



MUTHOOT FINCORP LIMITED
(Formerly 'Muthoot Debt Management Services Limited')

Muthoot Fincorp Limited (the "Company") with CIN U65929KL1997PLC011518 was incorporated in the Republic of India under the Companies Act, 1956, as amended (the "Companies Act 1956") as a public limited company and registered as a Non-Banking Financial Company ("NBFC") within the meaning of the Reserve Bank of India Act, 1934, as amended (the "RBI Act"). For further details, see the section titled "History and Certain Corporate Matters" on page 122.

Registered office: Muthoot Centre, Punnen Road, Trivandrum 695 034 **Tel:** +91 (471) 3911550 **Fax:** +91 (471) 2331560 **Corporate office:** Spencer Junction, M.G. Road, Trivandrum 695 001 **Tel:** +91 (471) 3911430 **Fax:** +91 (471) 3911569 **Website:** www.muthootfincorp.com **Compliance Officer and Contact Person:** Mr. T.D. Mathai; **Email:** cs@muthootfincorp.com

PROMOTERS OF THE COMPANY: THOMAS JOHN MUTHOOT, THOMAS GEORGE MUTHOOT AND THOMAS MUTHOOT

PUBLIC ISSUE BY MUTHOOT FINCORP LIMITED, ("COMPANY" OR "ISSUER") OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES AND UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("NCDS"), UP TO ₹ 15,000 LAKHS WITH AN OPTION TO RETAIN OVER SUBSCRIPTION UP TO ₹ 15,000 LAKHS AGGREGATING TO ₹ 30,000 LAKHS (THE "ISSUE"). THE UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES WILL BE IN THE NATURE OF SUBORDINATED DEBT AND WILL BE ELIGIBLE FOR TIER II CAPITAL.

The Issue is being made under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "SEBI Debt Regulations").

GENERAL RISK

Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. Specific attention of the investors is invited to "Risk Factors" on page 19 before making an investment in the Issue. This document has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), any registrar of companies or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

CREDIT RATING

CRISIL has by way of its letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 and letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 read with letter no. RM/FIN/MUFILT/2014-15/946 dated August 26, 2014 assigned a rating of "CRISIL A/Stable" to the NCDs. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agency and should be evaluated independently of any other ratings. For the rationale for these ratings, see "Annexure B – Credit Rating".

PUBLIC COMMENTS

The Draft Prospectus has been filed with BSE Limited ("BSE"), the Designated Stock Exchange pursuant to regulation 6 (2) the SEBI Debt Regulations. The Draft Prospectus is open for public comments. All comments on the Draft Prospectus are to be forwarded to the attention of Mr. T.D. Mathai, the Compliance Officer at the Registered Office of the Company, at the following address: Muthoot Centre, Punnen Road, Trivandrum 695 034; Fax: +91 (471) 2331560; Email: cs@muthootfincorp.com. All comments from the public must be received by the Company within seven Working Days of the date of filing of the Draft Prospectus with the Designated Stock Exchange, i.e., not later than 5 p.m. on the seventh Working Day. Comments may be sent through post, fax or email.

LISTING

The NCDs are proposed to be listed on BSE, which has given its in-principle listing approval, by letter no. [●], dated [●]. The Designated Stock Exchange for the Issue is BSE.

ISSUE RELATED DETAILS

For details relating to the Issue, the coupon rate, the coupon payment frequency, the redemption date, the redemption amount and eligible Investors, please refer to the section titled "Offer Information" beginning on page 214.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE
<p>SMC Capitals Limited 302-303, Enterprise Centre, Nehru Road, Vile Parle (East), Mumbai 400 099 Tel: +91 (22) 6648 1818 Fax: +91 (22) 6648 1850 Email: muthootfincorp.ncd@smccapitals.com Investor Grievance Email: investor.grievance@smccapitals.com Website: www.smccapitals.com Contact person: Mr. Satish Mangutkar Compliance Officer: Mr. O.P. Agrawal SEBI Registration No.: INM000011427*</p>	<p>Integrated Enterprises (India) Limited II Floor, Kences Towers, No. 1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017 Tel: +91 (44) 2814 0801 - 803 Fax: +91 (44) 2814 2479 Email: mfinipo@integratedindia.in Investor Grievance Email: sureshbabu@integratedindia.in Website: http://www.integratedindia.in Contact Person: Mr. Sriram S SEBI Registration Number: INR000000544</p>	<p>SBICAP Trustee Company Limited Apeejay House, 6th Floor, 3 Dinshaw Wachha Road, Churchgate, Mumbai 400 020 Tel: +91 (22) 4302 5555 Fax: +91 (22) 2204 0465 Email: corporate@sbicaptrustee.com Investor Grievance Email: corporate@sbicaptrustee.com Website: www.sbicaptrustee.com Contact Person: Mrs. Ajit Joshi SEBI Registration Number: IND000000536</p>

*The SEBI registration certificate of SMC Capitals Limited as a merchant banker has expired on December 30, 2013. An application for renewal of registration was made to SEBI on September 25, 2013 in accordance with the provisions of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992. The approval of SEBI in this regard is awaited.

ISSUE PROGRAMME

ISSUE OPENS ON	ISSUE CLOSES ON**
[●], 2014	[●], 2014

**The Issue shall remain open for subscription from 10 a.m. to 5 p.m. during the period indicated above with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof of the Company. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in at least one leading national daily newspaper with wide circulation.

SBICAP Trustee Company Limited has by its letter dated August 14, 2014 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue. A copy of the Prospectus shall be filed with the Registrar of Companies, Kerala, 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 refer to the section titled "Material Contracts and Documents for Inspection" on page 272.

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SECTION I : GENERAL

DEFINITIONS AND ABBREVIATIONS

Company related terms

Term	Description
₹/ Rs./ INR/ Rupees	The lawful currency of the Republic of India.
“We”, “us”, “our”, “Issuer”, “the Company” and “our Company”	Muthoot Fincorp Limited, a public limited company incorporated under the Companies Act 1956, registered as a NBFC with the RBI under Section 45-IA of the RBI Act and having its Registered Office at Muthoot Centre, Punnen Road, Trivandrum 695 034, India.
Articles of Association	Articles of Association of the Company, as amended from time to time.
Board/ Board of Directors	The Board of Directors of the Company, including any duly constituted committee thereof.
Corporate Office	Spencer Junction, M.G. Road, Trivandrum 695 034.
Director(s)	The directors on the Board.
Equity Shares	Equity shares of face value of ₹ 10 each of the Company.
Group	<p>Muthoot Pappachan Group consisting of the following entities:</p> <p>Alaska Agri Projects and Hospitalities Private Limited, Bamboo Agri Projects and Hospitalities Private Limited, Buttercup Agri Projects and Hospitalities Private Limited, Calypso Agri Development and Hospitalities Private Limited, Cinnamon Agri Development and Hospitalities Private Limited, Double Tails Agri Development and Hospitalities Private Limited*, El Toro Agri Projects and Hospitalities Private Limited, Emmel Realtors and Developers Private Limited, Fireworks Agri Development and Hospitalities Private Limited*, Flame Agri Projects and Hospitalities Private Limited, Fox Bush Agri Development and Hospitalities Private Limited, Goblin Agri Projects and Hospitalities Private Limited, Jungle Cat Agri Development and Hospitalities Private Limited, LM Realtors Private Limited, Linden Agri Ventures and Hospitalities Private Limited*, Mandarin Agri Ventures and Hospitalities Private Limited, Mariposa Agri Ventures and Hospitalities Private Limited, MHFCL, MMFL, MPG Hotels and Infrastructure Ventures Private Limited (formerly Muthoot Hotels & Infrastructure Ventures Private Limited), Musk Agri Ventures and Hospitalities Private Limited*, Muthoot Agri Development and Hospitalities Private Limited, Muthoot Agri Projects and Hospitalities Private Limited, Muthoot Agri Ventures and Hospitalities Private Limited, Muthoot Apt Ceramics Limited, Muthoot Automobiles Solutions Private Limited, Muthoot Automotive (India) Private Limited, Muthoot Buildtech (India) Private Limited, Muthoot Capital Services Limited, Muthoot Equities Limited, Muthoot Exim Private Limited, Muthoot Holdings Private Limited, Muthoot Hotels Private Limited, Muthoot Infrastructure Private Limited (formerly Muthoot Infrastructure Limited), Muthoot Kuries Private Limited, Muthoot Land and Estates Private Limited, Muthoot Motors Private Limited, Muthoot Pappachan Chits (India) Private Limited, Muthoot Pappachan Medicare Private Limited, Muthoot Pappachan Technologies Limited (formerly Muthoot Pappachan Technologies Private Limited), Muthoot Properties (India) Private Limited, Muthoot Risk Insurance and Broking Services Private Limited, Palakkad Infrastructure Private Limited, Pine Pink Agri Ventures and Hospitalities Private Limited, The Right Ambient Resorts Private</p>

Term	Description
	<p>Limited, MPG Air Catering LLP*, MPG Apex Management LLP, MPG Asset Management LLP*, MPG Automobiles LLP, MPG Hospitality LLP*, MPG Land and Estate LLP*, MPG land Developers LLP*, MPG Real Estate LLP*, Muthoot Cine Enterprises, Muthoot Estate Investments, Muthoot Finance Company, Muthoot Insurance Services, Muthoot Motors (Cochin), Muthoottu Bankers and the Company.</p> <p>* The entity is in the process of being wound-up. The approval of the relevant registrar of companies is awaited in this regards.</p>
Memorandum/ Memorandum of Association	The Memorandum of Association of the Company, as amended from time to time.
MEI	Muthoot Estate Investments
MHFCL	Muthoot Housing Finance Company Limited
MHFCL Auditors	Haribhakti & Co., Chartered Accountants
MMFL	Muthoot Microfin Limited
MMFL Auditors	M/s. JVR & Associates
MPTL	Muthoot Pappachan Technologies Limited
MPTL Auditors	S. Suresh Kumar & Associates
Promoters	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.
Reformatted MHFCL Unconsolidated Summary Financial Statements	<p>The statement of reformatted unconsolidated assets and liabilities of MHFCL and the related statement of reformatted unconsolidated statement of profit and loss of MHFCL and the related statement of reformatted unconsolidated cash flow of MHFCL as at and for the years ended March 31, 2011, 2012, 2013 and 2014; as examined by MHFCL Auditors.</p> <p>The audited unconsolidated financial statements of MHFCL as at and for the years ended March 31, 2011, 2012, 2013 and 2014 and the books of accounts underlying such financial statements form the basis for such Reformatted MHFCL Unconsolidated Summary Financial Statements.</p>
Reformatted MMFL Unconsolidated Summary Financial Statements	<p>The statement of reformatted unconsolidated assets and liabilities of MMFL and the related statement of reformatted unconsolidated statement of profit and loss of MMFL and the related statement of reformatted unconsolidated cash flow of MMFL as at and for the years ended March 31, 2010, 2011, 2012, 2013 and 2014; as examined by MMFL Auditors.</p> <p>The audited unconsolidated financial statements of MMFL as at and for the years ended March 31, 2010, 2011, 2012, 2013 and 2014 and the books of accounts underlying such financial statements form the basis for such Reformatted MMFL Unconsolidated Summary Financial Statements.</p>
Reformatted MPTL Unconsolidated Summary	The statement of reformatted unconsolidated assets and liabilities of MPTL and the related statement of reformatted unconsolidated statement of profit and loss of MPTL and the related statement of reformatted unconsolidated cash flow of MPTL

Term	Description
Financial Statements	as at and for the year ended March 31, 2013 and 2014; as examined by MPTL Auditors. The audited unconsolidated financial statements of MPTL as at and for the year ended March 31, 2013 and 2014 and the books of accounts underlying such financial statements form the basis for such Reformatted MPTL Unconsolidated Summary Financial Statements.
Reformatted Summary Financial Statements	Reformatted Unconsolidated Summary Financial Statements, Reformatted MHFCL Unconsolidated Summary Financial Statements, Reformatted MMFL Unconsolidated Summary Financial Statements and Reformatted MPTL Unconsolidated Summary Financial Statements.
Reformatted Unconsolidated Summary Financial Statements	The statement of reformatted unconsolidated assets and liabilities of the Company and the related statement of reformatted unconsolidated statement of profit and loss of the Company and the related statement of reformatted unconsolidated cash flow of the Company as at and for the years ended March 31, 2010, 2011, 2012, 2013 and 2014; as examined by the Company's Statutory Auditors. The audited unconsolidated financial statements of the Company as at and for the years ended March 31, 2010, 2011, 2012, 2014 and 2014 and the books of accounts underlying such financial statements form the basis for such Reformatted Unconsolidated Summary Financial Statements.
Registered Office	Muthoot Centre, Punnen Road, Trivandrum 695 034, Kerala, India.
ROC	The Registrar of Companies, Kerala.
Subsidiaries	The Company's subsidiaries namely MHFCL, MMFL and MPTL.
Statutory Auditors	The Company's statutory auditors being A. Cherian & Associates, Chartered Accountants.

Issue related terms

Term	Description
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allotment/ Allotted	Issue and allotment of NCDs to successful Applicants pursuant to the Issue.
Allottee	Successful Applicant to whom NCDs are Allotted pursuant to the Issue, either in full or in part.
Applicant/ Investor	A person who makes an offer to subscribe to the NCDs pursuant to the terms of the Prospectus and Application Form for the Issue.
Application	An application to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the Prospectus.
Application Amount	Aggregate value of NCDs applied for, as indicated in the Application Form.

Term	Description
Application Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the Direct Online Application, ASBA or non-ASBA process and which will be considered as the application for Allotment of NCDs in terms of the Prospectus.
Application Interest	Interest paid on application money, in a manner detailed in “ <i>Terms of the Issue</i> ” on page 226.
Application Supported by Blocked Amount/ASBA/ASBA Application	The application (whether physical or electronic) used by an ASBA Applicant to make an application authorising the SCSB to block the amount payable on application in a specified bank account maintained with such SCSB.
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form by an ASBA Applicant.
ASBA Applicant	Any applicant who applies for the NCDs through the ASBA Process.
Bankers to the Issue/ Escrow Collection Banks	The banks which are clearing members and registered with SEBI as bankers to the Issue, with whom the Escrow Accounts and/or Public Issue Accounts and/or Refund Account(s) will be opened by the Issuer and as specified in the Draft Prospectus.
Base Issue Size	₹ 15,000 lakhs.
Basis of Allotment	The basis on which the NCDs will be allotted to successful Applicants under the Issue and which is described in “ <i>Issue Procedure – Basis of Allotment</i> ” on page 254.
Category I (Institutional Investors)	<ul style="list-style-type: none"> • Public financial institutions specified in Section 2(72) of the Companies Act 2013, statutory corporations, scheduled commercial banks, co-operative banks, regional rural banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the NCDs; • Mutual funds registered with SEBI; • Alternative Investment Fund registered with SEBI; • Insurance companies registered with Insurance Regulatory Development Authority (“IRDA”); • Provident funds, pension funds, superannuation funds and gratuity funds authorised to invest in the NCDs; • The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; and • Insurance funds set up and managed by the Department of Posts, India.
Category II (Non Institutional Investors)	<ul style="list-style-type: none"> • Companies within the meaning of Section 2(20) of the Companies Act 2013, societies and bodies corporate registered under the applicable laws in India and authorised to invest in NCDs;

Term	Description
	<ul style="list-style-type: none"> • Public/ private charitable/ religious trusts settled and/or registered in India under applicable laws, which are authorised to invest in the NCDs; • Resident Indian scientific and/ or industrial research organizations, authorised to invest in the NCDs; • Partnership firms in the name of the partners, authorised to invest in the NCDs; and • Limited liability partnership(s) (“LLP”) formed and registered under the Limited Liability Partnership Act, 2008 (“LLP Act”), authorised to invest in the NCDs.
Category III (Individual Investors)	<ul style="list-style-type: none"> • Resident Indian individuals; and • Hindu Undivided Families through the Karta.
CDSL	Central Depository Services (India) Limited
Collection Centres	Collection Centres shall mean those branches of the Bankers to the Issue/ Escrow Collection Banks that are authorised to collect the Application Forms (other than ASBA) according to the Escrow Agreement dated [●] entered into by the Company, Bankers to the Issue, Registrar and Lead Manager.
Consolidated NCD Certificate	The certificate that shall be issued by the Company to the NCD Holder for the aggregate amount of the NCDs that are allotted to them in physical form or issued upon rematerialisation of NCDs held in dematerialised form.
Credit Rating Agency	CRISIL
CRISIL	CRISIL Limited
Debenture Trustee	SBICAP Trustee Company Limited
Debentures/NCDs	Secured NCDs and Unsecured NCDs, of face value ₹ 1,000.
Debt Listing Agreement	The listing agreement between the Company and the Stock Exchange in connection with the listing of debt securities of the Company
Deemed Date of Allotment	The date on which, the Board of Directors approves the Allotment of NCDs for the Issue or such date as may be determined by the Board of Directors and notified to the Stock Exchanges. All benefits relating to the NCDs including interest on the NCDs shall be available 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, category, permanent account number and bank account details for printing on refund orders and occupation.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository(ies)	NSDL and CDSL.
Designated Branches	Such branches of the SCSBs which shall collect the Application Form used by ASBA Applicants, a list of which is available at

Term	Description
	http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or such other website as may be prescribed by the SEBI from time to time.
Designated Date	Date on which Application Amounts are transferred from the Escrow Account(s) to the Public Issue Account or the Refund Account and ASBA Account to the Public Issue Account, as applicable, following which the Board of Directors shall Allot the NCDs to successful Applicants.
Designated Stock Exchange	BSE Limited
Direct Online Application	The Application made using the online interface and online payment facility of the Stock Exchanges. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialised form.
DP/ Depository Participant	A depository participant as defined under the Depositories Act.
Draft Prospectus	The draft prospectus dated August 26, 2014 filed by the Company with the Designated Stock Exchange for receiving public comments for a period of seven working days in accordance with the SEBI Debt Regulations.
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s), in whose favour Applicants (other than ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application.
Escrow Agreement	Escrow Agreement dated [●] entered into amongst the Company, the Registrar to the Issue, the Lead Manager and the Escrow Collection Bank(s) for collection of the Application Amounts (other than by ASBA Applicants) and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof.
Interest Payment Date	<p>With respect to Series I, Series II, Series III and Series IV NCDs 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 during the tenor of such Series of NCDs, and paid on the first day of every subsequent month. For the first interest payment, 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.</p> <p>With respect to Series V, Series VI and Series VII NCDs where interest is to be paid on an annual basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the Series of NCDs.</p> <p>The last interest payment in each case will be made on the Maturity Date on a <i>pro rata</i> basis.</p> <p>The last Interest Payment Date in each case will be the Maturity Date.</p>
Issue	Public issue of NCDs of face value of ₹ 1,000 each up to ₹ 15,000 lakhs with an option to retain over subscription up to ₹ 15,000 lakhs, aggregating up to ₹ 30,000 lakhs.
Issue Agreement	The agreement entered into on August 21, 2014 between the Company and the Lead Manager.
Issue Closing Date	[●] or such other date as may be decided by the Board of Directors.

