed on individuals, entities, mutual funds, venture capitals, firms, or association of persons from receiving investments in violation to the FEMA Debt Regulations. The FEMA Debt Regulations differs on the basis of whether the transaction is being made by FPI, or NRI/OCI citizen on a repatriation or a non- repatriation basis. If the transaction is being made by NRI/OCI on a non-repatriation basis then it becomes essential to understand if it is occurring on the account of demerger, merger, or an amalgamation taking place. All transactions of this nature are mandatorily required to be channelled through a bank. The sale proceeds to are required to be remitted as per the FEMA Debt Regulations. All requisite conditions, as laid down by SEBI, needs to be complied with.

*Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 ("**FPI Regulations**")*

The FPI Regulations makes it mandatory for the FPI to obtain the necessary certificate from the designated depository participant on behalf of SEBI. The eligibility criteria for FPI, includes the applicant to not be an NRI, or OCI. The applicant's country's central bank should be a member of the Bank for international settlements. The FPI Regulations also differentiates FPIs into Category I (Governments, Pension Funds, University Funds) and Category II (corporate bodies, individuals). The FPI Regulations, specifically lays down the kind of investments FPI are allowed to transact in, namely shares, debentures, mutual funds, REIT and states the responsibilities of the depository participants.

*Foreign Direct Investment ("**FDI**")*

FDI in an Indian company is governed by the provisions of the FEMA read with FEMA Regulations 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, and the rules made thereunder, as amended, the Foreign Exchange Management Act, 1999, various tax related legislations and other applicable statutes.

Regulatory measures on account of the COVID-19 pandemic

The Government of India on October 23, 2020 has announced the '*Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020)*' (the '**Scheme'**), which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by the respective lending institutions.

The RBI has issued circulars, the Statement of Developmental and Regulatory Policies dated May 22, 2020 and Monetary Policy Statement, 2020-2021: Resolution of Monetary Policy Committee dated May 22, 2020 announcing certain additional regulatory measures with an aim to revive growth and mitigate the impact of COVID-19 on business and financial institutions in India, including:

(a) permitting banks to grant a moratorium of six months on all term loan instalments and working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), falling due between March 1, 2020 and August 31, 2020, subject to the fulfilment of certain conditions;

(b) permitting the recalculation of 'drawing power' of working capital facilities sanctioned in the form of cash/ credit overdraft facilities by reducing the margins till the extended period, being August 31, 2020, and permitting lending institutions to restore the margins to the original levels by March 31, 2021;

(c) permitting the increase in the bank's exposures to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank, up to December 31, 2021;

(d) deferring the recovery of the interest applied in respect of all working capital facilities sanctioned in the form of cash/credit overdraft facilities during the period from March 1, 2020 to August 31, 2020;

(e) permitting lending institutions to convert the accumulated interest on working capital facilities up to the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than the end of the current financial year (being, March 31, 2021);

(f) permitting the lending institutions to exclude the moratorium period wherever granted in respect of term loans as stated in (a) above, from the number of days past-due for the purpose of asset classification under the income recognition and asset classification norms, in respect of accounts classified as standard as on February 29, 2020, even if overdue;

(g) permitting the lending institutions to exclude deferment period on recovery of the interest applied, wherever granted as stated in (d) above, for the determination of out of order status, in respect of working capital facilities sanctioned in the form of CC/OD where the account is classified as standard, including special mention accounts, as on February 29, 2020; and

(h) requiring lending institutions to make general provisions of not less than 10% of the total outstanding of accounts in default but standard as on February 29, 2020 and asset classification benefit is availed, to be phased over two quarters as provided: (i) not less than 5% for the quarter ended March 31, 2020; and (ii) not less than 5% for the quarter ended June 30, 2020, subject to certain adjustments.

***Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses* dated May 5, 2021 and June 4, 2021**

The RBI has issued Resolution Framework – 2.0 dated May 5, 2021 announcing measures to alleviate the potential stress to individual borrowers and small businesses due to the resurgence of COVID-19 pandemic in India, including:

(a) permitting lending institutions to offer a limited window to individual borrowers and small businesses, including those in wholesale and retail trade, who have availed personal loans and to whom the aggregate exposure is not of more than 25 crores as on March 31, 2021 to implement resolution plans for their credit exposure;

(b) permitting lending institutions to form policies regarding the implementation of viable resolution plan for borrowers having stress on account of COVID – 19 and to ensure implementation before September 30, 2021 when the borrower and the lending institution agree towards a resolution plan;

(c) the resolution plan as stated in (b) should be implemented within 90 days from the date of invocation of resolution process and includes rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility etc, with a moratorium period of not more than two years on implementation of the resolution plan;

(d) permitting lending institutions to sanction additional finance even before implementation of the plan to meet the interim liquidity requirements of the borrower, to be classified as 'Standard' till implementation of the plan otherwise as per the actual performance of the borrower in case the resolution plan is not implemented within the set timeline;

(e) permitting lending institutions to keep from the date of implementation, higher of the provisions as per IRAC norms immediately before implementation or 10% the renegotiated debt exposure of the lending institution post implementation;

(f) half of provisions mentioned in (e) can be written back upon the borrower paying at least 20 per cent of the residual debt without slipping into NPA and the remaining half can be written back upon the borrower paying another 10 % of the residual debt without slipping into NPA;

(g) permitting the moratorium for resolution plans implemented in terms of Resolution Framework – 1.0 to be extended to not more than 2 years;

(h) permitting the lending institutions to review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring for resolution plans implemented in terms of Resolution Framework – 1.0 before September 30, 2021 and to restore the working capital limit as per Resolution Framework – 1.0 before March 31, 2022.

The RBI further through a circular dated June 4, 2021 revised the aggregate exposure limit, including non-fund based facilities, as stated in (a), from 25 crores to 50 crores.

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

1. (a) The regulations contained in Table marked "A" in Schedule I of the Companies Act, 1956, (hereinafter called the Act or the said Act) shall apply to the Company, except in so far as excluded, modified, varied or altered expressly or impliedly by the regulations of the Company hereinafter following or made from time to time.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

(b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE REDUCTION AND ALTERATION OF CAPITAL

6. The Company may from time to time in General Meeting increase its Share Capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued

(a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the General Meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section

80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further issue of Shares

(b) Where at any time after the expiry of two years from the formation of a Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital, then

(i) such further shares shall be offered to the persons who at the date of offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the Capital paid up on those shares at that date.

(ii) the offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.

(iii) unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (b) shall contain a statement of this right. PROVIDED THAT the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

(iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of directors may dispose of them in such manner as they think most beneficial to the Company.

(c) Notwithstanding anything contained in the preceding sub-clause (1), the further shares aforesaid may be offered to any persons whether or not those persons include the persons referred to in clause (a) of sub-section (1) in any manner whatsoever:-

(i) if a special resolution to that effect is passed by the company in general meeting, or

(ii) where no such special resolution is passed if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(d) Nothing in clause (c) of sub-section (1) shall be deemed –

(i) to extend the time within which the offer should be accepted, or

(ii) to authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(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

(a) 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

(a) 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 on payment in full or part for any property sold and transferred or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting

‘**Buy back of Shares**’

22A. Notwithstanding anything contained in any other Article of the Articles of Association, but subject to the provisions of Section 77 A and 77 B of the Act and Securities & Exchange Board of India (Buy back of Securities) Regulations 1998 as may be in force at any time and from time to time, the Company may acquire, purchase, own, resell any of its own fully/partly paid or redeemable Preference Shares or Equity Shares and any other security as may be specified under the Act, Rules and regulations from time to time and may make payment thereof out of funds at its disposal or in any manner as may be permissible or in respect of such acquisition/purchase on such terms and conditions and at such time or times in one or more 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.

(iii) Securities in Depository to be in fungible form:
All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C & 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

(iv) Rights of Depositories & Beneficial Owners:

(a) Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(c) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.

(v) Service of Documents:

Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities:

Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(vii) Allotment of Securities dealt with in a depository:

Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) Register and Index of Members:

The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

Instrument of transfer to be executed by transferor and transferee

61. (a) 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.

(l) The Company shall also comply with the provisions of section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.

(m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:

(i) a short description of the property charged;
(ii) the amount of the charge; and
(iii) except in the case of securities to bearer, the names of persons entitled to the charge.

(n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

Trust not recognised

86. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders.

BOARD OF DIRECTORS

Board of Directors

126. Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three and not more than twelve.

The First Directors of the Company shall be:

1. Shri Roy M Mathew
2. Shri M. Mathew
3. Shri Sosamma Mathew
4. Shri Nizzy Mathew

Appointment of Senior Executives as Whole time Directors

127. (a) Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Whole time Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:

(i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a Director shall not constitute a break in his appointment as Wholetime Director.

(ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.

(iii) He shall cease to be a Director of the Company on the happening of any event specified in Section 283 and 314(2C) of the Act. He shall cease to be a Director of the Company, if for any reason whatsoever he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.

(iv) Subject to what is stated herein above he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/s and/or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/s and/or the Board may, from time to time determine.

(b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such 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

172. (a) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Wholetime Directors and/or Special Director like Technical Director, Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may be resolution vest in such Managing Director or Managing Directors/Wholetime Director(s), Technical Director(s), Financial Director(s) and Special Director(s) such of the power hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such condition and subject to such restriction as it may determine, the remuneration of such Directors may be way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

Appointment and payment of remuneration to Managing or Wholetime Director

(b) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.

THE SECRETARY

Secretary

173. Subject to the provisions of Section 383 A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called "**the Secretary**") who shall have such Qualifications as the

authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

SEAL

The seal its custody and use

174. (a) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence.

(b) **Seal abroad**

The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.

Unpaid or Unclaimed Dividend

190. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of MUTHOOTTU MINI FINANCIERS LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund account of the Central Government.

No claim for such transferred amount will lie against the Company or Central Government.

(c) No unpaid or unclaimed dividend shall be forfeited by the Board before the claim becomes barred by law;

Dividend and call together

191. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

192. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

AUDIT

Accounts to be audited

206. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

Appointment and qualification of auditors

207. (a) The Company at the annual general meeting each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting, and shall, within seven days of the appointment, give intimation thereof to every auditor so appointed.

(b) At any annual general meeting, a retiring Auditor, by whatever authority appointed, shall be reappointed unless:

(i) he is not qualified for reappointment;

(ii) he has given the Company notice in writing of his unwillingness to be reappointed;

(iii) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be reappointed, or

(iv) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons, as the case may be, the resolution cannot be proceeded with.

(c) Where at an annual general meeting no auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.

(d) The Company shall, within seven days of the Central Government's power under sub-clause (c) becoming exercisable give notice of that fact to the Government.

(e) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy be caused by the resignation of an auditor, the vacancy shall only be filled by the Company in general meeting.

(f) A person, other than a retiring Auditor, shall not be capable of being appointed at an annual general meeting unless special notice of the Resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and the provisions of Section 225 of the Act shall apply in the matter. The provision of this sub-clause shall also apply to a Resolution that a retiring Auditor shall not be re-appointed.

(g) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.

(h) None of the persons mentioned in Section 226 of the Act as being not qualified for appointment as Auditors shall be appointed as Auditors of the Company.

Audit of Branch Office

208. The Company shall comply with the provisions of Section 228 of the Act in relation to the audit of the accounts of branch offices of the Company except to the extent to which any exemption may be granted by the Central Government, in that behalf.

WINDING UP

Distribution of Assets

217. (a) Subject to the provisions of the Act, if the Company shall be 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

220. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of accounts with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to this knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

(b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to required discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

INDEMNITY AND RESPONSIBILITY

Directors and other rights to indemnity

221. (a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Wholetime Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which such Director, Manager, Secretary and Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.

(b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

Directors and other officers not responsible for the acts of others

222. Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the money of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of the office or in relation thereto, unless the same happens through his own dishonesty.

SECTION IX - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered 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 RoC until the Issue Closing Date.

Material Contracts

1. Agreement dated March 25, 2022 between the Company and the Lead Manager;

2. Agreement dated March 24, 2022 between the Company and the Registrar to the Issue;

3. Agreement dated March 24, 2022 between the Company and MITCON Credentia Trusteeship Services Limited, the Debenture Trustee (Formerly known as MITCON Trusteeship Services Limited);

4. Agreement dated April 8, 2022 executed by the Company, the Registrar, the Public Issue Account Bank, the Sponsor Bank, the Refund Bank and the Lead Manager;

5. Syndicate Agreement dated April 8, 2022 executed between the Company and the Syndicate Member;

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 (renewed up to March 31, 2025), under Section 42D (1) of the Insurance Act, to act as a “Corporate Agent (Composite)”;

6. 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. Credit rating letter dated March 8, 2022 and revalidation letter dated April 6, 2022 from CARE Ratings, granting credit ratings to the NCDs;

8. Copy of the Board Resolution dated June 25, 2021 approving the issue of NCDs to the public up to an amount not exceeding ₹100,000 lakhs for the financial year 2021-22;

9. At the meeting of the Board of Directors of our Company held on February 14, 2022, approved the public issue of Secured, Redeemable, Non-Convertible Debenture, aggregating up to ₹12,500 lakhs with an option to retain oversubscription up to ₹12,500 lakhs aggregating up to ₹25,000 lakhs;

10. 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;

11. Copy of the resolution of the Debenture Committee dated March 28, 2022 approving the Draft Prospectus;

12. Copy of the resolution of the Debenture Committee dated April 18, 2022 approving this Prospectus;

13. Consents in writing of Directors of our Company, Chief Executive Officer, 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, Public Issue Account Bank, Refund Bank, Sponsor Bank, Syndicate Member, the Debenture Trustee, IRR, and the lenders to our Company, 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;

14. Our Company has received written consent from the Statutory Auditor, namely Ramdas & Venugopal, Chartered Accountants, 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 Ind AS Financial Statements dated December 31, 2021; and (b) limited review report on interim unaudited standalone Ind AS financial statements of our Company for the nine months period ended on December 31, 2021, included in this Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus;

15. Industry report titled "Gold Loan Industry in India", dated March 25, 2022 prepared and issued by IRR Advisory Services Private Limited.

16. The examination report of the Statutory Auditors dated March 26, 2022 in relation to the Reformatted Ind AS Financial Statements included herein;

17. Audited IGAAP Financial Statements of the Company for financial year 2019.

18. Annual Reports of the Company for financial years, 2021, 2020 and 2019;

19. Due diligence certificate dated April 18, 2022, filed with SEBI by the Lead Manager;

20. In-principle listing approval letter dated April 5, 2022 issued by BSE, for the Issue; and

21. Due diligence certificate dated March 28, 2022 filed with BSE by the Debenture Trustee.

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, and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

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. Furthermore, all the monies received under the offer shall be used only for the purposes and objects indicated in this Prospectus.

Signed by the Directors of our Company

Name: Nizzy Mathew

Designation: Chairman and Wholetime Director

Name: Mathew Muthootty

Designation: Managing Director

Name: Manoj Kumar R

Designation: Additional Director

Name: Rajagopal M.S

Designation: Independent Director

Name: Jose Paul Maliakal

Designation: Independent Director

Date: 18-04-2022

Place: Kochi

ANNEXURE I - DAY COUNT CONVENTION

Interest on the NCDs shall be computed on an actual/actual basis for the broken period, if any. For Options I, II 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.

For Options III, IV and VI interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs which have tenors on cumulative basis.

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.