Term	Description
Issue Opening Date	[●].
Issue Period	Working days between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective investors may submit their Application Forms.
Lead Broker MoU	Memorandum of Understanding dated [●], 2014 between the Company and the Lead Brokers.
Lead Brokers	[●]
Lead Manager	SMC Capitals Limited
Market Lot	One NCD.
Maturity Amount/ Redemption Amount	<p>Series I NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 400 days from the Deemed Date of Allotment.</p> <p>Series II NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 24 months from the Deemed Date of Allotment.</p> <p>Series III NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 36 months from the Deemed Date of Allotment.</p> <p>Series IV NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 72 months from the Deemed Date of Allotment.</p> <p>Series V NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 24 months from the Deemed Date of Allotment.</p> <p>Series VI NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 36 months from the Deemed Date of Allotment.</p> <p>Series VII NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.</p> <p>Series VIII NCDs shall be redeemed at ₹ [●]/ NCD at the end of 400 days from the Deemed Date of Allotment</p> <p>Series IX NCDs shall be redeemed at ₹ [●]/ NCD at the end of 24 months from the Deemed Date of Allotment.</p> <p>Series X NCDs shall be redeemed at ₹ [●]/ NCD at the end of 36 months from the Deemed Date of Allotment.</p> <p>Series XI NCDs shall be redeemed at ₹ [●]/ NCD at the end of 72 months from the Deemed Date of Allotment.</p>
Maturity Date/ Redemption Date	The Maturity Date for the applicable Series of NCDs is set out below:

Term	Description	
	Series of NCDs	Maturity Date
	Series I NCDs	400 days from the Deemed Date of Allotment
	Series II NCDs	24 months from the Deemed Date of Allotment
	Series III NCDs	36 months from the Deemed Date of Allotment
	Series IV NCDs	72 months from the Deemed Date of Allotment
	Series V NCDs	24 months from the Deemed Date of Allotment
	Series VI NCDs	36 months from the Deemed Date of Allotment
	Series VII NCDs	60 days from the Deemed Date of Allotment
	Series VIII NCDs	400 days from the Deemed Date of Allotment
	Series IX NCDs	24 months from the Deemed Date of Allotment
	Series X NCDs	36 months from the Deemed Date of Allotment
	Series XI NCDs	72 months from the Deemed Date of Allotment
NCD Certificate(s)	Certificate issued to NCD Holder(s) pursuant to Allotment, in case the Applicant has opted for physical debentures on allotment or pursuant to rematerialisation of NCDs based on the request from the NCD Holder(s).	
NCD Holder(s)/ Debenture Holder(s)	Any person holding NCDs and whose name appears on the beneficial owners list provided by the Depositories (in case of NCDs held in dematerialised form) or whose name appears in the Register of NCD Holders maintained by the Company (in case of NCDs held in physical form).	
NRI	Non Resident Indian.	
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue.	
Pay-in Date	Application date. Full amount is payable with the Application Form.	
PFI	Public Financial Institution, as defined under Section 2(72) of the Companies Act 2013.	
Prospectus	The prospectus to be filed with the ROC in accordance with the provisions of SEBI Debt Regulations.	
Public Issue Account	Account opened with the Escrow Collection Bank(s) to receive monies from the Escrow Account(s) and the ASBA Accounts, on the Designated Date.	
Record Date	The record date (a) in connection with Series I, Series II, Series III, Series IV, Series V, Series VI NCDs and Series VII NCDs shall be 15 days prior to the relevant Interest Payment Date, the relevant Redemption Date or as may be prescribed by the	

Term	Description
	Stock Exchange; and (b) in connection with Series VIII, Series IX, Series X and Series XI NCDs shall be 15 days prior to the Redemption Date or as may be prescribed by the Stock Exchange. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case the Record Date falls on a day when the 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 (excluding Application Amounts from ASBA Applicants) shall be made.
Refund Bank	The Bankers to the Issue, with whom the refund account(s) will be opened, in this case being the [●].
Register of NCD Holders	Register of NCD Holders maintained by the Issuer in case of NCDs held in physical form in accordance with the Companies Act 2013, and the register of beneficial owners maintained by the Depositories in case of NCDs held in dematerialised form, and/or the register of NCD Holders maintained by the Registrar and as detailed in “ <i>Terms of the Issue – Rights of NCD Holders</i> ” on page 231.
Registrar Agreement	Agreement dated August 23, 2014 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Registrar to the Issue or Registrar	Integrated Enterprises (India) Limited.
Resident Individual	Individual who is a person resident in India as defined under the Foreign Exchange Management Act, 1999
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended from time to time.
SEBI Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time
Secured Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and the Company for creating the security in relation to the Security NCDs issued under the Issue
Secured NCDs	NCDs offered under this Issue which are redeemable and are secured by a charge on the assets of the Company, namely the NCDs issued under Series I, Series II, Series III, Series V, Series VI, Series VII, Series VIII, Series IX, Series X as detailed in this Draft Prospectus
Security	Mortgage of the immovable property of the Company admeasuring 54 cents, situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and charge in favour of the Debenture Trustee, on all current assets, book debts and receivables (both present and future) of the Company, on a pari passu basis, specifically set out and as fully described in the Secured Debenture Trust Deed such that security cover of 100% of the outstanding amount of the Secured NCDs and interest thereon is maintained until Maturity Date.
Self Certified Syndicate	The banks registered with the SEBI under the Securities and Exchange Board of

Term	Description
Banks or SCSBs	India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries . A list of the branches of the SCSBs where Application Forms will be forwarded by such members of the Syndicate is available at www.sebi.gov.in .
Series I NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable monthly, due in 400 days.
Series II NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable monthly, due in 24 months.
Series III NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable monthly, due in 36 months.
Series IV NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable monthly, due in 72 months.
Series V NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable annually, due in 24 months.
Series of NCDs	A series of NCDs which are identical in all respects including, but not limited to terms and conditions, listing and ISIN number (in the event that NCDs in a single Series of NCDs carry the same coupon rate).
Series VI NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable annually, due in 36 months.
Series VII NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable annually, due in 60 months.
Series VIII NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable cumulatively, due in 400 days.
Series IX NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable cumulatively, due in 24 months.
Series X NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable cumulatively, due in 36 months.
Series XI NCDs	₹ 1,000 face value Series of NCDs having a coupon rate of [●]% p.a. for Category I, Category II and Category III NCD Holders payable cumulatively, due in 72 months.
Specified Cities	Application centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the members of the Syndicate shall accept Application Forms under the ASBA process in terms of the SEBI circular No. CIR/CFD/DIL/1/2011, dated April 29, 2011.
Stock Exchange	BSE Limited.
Syndicate or Members of the Syndicate	Collectively, the Lead Manager, Lead Brokers and sub-brokers.
Trading Member	Intermediaries registered as broker or a sub-broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchanges under the

Term	Description
	applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchanges from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchanges.
Transaction Registration Slip/ TRS	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the NCDs.
Tripartite Agreements	Tripartite agreement dated May 3, 2011 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated October 6, 2009 between the Company, NSDL and the Registrar to the Issue.
Unsecured Debenture Trust Deed	The trust deed to be executed between the Company and the Debenture Trustee specifying, <i>inter alia</i> , the powers, authorities, and obligations of the Debenture Trustee and the Company.
Unsecured NCDs	NCDs offered under this Issue which are redeemable and are not secured by any charge on the assets of the Company, namely the NCDs issued under Series III and Series XI, which will be in the nature of Subordinated Debt and will be eligible for Tier II capital, as detailed in this Draft Prospectus.
Working Days	All days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period, Interest Payment Date and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.

Technical & Industry Terms

Term	Description
ALM	Asset Liability Management
ALM Guidelines	Guidelines for ALM System in relation to NBFCs
CAR	Capital Adequacy Ratio computed on the basis of applicable RBI requirements
CRAR	Capital to risk-weighted assets ratio
Gold Loans	Personal and business loans secured by gold jewellery and ornaments
Hybrid Debt	A capital instrument, which possess certain characteristics of equity as well as debt
KYC	Know Your Customer
KYC Guidelines	Master Circular on KYC guidelines dated July 1, 2014
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act
NBFC-D	NBFC registered as a deposit accepting NBFC

Term	Description
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systematically important NBFC-ND
NPA	Non Performing Asset
Owned Funds	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
PDI	Perpetual Debt Instruments
Prudential Norms	Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
Subordinated Debt	Subordinated Debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed
Tier I capital	Tier I capital means, Owned Funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the Owned Fund and perpetual debt instruments issued by a NBFC-ND-SI 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 means to include the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth % of risk weighted assets; (d) Hybrid Debt capital instruments; and (e) Subordinated Debt to the extent the aggregate does not exceed Tier I capital; and (f) perpetual debt instrument issued by a NBFC-NDSI, which is in excess of what qualifies for Tier I capital to the extent that the aggregate Tier II capital does not exceed 15% of the Tier I capital

Conventional/ General Terms

Term	Description
AGM	Annual General Meeting
AS	Accounting Standard
Companies Act 1956	The Companies Act, 1956, as amended or replaced from time to time
Companies Act 2013	Companies Act, 2013, to the extent notified by the MCA and in force as of the date of this Draft Prospectus and as amended, superceded or replaced from time to time

Term	Description
	and the rules made thereunder
Companies Act	Companies Act 1956, as superseded and substituted by notified provisions of the Companies Act, 2013
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
FDI Policy	FDI policy, effective from April 5, 2013 as issued by the Department of Industrial Policy and Promotion.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time.
Financial Year/ FY/ Fiscal	Financial Year ending March 31
GoI	Government of India
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Indian GAAP	Generally Accepted Accounting Principles in India
IRDA	Insurance Regulatory and Development Authority
Income Tax Act	The Income Tax Act, 1961, as amended from time to time
ITAT	Income Tax Appellate Tribunal
IPAB	Intellectual Property Appellate Board
KMLA	Kerala Money Lenders Act, 1946, as amended from time to time
LLP	Limited Liability Partnership
LLP Act	Limited Liability Partnership Act, 2008
MICR	Magnetic Ink Character Recognition
MoU	Memorandum of Understanding

Term	Description
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RTGS	Real Time Gross Settlement
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections titled “*Regulations and Policies*”, “*History and Main Objects*”, “*Statement of Tax Benefits*”, “*Our Management*”, “*Description of Certain Indebtedness*”, “*Outstanding Litigation, Statutory and Regulatory Actions*” will have the meaning ascribed to them in such sections.

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

Certain Conventions

All references in the Draft Prospectus to “**India**” are to the Republic of India and its territories and possessions.

In the Draft Prospectus, references to the ‘Company’, ‘our Company’ or the ‘Issuer’ are to Muthoot Fincorp Limited, and references to ‘we’, ‘our’, ‘us’ or the ‘Group’ are to Muthoot Fincorp Limited together with its subsidiaries, joint ventures and associates.

Financial Data

Except where stated otherwise in this Draft Prospectus, all figures have been expressed in ‘Lakhs’. All references to ‘lakhs/Lakhs/Lacs/Lac’ refer to one lakh, which is equivalent to ‘one hundred thousand’ and ‘Crore’ means ‘hundred lakhs’.

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

Unless otherwise stated all figures pertaining to the financial information in connection with the Company are on an unconsolidated basis.

The Company publishes its financial statements in Rupees. The Company’s financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (“**Indian GAAP**”) and the Companies Act.

The Reformatted Unconsolidated Summary Financial Statements, Reformatted MHFCL Unconsolidated Summary Financial Statements, Reformatted MMFL Unconsolidated Summary Financial Statements and Reformatted MPTL Unconsolidated Summary Financial Statements are included in this Draft Prospectus and collectively referred to hereinafter as the “**Reformatted Summary Financial Statements**”. The examination reports on the Reformatted Unconsolidated Summary Financial Statements, as issued by the Company’s Statutory Auditors, A. Cherian & Associates, Chartered Accountants, are included in this Draft Prospectus in the section titled “**Annexure A - Financial Information**”.

The examination reports on the Reformatted MHFCL Unconsolidated Summary Financial Statements, as issued by MHFCL Auditors, Haribhakti & Co., Chartered Accountants, are included in this Draft Prospectus in the section titled “**Annexure A - Financial Information**”.

The examination reports on the Reformatted MMFL Unconsolidated Summary Financial Statements, as issued by MMFL Auditors, M/s. JVR & Associates, Chartered Accountants, are included in this Draft Prospectus in the section titled “**Annexure A - Financial Information**”.

The examination reports on the Reformatted MPTL Unconsolidated Summary Financial Statements, as issued by MPTL Auditors, S. Suresh Kumar & Associates, Chartered Accountants, are included in this Draft Prospectus in the section titled “**Annexure A - Financial Information**”.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Currency and Unit of Presentation

In the Draft Prospectus, references to ‘₹’, ‘Rs.’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of India.

Industry and Market Data

Any industry and market data used in the Draft Prospectus consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the

markets in which the Company competes. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although the Company believes the industry and market data used in the Draft Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in the Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts its business, and methodologies and assumptions may vary widely among different market and industry sources.

FORWARD LOOKING STATEMENTS

Certain statements contained in the Draft Prospectus that are not statements of historical fact constitute “forward-looking statements.” Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Company are also forward-looking statements. All statements regarding expected financial condition and results of operations and business plans and prospects of the Company are forward-looking statements. These forward-looking statements include statements as to the business strategy, revenue and profitability, new business and other matters discussed in the Draft Prospectus that are not historical facts. These forward-looking statements and any other projections contained in the Draft Prospectus (whether made by the Company or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of the Company include, among others:

- General economic and business conditions in India and globally;
- Inability to effectively manage our growth or successfully implement business plan and growth strategy;
- Inability to compete effectively and access funds at competitive cost;
- Ability to control or reduce the level of non-performing assets in our portfolio;
- Changes in the value of Rupee and other currency changes;
- Unanticipated turbulence in interest rates, gold prices or other rates or prices;
- Availability of funds and willingness of the lenders of the Company to lend;
- Changes in political conditions in India;
- The rate of growth of the loan assets of the Company;
- The outcome of any legal or regulatory proceedings the Company is or may become a party to;
- Changes in Indian laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Any changes in connection with policies, statutory provisions, regulations and/or RBI directions in connection with NBFCs, including laws that impact lending rates and the Company's ability to enforce our collateral;
- Competition from existing as well as new competitors;
- Growth of micro, small and medium enterprises in India;
- Performance of the Indian debt and equity markets;
- Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations; and

- Other factors discussed in the Draft Prospectus, including under the section titled “**Risk Factors**” on page 19.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled “**Industry Overview**” and “**Our Business**” on page 90 and 95 respectively. The forward-looking statements contained in the Draft Prospectus are based on the beliefs of the management, as well as the assumptions made by and information currently available to management. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, the Company 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 the underlying assumptions prove to be incorrect, the 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, its Directors and officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI Debt Regulations, our Company and the Lead Manager will ensure that investors in India are informed of material developments between the date of filing the Prospectus with the ROC and the date of Allotment.

SECTION II : RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in the Draft Prospectus including the sections titled “Our Business” on page 95 and “Annexure A - Financial Information”, before making an investment in the NCDs. Additional risks and uncertainties not known to the Company or that the Company currently believes to be immaterial may also have an adverse effect on its business, prospects, results of operations and financial condition. If any of the following or any other risks actually occur, the Company’s business, prospects, results of operations and financial condition could be adversely affected and the price and value of your investment in the NCDs could decline such that you may lose all or part of your investment.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another.

You should not invest in the Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your own tax, financial and legal advisors about the particular consequences of an investment in the NCDs.

Unless otherwise stated, financial information used in this section is derived from the Reformatted Summary Financial Statements.

INTERNAL RISK FACTORS

Risks relating to the Company and its Business

- 1. An early repayment of the public deposits accepted by MEI if mandated by the RBI or any other regulatory authority in India may have an impact on the financial condition of the Promoters of the Company***

Muthoot Estate Investments (“MEI”), one of our Group entities, is a partnership firm, with the promoters of our Company as its partners. Prior to March 29, 2012, MEI accepted public deposits in the form of fixed deposits, cumulative deposits and special public deposits, under the *bona fide* belief that partnership firms can accept deposits for legitimate business purposes. Such deposits were primarily accepted using the branches and infrastructure of the Company.