Company	**Muthoottu Mini Financiers Limited**	
Face Value	₹1,000	
Day and Date of Allotment (tentative)	Monday, May 23, 2022	
Options	II	III
Tenure	24 Months	24 Months
Coupon (%) for NCD Holders in Category I, II and III	8.50%	N.A.
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly	Cumulative
Day Count Convention	Actual/Actual	

Option II

Company	**Muthoottu Mini Financiers Limited**
Face Value	₹1,000
Day and date of Allotment (tentative)	Monday, May 23, 2022
Day and date of Redemption (tentative)	Wednesday, May 24, 2022
Tenure	24 Months
Coupon (%) for NCD Holders in Category I, II and III	8.50%
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly
Day Count Convention	Actual/Actual

Cash flow	**Date of interest/redemption payment** (2)	**No. of days in Coupon/maturity period**	**Amount (in ₹)**
1st coupon	Wednesday, June 1, 2022	9	2.10
2nd coupon	Friday, July 1, 2022	30	6.99
3rd coupon	Monday, August 1, 2022	31	7.22
4th coupon	Thursday, September 1, 2022	31	7.22
5th coupon	Saturday, October 1, 2022	30	6.99
6th coupon	Tuesday, November 1, 2022	31	7.22
7th coupon	Thursday, December 1, 2022	30	6.99
8th coupon	Monday, January 2, 2023	31	7.22
9th coupon	Wednesday, February 1, 2023	31	7.22
10th coupon	Wednesday, March 1, 2023	28	6.52
11th coupon	Monday, April 3, 2023	31	7.22
12th coupon	Tuesday, May 2, 2023	30	6.99
13th coupon	Thursday, June 1, 2023	31	7.22
14th coupon	Saturday, July 1, 2023	30	6.99
15th coupon	Tuesday, August 1, 2023	31	7.22
16th coupon	Friday, September 1, 2023	31	7.22
17th coupon	Tuesday, October 3, 2023	30	6.99

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
18th coupon	Wednesday, November 1, 2023	31	7.22
19th coupon	Friday, December 1, 2023	30	6.99
20th coupon	Monday, January 1, 2024	31	7.22
21st coupon	Thursday, February 1, 2024	31	7.20
22nd coupon	Friday, March 1, 2024	29	6.73
23rd coupon	Tuesday, April 2, 2024	31	7.20
24th coupon	Thursday, May 2, 2024	30	6.97
Principal	Wednesday, May 22, 2024		1,000
Maturity value			

Option III

Company	Muthoottu Mini Financiers Limited
Face Value	₹1,000
Day and Date of Allotment (tentative)	Monday, May 23, 2022
Day and date of Redemption (tentative)	Wednesday, May 24, 2022
Tenure	24 Months
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	N.A.
Frequency of the Interest Payment with specified dates starting from date of allotment	Cumulative
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
Principal/Maturity value	Wednesday, May 22, 2024	731	1,186

NOTES:

1. *Effect of public holidays has been ignored as these are difficult to ascertain for future period except January 26, April 1, May 1, August 15, October 2, day have been taken into consideration.*
2. *As per SEBI Operational Circular, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on the Working Day. 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 next Working Day. 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, May 23, 2022.*
4. *The last coupon payment will be paid along with maturity amount at the redemption date.*

ANNEXURE II - CREDIT RATING LETTER, RATIONALE AND PRESS RELEASE

APPENDED OVERLEAF

No. CARE/CRO/RL/2021-22/1484

Ms. Ann Mary George
Chief Financial Officer
Muthoottu Mini Financiers Limited
Mini Muthoottu Tech Towers,Near PVS Hospital
Kaloor, Ernakulam
Kerala 682017

March 08, 2022

Confidential

Dear Madam,

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed Non-convertible Debenture (NCD) issue aggregating to Rs.250 crore of your Company. The proposed NCDs would have tenure of 84 months.

2. The following ratings have been assigned by our Rating Committee:

Sr. No.	Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
1.	Non Convertible Debentures – VIII (Proposed)	250.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Assigned
	Total Instruments	250.00 (Rs. Two Hundred Fifty Crore Only)		

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is February 28, 2022).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.

[1]Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

CARE Ratings Limited

Unit No. O-509/C, Spencer Plaza, 5th Floor
No. 769, Anna Salai, Chennai – 600 002.
Tel: +91 –44-2849 0811 / 13/ 76

Corporate Office :4th Floor, Godrej Coliseum,
Somaiya Hospital Road, Off Eastern Express
Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456
Email: care@careedge.in • www.careedge.in

CIN-L67190MH1993PLC071691

7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by March 09, 2022, we will proceed on the basis that you have no any comments to offer.

8. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

9. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

11. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.

12. Our ratings are **not** recommendations to buy, sell or hold any securities.

13. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd.

Thanking you,

Yours faithfully,

Hareesh H
Analyst
hareesh.h@careedge.in

R. Ravishankar

Ravi Shankar R
Assistant Director
ravi.s@careedge.in

Encl.: As above

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Annexure

Press Release

Muthoottu Mini Financiers Limited

Rating

Facilities/Instruments	Amount (Rs. crore)	Rating[2]	Rating Action
Non Convertible Debentures – VIII (Proposed)	250.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Assigned
Total Long-Term Instruments	**250.00 (Rs. Two Hundred Fifty Crore Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the proposed debt instrument of Muthoottu Mini Financiers Limited (MMFL) factors in the improved assets under management (AUM) per branch resulting in improved profitability and increased proportion of shorter tenure loans which offers higher margin of safety against price risk associated with volatility in gold price.The rating positively factors in the strong brand recognition of the group, the long track record of the promoters in the gold loan business, comfortable capitalization levels, good asset quality levels and adequate liquidity position. The rating is constrained by geographical concentration of loan portfolio, concentrated resource profile, concentration in a single asset class which is exposed to the market risk related to gold and intense competition in the gold loan business and significant investment in fixed assets.

Rating Sensitivities

Positive Factors: Factors that could, individually or collectively, lead to positive rating action/upgrade

- Improvement in profitability with ROTA of above 2.50% on a sustained basis along with improvement in scale of operations
- Improvement in resource profile with good mix of borrowings from diversified sources

Negative Factors: Factors that could, individually or collectively, lead to negative rating action/downgrade

- Moderation in profitability with ROTA of less than 1% on sustained basis
- Deterioration in asset quality with GNPA of above 3% on sustained basis

Detailed Description of the key rating drivers

Key Rating Strengths

Strong brand value and experienced promoters

The 'Mini Muthoot' group has been in the gold loan business for more than six decades and has consequently established strong brand value in the market. Muthoottu Mini Financiers Limited (MMFL) is a business venture of the 'Mini Muthoot' group and MMFL has been providing gold loan advances from FY07 (refers to the period April 1 to March 31). Over the years, the company has expanded and strengthened its branch network across south India and has initiated its branch expansion to the rest of India. The promoters of the group have rich experience in the gold loan business. The company also has a strong board of directors consisting of highly experienced and qualified individuals and day-to-day operations of the company is looked after by a team of professionals who have extensive experience in banking and finance.

Adequate risk management systems

MMFL has put in place the strong appraisal systems including the evaluation of gold. Several tests for checking spurious gold including touchstone test and nitric acid test are conducted by the branches. The company has implemented systems

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

for ensuring the gold security and reducing the custodial risks, including highly secured vaults with dual control and insurance. Furthermore, surveillance cameras have been installed in all its branches. It also has internal audit system wherein the gold auditors inspect the branches every 30 days where the auditor verifies all the gold ornaments. All the branches of the company are subject to regular internal audit of accounts once in three months.

Comfortable capital adequacy levels

MMFL has been maintaining comfortable CAR over the years. The total CAR and Tier I CAR stood at 25.75% and 22.38%, respectively, as on March 31, 2021 as against 29.65% and 24.57%, respectively, as on March 31, 2020, with increase in the scale of operations during the period. As on December 31, 2021, total CAR and Tier I CAR stood at 22.34% and 19.83% respectively.