Pursuant to its notice dated March 29, 2012, the RBI declared that acceptance of such deposits was prohibited in terms of Section 45S of the RBI Act and cautioned the public against making further investments into MEI. MEI by way of its letter dated April 18, 2012 informed RBI that it had stopped accepting deposits from the public and would repay the deposits accepted completely in 10 years with effect from April 1, 2012, at the rate of not less than 10% per annum of the total deposits outstanding in MEI as on March 31, 2012, as the funds have been invested in long-term real estate projects. The RBI issued a notice to the Company on May 18, 2012, directing the Company to show cause as to why its certificate of registration (NBFC) should not be cancelled. The RBI had, *inter alia*, made the following observations in the notice: (i) MEI, a partnership firm in which the Promoters were partners, had been accepting public deposits in the form of fixed deposits, cumulative deposits and special public deposits; (ii) MEI had been allowed to use the Company premises; (iii) no separate staff was allocated for the operations of MEI; (iv) the Promoters had formed MEI, which was illegally accepted public deposits; and (v) the Company had not adhered to its commitment of not accepting public deposits through any unincorporated body.

The Company filed a detailed response to the RBI notice by way of its letter dated May 31, 2012, stating, *inter alia*: (i) MEI accepted public deposits in the form of fixed deposits, cumulative deposits and special public deposits, under the *bona fide* belief that partnership firms can accept deposits for legitimate business purposes; (ii) whilst the premises of the Company were being utilised by MEI to conduct its operations solely for the purpose of improving cost efficiency and optimizing utilisation of infrastructure, the

Company had initiated the process of disassociating its branches and officials from MEI; (iii) whilst the Company had obtained its certificate of registration from RBI in 2002, MEI had been formed by way of a partnership deed dated March 13, 1987, subsequently reconstituted on April 1, 1996, April 1, 2001, April 19, 2004 and April 1, 2006 with specific objectives; (iv) all the deposits had been accepted by the Company at its premises for and on behalf of MEI alone. Deposits to the extent of ₹ 1,089 crores approximately are outstanding as on March 31, 2014.

Although MEI has indicated to the RBI that the deposits will be repaid completely within a period of eight years, the credit risk profile of MEI would be adversely affected in case MEI is required either by RBI or any other authority to repay the public deposits over a shorter period. The same may have an impact on the business and financial conditions of the partners of MEI who are also the Promoters of the Company. For further information, please see risk factors titled ***“Any instructions by the RBI or other regulatory authority in India directing the Company to stop the use of its premises/ branches or officials for the operations of its Group entities could materially and adversely affect our business and impact our future financial performance”*** on page 20 and section titled ***“Outstanding Litigation, Statutory and Regulatory Actions”*** on page 181 of the Draft Prospectus.

2. ***Any instructions by the RBI or other regulatory authority in India directing the Company to stop the use of its premises/ branches or officials for the operations of its Group entities could materially and adversely affect our business and impact our future financial performance***

Pursuant to various agreements entered into between the Company and some of its Group entities, the Company’s branches/ premises and officials are utilised in connection with the business operations of the Group entities. For further information, please see sections titled ***“Our Business”*** and ***“History and Certain Corporate Matters”*** on pages 90 and 122 respectively. The RBI had noted in its inspection report dated March 31, 2010 that an arm’s length relationship was to be maintained by the Company with other entities of the Group operating in the Company’s premises. The Company was subsequently directed by the RBI to stop allowing the use of its premises/ branches or officials, in any manner by MEI for accepting deposits from the public, by way of its letter dated March 29, 2012. It was also directed to disassociate its name and officials completely from MEI. Consequently, the RBI by its letter dated October 5, 2012 sought confirmation of disassociation within the time of 6 months (as was previously requested to complete the process of disassociation) which was confirmed to the RBI by way of the Company’s letter dated October 8, 2012. The Company confirmed the disassociation with MEI and also informed the RBI about the operations of the other Group entities being carried or proposed to be carried out on the premises of the Company in accordance with the provisions of the Companies Act 1956, by way of its letters dated April 16, 2012 and October 8, 2012 to the RBI. The RBI has not issued any negative directions pursuant to the said letter. In the event the RBI or other regulatory authority in India directs the Company to stop such usage of the Company’s branches/ premises and officials, this may have an adverse effect on the business and financial conditions of the Company.

3. ***The Company is involved in certain legal proceedings for non-registration under certain State legislations in India relating to “money lending” activities. Any unfavorable outcome in such proceedings and the imposition of any additional restrictive statutory and/ or regulatory requirements may adversely affect our goodwill, business prospects and results of operations.***

The Company has filed an appeal before the Supreme Court of India against an order dated November 18, 2009, passed by the division bench of the High Court of Kerala. The Company had filed a writ petition in the High Court of Kerala challenging the order of the Commissioner of Commercial Taxes, Kerala, which directs our Company to register under the provisions of the Kerala Money Lenders Act, 1946, as amended from time to time (“KMLA”). The division bench of the High Court of Kerala dismissed the appeal against the order passed by the single judge of the High Court of Kerala in connection with the writ petition, thereby, confirming the impugned order passed by the Commissioner of Commercial Taxes, Kerala. The Supreme Court has granted an interim stay against the order passed by the division bench of the High Court of Kerala until final disposal of the appeal in the Supreme Court.

There can be no assurance that these proceedings will not be determined adversely against us or that penal or other action will not be taken against our Company and/or any senior management party to such

proceedings. In the event of an adverse ruling in these proceedings, our Company may be required to register as a money lending entity under the provisions of the KMLA in order to carry on its financing business, and will be required to comply with the provisions of such legislation with respect to its business operations within Kerala. There can also be no assurance that in the event of such an adverse ruling, similar regulatory authorities in other States of India, where we currently carry on business or propose to carry on business in the future, will not require us to register as a money lending entity under, and comply with the provisions of the respective State legislation in relation to money lending activities. State legislation may specify various terms and conditions that must be complied with in connection with money lending activities, including the imposition of a ceiling on the maximum interest rate that can be charged. If we are required to comply with such a ceiling on interest rate or other restrictive provisions specified under such legislation, our interest income and net interest margin may be adversely impacted. For further information relating to such proceedings, see section titled “*Outstanding Litigation, Statutory and Regulatory Actions*” on page 181.

4. *Our financial performance is particularly vulnerable to interest rate risk. If we fail to adequately manage our interest rate risk in the future it could have an adverse effect on our net interest margin, thereby adversely affecting our business and financial condition.*

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

Our results of operations are substantially dependent upon the level of our net interest margins. Income from our financing activities is the largest component of our total income, and constituted 97.4%, 97.7%, 98.16% and 93.77% of our total income in Fiscal 2011, Fiscal 2012, Fiscal 2013 and Fiscal 2014 respectively. As of June 30, 2014, the total secured borrowings utilised by the Company aggregated to ₹ 7,72,836 lakhs and unsecured borrowings utilised by our Company aggregated to ₹ 1,40,109 lakhs. We borrow funds on both fixed and floating rates. Volatility in interest rates can materially and adversely affect our financial performance. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Additional risks arising from increasing interest rates, among others, include:

- increases in the rates of interest charged on our loans and other secured/ unsecured loans, which could result in the extension of loan maturities and higher monthly installments due from borrowers which, in turn, could result in higher rates of default;
- reductions in the volume of our loans as a result of clients’ inability to service high interest rate payments; and
- reduction in the value of fixed income securities held in our investment portfolio.

Furthermore, we are exposed to greater interest rate risk than banks or deposit-taking NBFCs. There can be no assurance that we will be able to adequately manage our interest rate risk. If we are unable to address the interest rate risk, it could have an adverse effect on our net interest margin, thereby adversely affecting our business and financial condition.

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

Our liquidity and ongoing profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from a combination of borrowings such as working capital limits from banks and selling of our loan portfolio to other lenders such as banks, and issuance of commercial paper, non-convertible debentures and equity. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international

markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition.

The crisis in the global credit market that began in 2007 destabilised the prevailing lending model by banks and financial institutions. The capital and lending markets remained highly volatile and access to liquidity had been significantly reduced. These conditions had resulted in increased borrowing costs and difficulty in accessing debt in a cost-effective manner. In addition, it became more difficult to renew loans and facilities as many potential lenders and counterparties also faced liquidity and capital concerns as a result of the stress in the financial markets. Moreover, we are a NBFC-ND-SI, and do not have access to public deposits. We are also restricted from inviting interest in our secured non-convertible debentures which are issued on a private placement basis, by advertising to the public.

The RBI has issued guidelines on May 18, 2012 whereby it has instructed banks to (i) reduce their regulatory exposure to a single NBFC which is predominantly engaged in lending against collateral of gold jewellery (i.e. such loans comprising 50% or more of their financial assets), from 10% to 7.5% of their capital funds; and (ii) have an internal sub-limit on their aggregate exposure to all NBFCs having gold loans to the extent of 50% or more of their total financial assets.

Further, RBI modified the extant guidelines on securitisation transactions on May 7, 2012 and August 21, 2012. Pursuant to the revised guidelines, assets with bullet repayment of both principal and interest are excluded from the eligibility norms for asset securitisation. Since our Gold Loans are currently structured as loans with bullet repayment of principal and interest, such Gold Loans are outside the purview of asset securitization. These changes have adversely affected our ability to raise funds under this route. The amount outstanding for the Gold Loan portfolio sold under bilateral assignments was ₹ 1,07,343 lakhs, ₹ 64,359 lakhs, ₹ 97,521 lakhs for the years ended March 31, 2010, 2011 and 2012 respectively. No amount is outstanding as of June 30, 2014.

The RBI has introduced guidelines on the private placement of debentures by NBFCs on June 27, 2013 and July 2, 2013. The guidelines require NBFCs to space out such issuances and also aim to bring NBFCs at par with other financial entities as far as private placement is concerned by restricting the maximum number of subscribers to 49. Pursuant to the guidelines, private placement by all NBFCs shall be restricted to not more than 49 investors, identified upfront by the NBFC. Further, the minimum subscription amount for a single investor shall be ₹ 25 lakhs and in multiples of ₹ 10 lakhs thereafter. The instruction with regard to minimum gap of six months between two successive issuances of privately placed debentures is not operational yet. These guidelines may have an adverse impact on our financial conditions and results of operations as we have historically issued several series of debentures by way of private placement to retail investors (not identified upfront) throughout the year, through our branches. Since these debentures were primarily issued to retail investors, typically no minimum subscription requirement was stipulated by our Company. There can be no assurance that the minimum time gap between two private placements that will be fixed by RBI will not further impact our business and financial conditions in an adverse manner. Our ability to raise funds from alternative sources would continue to depend on factors as aforementioned. For further information pertaining to the aforesaid guidelines on private placement, see section titled "**Regulations and Policies**" on page 113.

We also face significant maturities of our debt each year. Out of our total outstanding debt of ₹ 8,71,380 lakhs as on March 31, 2014, an amount of ₹ 15,700 lakhs may mature during the Fiscal 2015 on the exercise of put options by holders of our existing non-convertible debentures. The Company had also utilised ₹ 5,27,475 lakhs of working capital demand loans as on March 31, 2014. 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.

6. The Company has been subject to RBI inspections and any adverse action taken could affect the business and operations of the Company.

Pursuant to Section 45 N of the RBI Act, RBI conducts periodic inspections of our business and operations, and makes observations and issues directions for us to comply with. If the Company fails to comply with any of these conditions, its certificate of registration may be suspended or cancelled and the Company shall

not be able to carry on such activities. For a summary of the adverse observations by the RBI during its inspection under Section 45N of the RBI Act, in the last five years, please refer to “*Other Regulatory and Statutory Disclosures - Adverse observations by the RBI during its inspections in the last five years*” on page 205.

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

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. We have been assigned a “CRISIL A/Stable” rating by CRISIL for our various non-convertible debt instruments including subordinated debt and a “CRISIL A1” rating for our short term debt programme. Brickworks has assigned a “BWR A” rating for our subordinated debt instruments.

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. For instance, CRISIL had on August 1, 2013, downgraded its ratings on the bank facilities and debt instruments of the Company to ‘CRISIL A/Negative/CRISIL A1’ from ‘CRISIL A+/Negative/CRISIL A1+’. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. Any such adverse development could adversely affect our business, financial condition and results of operations. The financial and risk profiles of one or more of our Group entities may also result in a downgrade of our credit ratings. For further details, see “*Annexure B – Credit Rating*”.

8. ***If we are unable to manage the level of NPAs in our Gold Loans and other loans, our financial position and results of operations may suffer.***

Gross NPAs were at 2.06%, 2.26%, 0.55%, 0.97% and 0.71% of total loan assets of the Company as of March 31, 2014, 2013, 2012, 2011 and 2010 respectively. Net NPAs were at 1.62%, 1.87%, 0.41%, 0.86% and 0.59% of total loan assets of the Company as of March 31, 2014, 2013, 2012, 2011 and 2010 respectively. We cannot be sure that we will be able to improve our collections and recoveries in relation to our NPAs or otherwise adequately control our level of NPAs in future. Moreover, as our loan portfolio matures, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control or reduce our level of NPAs, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected. Furthermore, 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 NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any further deterioration in our NPA portfolio, there could be an even greater, adverse impact on our results of operations.

9. ***High levels of customer defaults could adversely affect our business, financial condition and results of operations.***

Our primary business involves lending money and accordingly we are subject to customer default risks including default or delay in repayment of principal or interest on our loans. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

Further, unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about the creditworthiness of our customers. It is therefore difficult to carry out precise credit risk analyses on our clients. 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 continuously monitor the loan contracts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition and/or cash flows.

10. *We may not be able to recover the full loan amount, and the value of the collateral may not be sufficient to cover the outstanding amounts due under defaulted loans. Failure to recover the value of the collateral could expose us to a potential loss, thereby adversely affect our financial condition and results of operations.*

We extend loans secured by gold jewellery provided as collateral by the customer. An economic downturn or sharp downward movement in the price of gold could result in a fall in collateral value. In the event of any decrease in the price of gold, customers may not repay their loans and the value of collateral gold jewellery securing the loans may decrease significantly in value, resulting in losses which we may not be able to support. Although we use a technology-based risk management system and follow strict internal risk management guidelines on portfolio monitoring, which include periodic assessment of loan to security value on the basis of conservative market price levels, limits on the amount of margin, ageing analysis and predetermined loan closure call thresholds, no assurance can be given that if the price of gold decreases significantly, our financial condition and results of operations would not be adversely affected. The impact on our financial position and results of operations of a hypothetical decrease in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not pre-determinable.

Additionally, we may not be able to realise the full value of our collateral, due to, among other things, defects in the quality of gold or wastage on melting gold jewellery into gold bars. In the case of a default, we typically sell the collateral gold jewellery through auctions primarily to local jewellers and there can be no assurance that we will be able to sell such gold jewellery at prices sufficient to cover the amounts under default. Furthermore, enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all.

We may also be affected by failure of employees to comply with internal procedures and inaccurate appraisal of credit or financial worth of our clients. Failure by our employees to properly appraise the value of the collateral provides us with no recourse against the borrower and the loan sanction may eventually result in a bad debt on our books of accounts. In the event we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

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

As of June 30, 2014, the total secured borrowings utilised by the Company aggregated to ₹ 7,72,836 lakhs and unsecured borrowings utilised by the Company aggregated to ₹ 1,40,109 lakhs and we will continue to incur additional indebtedness in the future. Most of our borrowings are secured by our movable and other assets. Our significant indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates;
- fluctuations in market interest rates may affect the cost of our borrowings as some of our indebtedness are at variable interest rates;
- 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, we may be limited in our ability to withstand competitive pressures and we may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, under some of our financing agreements, we require, and may be unable to obtain, consents from the relevant lenders for, among others, the following matters: entering into any scheme of merger; spinning-off of a business division; selling or transferring all or a substantial portion of our assets; making any change in ownership or control or constitution of our Company; making amendments in our Memorandum and Articles of Association; creating any further security interest on the assets upon which the existing lenders have a prior charge; and raising funds by way of any fresh capital issue. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition and results of operations. Moreover, any such action initiated by our lenders could result in the price of our NCDs being adversely affected.

12. *Our entire customer base comprises individuals and small traders and business operators, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers.*

Individual and small enterprise segment borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. In addition, a significant majority of our customer base belongs to the low to medium income group and/or the small enterprises finance sector. Furthermore, unlike several 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 from the low to medium income group who typically have limited access to other financing sources. It is therefore difficult to carry out precise credit risk analyses on 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 credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

13. *Since we handle high volume of cash and gold jewellery in a dispersed network of branches, we are exposed to operational risks, including employee negligence, fraud, petty theft, burglary and embezzlement, which could harm our results of operations and financial position.*

Our Gold Loan transactions involve handling significant volumes of cash and gold jewellery at our branch offices. Large cash and gold jewellery transactions expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary and misappropriation or unauthorised transactions by our employees. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our

operations and profitability. Our employees may also become targets of the theft, burglary and other crimes if they are present when these crimes are committed, and may sustain physical and psychological injuries as a result. We may encounter difficulties recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected.

Further, we may be subject to regulatory or other proceedings in connection with any unauthorised transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. The nature and size of the items provided as collateral allow these items to be misplaced or mis-delivered, which may have a negative impact on our operations and result in losses.