Overall gearing stood at 3.93x times as on March 31, 2021 and 4.34x as on December 31, 2021. Increase in the gearing ratio is expected over the medium term.

Improvement in profitability

MMFL has witnessed marginal improvement in NIM from 7.50% in FY20 (refers to the period April 1 to March 31) to 7.75% in FY21 with decrease in the cost of borrowings. Operating expenses (opex) to average total assets stood at 5.28% in FY21 (PY: 6.27%). The opex was reduced mainly due to improvement in AUM per branch. ROTA witnessed a reduction to 1.41% during FY21 from 1.81% during FY20 due to deferred tax liability of Rs.12.05 crore during FY21. However, ROTA-PBT has increased to 2.35% in FY21 (PY: 1.75%). During 9MFY22, Operating expenses (opex) to average total assets stood at 4.79%, ROTA stood at 1.85%. Going forward, improving profitability remains critical for the company.

Good Asset Quality

The loans are mainly backed by gold jewellery that is a liquid and safe security. MMFL is concentrating on gold loans with tenure upto 6 months to reduce the risk of price volatility. The proportion of gold loans having tenure upto 6 months increased from 1% as on March 31, 2020 to 81% as on March 31, 2021. It is to be noted that earlier, loans with tenure of 9 months accounted for 64% in FY20. In case the borrowers fail to repay the loans within the stipulated time period, the company reserves the right to auction the gold jewellery kept as security. Also, to further reduce the risk due to volatility in gold prices, MMFL follows a mark-to-market system (MTM) which is an MIS-driven automated system where there is an internal trigger if MTM value is above the determined level. In such scenarios, the company asks the customer for repayments or more collateral.

GNPA and NNPA has reduced to 0.86% and 0.75% as on March 31, 2021 as against 1.89% and 1.34% as on March 31, 2020 and as on December 31, 2021, GNPA and NNPA stood at 0.88% and 0.76% respectively. The ability of the company to maintain asset quality and maintain Nil/low under-recovery on auctions remains a key rating sensitivity.

Key Rating Weaknesses

High product and geographical concentration

MMFL has majority of its portfolio concentrated towards southern India. As on March 31, 2021, Tamil Nadu constituted around 43% (PY: 41%) of the Gold loan portfolio. The five south Indian states constituted around 95% of the gold loan portfolio as on March 31, 2021. The portfolio is expected to remain concentrated in south India over the medium term.

Majority of the company's loan portfolio consist of loans against the gold jewellery. Though the risk is mitigated to an extent as the loans are backed by gold jewellery which is highly liquid in nature, the company is exposed to a price risk associated with the gold which could have a bearing on the full recoverability of principal and interest portion. However, MMFL has been giving out loans of shorter tenure and has implemented internal systems to reduce the impact due to price volatility.

As on March 31, 2021, gold loans accounted for 97% of the loan portfolio and rest are Micro Finance Loans and LAP loans. The proportion of gold loans to the total loan portfolio are expected to remain higher in the medium term.

Concentrated resource profile

The resource profile of MMFL is concentrated towards retail debentures (including sub-debt) which constitutes around 81% (PY:75%) of the total borrowings as on March 31, 2021. The share of bank borrowings has witnessed a decrease from 21% as on March 31, 2020 to 19% as on March 31, 2021. As on December 31, 2021 retail debentures (including sub-debt) constitutes around 79% of the resource profile and share of bank borrowings stood at 21%. The resource profile is expected to remain concentrated in the near term.

Significant exposure to fixed assets however reducing on a year on year basis

MMFL made significant investments in fixed assets during FY16 from related parties. However, with equity infusion post that and revaluation in the value of fixed assets purchased, fixed assets/net worth ratio has reduced. With retention of profits and no new acquisition of fixed assets, fixed assets/networth improved to 37% as on March 31, 2021, as against 41% as on March 31, 2020. Further, as on December 31, 2021, fixed assets/networth improved to 34%.

Intense competition in the gold loan business

Geographically, the gold loan financing industry is predominantly placed in the southern India with an active interest of both the south India-based banks and the large NBFCs operating out of this region. MMFL faces heavy competition from larger players (including banks and other NBFCs) which are offering gold loans in the regions where the company operates.

Impact of Covid-19

There were state-wise restriction on the operations of branches due to second wave Covid-19 pandemic in April and May 2021. The state-wise lock downs did impact the business of the company in some of the regions and the disbursement and collections were lower compared to pre-Covid levels. Post that there was significant improvement in disbursements and collection and the company has disbursed Rs.4,692 crore during 9MFY22.

Liquidity: Adequate

ALM profile as on December 31, 2021, is at a comfortable level with no cumulative negative mismatch in any of the time brackets. ALM is comfortable mainly on account of shorter tenor of loans provided by MMFL with access to longer tenure borrowings. As on December 31, 2021, the company had cash and liquid investments of about Rs.374 crore.

Analytical approach: Standalone

Applicable Criteria:
Criteria on assigning Outlook and Credit watch to Credit Ratings
CARE's Policy on Default Recognition
Financial Ratios-Financial Sector
CARE's Rating Methodology for Non-Banking Finance Companies (NBFCs)

About the Company

Muthoottu Mini Financiers Ltd (MMFL) was incorporated on March 18, 1998, and was operating as an investment company for other group entities till FY06. MMFL started gold loan advances from FY07 and undertook rapid branch expansion from FY09 onwards. The company has been converted into a public limited company on November 27, 2013, and consequently the name has been changed from Muthoottu Mini Financiers Private Limited to MMFL. MMFL also operates as an agent of several Money Transfer Services set-ups, realizing agency commission for these services. As on March 31, 2021, the company had a loan portfolio (net of provision) of Rs.1,979 crore.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	9MFY22(Provisional)
Total income	313	368	314
PAT	34	32	38
Interest coverage (times)	1.20	1.28	1.29
Total Assets	2,010	2,519	2,932
Net NPA (%)	1.34	0.75	0.76
ROTA (%)	1.81	1.41	1.85

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Bank Lender Details for this Company: Annexure 5

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures – VIII (Proposed)		-	-	-	250.00	CARE BBB+; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (21-May-18)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (21-May-18)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (06-Jan-20)	1)CARE BBB-; Stable (18-Feb-19)
4	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (06-Jan-20)	1)CARE BBB-; Stable (18-Feb-19)
5	Debentures-Non Convertible Debentures	LT	79.15	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (06-Jan-20) 2)CARE BBB-; Stable	-

					2)CARE BBB+; Stable (28-Jul-21)		(03-Jul-19)	
6	Debentures-Non Convertible Debentures	LT	127.71	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (06-Jan-20) 2)CARE BBB-; Stable (20-Dec-19)	-
7	Debentures-Non Convertible Debentures	LT	166.26	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (16-Mar-20)	-
8	Debentures-Non Convertible Debentures	LT	233.58	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	-	-	-
9	Debentures-Non Convertible Debentures	LT	170.86	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (25-Aug-21)	-	-	-
10	Debentures-Non Convertible Debentures	LT	250.00	CARE BBB+; Stable				

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: ***Not Applicable***

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Debentures-Non-Convertible Debentures	Simple

Note on complexity levels of the rated instrument: *CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.*

Annexure 5: Bank Lender Details for this Company: ***Not Applicable***

Contact us

Media Contact
Mr Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID: mradul.mishra@careedge.in

Analyst Contact 1
Mr P Sudhakar
Contact no. - 044-2850 1000
Email ID: p.sudhakar@careedge.in

Analyst Contact 2
Mr Ravi Shankar R
Contact no. - 044-2850 1016
Email ID: ravi.s@careedge.in

Relationship Contact
Mr V Pradeep Kumar
Contact no. - 044-2850 1000
Email ID: pradeep.kumar@careedge.in

About CARE Ratings Limited:
Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.
With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

****For detailed Rationale Report and subscription information, please contact us at www.careedge.in**

Muthoottu Mini Financiers Limited

March 09, 2022

Rating

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Non-convertible Debentures – VIII (Proposed)	250.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Assigned
Total Long-term Instruments	**250.00 (Rs. Two hundred fifty crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the proposed debt instrument of Muthoottu Mini Financiers Limited (MMFL) factors in the improved assets under management (AUM) per branch resulting in improved profitability and increased proportion of shorter tenure loans which offers higher margin of safety against the price risk associated with volatility in the gold price. The rating positively factors in the strong brand recognition of the group, the long track record of the promoters in the gold loan business, comfortable capitalisation levels, good asset quality levels and adequate liquidity position. The rating is constrained by the geographical concentration of loan portfolio, concentrated resource profile, concentration in a single asset class, which is exposed to the market risk related to gold and intense competition in the gold loan business and significant investment in fixed assets.