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

As of March 31, 2010, 2011, 2012, 2013 and 2014 our portfolio of outstanding gross Loans under management was ₹ 2,30,938 lakhs, ₹ 4,05,807 lakhs, ₹ 7,15,282 lakhs, ₹ 8,22,395 lakhs and ₹ 7,95,737 lakhs respectively. As of March 31, 2014, we held 3,56,96,372 grams of gold jewellery, as security for all our Gold Loans. Our capital adequacy ratio as of March 31, 2014 computed on the basis of applicable RBI requirements was 21.01%, compared to the RBI stipulated minimum requirement of 15%, with Tier I capital comprising 13.84%. Gross NPAs were at 2.06%, 2.26%, 0.55%, 0.97% and 0.71% of total loan assets of the Company as of March 31, 2014, 2013, 2012, 2011 and 2010 respectively. Net NPAs were at 1.62%, 1.87%, 0.41%, 0.86% and 0.59% of total loan assets of the Company as of March 31, 2014, 2013, 2012, 2011 and 2010 respectively. Whilst our total income increased from ₹ 42,867 lakhs in Fiscal 2010 to ₹ 1,97,531 lakhs in Fiscal 2014 at a CAGR of 46.50%, our net profit after tax has decreased from ₹ 10,685 lakhs in Fiscal 2010 to ₹ 6,326 lakhs in Fiscal 2014.

Our growth strategy includes growing our loan book and expanding our customer base. There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to expand further or diversify our product portfolio. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

Our rapid growth exposes us to a wide range of increased risks, including business risks, such as the possibility that a number of our impaired loans may grow faster than anticipated, as well as operational risks, fraud risks and regulatory and legal risks. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, maintaining effective risk management policies, continuing to offer products which are relevant to our target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of client service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

15. *We face increasing competition in our business which may result in declining margins if we are unable to compete effectively. Increasing competition may have an adverse effect on our net interest margin, and, if we are unable to compete successfully, our market share may decline.*

Our principal business is the provision of personal loans to retail customers in India secured by gold jewellery as collateral. Historically, the Gold Loan industry in India has been largely unorganised and dominated by local jewellery pawn shops and money lenders, with very few public sector and old generation private sector banks focusing on this sector. Attractive interest rates relative to risk together with increased demand for access to capital from middle income group, previously utilised predominantly by lower income group customers with limited access to other forms of borrowings, have increased our exposure to competition. The demand for Gold Loans has also increased due to relatively affordable interest rates, increased need for urgent borrowing or bridge financing requirements and the need for

liquidity for assets held in gold and also due to increased awareness among customers of Gold Loans as a source of quick access to funds.

All of these factors have resulted in us facing increased competition from other lenders in the Gold Loan industry, including commercial banks and other NBFCs. Unlike commercial banks or deposit taking NBFCs, we do not have access to funding from savings and current deposits of customers. Instead, we are reliant on higher-cost term loans and debentures for our funding requirements, which may reduce our margins compared to competitors. Our ability to compete effectively with commercial banks or deposit-taking NBFCs will depend, to some extent, on our ability to raise low-cost funding in the future. If we are unable to compete effectively with other participants in the Gold Loan industry, our business, future financial performance and the trading price of the NCDs and Equity Shares may be adversely affected.

Furthermore, as a result of increased competition in the Gold Loan industry, Gold Loans are becoming increasingly standardised and variable interest rate and payment terms and waiver of processing fees are becoming increasingly common in the Gold Loan industry in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive Gold Loans industry. Increasing competition may have an adverse effect on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline as the origination of new loans declines.

16. *We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.*

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete not only with other traditional Gold Loan NBFCs, banks and financial institutions but also the local unorganized or semi-organized private financiers and pawn brokers, who are more familiar with local traditions, regulations, business practices and customs and have stronger relationships with customers.

As a part of our growth strategy, we propose to increase our network of branches across the country and reach out to newer markets while strengthening our position in our existing markets with respect to the core Gold Loans business. Such branches will only be opened after multiple rounds of market evaluation, customer research and launching branches in close proximity to high customer activity areas. These branches are proposed to service the needs of our customers for all our Company's products.

Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

17. *A majority of our branches are located in southern India, and any downturn in the economy in the states in India where we operate, or any change in consumer preferences in that region could adversely affect our results of operations and financial condition.*

We have a strong concentration of our business in south India with 3,064 out of our 3,759 branches as on August 19, 2014, located in the states of Kerala, Tamil Nadu, Andhra Pradesh, Goa and Karnataka. Further, approximately 80% of our Gold Loan portfolio as on June 30, 2014, is concentrated in the aforementioned states. Any adverse change in the political and/or economic environment in the states of Kerala, Tamil Nadu, Andhra Pradesh and Karnataka or any unfavourable changes in the regulatory and policy regime in the said region could adversely affect our business operations, financial condition and/or profitability.

Further, any changes in customer preferences in the said region could also affect our operations and profitability.

18. *New product/services offered by us may not be successful.*

We introduce new products/services to explore new business opportunities from time to time. We cannot assure you that all our new products/services and/or business ventures will gain customer acceptance and this may result in our inability to recover incurred pre-operative expenses and launch costs. Further, our inability to grow in new business areas could adversely affect our business and financial performance.

19. *We may not be able to maintain our current levels of profitability due to increased costs or reduced spreads.*

Our business involves a large volume of small-ticket size loans and requires manual operational support. Hence, we require dedicated staff for providing our services. In order to grow our portfolio, our expanded operations will also increase our manpower requirements and push up operational costs. Our growth will also require a relatively higher gross spread, or margin, on the consumer lending products we offer in order to maintain profitability. There can be no assurance that we will be able to maintain our current levels of profitability if the gross spreads on our consumer lending products were to reduce substantially, which could adversely affect our results of operations.

20. *Our loan portfolio is not classified as priority sector advances by the RBI.*

The RBI prudential norms for banks require domestic commercial banks operating in India to maintain an aggregate 40% (32% for foreign banks) of their adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher as “priority sector advances”. These include advances to agriculture, small enterprises, exports and similar sectors where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically, have relied on specialised institutions like our Company that are better positioned to or focus on originating such assets through on-lending or purchase of assets or securitised pools to comply with these targets.

Our portfolios sold under bilateral assignments in the past to banks were categorised as priority sector advances for the years ended March 31, 2009 and 2010. A February 2011 notification issued by the RBI, has changed the norms in connection with “priority sector” advances requiring that loans sanctioned to NBFCs for on-lending to individuals or other entities against gold jewellery would not be eligible for classification as agriculture sector advances in the context of priority sector lending guidelines issued by RBI. Further, pursuant to another notification issued in July 2012, the RBI stipulated that loans provided by NBFCs against gold jewellery cannot be treated as for priority sector for banks if transferred through assignment/outright purchase/investment under securitisation route. Accordingly, our ability to raise capital by selling down our gold loan portfolio under bilateral assignments has been hampered which may impact our ability to raise funds through loans from banks, which may adversely affect our financial condition and results of operations.

21. *A decline in our capital adequacy ratio could restrict our future business growth.*

All non-deposit taking NBFCs are required to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II capital of not less than 15% of their aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items. Our capital adequacy ratio as of March 31, 2014 computed on the basis of applicable RBI requirements was 21.01%, compared to the RBI stipulated minimum requirement of 15%, with Tier I capital comprising 13.84%. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us or at all and this may adversely affect the growth of our business.

22. *If we fail to maintain effective internal control over financial reporting in the future, the accuracy and*

timing of our financial reporting may be adversely affected.

We have taken steps to enhance our internal controls commensurate to the size of our business, primarily through the formation of a designated branch audit and inspection team. However, certain matters such as fraud and embezzlement cannot be eliminated entirely given the cash nature of our business. While we expect to remedy such issues, we cannot assure you that we will be able to do so in a timely manner, which could impair our ability to accurately and timely report our financial position, results of operations or cash flows.

- 23. *A significant proportion of the Gold Loans we offer are due within one year of disbursement, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income.***

Our Express Gold Loan, Traders' Flexi Gold Loan/ Vyapar Mitra and Smart Plus Gold Loan products which represented 85.10% of our total loan portfolio as on March 31, 2014 are generally due within one year of disbursement. The relatively short-term nature of such Gold Loans (i) may lead to a mismatch in the asset liability position of our Company, since a portion of our borrowings are typically for longer durations, and/or (ii) affect ability to ascertain steady long terms revenues. In addition, our existing customers may not obtain new Gold Loans from us upon maturity of their existing Gold Loans, particularly if competition increases. The potential instability of our interest income could materially and adversely affect our results of operations and financial position.

- 24. *System failures or inadequacies and security breaches in computer systems may adversely affect our business.***

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services.

Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

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 unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security.

Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

- 25. *We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations and profitability.***

We face potential liquidity risks due to varying periods over which our assets and liabilities mature. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short term loans and commercial papers. However, each of our products differs in terms of the average tenor, average yield, average interest rates and average

size of loan. The average tenor of our products may not match with the average tenor of our liabilities. Typically, the average maturity profile of our Company's lending portfolio is 4-5 months to a year whereas the liabilities are of a longer term. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and financial performance. Further, mismatches between our assets and liabilities are compounded in case of prepayments of the financing facilities we grant to our customers.

26. *Any disassociation of our Company from "Muthoot Pappachan Group" could adversely affect our operations and profitability.*

Our Promoters along with their immediate relatives collectively hold our entire paid-up Equity Share capital as on the date of the Draft Prospectus. If our Promoters cease to exercise control over our Company as a result of any transfer of shares or otherwise, our ability to derive any benefit from the brand name "Muthoot Fincorp" and "Muthoot Pappachan" brand names and our goodwill as a part of the "Muthoot Pappachan" Group may be adversely affected, which in turn could adversely affect our business and results of operations. Any such change of control could also significantly influence our business policies and operations.

We benefit in several ways from other entities under the "Muthoot Pappachan" Group. Our customer base over the years has comprised of customers of other entities in the Muthoot Pappachan Group, such as customers of Muthoot Capital Services Limited and MHFCL. Accordingly, any disassociation of our Company from the Muthoot Pappachan Group could adversely affect our ability to attract customers and to expand our business, which in turn could adversely affect our goodwill, operations and profitability.

27. *The trade mark/service mark and logo in connection with the "Muthoot Pappachan" brand and the "Muthoot Fincorp" logo are pending registration in various classes including classes which pertain to our Company's business. Our failure to protect our intellectual property may adversely affect our goodwill, operations and profitability.*

The trade mark/service mark and logo in connection with the "Muthoot Pappachan" brand and the "Muthoot Fincorp" logo are pending registration in various classes including classes which pertain to our Company's business. Our Promoters have applied for but not obtained registrations in connection with protection of the aforesaid trademarks and logos. There can be no assurance that our Promoters would be able to obtain registrations of the aforesaid logos and trademarks under each or all of the classes. Once such trademarks and/or logos are registered we intend to enter into an agreement with our Promoters for the use of such logos and/or trademarks. There can be no assurance that we would be able to enter into such agreement(s) with our Promoters on terms which are commercially favourable to us, or at all. Further, if the commercial terms and conditions including the consideration payable pursuant to the said agreement are revised unfavorably, our Company may be required to allocate larger portions of its profits and/or revenues towards such consideration, which would adversely affect our profitability.

Any failure to protect our intellectual property rights may adversely affect our competitive business position. If any of our unregistered trademarks or proprietary rights are registered by a third party, we may not be able to make use of such trademark or propriety rights in connection with our business and consequently, we may be unable to capitalize on the brand recognition associated with our Company. Until such time that we have rights in connections with registered trademarks, we can only seek relief against "passing off" by other entities. Accordingly, we may be required to invest significant resources in developing a new brand. Further, the intellectual property protection obtained by us may be inadequate and/or we may be unable to detect any unauthorised use and/or that we may need to undertake expensive and time-consuming litigation to protect our intellectual property rights and this may have an adverse effect on our business, prospects, results of operations and financial condition. We operate in a competitive environment and we believe that our brand recognition is a significant competitive advantage to us. Any such failure to protect our intellectual property rights could require us to incur additional costs and may adversely impact our goodwill, business prospects and results of operations. For further information, see section titled "*Outstanding Litigation, Statutory and Regulatory Actions*" on page 181.

28. ***We do not own most of our branch offices and our registered office. Any failure on our part to execute and/or renew leave and license agreements and/or lease deeds in connection with such offices or failure to locate alternative offices in case of termination of the leases and/or leave and license arrangements in connection with any branch could adversely affect our operations and profitability.***

Our Registered Office and most of our branches are located on leased and/or licensed premises. If any of the owners of these premises does not renew an agreement under which we occupy the premises, attempt to evict us or seek to renew an agreement on terms and conditions unfavorable 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 branches are operated on premises owned by our Promoters. However, no formal leave and license agreements and/or lease deeds have been executed by our Company in connection with such branches. This may expose the Company to the risks of disruptions in our operations or increased costs, or both, which may adversely affect our business and results of operations.

29. ***We have certain contingent liabilities which may adversely affect our financial condition if they materialise.***

As on March 31, 2014, our financial statements disclosed and reflected the following contingent liabilities:

- Counter guarantees aggregating to ₹13 lakhs provided to certain banks in connection with bank guarantees issued in favour of various statutory authorities. For further details, see section titled “***Description of Certain Indebtedness***” on page 157;
- The Company has received a show cause notice from the Service Tax department during 2012-13 on the taxability of certain revenues of the Company. The liability estimated by the department and mentioned in the show cause notice amounts to ₹ 1,263.21 lakhs. For further details, see section titled “***Outstanding Litigation, Statutory and Regulatory Actions***” beginning on page 181;
- The Company has received orders from the Income Tax department demanding an amount of ₹ 298.87 lakhs ₹ 689.06 lakhs and ₹ 421.80 lakhs relating to the assessment years 2006-07, 2007-08 and 2008-09 respectively. The Company has filed appeals against these orders. For further details, see section titled “***Outstanding Litigation, Statutory and Regulatory Actions***” on page 181;
- Some of the branches of the Company had received notices for registration under the Kerala Money Lenders Act, 1958. An appeal is currently pending before the Supreme Court in connection with the same. The Supreme Court has granted an interim stay till the disposal of the appeal. For further details, see section titled “***Outstanding Litigation, Statutory and Regulatory Actions***” on page 181; and
- The Company had received a notice from the RBI to show cause as to why an arm’s length policy was not maintained with certain group concerns. The Company has responded to the notice in writing. For further details, see section titled “***Risk Factors***” on page 19.

For further information on such contingent liabilities, see “***Annexure A - Financial Information***”. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

30. ***We and certain of our Directors and Promoters are involved in various legal and other proceedings that if determined against us could have a material adverse effect on our business, financial condition and results of operations.***

We and certain of our Directors and Promoters are currently involved in a number of legal proceedings arising in the ordinary course of our business. These proceedings are pending at different levels of adjudication before various courts and tribunals, primarily relating to civil suits and tax disputes. For further information relating to certain significant legal proceedings that we are involved in, see the section titled “***Outstanding Litigation, Statutory and Regulatory Actions***” beginning on page 181.

An adverse decision in these proceedings could materially and adversely affect our business, financial condition and results of operations.

31. *We may have to comply with strict regulations and guidelines issued by regulatory authorities in India.*

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's asset finance sector.

Compliance with many of the regulations applicable to our operations may involve significant costs and otherwise may impose restrictions on our operations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of our Company could be adversely affected. Our present operations may not meet all regulatory requirements or subsequent regulatory amendments. There can be no assurance that changes in these regulations and the enforcement of existing and future rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

For instance, pursuant to the circular dated September 16, 2013, the RBI has issued certain guidelines pursuant to the recommendations of the K.U.B Rao Committee. Existing NBFCs having more than 1,000 branches shall have to approach the RBI for prior approval for any further branch expansion. In order to standardize the valuation and make it more transparent to the borrower, gold jewellery accepted as collateral shall have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by The Bombay Bullion Association Ltd. ("BBA"). It was reiterated that Loan to Value would continue to remain at 60%. While accepting the gold as collateral, NBFCs are required to give in writing to the borrower, on their letter head giving the purity (in terms of carats) and weight of the gold. If the gold is of purity less than 22 carats, the NBFC should translate the collateral into 22 carat and state the exact grams of the collateral. High value loans of ₹ one lakh and above must only be disbursed by cheque. Further, NBFCs have also been prohibited from issuing advertisements claiming the availability of loans in a matter of 2-3 minutes. Implementation of these guidelines could have an adverse effect on our results of operation and financial condition. The RBI has by way of notification dated January 8, 2014 has revised the above mentioned Loan to Value ratio to 75% from 60% in line with the recommendations of the K. U. B. Rao Committee. For further information pertaining to the aforesaid guidelines, see section titled "*Regulations and Policies*" on page 113.

32. *Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.*

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data.

Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFC and Gold loan sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer

requirements or evolving market standards.

33. *We have entered into certain related party transactions and may continue to do so in the future.*

We have entered into transactions with related parties, within the meaning of AS 18 as notified by the Companies (Accounting Standards) Rules, 2006. For further information on our related party transactions see the section titled “*Annexure A - Financial Information*”. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favor.

34. *Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.*

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the finance sector can be intense. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

35. *Our results of operations could be adversely affected by any disputes with our employees.*

As of July 31, 2014, we employed 17,221 employees including 1,333 contracted experts in our operations. Currently, none of our employees are members of any labor union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

36. *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.*

We require certain statutory and/or 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 a timely manner or at all, and/or on favorable terms and conditions. Failure by us to comply with the terms and conditions to which such permits or approvals are subject, and/or 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.

37. *We are subject to supervision and regulation by the RBI as a non-deposit-taking systemically important NBFC, and changes in RBI’s regulations governing us could adversely affect our business.*

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

financial performance.

The laws and regulations governing the non-banking financial services industry in India have become increasingly complex and cover a wide variety of issues such as interest rates, liquidity, securitization, investments, ethical issues, money laundering and privacy. In some cases, there are overlapping regulations and enforcement authorities. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect our business and our financial performance.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments, lending and other activities currently being carried out by our Company, involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in Indian laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the Indian financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

38. *Our insurance coverage may not adequately protect us against losses.*

We maintain such insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies including premium increases or the imposition of a larger deductible or co-insurance requirement could adversely affect our business, financial condition and results of operations.