Rating Sensitivities

Positive Factors – Factors that could, individually or collectively, lead to positive rating action/upgrade

- Improvement in the profitability, with return on total assets (ROTA) of above 2.50% on a sustained basis, along with improvement in the scale of operations.
- Improvement in resource profile, with good mix of borrowings from diversified sources.

Negative Factors – Factors that could, individually or collectively, lead to negative rating action/downgrade

- Moderation in profitability, with ROTA of less than 1% on a sustained basis.
- Deterioration in asset quality, with gross non-performing assets (GNPA) of above 3% on a sustained basis.

Detailed Description of the key rating drivers

Key Rating Strengths

Strong brand value and experienced promoters

The 'Mini Muthoot' group has been in the gold loan business for more than six decades and has established a strong brand value in the market. MMFL is a business venture of the 'Mini Muthoot' group and has been providing gold loan advances from FY07 (refers to the period April 1 to March 31). Over the years, the company has expanded and strengthened its branch network across south India and has initiated its branch expansion to the rest of India. The promoters of the group have rich experience in the gold loan business. The company also has a strong board of directors, consisting of highly-experienced and qualified individuals; and the day-to-day operations of the company are looked after by a team of professionals who have extensive experience in banking and finance.

Adequate risk management systems

MMFL has put in place strong appraisal systems, including the evaluation of gold. Several tests for checking spurious gold, including touchstone test and nitric acid test, are conducted by the branches. The company has implemented systems for ensuring gold security and reducing custodial risks, including highly-secured vaults with dual control and insurance. Furthermore, surveillance cameras have been installed at all its branches. It also has an internal audit system wherein, the gold auditors inspect the branches where the auditor verifies all the gold ornaments, every 30 days. All the branches of the company are subject to regular internal audit of accounts once in three months.

Comfortable capital adequacy levels

MMFL has been maintaining a comfortable capital adequacy ratio (CAR) over the years. The total CAR and Tier-I CAR stood at 25.75% and 22.38%, respectively, as on March 31, 2021, as against 29.65% and 24.57%, respectively, as on March 31, 2020, with increase in the scale of operations during the period. As on December 31, 2021, the total CAR and Tier-I CAR stood at 22.34% and 19.83%, respectively.

The overall gearing stood at 3.93x as on March 31, 2021, and 4.34x as on December 31, 2021. The increase in the gearing ratio is expected over the medium-term.

Improvement in profitability

MMFL has witnessed marginal improvement in the net interest margin (NIM), from 7.50% in FY20 (refers to the period April 1 to March 31) to 7.75% in FY21, with decrease in the cost of borrowings. The operating expenses (opex) to average total assets

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

stood at 5.28% in FY21 (PY: 6.27%). The opex was reduced mainly due to the improvement in the AUM per branch. ROTA witnessed a reduction to 1.41% during FY21, from 1.81% during FY20, due to deferred tax liability of Rs.12.05 crore during FY21. However, the ROTA-PBT has increased to 2.35% in FY21 (PY: 1.75%). During 9MFY22, the opex to average total assets stood at 4.79%; and ROTA stood at 1.85%. Going forward, improving profitability remains critical for the company.

Good asset quality
The loans are mainly backed by gold jewellery that is a liquid and safe security. MMFL is concentrating on gold loans with a tenure upto six months to reduce the risk of price volatility. The proportion of gold loans having a tenure upto six months increased from 1% as on March 31, 2020, to 81% as on March 31, 2021. Notably, earlier, the loans with a tenure of nine months accounted for 64% in FY20. In case the borrowers fail to repay the loans within the stipulated time period, the company reserves the right to auction the gold jewellery kept as security. Also, to further reduce the risk due to volatility in gold prices, MMFL follows a mark-to-market system (MTM), which is an management information system (MIS)-driven automated system where there is an internal trigger if the MTM value is above the determined level. In such a scenario, the company asks the customer for repayments or more collateral.
GNPA and net non-performing asset (NNPA) have reduced to 0.86% and 0.75%, respectively, as on March 31, 2021, as against 1.89% and 1.34% as on March 31, 2020, and as on December 31, 2021, GNPA and NNPA stood at 0.88% and 0.76%, respectively. The ability of the company to maintain asset quality and maintain nil/low under-recovery on auctions remains a key rating sensitivity.

Key Rating Weaknesses
High product and geographical concentration
MMFL has majority of its portfolio concentrated towards southern India. As on March 31, 2021, Tamil Nadu constituted around 43% (PY: 41%) of the gold loan portfolio. The five south Indian states constituted around 95% of the gold loan portfolio, as on March 31, 2021. The portfolio is expected to remain concentrated in south India over the medium-term.
Majority of the company's loan portfolio consists of loans against the gold jewellery. Although the risk is mitigated to an extent as the loans are backed by gold jewellery, which is highly liquid in nature, the company is exposed to a price risk associated with the gold, which could have a bearing on the full recoverability of principal and interest portion. However, MMFL has been giving out loans of shorter tenure and has implemented internal systems to reduce the impact due to the price volatility. As on March 31, 2021, gold loans accounted for 97% of the loan portfolio and the rest are micro-finance loans and loan against property (LAP) loans. The proportion of gold loans to the total loan portfolio is expected to remain higher in the medium term.

Concentrated resource profile
The resource profile of MMFL is concentrated towards retail debentures (including sub-debt), which constituted around 81% (PY: 75%) of the total borrowings, as on March 31, 2021. The share of bank borrowings has witnessed a decrease from 21% as on March 31, 2020, to 19% as on March 31, 2021. As on December 31, 2021, retail debentures (including sub-debt) constituted around 79% of the resource profile and the share of bank borrowings stood at 21%. The resource profile is expected to remain concentrated in the near term.

Significant exposure to fixed assets, however, reducing on a year-on-year basis
MMFL made significant investments in fixed assets during FY16 from related parties. However, with equity infusion post that and revaluation in the value of fixed assets purchased, the fixed assets/net worth ratio has reduced. With retention of profits and no new acquisition of fixed assets, fixed assets/networth improved to 37% as on March 31, 2021, as against 41% as on March 31, 2020. Furthermore, as on December 31, 2021, fixed assets/networth improved to 34%.

Intense competition in the gold loan business
Geographically, the gold loan financing industry is predominantly placed in southern India with an active interest of both, the south India-based banks and the large non-banking financial companies (NBFCs) operating out of this region. MMFL faces heavy competition from larger players (including banks and other NBFCs) offering gold loans in the regions in which the company operates.

Impact of Covid-19
There were state-wise restrictions on the operations of branches due to the second wave of the COVID-19 pandemic in April and May 2021. The state-wise lockdowns impacted the business of the company in some of the regions and the disbursement and collections were lower compared to the pre-COVID levels. Post that, there was significant improvement in the disbursements and collection, and the company has disbursed Rs.4,692 crore during 9MFY22.

Liquidity: Adequate
The asset and liability management (ALM) profile, as on December 31, 2021, is at a comfortable level, with no cumulative negative mismatch in any of the time brackets. The ALM is comfortable mainly on account of the shorter tenor of loans provided by MMFL with access to longer tenure borrowings. As on December 31, 2021, the company had cash and liquid investments of about Rs.374 crore.