39. *There is ambiguity on whether or not NBFCs are required to comply with the provisions of state money lending laws, which if interpreted unfavorably by statutory/regulatory authorities or courts of law could adversely affect our operations and profitability.*

There is ambiguity on whether or not NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates. We also carry out operations in several states such as Andhra Pradesh, Karnataka, Tamil Nadu, Madhya Pradesh, Punjab, Gujarat and Maharashtra, where there are money lending statutes in operation. The relevant state money lending statutes provide penalties for non-compliance with such statutes, including civil and criminal consequences. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws or imposes any penalty against us, our Directors or our officers, including for prior non-compliance, our business, results of operations and financial condition may be adversely affected.

40. *Our internal procedures, on which we rely for obtaining information on our customers and loan collateral, may be deficient and result in business losses.*

We rely on our internal procedures for obtaining information on our customers and loan collateral provided. In the event of lapses or deficiencies in our procedures or in their implementation, we may be subject to business or operational risk. For example, 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 will generally be available to the Company in the event of such seizure, except the recovery of the loss from the customer.

41. *Increase in competition from our peer group in the finance sector may result in reduction of our market*

share, which in turn may adversely affect our profitability.

We have been increasingly facing competition from domestic and foreign banks and NBFCs in each of our lines of businesses. Some of our competitors are very aggressive in underwriting credit risk and pricing their products and may have access to funds at a lower cost, wider networks and greater resources than our Company. Our financial condition and results of operations are dependent on our ability to obtain and maintain low cost funds and to provide prompt and quality services to our customers. If our Company is unable to access funds at a cost comparable to or lower than our competitors, we may not be able to offer loans at competitive interest rates to our customers.

While our Company believes that it has historically been able to offer competitive interest rates on the loans extended to our customers, there can be no assurance that our Company will be able to continue to do so in the future. An increase in competition from our peer group may result in a decline in our market share, which may in turn result in reduced incomes from our operations and may adversely affect our profitability.

42. *Conflicts of interest may arise out of common business objects shared by our Company and certain other entities promoted by our Promoters.*

Our Promoters have interests in other companies and entities that may compete with us, including other companies and partnership firms that conduct businesses with operations that are similar to ours.

Our Promoters and Group entities have interests in the following entities that are engaged in businesses similar to ours and this may result in potential conflicts of interest with the Company.

Companies:

- Muthoot Capital Services Limited;
- MHFCL;
- MMFL;
- Muthoot Risk Insurance and Broking Services Private Limited; and
- Muthoot Exim Private Limited.

Except as disclosed in the Draft Prospectus, we have not entered into any non-compete agreement with our Promoter and/or such entities promoted by our Promoter. To this extent, we may have a potential conflict of interest between such entities and our Company. Further, there is no requirement or undertaking for our Promoters to conduct or direct any opportunities in the Gold Loans and/or NBFC business only to or through us. As a result, conflict of interests may arise in allocating or addressing business opportunities and strategies amongst our Company and other entities promoted by our Promoters in circumstances where our interests differ from theirs. In cases of conflict, our Promoters may favour other entities in which our Promoters have an interest. There can be no assurance that the interests of our Promoters will be aligned in all cases with the interests of our minority shareholders or the interests of our Company. There can be no assurance that entities promoted by our Promoters will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours.

43. *We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.*

We are required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. We, in the course of our operations, run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers despite putting in place systems and controls to prevent the occurrence of these risks. In our pursuit of business, we run the risk of inadvertently offering our financial products and services ignoring customer

suitability and appropriateness despite having a Board approved customer suitability policy and associated processes in place. To the extent the Company fails to fully comply with applicable laws and regulations, the relevant government agencies to whom the Company reports have the power and authority to impose fines and other penalties. In addition, the Company's business and reputation could suffer if customers use the Company for money-laundering or illegal or improper purposes. Any potential penalties or liabilities imposed by the relevant regulators on such matters may adversely affect the Company's financial condition and results of operations.

44. *Any failure by us to identify, manage, complete and integrate acquisitions, divestitures and other significant transactions successfully could adversely affect our results of operations, business prospects and/or cash flows.*

As part of our business strategy, we may acquire complementary companies or businesses, divest non-core businesses or assets, enter into strategic alliances and joint ventures and make investments to further our business. In order to pursue this strategy successfully, we must identify suitable candidates for and successfully complete such transactions, some of which may be large and complex, and manage the integration of acquired companies or employees. We may not fully realize all of the anticipated benefits of any such transaction within the anticipated timeframe or at all. Any increased or unexpected costs, unanticipated delays or failure to achieve contractual obligations could make such transactions less profitable or unprofitable. Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations, may result in significant costs and expenses and charges to earnings. The challenges involved in integration include:

- combining product offerings and entering into new markets in which we are not experienced;
- consolidating and maintaining relationships with customers;
- consolidating and rationalizing transaction processes and corporate and information technology infrastructure;
- integrating employees and managing employee issues;
- coordinating and combining administrative and other operations and relationships with third parties in accordance with applicable laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from infrastructure integration; and
- managing other business, infrastructure and operational integration issues.

EXTERNAL RISK FACTORS

Risks Relating to the Indian Economy

1. *A slowdown in economic growth in India could cause our business to be adversely affected.*

Our results of operations are significantly affected by factors influencing the Indian economy and the global economy in general. Any slowdown in economic growth in India could adversely affect us, including our ability to grow our loan portfolio, the quality of our assets, and our ability to implement our strategy.

Any slowdown in the growth or negative growth of sectors where we have a relatively higher exposure could adversely impact our performance. Any such slowdown, and in particular the financing requirement of our customers could adversely affect our business, prospects, results of operations and financial condition.

2. *Political instability or changes in GoI could adversely affect economic conditions in India generally, and*

consequently, our business in particular.

GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and financial sector liberalisation and deregulation and encouraged infrastructure projects. The most recent parliamentary elections were completed in May 2014. The National Democratic Alliance led by the Bharatiya Janata Party won the elections. Although there is no expectation of a significant change in the GoI's policies following the formation of the new government, current macro-economic situations and global conditions might lead to a gradual departure from an accommodative fiscal and monetary policy, which would affect exchange rates and interest rates. A significant change in GoI's policies in the future, particularly in respect of the Gold Loan NBFCs and the Gold Loan industry, could affect business and economic conditions in India. This could also adversely affect our business, prospects, results of operations and financial condition.

3. *We may be adversely affected by increase in taxes and duties.*

Taxes and duties, including those taxes and duties on certain types of trade transactions and industries affecting the movement and transportation of goods in India, may affect our business, financial condition and results of operations. There can be no assurance that the current levels of taxes, tariffs and duties will not increase in the future, or that State Governments will not introduce additional levies, each of which may result in increased operating costs and lower income. To the extent additional levies are imposed, there can be no assurance that we will be able to pass such cost increases on to our customers.

4. *Significant fluctuations in exchange rates between the Rupee and foreign currencies may have an adverse effect on our results of operations.*

Our results of operations may be adversely affected if the Indian rupee fluctuates significantly against foreign currencies or if our hedging strategy is unsuccessful. To the extent that our income and expenditures are not denominated in Indian rupees, despite us entering into foreign exchange hedging contracts from time to time, exchange rate fluctuations could affect the amount of income and expenditure we recognise. In addition, the policies of the RBI may also change from time to time, which may limit our ability to hedge our foreign currency exposures adequately.

5. *Natural calamities could have a negative impact on the Indian economy and could cause our business to be adversely affected.*

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. In previous years, many parts of India received significantly less than normal rainfall. As a result, the agricultural sector recorded minimal growth. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, thereby affecting our business, prospects, results of operations and financial condition.

6. *The effects of the new Companies Act 2013 are uncertain and could adversely affect the Issuer's business.*

The Issuer is a public limited company and currently governed by the Companies Act 2013 and Companies Act 1956 (to the extent applicable) and rules and regulations issued thereunder. The Lok Sabha and the Rajya Sabha have passed the Companies Act 2013, which has also received the assent of the President of India. The Companies Act 2013 will replace the Companies Act, 1956, as and when fully notified. The Companies Act 2013 intends to strengthen corporate regulation by increasing the robustness

The provisions of the Companies Act 2013 will be effective on such date as is appointed by the Government by notification in the official gazette and different dates may be appointed for different provisions. As at the date of the Draft Prospectus, most sections of the Companies Act 2013 have been notified and made effective. These include (i) 98 sections which were notified on September 12, 2013, including sections on incorporation, prospectus and allotment of securities, share capital and debentures, acceptance of deposits and management and administration; (ii) the CSR provisions of the Companies Act

2013 along with Schedule VI which were notified on February 27, 2014 and came into effect from April 1, 2014; and (iii) 183 sections and Schedule I to VI which were notified on March 26, 2014 and came into effect from April 1, 2014. The substantial operative part of the legislation is in the rules and the rules for implementation of majority of the chapters of the Companies Act 2013, have also been notified on March 27, 2014 and are effective as specified in the official gazette publication which for all rules till date is April 1, 2014. There is no clarity in relation to the date of implementation of the other provisions of the Companies Act 2013 or notification of other rules thereunder. The consequential effects of implementation of the provisions of the Companies Act 2013 may affect the Issuer's business, growth, financial performance, results of operations, prospects and the trading price of the NCDs.

7. *The proposed new taxation system could adversely affect our business and the price of the NCDs.*

The Government has proposed three major reforms in Indian tax laws, namely the goods and services tax, the direct taxes code and provisions relating to general anti-avoidance rules (“GAAR”). As regards the implementation of the goods and service tax and the direct taxes code, the Government has not specified any timeline for their implementation. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state value added tax, surcharge and excise currently being collected by the central and state governments. The direct taxes code aims to reduce distortions in tax structure, introduce moderate levels of taxation, expand the tax base, facilitate voluntary compliance and provide greater tax clarity and stability to investors who invest in Indian projects and companies, as well as clarify the taxation provisions for international transactions. In addition, the direct taxes code aims to consolidate and amend laws relating to all direct taxes such as income tax, dividend distribution tax and wealth tax in order to facilitate voluntary compliance. With regard to GAAR, the provisions have been introduced by the Finance Act, 2012, scheduled to come into effect from April 1, 2016. The GAAR provisions are intended to catch arrangements declared as “impermissible avoidance arrangements”, which is defined in the Finance Act, 2012 as any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961 (the “Income Tax Act”); (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is an “impermissible avoidance agreement” is on the tax authorities. If GAAR provisions are invoked, the tax authorities would have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty. As the taxation system is intended to undergo a significant overhaul, the effects on the Company cannot be determined as at the date of this Draft Prospectus and there can be no assurance that such effects would not adversely affect the Company's business, future financial performance or the price of the NCDs.

8. *The effects of the planned adoption of “Indian Accounting standards converged with IFRS” (IND-AS) are uncertain.*

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of/convergence with International Financial Reporting Standards (“IFRS”). Because many details of IND-AS are yet to be finalised, there is a significant lack of clarity regarding the convergence and implementation process. In addition, there is no significant body of established practice regarding IND-AS implementation and application and there is a shortage of experienced accounting personnel familiar with IFRS accounting standards. Therefore, the Company has not clearly determined the impact that implementation and application of IND-AS will have on its financial reporting. There can be no assurance that the Company's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under current Indian GAAP. In the Company's transition to IND-AS reporting, the Company may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is existing competition for the small number of experienced accounting personnel familiar with IFRS accounting standards as more Indian companies begin to prepare IND-AS.

9. *If regional hostilities, terrorist attacks or social unrest in India increases, our business could be adversely affected.*

India has from time to time experienced social and civil unrest and hostilities within itself and with neighbouring countries. India has also experienced terrorist attacks in some parts of the country. India has experienced terrorist attacks in some parts of the country, including in July 2011 in Mumbai, India's financial capital, which resulted in the loss of life, property and business. These hostilities and tensions and/or the occurrence of terrorist attacks have the potential to cause political or economic instability in India and adversely affect our business and future financial performance. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business, prospects, results of operations and financial condition. India has also experienced terrorist attacks in other parts of the country. These hostilities and tensions could lead to political or economic instability in India and possible adverse effects on the Issuer's business, its future financial performance and the trading price of the NCDs. Furthermore, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on the Issuer's business, future financial performance and the trading price of the NCDs.

10. *If more stringent labour laws or other industry standards in the jurisdictions in which we operate become applicable to us, our profitability may be adversely affected.*

We are subject to a number of stringent labour laws and restrictive contractual covenants related to levels of employment. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal, payment of overtime to employees and legislation that imposes financial obligations on employers upon retrenchment. In the future, if we are also required to supply manpower as part of our port services, we shall incur additional cost in addition to be exposed to other labour legislation. If labour laws become more stringent or are more strictly enforced, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could adversely affect our business, results of operations, financial condition and cash flows.

11. *Any downgrading of India's sovereign rating by an international rating agency (ies) may affect our business and our liquidity to a great extent.*

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favorable interest rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations.

RISKS RELATING TO THE NCDS

12. *We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and Gold Loan industries contained in this Draft Prospectus.*

While facts and other statistics in this Draft Prospectus relating to India, the Indian economy as well as the Gold Loan industry has 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 have not been prepared or independently verified by us or any of our respective affiliates or advisers 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 section titled "**Industry Overview**" at page 90. 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.

13. *There are certain risks in connection with the Unsecured NCDs.*

The Unsecured NCDs will be in the nature of Subordinated Debt and hence the claims of the holders thereof will be subordinated to the claims of other creditors of our Company. Further, since no charge upon the assets of our Company would be created in connection with the Unsecured NCDs, in the event of default in connection therewith, the holders of Unsecured NCDs may not be able to recover their principal amount and/or the interest accrued thereon in a timely manner, for the entire value of the Unsecured NCDs held by them or at all. Accordingly, in such a case the holders of the Unsecured NCDs may lose all or a part of their investment therein. Further, the payment of interest and the repayment of the principal amount in connection with the Unsecured NCDs would be subject to the requirements of RBI, which may also require our Company to obtain prior approval from the RBI in certain circumstances.

14. *There has been a limited trading in the NCDs of such nature and the same may not develop in future, therefore the price of the NCDs may be volatile.*

There has been a limited trading in debentures of such nature in the past. Although the NCDs shall be listed on BSE, there can be no assurance that a public market for these NCDs would be available on a sustained basis. 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 the NCDs are being issued.

Further, the price of our NCDs may fluctuate after this Issue due to a wide variety of factors, including:

- Changes in the prevailing interest rate;
- Volatility in the Indian and global securities markets;
- Our operational performance, financial results and our ability to expand our business;
- Developments in India's economic liberalization and deregulation policies, particularly in the power sector;
- Changes in India's laws and regulations impacting our business;
- Changes in securities analysts' recommendations or the failure to meet the expectations of securities analysts;
- The entrance of new competitors and their positions in the market; and
- Announcements by our Company of its financial results.

We cannot assure that an active trading market for our NCDs will be sustained after this Issue, or that the price at which our NCDs are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

15. *There is no guarantee that the NCDs issued pursuant to the Issue will be listed on BSE in a timely manner, or at all or that monies refundable to Applicants will be refunded in a timely manner.*

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to the Issue will not be granted until after the NCDs have been issued and allotted. While an in-principle approval from the BSE will be obtained prior to filing of the Prospectus, approval for listing and trading will require all relevant documents authorising the issuing of NCDs to be submitted. While the Company will use its best efforts to ensure that all steps for completion of the necessary formalities for allotment, listing and commencement of trading at BSE are taken within 12 Working Days of the Issue Closing Date, there can be no assurance that it will be completed in a timely manner. There could be a failure or delay in listing the NCDs on BSE.

We cannot assure you that the monies refundable to you, on account of (a) withdrawal of your applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the BSE for listing of the NCDs, will be refunded to you in a timely manner. We, however, shall refund such monies, with the interest due and payable thereon, as prescribed under applicable statutory and/or regulatory provisions.

16. *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.*

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, 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. Although the Company has undertaken to create appropriate security in favour of the Debenture Trustee to the Issue for the Secured NCD holders on the assets adequate to ensure 100% security cover on the outstanding amounts of the Secured 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 Secured NCDs could expose you to a potential loss.

17. *Changes in interest rates may affect the trading price of the NCDs.*

All securities where a fixed rate of interest is offered, such as the 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 rate, 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 trading price of the NCDs.

18. *Any downgrading in credit rating of our NCDs may affect the trading price of our NCDs.*

CRISIL has by way of its letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 and letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 read with letter no. RM/FIN/MUFILT/2014-15/946 dated August 26, 2014 assigned a rating of "CRISIL A/Stable" to the NCDs. We cannot guarantee that these ratings will not be downgraded. These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the credit rating may lower the trading price of the NCDs and may also affect our ability to raise further debt.

19. *Securities on our Secured NCDs rank as pari passu with our Company's secured indebtedness.*

Substantially all of our Company's current assets represented mainly by the Gold Loan receivables are being used to secure our Company's debt. As at June 30, 2014, our Company's secured debt was ₹ 7,72,836 lakhs. Securities on our Secured NCDs will rank *pari passu* with any of our Company's similar ranked secured obligations with respect to the assets that secure such obligations. The terms of the Secured NCDs do not prevent our Company from incurring additional debt. In addition, the Secured NCDs will rank *pari passu* to the existing and future secured liabilities and obligations of our Company (to the extent the charges are of a similar ranking).

20. *Payments made on the NCDs will be subordinated to certain tax and other liabilities preferred by law.*

The Secured NCDs will be subordinated to certain liabilities preferred by law such as claims of GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Secured NCDs only after all of those liabilities that rank senior to these Secured NCDs have been paid in accordance with the provisions of the Companies Act. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Secured NCDs.

21. *The Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders.*

The 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. The Company is free to decide the nature of security that may be provided for future borrowings and this may rank *pari passu* with the security created for this Issue. In such a scenario, the Secured NCD holders will rank *pari passu* with other creditors and to that extent, the amounts recoverable by the Secured NCD holders upon the Company's bankruptcy, winding-up or liquidation may stand reduced.

22. *If we do not generate adequate profits, we may not be able to maintain the debenture redemption reserve ("DRR") up to an extent of 25% for the NCDs*

Pursuant to Section 71 of the Companies Act 2013 and Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, an NBFC is required to maintain DRR up to 25% of the value of debentures issued through a public issue. Further, the amount to be credited as DRR will be carved out of the profits of the company only and there is no obligation on the part of the company to create DRR if there is no profit for the particular year. Therefore, we will maintain a DRR only to the extent of 25% of the NCDs issued and if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet 25% of the value of the NCDs. This may have a bearing on the timely redemption of the NCDs. Furthermore, the DRR will not be sufficient to cover the payment on the remaining 75% of the value of the NCDs.

Further, pursuant to Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, every company required to create or maintain DRR shall before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March next, following any one or more of the following methods, namely: (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 sub-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 sub-clause (f) of section 20 of the Indian Trusts Act, 1882. The amount deposited or invested, as the case may be, shall not be utilised for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the 31st day of March of that year. This may have a bearing on the timely redemption of the NCDs by our Company.

23. *There are other lenders and debenture trustees who have pari passu charge over the Security provided*

There are other lenders and debenture trustees of the Company who have *pari passu* charge over the security provided for the Issue. While the Company is required to maintain security cover of 100% of the outstanding amount of the NCDs and the interest thereon, upon the Company's bankruptcy, winding-up or liquidation, the other lenders and debenture trustees will rank *pari passu* with the Secured NCD holders and to that extent, may reduce the amounts recoverable by the Secured NCD holders. Pursuant to Regulation 17(2) read with Schedule I of the SEBI Debt Regulations, the Company is required to obtain permissions / consents from the prior creditors in favour of the debenture trustee for creation of such *pari passu* charge and the same is required to be disclosed. The Company has applied to the prior creditors for such permissions / consents. Some of them are still pending. The Company will only be able to file the final Prospectus with the Registrar of Companies after obtaining such permissions /consents and disclosing it in the Prospectus.

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

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for our various financing activities including lending and investments, subject to applicable statutory and/or regulatory requirements, to repay our existing loans and our business operations including for our capital expenditure and working capital requirements. The Unsecured NCDs will be in the nature of Subordinated

Debt and will be eligible for Tier II capital and accordingly will be utilised in accordance with statutory and regulatory requirements including requirements stipulated by the RBI. For further details, please refer to the section titled “*Objects of the Issue*” beginning on page 81. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, according to the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

PROMINENT NOTES

1. This is a public issue of Secured NCDs and Unsecured NCDs by our Company aggregating up to ₹ 15,000 lakhs with an option to retain over-subscription up to ₹ 15,000 lakhs aggregating up to a total of ₹ 30,000 lakhs. The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II capital.
2. For details on the interest of our Company’s Directors, please refer to the sections titled “*Our Management*” and “*Capital Structure*” beginning on pages 131 and 71, respectively.
3. Our Company has entered into certain related party transactions, within the meaning of AS 18 as notified by the Companies (Accounting Standards) Rules, 2006, as disclosed in the section titled “*Annexure A - Financial Information*”.
4. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
5. Investors may contact the Registrar to the Issue, Compliance Officer, and the Lead Manager for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue.
6. The Equity Shares of the Company are not listed on any stock exchange.
7. The Company has issued 19,39,872 secured non-convertible debentures aggregating to ₹ 193,98,72,000 by way of public issue of secured, redeemable, non-convertible debentures pursuant to the prospectus dated June 25, 2014 which have been listed on BSE on August 6, 2014.
8. For further information relating to certain significant legal proceedings that we are involved in, see “*Outstanding Litigation, Statutory and Regulatory Actions*” beginning on page 181.
9. In the event of oversubscription to the Issue, allocation of NCDs will be as per the “Basis of Allotment for the NCDs.

SECTION III : INTRODUCTION

THE ISSUE

The Board of Directors, at its meeting held on August 19, 2014 approved the Issue of NCDs in the nature of secured, redeemable, non-convertible debentures and unsecured, redeemable, non-convertible debentures in the nature of Subordinated Debt, of face value of ₹ 1,000 each, aggregating to ₹ 15,000 lakhs with an option to retain over subscription up to ₹ 15,000 lakhs, aggregating to ₹ 30,000 lakhs.

Particulars of the Issue and the NCDs

This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Section IV – About the Issuer*” and “*Section VI - Offer Information*” beginning on pages 90 and 214 respectively.

Issuer	Muthoot Fincorp Limited		
Promoters	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.		
Issue	Public issue of secured, redeemable, non-convertible debentures and unsecured, redeemable, non-convertible debentures in the nature of Subordinated Debt, of face value of ₹ 1,000 each, aggregating to ₹ 15,000 lakhs with an option to retain over subscription up to ₹ 15,000 lakhs, aggregating to ₹ 30,000 lakhs. The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II Capital.		
Base Issue Size	₹ 15,000 lakhs		
Option to retain oversubscription	Option to retain oversubscription up to ₹ 15,000 lakhs such that the aggregate amount is ₹ 30,000 lakhs.		
Face Value	₹ 1,000		
Issue Price	₹ 1,000		
Minimum Application	₹ 10,000 (10 NCDs) (for all Series of NCDs, namely Series I, Series II, Series III, Series IV, Series V, Series VI, Series VII, Series VIII, Series IX, Series X and Series XI)		
In Multiples of	₹ 1,000 (1 NCD)		
Type and nature of instrument	Secured NCDs and Unsecured NCDs		
Mode of Issue	Public issue		
Pay-in Date	Application date. Full amount is payable with the Application Form. See “ <i>Issue Procedure – Payment Instructions</i> ” on page 256.		
Eligible Investors	Category I (“Institutional Investors”)	Category II (“Non Institutional Investors”)	Category III (“Individual Investors”)
	<ul style="list-style-type: none"> Public financial institutions specified in Section 2(72) of the Companies Act 2013, statutory 	<ul style="list-style-type: none"> Companies within the meaning of Section 2(20) of the Companies Act 2013, societies and bodies 	<ul style="list-style-type: none"> Resident Individual Investors; and Hindu Undivided Families applying

	<p>corporations, scheduled commercial banks, co-operative banks, regional rural banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the NCDs;</p> <ul style="list-style-type: none"> • Mutual funds registered with SEBI; • Alternative Investment Fund registered with SEBI; • Insurance companies registered with Insurance Regulatory Development Authority (“IRDA”); • Provident funds, pension funds, superannuation funds and gratuity funds authorised to invest in the NCDs; • The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; and • Insurance funds set up and managed by the Department of Posts, India. 	<p>corporate registered under the applicable laws in India and authorised to invest in NCDs;</p> <ul style="list-style-type: none"> • Public/ private charitable/ religious trusts settled and/or registered in India under applicable laws, which are authorised to invest in the NCDs; • Resident Indian scientific and/ or industrial research organizations, authorised to invest in the NCDs; • Partnership firms in the name of the partners, authorised to invest in the NCDs; and • Limited liability partnership(s) (“LLP”) formed and registered under the Limited Liability Partnership Act, 2008 (“LLP Act”), authorised to invest in the NCDs. 	<p>through the Karta.</p>
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Credit Ratings	CRISIL has by way of its letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 and letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 read with letter no. RM/FIN/MUFILT/2014-15/946 dated August 26, 2014 assigned a rating of “CRISIL A/Stable” to the NCDs. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. For details, see “ <i>Annexure B - Credit Rating</i> ”.
Security	Mortgage of the immovable property of the Company admeasuring 54 cents, situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and charge in favour of the Debenture Trustee, on all current assets, book debts and receivables (both present and future) of the Company, on a pari passu basis, specifically set out and as fully described in the Secured Debenture Trust Deed such that security cover of 100% of the outstanding amount of the Secured NCDs and interest thereon is maintained until Maturity Date. No security will be created for the Unsecured NCDs in the nature of Subordinated Debt.
Security Cover	100% of the outstanding amounts of the NCDs and the interest thereon
Nature of Indebtedness and Ranking/ Seniority	The claims of the NCD Holders holding Secured NCDs shall be effectively superior to the claims of any unsecured creditors of the Company and subject to applicable statutory and/or regulatory requirements, rank <i>pari passu</i> inter se to the claims of other creditors of the Company having the same security. No security will be created for the Unsecured NCDs in the nature of Subordinated Debt.
Put/Call Option	There is no put/call option for the NCDs
Listing	The NCDs are proposed to be listed on BSE. For more information, see “ <i>Terms of the Issue – Listing</i> ” on page 222.
Debenture Trustee	SBICAP Trustee Company Limited
Depositories	Central Depositories Services Limited (“CDSL”) and National Securities Depository Limited (“NSDL”)
Registrar	Integrated Enterprises (India) Limited
Modes of Payment/Settlement Mode	<ol style="list-style-type: none"> 1. Direct Credit; 2. National Electronic Clearing System (“NECS”); 3. Real Time Gross Settlement (“RTGS”); 4. National Electronic Fund Transfer (“NEFT”); and 5. Registered/Speed Post <p>For more information, see “<i>Terms of the Issue – Manner and Modes of Payment</i>” on page 228.</p>
Issuance/ Mode of Allotment	NCDs will be issued in both physical (to the extent permitted) as well as dematerialised form.* Trading in the NCDs will however take place compulsorily in dematerialised form. Please note, however, that Applicants cannot apply for Allotment of NCDs under Series VIII, Series IX, Series X and Series XI in physical form. **
Trading	In dematerialised form only*

Trading/ Market Lot	One NCD
Deemed Date of Allotment	The Deemed Date of Allotment of the NCDs will be the date on which the Board of Directors is deemed to have approved the Allotment of NCDs or any such date as may be determined by the Board of Directors or any committee thereof and notified to the Stock Exchanges. All benefits under the NCDs including payment of interest will accrue to the NCD Holders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.
Record Date	The record date (a) in connection with Series I, Series II, Series III, Series IV, Series V, Series VI NCDs and Series VII NCDs shall be 15 days prior to the relevant Interest Payment Date, the relevant Redemption Date or as may be prescribed by the Stock Exchange; and (b) in connection with Series VIII, Series IX, Series X and Series XI NCDs shall be 15 days prior to the Redemption Date or as may be prescribed by the Stock Exchange. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Lead Manager	SMC Capitals Limited
Objects of the Issue	See “ <i>Objects of the Issue</i> ” on page 81.
Utilisation of Issue Proceeds	See “ <i>Objects of the Issue</i> ” on page 81.
Working Day Convention/ Day Count/ Effect of holidays on payment	<p>A Working Day shall mean all days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period, Interest Payment Date and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.</p> <p>Day Count Convention</p> <p>Actual/actual i.e., interest will be computed on a 365 days-a-year basis on the principal outstanding on the NCDs. Where the interest period (start date to end date) includes February 29, interest will be computed on 366 days-a-year basis, on the principal outstanding on the NCDs.</p> <p>Effect of holidays on payments</p> <p>If the date of payment of coupon/ interest rate specified does not fall on a Working Day, the coupon payment shall be made on the immediately succeeding Working Day along with the interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon/ Interest Payment Date. If the Redemption Date/ Maturity Date (also being the last Coupon/ Interest Payment Date) of any Series of NCDs falls on a day which is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with the interest accrued on the NCDs until but excluding the date of such payment.</p>
Transaction Documents	Documents/undertakings/agreements entered into or to be entered into by the Company with Lead Manager and/or other intermediaries for the purpose of this

	Issue, including but not limited to the following: -	
	Debenture Trustee Agreement	Trustee Agreement dated August 23, 2014 between the Debenture Trustee and the Company.
	Secured Debenture Trust Deed	The trust deed to be entered into between the Debenture Trustee and the Company for creating the security in relation to the Security NCDs issued under the Issue.
	Unsecured Debenture Trust Deed	The trust deed to be executed between the Company and the Debenture Trustee specifying, <i>inter alia</i> , the powers, authorities, and obligations of the Debenture Trustee and the Company.
	Escrow Agreement	Agreement dated [●] entered into amongst the Company, the Registrar to the Issue, the Lead Manager and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof.
	Issue Agreement	Agreement dated 21, 2014 entered into between the Company and the Lead Manager
	Lead Broker MoU	Memorandum of Understanding (“MoU”) dated [●], between the Company and the Lead Brokers
	Registrar Agreement	Agreement dated August 23, 2014 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
	Tripartite Agreements	Tripartite agreement dated May 3, 2011 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated October 6, 2009 between the Company, NSDL and the Registrar to the Issue.
Issue Opening Date	[●]	
Issue Closing Date	[●] The Issue shall remain open for subscription from 10 a.m. to 5 p.m. during the period indicated above with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof of the Company. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in at least one leading national daily newspaper with wide circulation.	
Default Interest Rate	As shall be specified in the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed.	

Redemption Premium/ Discount	Not applicable.
Interest on Application Money	See “ <i>Terms of the Issue - Interest on Application and Refund Money</i> ” on page 226.
Step up/ step down Coupon Rate	Not applicable.
Conditions precedent/subsequent to disbursement	The conditions precedent and subsequent to disbursement will be finalised upon execution of the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed.
Event of Default	See “ <i>Terms of the Issue – Events of Default</i> ” on page 232.
Cross Default	Not applicable
Roles and Responsibilities of Debenture Trustee	See “ <i>Terms of the Issue – Debenture Trustee</i> ” on page 233.
Discount at which NCD is issued and the effective yield as a result of such discount	Not applicable
Governing Law	Laws of the Republic of India
Jurisdiction	The courts of Trivandrum will have exclusive jurisdiction for the purposes of the Issue.

* *In terms of Section 29 of the Companies Act 2013 and Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of the NCDs in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the NCDs in physical form will fulfill such request. However, trading in NCDs shall be compulsorily in dematerialised form.*

** *In terms of Section 29 of the Companies Act 2013 and Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of the NCDs in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Investors who wish to hold Series I, II, III, IV, V, VI and VII NCDs, post allotment, in physical form, will fulfill such request through the process of rematerialisation.*

SPECIFIC TERMS FOR EACH SERIES OF NCDS											
Series	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
Frequency of Interest Payment	Monthly**	Monthly**	Monthly**	Monthly**	Annual*	Annual*	Annual*	Cumulative	Cumulative	Cumulative	Cumulative
Minimum Application	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)
In Multiples of	₹1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
	(1 NCD)	(1 NCD)	(1 NCD)	(1 NCD)	(1 NCD)	(1 NCD)	(1 NCD)	(1 NCD)	(1 NCD)	(1 NCD)	(1 NCD)
Face Value (₹)	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
Issue Price (₹)	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
Tenor from Deemed Date of Allotment	400 days	24 months	36 months	72 months	24 months	36 months	60 months	400 days	24 months	36 months	72 months
Coupon (% per annum)	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%
Effective Yield (per annum)	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%
Mode of Payment of Interest and/or Redemption of NCDs	<i>Through various option available</i>										

SPECIFIC TERMS FOR EACH SERIES OF NCDS											
Series	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
Amount on Maturity	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	[●] per NCD*** at the end of 400 days from the Deemed Date of Allotment	[●] per NCD*** at the end of 24 months from the Deemed Date of Allotment	[●] per NCD*** at the end of 36 months from the Deemed Date of Allotment	[●] per NCD*** at the end of 72 months from the Deemed Date of Allotment
Nature of Indebtedness	Series I, Series II, Series III, Series V, Series VI, Series VII, Series VIII, Series IX, Series X - Secured, redeemable non-convertible debentures Series IV and Series XI - Unsecured, redeemable non-convertible debentures in the nature of Subordinated Debt										
Maturity/ Redemption Date (From Deemed Date of Allotment)	400 days	24 months	36 months	72 months	24 months	36 months	60 months	400 days	24 months	36 months	72 months

* Relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the Face Value of the Series of NCDs. The last interest payment will be made at the Redemption Date of the NCDs.

** Relevant interest will be calculated from the first day till the last date of every month during the tenor of such the Series of NCDs, and paid on the first day of every subsequent month. For the first interest payment for the Series of NCDs, 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.

*** Subject to applicable tax deducted at source, if any.

SELECTED FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the Reformatted Summary Financial Statements. The summary financial information presented below should be read in conjunction with the reformatted financial statements, the notes thereto and the section titled “*Annexure A – Financial Information*” of the Draft Prospectus.