Analytical approach: Standalone

Applicable Criteria:
[Criteria on assigning Outlook and Credit watch to Credit Ratings]
[CARE's Policy on Default Recognition]
[Financial Ratios-Financial Sector]
[CARE's Rating Methodology for Non-Banking Finance Companies (NBFCs)]

About the Company
Muthoottu Mini Financiers Ltd (MMFL) was incorporated on March 18, 1998, and operated as an investment company for other group entities until FY06. MMFL then started gold loan advances from FY07 and undertook rapid branch expansions from FY09 onwards. The company was converted to a public limited company on November 27, 2013, and consequently, the name was changed from Muthoottu Mini Financiers Private Limited to MMFL. MMFL also operates as an agent of several money transfer services set-ups, realising agency commission for these services. As on March 31, 2021, the company had a loan portfolio (net of provision) of Rs.1,979 crore.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	9MFY22(Provisional)
Total income	313	368	314
PAT	34	32	38
Interest coverage (times)	1.20	1.28	1.29
Total Assets	2,010	2,519	2,932
Net NPA (%)	1.34	0.75	0.76
ROTA (%)	1.81	1.41	1.85

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Bank Lender Details for this Company: Annexure 5

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures – VIII (Proposed)	-	-	-	-	250.00	CARE BBB+; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (21-May-18)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (21-May-18)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (06-Jan-20)	1)CARE BBB-; Stable (18-Feb-19)
4	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (06-Jan-20)	1)CARE BBB-; Stable (18-Feb-19)
5	Debentures-Non Convertible Debentures	LT	79.15	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (06-Jan-20) 2)CARE BBB-; Stable (03-Jul-19)	-
6	Debentures-Non Convertible Debentures	LT	127.71	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (06-Jan-20) 2)CARE BBB-; Stable (20-Dec-19)	-
7	Debentures-Non Convertible Debentures	LT	166.26	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (16-Mar-20)	-
8	Debentures-Non Convertible Debentures	LT	233.58	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	-	-	-
9	Debentures-Non Convertible Debentures	LT	170.86	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (25-Aug-21)	-	-	-
10	Debentures-Non Convertible Debentures	LT	250.00	CARE BBB+; Stable				

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: ***Not Applicable***

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Debentures-Non-Convertible Debentures	Simple

Annexure 5: Bank Lender Details for this Company: *Not Applicable*

Note on complexity levels of the rated instrument: *CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.*

Contact us

Media Contact
Mr Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID: mradul.mishra@careedge.in

Analyst Contact 1
Mr P Sudhakar
Contact no. - 044-2850 1000
Email ID: p.sudhakar@careedge.in

Analyst Contact 2
Mr Ravi Shankar R
Contact no. - 044-2850 1000
Email ID: ravi.s@careedge.in

Relationship Contact
Mr V Pradeep Kumar
Contact no. - 044-2850 1000
Email ID: pradeep.kumar@careedge.in

About CARE Ratings Limited:
Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.
With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

****For detailed Rationale Report and subscription information, please contact us at www.careedge.in**

No. CARE/CRO/RL/2022-23/1002

Ms. Ann Mary George
Chief Financial Officer
Muthoottu Mini Financiers Limited
Mini Muthoottu Tech Towers,Near PVS Hospital
Kaloor, Ernakulam
Kerala 682017

April 06, 2022

Confidential

Dear Madam,

Credit rating for proposed Non-Convertible Debentures

Please refer to our letter no. CARE/CRO/RL/2021-22/1484 dated March 08, 2022, and your request for revalidation of the rating assigned to the proposed non-convertible debenture issue of your company, for a limit of Rs.250.00 crore.

2. The following rating(s) have been reviewed:

Sr. No.	Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
1.	Non Convertible Debentures – VIII (Proposed)	250.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Reaffirmed
	Total Instruments	250.00 (Rs. Two Hundred Fifty Crore Only)		

3. The proposed NCD would have a tenure of up to 84 months.

4. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** from the date of this letter.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors

[1]Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

CARE Ratings Limited

Unit No. O-509/C, Spencer Plaza, 5th Floor
No. 769, Anna Salai, Chennai – 600 002.
Tel: +91 –44-2849 0811 / 13/ 76

Corporate Office :4th Floor, Godrej Coliseum,
Somaiya Hospital Road, Off Eastern Express
Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456
Email: care@careedge.in • www.careedge.in

CIN-L67190MH1993PLC071691

6. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

7. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

8. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

9. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.

10. CARE Ratings Ltd. ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Hareesh H
Analyst
hareesh.h@careedge.in

R. Ravishankar
Ravi Shankar R
Assistant Director
ravi.s@careedge.in

Encl.: As above

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Ratings • Advisory • Research • Risk Solutions

CARE/CRO/RR/2021-22/1102

Ms. Ann Mary George
Chief Financial Officer
Muthoottu Mini Financiers Limited
Mini Muthoottu Tech Towers,Near PVS Hospital
Kaloor, Ernakulam
Kerala 682017

March 08, 2022

Dear Madam,

Credit rating of Debt Instruments

Please refer to our letters dated March 08, 2022 on the above subject.

2. The rationale for the rating is attached as an **Annexure**.

3. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by March 09, 2022**,** we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

R. Ravishankar

Ravi Shankar R
Assistant Director

Encl.: As above

Annexure
Rating Rationale
Muthoottu Mini Financiers Limited

Rating

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Non Convertible Debentures – VIII (Proposed)	250.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Assigned
Total Long-Term Instruments	**250.00 (Rs. Two Hundred Fifty Crore Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the proposed debt instrument of Muthoottu Mini Financiers Limited (MMFL) factors in the improved assets under management (AUM) per branch resulting in improved profitability and increased proportion of shorter tenure loans which offers higher margin of safety against price risk associated with volatility in gold price.The rating positively factors in the strong brand recognition of the group, the long track record of the promoters in the gold loan business, comfortable capitalization levels, good asset quality levels and adequate liquidity position. The rating is constrained by geographical concentration of loan portfolio, concentrated resource profile, concentration in a single asset class which is exposed to the market risk related to gold and intense competition in the gold loan business and significant investment in fixed assets.

Rating Sensitivities

Positive Factors: Factors that could, individually or collectively, lead to positive rating action/upgrade

- Improvement in profitability with ROTA of above 2.50% on a sustained basis along with improvement in scale of operations
- Improvement in resource profile with good mix of borrowings from diversified sources

Negative Factors: Factors that could, individually or collectively, lead to negative rating action/downgrade

- Moderation in profitability with ROTA of less than 1% on sustained basis
- Deterioration in asset quality with GNPA of above 3% on sustained basis

Detailed Description of the key rating drivers

Strong brand value and experienced promoters

The 'Mini Muthoot' group has been in the gold loan business for more than six decades and has consequently established strong brand value in the market. Muthoottu Mini Financiers Limited (MMFL) is a business venture of the 'Mini Muthoot' group and MMFL has been providing gold loan advances from FY07 (refers to the period April 1 to March 31). Over the years, the company has expanded and strengthened its branch network across south India and has initiated its branch expansion to the rest of India. The promoters of the group have rich experience in the gold loan business. The company also has a strong board of directors consisting of highly experienced and qualified individuals and day-to-day operations of the company is looked after by a team of professionals who have extensive experience in banking and finance.

Adequate risk management systems

MMFL has put in place the strong appraisal systems including the evaluation of gold. Several tests for checking spurious gold including touchstone test and nitric acid test are conducted by the branches. The company has implemented systems for ensuring the gold security and reducing the custodial risks, including highly secured vaults with dual control and insurance. Furthermore, surveillance cameras have been installed in all its branches.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

It also has internal audit system wherein the gold auditors inspect the branches every 30 days where the auditor verifies all the gold ornaments. All the branches of the company are subject to regular internal audit of accounts once in three months.