A. Summary Unconsolidated Financial Information of the Company

STATEMENT OF ASSETS AND LIABILITIES (UNCONSOLIDATED)

(₹ in lakhs)

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
EQUITY AND LIABILITIES					
Share Holder's Funds:					
Share Capital	5,500.00	6,250.00	18,656.27	18,656.27	18,656.27
Reserves And Surplus	21,110.67	46,212.99	78,961.97	1,00,002.13	1,06,328.97
Share Application money pending allotment	-	-	-	-	-
Non Current Liabilities					
Long Term Borrowings	33,808.71	57,533.08	1,12,667.56	2,17,618.10	1,86,783.26
Deferred Tax Liabilities(Net)	1,420.40	1,840.88	1,230.73	-	-
Current Liabilities					
Short Term Borrowings	1,11,145.87	3,04,547.21	5,20,458.05	6,94,801.19	5,27,596.72
Trade Payables	229.93	1,665.75	3,145.63	4,106.41	2,030.17
Other Current Liabilities	6,349.50	3,284.88	13,323.53	18,723.01	1,85,551.38
Short Term Provisions	408.04	1,265.42	2,553.80	13,462.01	7,484.35
TOTAL	1,79,973.12	4,22,600.20	7,50,997.53	10,67,369.12	10,34,431.12
ASSETS					
Non Current assets					
Fixed Assets	11,493.84	21,663.37	33,359.98	52,575.42	53,366.90
Non Current Investments	1,545.86	4,395.62	2,455.75	5,073.94	5,949.45
Deferred Tax Assets (net)	-	-	-	557.68	782.93
Long Term Loans and Advances	1,640.23	5,682.34	6,639.59	7,947.42	8,508.78
Current Assets					
Current Investments	-	-	3,404.80	1,642.47	627.10
Inventories	-	-	-	-	-
Trade Receivables	486.50	730.41	1,612.79	2,417.24	1,690.09
Cash and Cash Equivalents	28,140.42	23,490.95	40,766.23	42,109.83	31,863.56
Short Term Loans and Advances	1,27,105.88	3,46,876.40	6,23,539.06	8,22,554.60	8,00,127.17
Other Current Assets	9,560.38	19,761.11	39,219.33	1,32,490.52	1,31,515.14
TOTAL	1,79,973.12	4,22,600.20	7,50,997.53	10,67,369.12	10,34,431.12

STATEMENT OF PROFITS (UNCONSOLIDATED)

(₹ in lakhs)

REVENUE	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
INCOME					
Revenue from Operations	41,408.50	74,336.35	1,48,202.41	2,04,858.09	1,86,564.50
Other Income	1,458.54	1,539.72	2,512.38	2,951.35	10,967.20
Total Revenue	42,867.04	75,876.07	1,50,714.79	2,07,809.44	1,97,531.70

REVENUE	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
EXPENSES					
Employee Benefits Expense	3,933.19	6,700.32	12,411.78	26,154.59	35,267.69
Finance Cost	15,370.89	23,766.52	65,358.42	96,912.87	1,15,305.36
Depreciation and Amortization Expense	1,634.39	2,409.42	5,040.57	8,881.39	7,420.11
Other Expenses	5,537.64	11,829.72	23,800.48	41,555.02	33,104.96
Total Expenses	26,476.11	44,705.99	1,06,611.25	1,73,503.88	1,91,098.12
Profit Before Exceptional and Extra Ordinary Items and Tax	16,390.93	31,170.09	44,103.54	34,305.56	6,433.58
Exceptional Items	-	-	-	-	-
Profit Before Extra Ordinary Items and Tax	16,390.93	31,170.09	44,103.54	34,305.56	6,433.58
Extra Ordinary Items	-	-	-	560.29	-
Profit Before Tax	16,390.93	31,170.09	44,103.54	34,865.85	6,433.58
Tax Expenses:					
Current Tax	5,881.83	9,897.29	14,763.14	15,614.10	331.99
Deferred Tax	-176.52	420.48	- 610.15	- 1,788.41	-225.25
Profit for the Period from Continuing Operations	10,685.61	20,852.31	29,950.55	21,040.16	6,326.84
Profit/(Loss) from Discontinuing Operations	-	-	-	-	-
Tax Expense of Discontinuing Operation	-	-	-	-	-
Profit/(Loss) from Discontinuing Operations(after tax)	-	-	-	-	-
Profit for the Period	10,685.61	20,852.31	29,950.54	21,040.16	6,326.84
Earnings per Equity Share (in ₹)					
i. Basic	19.43	36.26	17.48	11.28	3.39
ii. Diluted	19.43	36.26	17.48	11.28	3.39

STATEMENT OF CASH FLOWS (UNCONSOLIDATED)

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
					<i>(₹ in lakhs)</i>
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before taxation and extraordinary items	16,390.93	31,170.09	44,103.54	34,305.53	6,433.58
Non cash adjustments to reconcile profit before tax to net cash flows:					
Depreciation & Amortization	1,634.39	2,409.42	5,040.57	8,881.39	7,420.11
Provisions	314.16	1,042.86	1,288.38	11,089.09	-5,702.17
Dividend income	0.00	0.00	0.00	-179.90	-48.15
Profit/(loss) on sale of fixed assets	0.00	0.00	0.00	-2.69	-10.98
Operating profit before	18,339.48	34,622.37	50,432.49	54,093.42	8,092.39

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
working capital changes					
Movement in Working Capital					
(Increase) / decrease in long term loans and advances	-887.16	-4,042.11	-992.44	-1,272.64	23,895.85
(Increase) / decrease in other current assets	-72,566.01	-2,32,675.70	-3,11,192.03	-2,97,883.89	1,702.53
Increase / (decrease) in other current liabilities	-8,685.06	-2,116.15	12,810.40	7,170.45	35,132.62
Cash generated from Operation	-63,798.74	-2,04,211.58	-2,48,941.59	-2,37,892.66	68,823.39
Direct taxes paid (net of refund)	-5,612.99	-10,031.67	-13,595.05	-15,985.68	-4,197.27
Extraordinary income	0.00	0.00	0.00	560.29	
<u>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)</u>	-69,411.73	-2,14,243.25	-2,62,536.64	-2,53,318.05	64,626.12
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>					
Purchase of fixed and tangible assets	-2,202.87	-10,169.51	-11,696.61	-19,215.44	-8,257.84
Purchase of investments	-1,179.58	-2,849.76	1,939.87	-2,618.18	139.85
Investment in subsidiary company	0.00	0.00	0.00	-2,981.00	1,560.00
Profit/(loss) on sale of fixed assets	0.00	0.00	0.00	2.69	57.23
Dividend received	0.00	0.00	0.00	179.90	48.15
<u>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)</u>	-3,382.46	-13,019.27	-9,756.74	-24,632.03	-6,452.61
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>					
(Increase) / decrease of short term borrowings	77,215.39	1,93,401.34	2,15,910.84	1,74,343.14	-37,584.95
(Increase) / decrease of long term borrowings	8,188.27	24,211.71	53,032.41	1,04,950.55	-30,834.83
Proceeds from Issue of Share Capital	0.00	5,000.00	20,625.40	0.00	0.00
<u>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)</u>	85,403.66	2,22,613.05	2,89,568.65	2,79,293.69	-68,419.78
<u>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</u>	12,609.47	-4,649.47	17,275.28	1,343.60	-10,246.27
Cash and cash equivalents at the beginning of the year	15,530.95	28,140.42	23,490.95	40,766.23	42,109.83
Cash and cash equivalents at the end of the year	28,140.42	23,490.95	40,766.23	42,109.83	31,863.56

B. Summary Unconsolidated Financial Information of MHFCL

STATEMENT OF ASSETS AND LIABILITIES (UNCONSOLIDATED)

(In ₹)

Particulars	31.03.2011	31.03.2012	31.03.2013	31.03.2014
(I) EQUITY & LIABILITIES				
(1) Shareholders' Funds				
(A) Share Capital	3,00,00,000	8,43,50,000	31,80,50,000	38,65,50,000
(B) Reserves & Surplus	-	-3,72,55,792	4,03,12,791	13,53,92,903
(2) Non-Current Liabilities				
(A) Long Term Borrowings	51,43,003	7,53,15,263	75,59,01,253	2,36,03,34,235
(B) Long Term Provisions	-	3,74,717	45,64,517	1,18,75,634
(3) Current Liabilities				
(A) Short Term Borrowings	-	-	2,05,42,615	32,60,135
(B) Other Current Liabilities	16,91,128	82,07,684	4,88,27,710	27,09,50,767
(C) Short Term Provisions	-	35,06,314	49,92,662	1,01,26,859
TOTAL	3,68,34,131	13,44,98,186	1,19,31,91,548	3,17,84,90,533
(II) ASSETS				
(1) Non-Current Assets				
(A) Fixed Assets (Tangible & Intangible)	1,98,482	2,28,879	20,90,392	85,75,585
(B) Intangible Assets Under Development	-	19,95,000	37,08,420	-
(C) Deferred Tax Assets (net)	-	10,56,246	14,09,476	24,30,193
(D) Long Term Loans and Advances	2,96,432	9,43,01,328	1,07,21,93,646	2,81,51,19,686
(E) Other Non Current Assets	54,34,403	-	1,43,00,000	3,83,00,000
(2) Current Assets				
(A) Cash and Bank Balance	3,09,04,814	3,51,76,833	7,67,56,728	20,40,36,460
(B) Short Term Loans and Advances	-	17,05,185	1,93,62,405	8,73,96,021
(C) Other Current Assets	-	34,715	33,70,481	2,26,32,588
TOTAL	3,68,34,131	13,44,98,186	1,19,31,91,549	3,17,84,90,533

STATEMENT OF PROFITS (UNCONSOLIDATED)

(In ₹)

Particulars	31.03.2011	31.03.2012	31.03.2013	31.03.2014
(I) INCOME				
(A) Revenue from Operation	-	66,71,686	8,75,48,212	33,03,29,732
(B) Other Income	4,44,323	-	7,52,309	8,60,886
TOTAL	4,44,323	66,71,686	8,83,00,521	33,11,90,618
(II) EXPENSES				
(A) Finance Cost	-	32,98,259	2,93,89,267	20,18,35,579
(B) Employee Benefit Expenses	-	2,72,05,757	4,52,61,483	7,07,47,237
(C) Administrative & General Expenses	-	1,43,82,460	2,52,47,369	4,46,98,311
(D) Depreciation & Amortisation	-	97,248	5,87,048	20,50,099
(E) Preliminary Expenses Written Off	4,44,323	-	-	-
TOTAL	4,44,323	4,49,83,724	10,04,85,167	31,93,31,225
Profit /(Loss) Before Tax	-	-3,83,12,038	-1,21,84,645	1,18,59,393
Tax Expenses:				
Current Tax	-	-	-	-

Particulars	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Deferred Tax	-	10,56,246	3,53,230	10,20,717
Profit/(Loss) for the Period/Year	-	-3,72,55,792	-1,18,31,416	1,28,80,110
Earnings per Equity Share (in ₹)				
i. Basic	-	-10.23	-0.50	0.35
ii. Diluted	-	-10.23	-0.50	0.35

STATEMENT OF CASH FLOWS (UNCONSOLIDATED)

(In ₹)

Particulars	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Cash Flow From Operating Activities				
Profit/(Loss) before taxation	-	-3,83,12,038	-1,21,84,645	1,18,59,393
Non cash adjustments to reconcile profit before tax to net cash flows:				
Depreciation & amortization	-	97,248	5,87,048	20,50,099
Loss on assets written off	-	20,621	-	19,503
Contingent Provisions on Standard assets	-	3,81,031	39,82,329	71,46,199
Provisions on Sub Standard assets	-	-	-	34,17,343
Profit /(Loss) before working capital changes	-	-3,78,13,138	-76,15,269	2,44,92,538
Movement in Working Capital				
1) (Increase)/Decrease In Short Term Loans & Advances	-	-20,71,679	-2,92,46,011	-6,80,33,618
2) (Increase)/Decrease In Long Term Loans & Advances	-2,96,432	-9,40,54,148	-96,63,03,527	-
3) (Increase)/Decrease In Other Non Current Assets	-54,34,403	54,34,403	-1,43,00,000	-2,40,00,000
4) Increase/(Decrease) in Other Current Liabilities	16,91,128	56,34,292	3,98,85,590	22,21,23,057
5) Increase/(Decrease) in Short Term Provision	-	43,88,577	22,67,946	51,34,197
6) Increase/(Decrease) in long term provisions	-	3,74,718	1,60,309	-32,52,426
7) Increase/(Decrease) in long term borrowings	51,43,003	7,01,72,260	68,05,85,990	1,60,44,32,982
8) Increase/(Decrease) in Short term borrowings	-	-	2,05,42,615	-1,72,82,480
9) (Increase)/Decrease in other current assets	-	-	-33,35,766	-1,92,62,107
Cash generated from operation	11,03,296	-4,79,34,715	-27,73,58,122	-1,85,73,895
Direct taxes paid (net of refund)	-	-	-	-
Net cash flow from /(used in) operating activities (A)	11,03,296	-4,79,34,715	-27,73,58,122	-1,85,73,895
Cash flow from investing activities				
Purchase of fixed and tangible assets	-1,98,482	-1,48,267	-24,48,561	-85,54,793
(Increase) / Decrease in Intangible Assets under development	-	-19,95,000	-17,13,420	37,08,420

Particulars	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Purchase of investments				
Investment in subsidiary company				
Interest received on current and long term investments and interest on fixed deposits				
Profit/(loss) on sale of fixed assets				
Dividend received				
Net cash flow from/(used in) investing activities (B)	-1,98,482	-21,43,267	-41,61,981	-48,46,373
Cash flow from financing activities				
Receipts of Share Premium on issue of Shares	-	-	8,94,00,000	8,22,00,000
Proceeds from Issue of Share Capital	3,00,00,000	5,43,50,000	23,37,00,000	6,85,00,000
Net cash flow from/(used in) financing activities (C)	3,00,00,000	5,43,50,000	32,31,00,000	15,07,00,000
Net increase / (decrease) in cash and cash equivalents (A + B + C)	3,09,04,814	42,72,019	4,15,79,897	12,72,79,732
Cash and cash equivalents at the beginning of the year	-	3,09,04,814	3,51,76,833	7,67,56,728
Cash and cash equivalents at the end of the year	3,09,04,814	3,51,76,833	7,67,56,729	20,40,36,460

C. Summary Unconsolidated Financial Information of MMFL

STATEMENT OF ASSETS AND LIABILITIES (UNCONSOLIDATED)

(₹ in lakhs)

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Equity and Liabilities					
Share Holder's Funds:					
Share Capital	30.00	30.00	30.00	500.00	550.00
Reserves And Surplus	1.24	2.26	3.08	(0.33)	(7.01)
Share Application money pending allotment	-	-	-	-	-
Non Current Liabilities					
Long Term Borrowings	-	-	-	-	-
Deferred Tax Liabilities(Net)	-	-	-	-	-
Other Long Term Liabilities	-	-	-	-	-
Long Term Provisions	0.00	0.00	0.00	0.19	0.00
Current Liabilities					
Short Term Borrowings	0.00	0.00	0.05	15.05	0.00
Trade Payables	0.15	0.15	0.50	8.82	9.65
Other Current Liabilities	0.00	0.00	0.00	0.73	0.16
Short Term Provisions	0.00	0.55	0.39	2.85	0.00
TOTAL	31.39	32.96	34.02	527.31	552.80
ASSETS					
Non Current assets					
Fixed Assets	0.00	0.00	0.00	0.68	0.43
Non Current Investments	0.00	0.00	0.00	0.00	0.00
Deferred Tax Assets (net)	0.00	0.00	0.00	0.55	3.54

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Long Term Loans and Advances	0.00	0.00	0.00	0.00	0.00
Current Assets					
Current Investments	0.00	0.00	0.00	0.00	0.00
Inventories	-	-	-	-	-
Trade Receivables	0.00	0.00	0.00	0.00	0.00
Cash and Cash Equivalents	30.26	31.78	33.57	179.67	535.88
Short Term Loans and Advances	1.13	1.18	0.45	345.29	4.14
Other Current Assets	0.00	0.00	0.00	1.12	8.81
TOTAL	31.39	32.96	34.02	527.31	552.80

STATEMENT OF PROFITS (UNCONSOLIDATED)

(₹ in lakhs)

REVENUE	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
INCOME					
Revenue from Operations	0.00	0.00	0.00	42.72	22.82
Other Income	0.43	1.77	3.17	10.84	24.05
Total Revenue	0.43	1.77	3.17	53.56	46.87
EXPENSES					
Employee Benefits Expense	0.00	0.00	0.00	32.24	30.81
Finance Cost	0.00	0.00	0.00	0.00	2.57
Depreciation and Amortization Expense	0.00	0.00	0.00	0.19	0.25
Administrative & General Expenses	0.42	0.20	1.96	22.23	25.76
Marketing Expenses	0.00	0.00	0.00	0.00	0.00
Other Expenses	0.00	0.00	0.00	2.85	-2.85
Total Expenses	0.42	0.20	1.96	57.51	56.54
Profit Before Exceptional and Extra Ordinary Items and Tax	0.01	1.57	1.21	-3.95	-9.67
Exceptional Items	-	-	-	-	-
Profit Before Extra Ordinary Items and Tax	0.01	1.57	1.21	-3.95	-9.67
Extra Ordinary Items	-	-	-	-	-
Profit Before Tax	0.01	1.57	1.21	-3.95	-9.67
Tax Expenses:					
Current Tax	0.02	0.55	0.39		
Deferred Tax				-0.55	-2.99
Profit for the Period from Continuing Operations	-0.01	1.02	0.82	-3.40	-6.68
Profit/(Loss) from Discontinuing Operations	-	-	-	-	-
Tax Expense of Discontinuing Operation	-	-	-	-	-
Profit/(Loss) from Discontinuing Operations(after tax)	-	-	-	-	-
Profit for the Period	-0.01	1.02	0.82	-3.40	-6.68

REVENUE	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Earnings per Equity Share (in ₹)					
i. Basic	-0.004	0.34	0.27	-0.13	-0.13
ii. Diluted	0.00	0.00	0.00	0.00	0.00

STATEMENT OF CASH FLOWS (UNCONSOLIDATED)

(₹ in lakhs)

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Cash flow from operating activities					
Net profit before taxation and extraordinary items	0.01	1.57	1.21	(3.95)	(9.67)
Adjustment for:					
Depreciation & amortization	-	-	-	0.19	0.25
Provision for Income Generating Loans	-	-	-	2.85	(2.85)
Other Provisions	-	-	0.50	9.00	9.46
Interest on Bank Deposit	-	-	-	(10.84)	(24.05)
Interest on Other Deposits	-	(1.77)	(3.17)	-	-
Interest Paid	-	-	-	-	2.57
Accrued Interest	-	-	-	(1.12)	-
Dividend income	-	-	-	-	-
Profit/(loss) on sale of fixed assets	-	-	-	-	-
Operating profit before working capital changes	0.01	(0.20)	(1.46)	(3.87)	(24.29)
Movement in Working Capital					
(Increase) / decrease loans and advances	-	-	-	(285.68)	285.68
(Increase) / decrease in trade & other receivables	25.05	(0.05)	0.73	(59.16)	47.77
Increase / (decrease) in other current liabilities	-	-	(0.31)	(0.16)	(9.38)
Cash generated from operation	25.06	(0.25)	(1.04)	(348.87)	299.78
Direct taxes paid (net of refund)	-	-	(0.39)	-	-
Extraordinary income	-	-	-	-	-
Net cash flow from / (used in) operating activities (A)	25.06	(0.25)	(1.43)	(348.87)	299.78
Cash flow from investing activities					
Purchase of fixed and tangible assets	-	-	-	(0.87)	-
Investment in subsidiary company	-	-	-	-	-
Interest received on current	-	-	-	-	-