Comfortable capital adequacy levels

MMFL has been maintaining comfortable CAR over the years. The total CAR and Tier I CAR stood at 25.75% and 22.38%, respectively, as on March 31, 2021 as against 29.65% and 24.57%, respectively, as on March 31, 2020, with increase in the scale of operations during the period. As on December 31, 2021, total CAR and Tier I CAR stood at 22.34% and 19.83% respectively.

Overall gearing stood at 3.93x times as on March 31, 2021 and 4.34x as on December 31, 2021. Increase in the gearing ratio is expected over the medium term.

Improvement in profitability

MMFL has witnessed marginal improvement in NIM from 7.50% in FY20 (refers to the period April 1 to March 31) to 7.75% in FY21 with decrease in the cost of borrowings. Operating expenses (opex) to average total assets stood at 5.28% in FY21 (PY: 6.27%). The opex was reduced mainly due to improvement in AUM per branch. ROTA witnessed a reduction to 1.41% during FY21 from 1.81% during FY20 due to deferred tax liability of Rs.12.05 crore during FY21. However, ROTA-PBT has increased to 2.35% in FY21 (PY: 1.75%). During 9MFY22, Operating expenses (opex) to average total assets stood at 4.79%, ROTA stood at 1.85%. Going forward, improving profitability remains critical for the company.

Good Asset Quality

The loans are mainly backed by gold jewellery that is a liquid and safe security. MMFL is concentrating on gold loans with tenure upto 6 months to reduce the risk of price volatility. The proportion of gold loans having tenure upto 6 months increased from 1% as on March 31, 2020 to 81% as on March 31, 2021. It is to be noted that earlier, loans with tenure of 9 months accounted for 64% in FY20. In case the borrowers fail to repay the loans within the stipulated time period, the company reserves the right to auction the gold jewellery kept as security. Also, to further reduce the risk due to volatility in gold prices, MMFL follows a mark-to-market system (MTM) which is an MIS-driven automated system where there is an internal trigger if MTM value is above the determined level. In such scenarios, the company asks the customer for repayments or more collateral.

GNPA and NNPA has reduced to 0.86% and 0.75% as on March 31, 2021 as against 1.89% and 1.34% as on March 31, 2020 and as on December 31, 2021, GNPA and NNPA stood at 0.88% and 0.76% respectively. The ability of the company to maintain asset quality and maintain Nil/low under-recovery on auctions remains a key rating sensitivity.

High product and geographical concentration

MMFL has majority of its portfolio concentrated towards southern India. As on March 31, 2021, Tamil Nadu constituted around 43% (PY: 41%) of the Gold loan portfolio. The five south Indian states constituted around 95% of the gold loan portfolio as on March 31, 2021. The portfolio is expected to remain concentrated in south India over the medium term.

Majority of the company's loan portfolio consist of loans against the gold jewellery. Though the risk is mitigated to an extent as the loans are backed by gold jewellery which is highly liquid in nature, the company is exposed to a price risk associated with the gold which could have a bearing on the full recoverability of principal and interest portion. However, MMFL has been giving out loans of shorter tenure and has implemented internal systems to reduce the impact due to price volatility. As on March 31, 2021, gold loans accounted for 97% of the loan portfolio and rest are Micro Finance Loans and LAP loans. The proportion of gold loans to the total loan portfolio are expected to remain higher in the medium term.

Concentrated resource profile

The resource profile of MMFL is concentrated towards retail debentures (including sub-debt) which constitutes around 81% (PY:75%) of the total borrowings as on March 31, 2021. The share of bank borrowings has witnessed a decrease from 21% as on March 31, 2020 to 19% as on March 31, 2021. As on December 31, 2021 retail debentures (including sub-debt) constitutes around 79% of the resource profile and share of bank borrowings stood at 21%. The resource profile is expected to remain concentrated in the near term.

Significant exposure to fixed assets however reducing on a year on year basis

MMFL made significant investments in fixed assets during FY16 from related parties. However, with equity infusion post that and revaluation in the value of fixed assets purchased, fixed assets/net worth ratio has reduced. With retention of profits and no new acquisition of fixed assets, fixed assets/networth improved to 37% as on March 31, 2021, as against 41% as on March 31, 2020. Further, as on December 31, 2021, fixed assets/networth improved to 34%.

Intense competition in the gold loan business

Geographically, the gold loan financing industry is predominantly placed in the southern India with an active interest of both the south India-based banks and the large NBFCs operating out of this region. MMFL faces heavy competition from larger players (including banks and other NBFCs) which are offering gold loans in the regions where the company operates.

Impact of Covid-19

There were state-wise restriction on the operations of branches due to second wave Covid-19 pandemic in April and May 2021. The state-wise lock downs did impact the business of the company in some of the regions and the disbursement and collections were lower compared to pre-Covid levels. Post that there was significant improvement in disbursements and collection and the company has disbursed Rs.4,692 crore during 9MFY22.

Liquidity: Adequate

ALM profile as on December 31, 2021, is at a comfortable level with no cumulative negative mismatch in any of the time brackets. ALM is comfortable mainly on account of shorter tenor of loans provided by MMFL with access to longer tenure borrowings. As on December 31, 2021, the company had cash and liquid investments of about Rs.374 crore.

Analytical approach: Standalone

Applicable Criteria:

Criteria on assigning Outlook and Credit watch to Credit Ratings
CARE's Policy on Default Recognition
Financial Ratios-Financial Sector
CARE's Rating Methodology for Non-Banking Finance Companies (NBFCs)

About the Company

Muthoottu Mini Financiers Ltd (MMFL) was incorporated on March 18, 1998, and was operating as an investment company for other group entities till FY06. MMFL started gold loan advances from FY07 and undertook rapid branch expansion from FY09 onwards. The company has been converted into a public limited company on November 27, 2013, and consequently the name has been changed from Muthoottu Mini Financiers Private Limited to MMFL. MMFL also operates as an agent of several Money Transfer Services set-ups, realizing agency commission for these services. As on March 31, 2021, the company had a loan portfolio (net of provision) of Rs.1,979 crore.

Financial Performance: ***(Rs. crore)***

Year ended / As on	31-03-2019	31-03-2020	31-03-2021
	A	A	A
Particulars			
Fund-based Income	284	298	359

Fee-based Income	2	3	4
Other Income	4	4	5
Total Income	**295**	**313**	**368**
Interest Expense & Financial Charges	160	165	192
Total Operating Expenses	105	116	119
PPOP	**30**	**32**	**57**
Provisions & Write offs	1	-1	3
PBT	29	32	53
PAT	**23**	**34**	**32**
Financial Position			
Net Worth	**436**	**462**	**506**
Total Debt	1,014	1,528	1,989
Loan Portfolio	1,380	1,675	1,979
Total Assets	**1,697**	**2,010**	**2,519**
Key Ratios (%)			
Solvency			
Overall Gearing (times)	2.33	3.31	3.93
Interest coverage (times)	1.16	1.20	1.28
CAR %	36.16	29.65	25.71
Tier I CAR %	27.25	24.57	22.36
Profitability & Operating Efficiency Ratios (%)			
Net Interest Margin	7.01	7.50	7.75
Operating Expenses/Average Total Assets	5.70	6.27	5.28
ROTA (PAT / Average Total Assets)	**1.27**	**1.81**	**1.41**
Asset Quality Ratios (%)			
Gross NPA	2.16	1.89	0.86
Net NPA	1.38	1.34	0.75
Net NPA to Net worth	4.35	4.89	2.96

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Bank Lender Details for this Company: Annexure 5

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures – VIII (Proposed)		-	-	-	250.00	CARE BBB+; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019

1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (21-May-18)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (21-May-18)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (06-Jan-20)	1)CARE BBB-; Stable (18-Feb-19)
4	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (06-Jan-20)	1)CARE BBB-; Stable (18-Feb-19)
5	Debentures-Non Convertible Debentures	LT	79.15	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (06-Jan-20) 2)CARE BBB-; Stable (03-Jul-19)	-
6	Debentures-Non Convertible Debentures	LT	127.71	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (06-Jan-20) 2)CARE BBB-; Stable (20-Dec-19)	-
7	Debentures-Non Convertible Debentures	LT	166.26	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	1)CARE BBB; Stable (22-Dec-20)	1)CARE BBB-; Stable (16-Mar-20)	-
8	Debentures-Non Convertible Debentures	LT	233.58	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (28-Jul-21)	-	-	-

9	Debentures-Non Convertible Debentures	LT	170.86	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Mar-22) 2)CARE BBB+; Stable (25-Aug-21)	-	-	-
10	Debentures-Non Convertible Debentures	LT	250.00	CARE BBB+; Stable				

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: *NA*

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Debentures-Non-Convertible Debentures	Simple

Note on complexity levels of the rated instrument: *CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.*

Annexure 5: Bank Lender Details for this Company: *Not Applicable*

Contact us

Media Contact
Mradul Mishra
Contact no. - +91-22-6754 3573
Email ID - mradul.mishra@careedge.in

Analyst Contact 1
P Sudhakar
Contact no. - 044-2850 1000
Email ID: p.sudhakar@careedge.in

Analyst Contact 2
Ravi Shankar R
Contact no. - 044-2850 1016
Email ID: ravi.s@careedge.in

Relationship Contact
V Pradeep Kumar
Contact no. - 044-2850 1000
Email ID: pradeep.kumar@careedge.in

About CARE Ratings:
About CARE Ratings Limited: Established in 1993, CARE Ratings Ltd is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.
With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

Disclaimer
The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount

and type of bank facilities/instruments. CARE or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CONTACT

CARE Ratings Ltd.
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456

REGIONAL OFFICE

AHMEDABAD
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Phone : +91-79-4026 5656

ANDHERI – MUMBAI
CARE Ratings Limited
A Wing - 1102 / 1103, Kanakia Wall Street,
Andheri Kurla Road, Chakala, Andheri (E),
Mumbai - 400 093

BENGALURU
Unit No. 205-208, 2nd Floor, Prestige Meridian 1,
No. 30, M.G. Road, Bengaluru, Karnataka - 560 001
Phone : +91-80-4662 5555

CHENNAI
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002
Phone : +91-44-2849 7812 / 0811

COIMBATORE
T-3, 3rd Floor, Manchester Square,
Puliakulam Road, Coimbatore - 641 037
Phone : +91-422-433 2399 / 450 2399

HYDERABAD
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029
Phone : +91-40-4010 2030

KOLKATA
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071
Phone : +91-33-4018 1600

NEW DELHI
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055
Phone : +91-11-4533 3200

PUNE
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 016
Phone : +91-20- 4000 9000

CIN - L67190MH1993PLC071691

ANNEXURE III - CONSENT OF THE DEBENTURE TRUSTEE

APPENDED OVERLEAF

Consent letter from the Debenture Trustee to the Issue

March 26, 2022

Muthoottu Mini Financiers Limited
Mini Muthoottu Tech Towers,
Kaloor, Cochin – 682 017,
Kerala, India

Dear Ma'am/Sir

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debenture ("NCDs") Rs. 125 Crores ("Base Issue"), with an option to retain over-subscription up to Rs. 125 crores aggregating up to Rs. 250 crores ("Issue") of Muthoottu Mini Financiers Limited ("Company" or "Issuer").

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Prospectus to be filed with the BSE Limited ("**Stock Exchange**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Prospectus to be filed with the Registrar of Companies, Mumbai at Maharashtra ("**RoC**"), Stock Exchange and to be forwarded to SEBI in respect of the Issue and also in all related advertisements and communications sent pursuant to the Issue. The following details with respect to us may be disclosed:

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED
1402/1403, B-Wing, 14th Floor,
Dalamal Towers
Free Press Journal Marg,
211, Nariman Point
Mumbai – 400 021.
Maharashtra, India

Tel:	(91) (22) 22828200
Fax:	(91) (22) 22024553
Email:	mitcontrustee@mitconindia.com
Website:	www.mitcontrustee.com
Contact Person:	Ms. Vaishali Urkude
SEBI Registration No:	IND000000596
Logo:	MITCON™ Solutions for Sustainable Tomorrow

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We confirm that we have not been prohibited to act as a debenture trustee by the SEBI.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company.

We confirm that we will immediately inform the Company and the Lead Manager of any change to the above information until the date when the proposed Public Issue of NCDs commence trading on the Stock Exchange. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the Lead Manager and the legal advisor to the Issue in respect of the Issue.

Sincerely

For **MITCON Credentia Trusteeship Services Limited**

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED

Name: Vaishali Urkude
Designation: Managing Director

CC:

Vivro Financial Services Private Limited
607-608 Marathon Icon
Veer Santaji Lane
Opp. Peninsula Corporate Park
Off Ganpatrao Kadam Marg
Lower Parel
Mumbai- 400013

Khaitan & Co
One World Centre
10th & 13th Floor, Tower 1C,
Senapati Bapat Marg,
Mumbai 400 013
Maharashtra, India

Annexure A

डिबेंचर न्यासी

प्ररूप ख

FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड

SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993

(DEBENTURE TRUSTEE) REGULATIONS, 1993

000266

(विनियम 8)

(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र

CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा 12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regelations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

MITCON TRUSTEESHIP SERVICES LIMITED
KUBERA CHAMBERS, 1ST FLOOR
SHIVAJINAGAR
MAHARASHTRA
PUNE
411005

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।

2) Registration Code for the debenture trustee is IND000000596

This Certificate of registration shall be valid for permanent, unless suspended or cancelled by the Board

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from to

आदेश से

भारतीय प्रतिभूति और विनिमय बोर्ड

के लिए और उसकी ओर से

By order

For and on behalf of

Securities and Exchange Board of India

स्थान Place : Mumbai

तारीख Date : January 21, 2020

ANUPMA CHADHA

प्राधिकृत हस्ताक्षरी Authorised Signatory

MITCON Credentia Trusteeship Services Limited (Formerly known as MITCON Trusteeship Services Limited)

Registered address: 1st Floor, Kubera Chambers, Shivajinagar, Pune 411 005, Maharashtra (INDIA) | +91-20-25533309, 25534322

Correspondence address: 1402/1403, B-Wing, 14th Floor, Dalamal Towers, Free Press Journal Marg, 211, Nariman Point, Mumbai - 400 021 Maharashtra (INDIA)

+91-22-22828200 / 240 | mitcontrustee@mitconindia.com | CIN: U93000PN2018PLC180330

www.mitcontrustee.com

Annexure B

March 26, 2022

Muthoottu Mini Financiers Limited
Mini Muthoottu Tech Towers,
Kaloor, Cochin – 682 017,
Kerala, India

Dear Ma'am/Sir

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debenture ("NCDs") Rs. 125 Crores ("Base Issue"), with an option to retain over-subscription up to Rs. 125 crores aggregating up to Rs. 250 crores ("Issue") of Muthoottu Mini Financiers Limited ("Company" or "Issuer").

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

1.	Registration Number	IND000000596
2.	Date of registration/ Renewal of registration	January 21, 2020
3.	Date of expiry of registration	Permanent Registration
4.	If applied for renewal, date of application	N.A.
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	None
6.	Any enquiry/ investigation being conducted by SEBI	None
7.	Details of any penalty imposed by SEBI	None

We hereby enclose a copy of our SEBI registration certificate.

We shall immediately intimate the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the relevant Stock Exchange. In the absence of any such communication the listing and trading of the non-convertible debentures on the relevant Stock Exchange.

For **MITCON Credentia Trusteeship Services Limited**

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED

Name: Vaishali Urkude
Designation: Managing Director