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
and long term investments					
Interest on Bank deposits	-	-	-	10.84	24.05
Interest on Other Deposits	-	1.77	3.17	-	-
Profit/(loss) on sale of fixed assets	-	-	-	-	-
Dividend received	-	-	-	-	-
Net cash flow from/(used in) investing activities (B)	-	1.77	3.17	9.97	24.05
Cash flow from financing activities					
(Increase) / decrease of short term borrowings	-	-	0.05	15.00	(15.05)
(Increase) / decrease of long term borrowings	-	-	-	-	-
Proceeds from Issue of Share Capital	-	-	-	470.00	50.00
Interest Paid	-	-	-	-	(2.57)
Net cash flow from/(used in) financing activities (C)	-	-	0.05	485.00	32.38
Net increase / (decrease) in cash and cash equivalents (A + B + C)	25.06	1.52	1.79	146.10	356.21
Cash and cash equivalents at the beginning of the year	5.20	30.26	31.78	33.57	179.67
Cash and cash equivalents at the end of the year	30.26	31.78	33.57	179.67	535.88

D. Summary Unconsolidated Financial Information of MPTL*

STATEMENT OF ASSETS AND LIABILITIES (UNCONSOLIDATED)

(₹ in lakhs)

Particulars	31.03.2013	31.03.2014
Equity and Liabilities		
Share Holder's Funds:		
Share Capital	1.00	5.00
Reserves And Surplus	(22.88)	(83.64)
	-	-
Share Application money pending allotment	-	-
Non Current Liabilities		
Long Term Borrowings	52.05	685.68
Deferred Tax Liabilities(Net)	0.16	-
Other Long Term Liabilities	-	-
Current Liabilities		
Short Term Borrowings	-	-
Trade Payables	-	-
Other Current Liabilities	2.84	38.76
TOTAL	33.16	645.80
ASSETS		
Non Current assets		

Particulars	31.03.2013	31.03.2014
Fixed Assets	11.98	373.71
Non Current Investments	-	-
Deferred Tax Assets (net)	-	37.65
Long Term Loans and Advances	6.80	35.87
Current Assets		
Current Investments	-	-
Inventories	-	-
Trade Receivables	-	-
Cash and Cash Equivalents	13.16	16.80
Short Term Loans and Advances	1.22	181.78
Other Current Assets	-	-
TOTAL	33.16	645.80

STATEMENT OF PROFITS (UNCONSOLIDATED)

Particulars	31.03.2013	31.03.2014
<i>(₹ in lakhs)</i>		
INCOME		
Revenue from Operations	-	29.89
Other Income	-	-
Total Revenue	-	29.89
EXPENSES		
Employee Benefits Expense	-	24.56
Finance Cost	-	11.40
Depreciation and Amortization Expense	0.14	3.18
Administrative & General Expenses	-	-
Marketing Expenses	-	-
Other Expenses	22.58	89.31
Total Expenses	22.73	128.45
Profit Before Exceptional and Extra-Ordinary Items and Tax	(22.73)	(98.56)
Exceptional Items	-	-
Profit Before Extra Ordinary Items and Tax	(22.73)	(98.56)
Extra Ordinary Items	-	-
Profit Before Tax	(22.73)	(98.56)
Tax Expenses:		
Current Tax		
Deferred Tax	0.16	(30.78)
Profit for the Period from Continuing Operations	(22.88)	(67.78)
Profit/(Loss) from Discontinuing Operations	-	-
Tax Expense of Discontinuing Operation	-	-
Profit/(Loss) from Discontinuing Operations(after tax)	-	-
Profit for the Period	(22.88)	(67.78)
Earnings per Equity Share (in ₹)		
i. Basic	(614.15)	(155.30)
ii. Diluted	(614.15)	(155.30)

STATEMENT OF CASH FLOWS (UNCONSOLIDATED)

(₹ in lakhs)

Particulars	31.03.2013	31.03.2014
Cash flow from operating activities		
Net profit before taxation and extraordinary items	(22.73)	(98.56)
Non cash adjustments to reconcile profit before tax to net cash flows:	-	-
Depreciation & amortization	0.14	3.18
Operating profit before working capital changes	(22.58)	(95.38)
Movement in Working Capital		
(Increase) / decrease in short term loans and advances	(1.22)	(91.82)
(Increase) / decrease in other current assets	-	-
Increase / (decrease) in other current liabilities	2.84	35.92
	-	-
Cash generated from operation	(20.97)	(151.28)
Direct taxes paid	-	-
Net cash flow from / (used in) operating activities (A)	(20.97)	(151.28)
Cash flow from investing activities		
Purchase of fixed assets	(12.12)	(2.84)
Intangibles under development	-	(350.05)
Tangible asset under development	-	(12.02)
Building Deposit	(6.80)	(29.07)
Advance for Fixed Assets	-	(88.73)
Net cash flow from / (used in) investing activities (B)	(18.92)	(482.71)
Cash flow from financing activities		
	-	-
Loan from Directors	52.05	633.63
Proceeds from Issue of Share Capital	1.00	4.00
Net cash flow from / (used in) financing activities (C)	53.05	637.63
Net increase / (decrease) in cash and cash equivalents (A + B + C)	13.16	3.64
Cash and cash equivalents at the beginning of the year	-	13.16
Cash and cash equivalents at the end of the year	13.16	16.80

* MPTL was originally incorporated as a private company pursuant to the certificate of incorporation dated November 16, 2012, issued by the Registrar of Companies, Kerala and Lakshwadeep. Subsequently, upon conversion to a public company, the name of Muthoot Pappachan Technologies Private Limited was changed to MPTL and a fresh certificate of incorporation dated July 5, 2013 was obtained from the Registrar of Companies, Kerala and Lakshwadeep.

GENERAL INFORMATION

Muthoot Fincorp Limited

The Company was originally incorporated as a public limited company known as Muthoot Debt Management Services Limited, under the provisions of the Companies Act 1956, and registered with the ROC. Subsequently, the name of the Company was changed to Muthoot Fincorp Limited and a fresh certificate of incorporation dated March 19, 2002 was issued to the Company by the ROC. The Company was registered as a non-deposit accepting NBFC with the RBI pursuant to the certificate of registration No. 16.00170 dated July 23, 2002 issued by the RBI under Section 45 IA of the RBI Act.

Muthoot Finance Limited is neither a related company nor is it a company under the same management as the Company.

Registered Office

Muthoot Centre, Punnen Road,
Trivandrum 695 034
Tel: +91 (471) 3911550
Fax: +91 (471) 2331560

Corporate Office

Spencer Junction, M.G. Road,
Trivandrum 695 001
Tel: +91 (471) 3911430
Fax: +91 (471) 3911569

Registration

Details	Registration/Identification number
ROC Registration Number	011518
Corporate Identification Number	U65929KL1997PLC011518
RBI Registration Number	16.00170

Address of the ROC

The Company is registered at the office of:

The Registrar of Companies

Company Law Bhawan,
BMC Road, Thrikkakara
Kochi 682 021
Tel: +91 (484) 2423749
Fax: +91 (484) 2422327

Compliance Officer

T.D. Mathai

Company Secretary
Muthoot Centre, Punnen Road
Trivandrum 695 034
Tel: +91 (471) 3911649
Fax: +91 (471) 2331560
Email: cs@muthootfincorp.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, debenture certificate (for Applicants who have applied for Allotment in physical form), demat credit, refund orders or interest on application money.

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

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to 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 Centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for, number of NCDs applied for and amount blocked on Application.

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

Lead Manager

SMC Capitals Limited

302-303, Enterprise Centre,

Near Orchid Hotel,

Nehru Road, Vile Parle (East),

Mumbai 400 099

Tel: +91 (22) 6648 1818

Fax: +91 (22) 6648 1850

Email: muthootfincorp.ncd@smccapitals.com

Investor Grievance Email: investor.grievance@smccapitals.com

Website: www.smccapitals.com

Contact person: Mr. Satish Mangutkar

Compliance Officer: Mr. O.P. Agrawal

SEBI Registration No.: INM000011427*

** The SEBI registration certificate of SMC Capitals Limited as a merchant banker has expired on December 30, 2013. An application for renewal of registration was made to SEBI on September 25, 2013 in accordance with the provisions of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992. The approval of SEBI in this regard is awaited.*

Lead Brokers

[•]

Debenture Trustee

SBICAP Trustee Company Limited

Apeejay House, 6th Floor, 3 Dinshaw Wacha Road, Churchgate, Mumbai 400 020

Tel: +91 (22) 4302 5555

Fax: +91 (22) 2204 0465

Email: corporate@sbicaptrustee.com

Investor Grievance Email: corporate@sbicaptrustee.com

Website: www.sbicaptrustee.com

Contact Person: Mrs. Ajit Joshi

SEBI Registration Number: IND000000536

SBICAP Trustee Company Limited has by its letter dated August 14, 2014 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus, the Prospectus and in all the

subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue, pursuant to Regulation 4(4) of the SEBI Debt Regulations.

Registrar to the Issue

Integrated Enterprises (India) Limited

II Floor, Kences Towers,
No. 1 Ramakrishna Street,
T. Nagar, Chennai 600 017
Tel: +91 (44) 2814 0801 - 803
Fax: +91 (44) 2814 2479
Email: mfinipo@integratedindia.in
Investor Grievance Email: sureshababu@integratedindia.in
Website: www.integratedindia.in
Contact Person: Mr. Sriram S
SEBI Registration Number: INR000000544

Statutory Auditors of the Company

A. Cherian & Associates, Chartered Accountants

Puthuparampil, Manganam P.O,
Kottayam 686 018
Tel: +91 (481) 2575155
Fax: + 91 (481) 2575155
Email: abrahamcherian06@yahoo.com
Firm registration number: 011456S

Escrow Collection Banks/ Bankers to the Issue

[●]	[●]
[●]	[●]
Tel: +91 [●]	Tel: +91 [●]
Fax: +91 [●]	Fax: +91 [●]
Email: [●]	Email: [●]
Website: [●]	Website: [●]
Contact Person: [●]	Contact Person: [●]
Compliance Officer: [●]	Compliance Officer: [●]
SEBI Registration No.: [●]	SEBI Registration No.: [●]

Refund Bank

[●]
[●]
Tel: +91 [●]
Fax: +91 [●]
Email: [●]
Website: [●]
Contact Person: [●]
Compliance Officer: [●]
SEBI Registration No.: [●]

Self Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 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/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> or at such other

website as may be prescribed by SEBI from time to time.

Bankers to the Issuer

Allahabad Bank

41, Mount Road, Anna Salai,
Chennai 600 002
Tel: +91 (44) 2854 7497/6272
Fax: +91 (44) 2855 5959
Email: br.ibchennai@allahabadbank.in
Contact Person: Rajan Chaudhry
Website: www.allahabadbank.in

Axis Bank Limited

Karumuthu Nilayam, 192, Anna Salai,
Chennai 600 002
Tel: +91 (44) 2857 7790
Fax: +91 (44) 2841 3699
Email: m.mohanasundaram@axisbank.com
Contact Person: M. Mohana Sundaram
Website: www.axisbank.com

Canara Bank

Devaswom Board Building, Puthenchanthai, MG Road,
Thiruvananthapuram,
Tel: +91 (471) 2330566/2330499/2338460
Fax: +91 (471) 2330916
Email: cb0822@canarabank.com
Contact Person: Mr. Anil Kumar V.K.
Website: www.canarabank.com

Central Bank of India

Chandra Building, Post Medical College, Trivandrum
Tel: +91 (471) 2445170
Fax: +91 (471) 2449552
Email: bmtriv1283@centralbank.co.in
Contact Person: M.V. Ramachandraiah, Chief Manager

Corporation Bank

Corporate Banking branch, 38 & 39, Whites Road,
Chennai 600 014
Tel: +91 (44) 2852 4258
Fax: +91 (44) 2852 2919
Email: cb0122@corpbank.co.in
Website: www.corpbank.com

Andhra Bank

Pan African plaza, M.G. Road,
Thiruvananthapuram
Tel: +91 (471) 2471161
Fax: +91 (471) 2471161
Email: bmb1r567@andhrabank.co.in
Contact Person: Anith Thomas Zachariah
Website: www.andhrabank.in

Bank of India

M.D.I Building, 1st floor, 28, S.V. Road,
Andheri (West), Mumbai 400 058
Tel: +91 (22) 2628 1681/ 2671 2936
Fax: +91 (22) 2624 7655
Email: AndheriLCB.MumbaiNorth@bankofindia.co.in
Contact Person: Swarup Dasgupta
Website: www.bankofindia.co.in

Catholic Syrian Bank

St. Mary's Malankara Building, Palayam,
Thiruvananthapuram 695034
Tel: +91 (471) 2468268/6450419
Email: thiruvananthapuram@csb.co.in
Contact Person: Mathew Ignatius C (Branch Manager)
Website: www.csb.co.in

City Union Bank Ltd.

TC 38/553/5&6, First floor,
Blue Tower, Power House Road,
Thiruvananthapuram
Tel: +91 93877 70152
Fax: +91 (471) 2573458
Email: cub107@cityunionbank.com
Contact Person: T. L. Damodaran, Manager
Website: www.cityunionbank.com

Dena Bank

Trivandrum branch, Rajadhani Building, east Fort,
Thiruvananthapuram 695 023
Tel: +91 (471) 2474549
Fax: +91 (471) 2462687
Email: trivan@denabank.co.in
Contact Person: C.V. Rajan, Senior Manager,
Trivandrum Branch
Website: www.denabank.com

Dhanlaxmi Bank Limited

2nd Floor, Karimpanal Arcade, East Fort,
Trivandrum 695 023
Tel: +91 (471) 6459261
Email: dlb.forttvm@dhanbank.co.in
Contact Person: Sumeeth C. Menon, Branch Manager
Website: www.dhanbank.com

HDFC Bank Limited

Corporate Banking, 115 R.K Salai,
9th floor, Mylapore, Chennai 600 004
Tel: +91 (44) 2847 7264
Fax: +91 (44) 2847 7250
Email: r.kannan@hdfcbank.com
Contact Person: R. Kannan, Deputy Vice President,
Corporate Banking, Chennai
Website: www.hdfcbank.com

ICICI Bank Ltd.

2nd Floor, Adonai Towers, S.A. Road, Kadavanthara,
Kochi 16
Tel: +91 (484) 4011352
Fax: +91 (484) 4011359
Email: letha.nair@icicibank.com
Contact Person: Letha T Nair
Website: www.icicibank.com

Indian Overseas Bank

YWCA Building, M.G. Road,
Trivandrum 695 001
Tel: +91 (471) 2475651/ 2478321
Fax: +91 (471) 2462317
Email: trivabr@trisco.iobnet.co.in
Contact Person: Ganeshan S., Asst General Manager
Website: www.iob.co.in

ING Vysya Bank Limited

ING Vysya House, No. 22, MG Road, Bangalore 560
001
Tel: +91 (80) 2253 2153/ (44) 2858 7870
Fax: +91 (80) 2253 2111/2652 2812
Email: akshay.hegde@ingvysyabank.com/
vijay.goga@ingvysyabank.com
Contact Person: Akshay G. Hegde/Vijaya Kumar G.
Website: www.ingvysyabank.com

The Jammu & Kashmir Bank Ltd.

1st Floor, National Business Centre, Bandra Kurla
Complex, Bandra (East), Mumbai 400 051
Tel: +91 (22) 2638 4100
Fax: +91 (22) 2656 6295
Email: woorli@jkbmail.com
Contact Person: Mr. Sajjad Hussain Malik (Branch
Head)

The Federal Bank Limited

Nathencode, Devaswom Board Junction,
Kowdiar P.O., Thiruvananthapuram 695 003
Tel: +91 (471) 2310918
Fax: +91 (471) 2314802
Email: nde@federalbank.co.in
Contact Person: Prasad L. P
Website: www.federalbank.co.in

Housing Development Finance Corporation Limited

Ramon House, HT Parekh Marg, 169, Backbay
Reclamation, Churchgate, Mumbai 400 020
Tel: +91 (22) 6176 6000
Fax: +91 (22) 2281 1205
Email: customercare.mum@hdfc.com
Contact Person: Salil Kumar N
Website: www.hdfc.com

IDBI Bank Limited

Specialised Corporate Branch,
Panampilly Nagar, PB No. 4253,
Kochi 682 036
Tel: +91 (484) 2310390/ 2318889/ 3290300
Fax: +91 (484) 2319042
Email: pm.suresh@idbi.co.in
Contact Person: P.M. Suresh, Deputy General Manager
Website: www.idbibank.com

IndusInd Bank Limited

652-656, Tristar Towers,
2nd Floor, Avinashi Road,
Coimbatore 641 037
Tel: +91 (422) 6602024
Mobile: +91 98430 67682
Email: soby.abraham@indusind.com
Website: www.indusind.com

The Jammu & Kashmir Bank Ltd.

T.C. 28/2222(4), Anugarah Building, M.G. Road,
Pazhavangadi, Thiruvananthapuram 695 023
Tel: +91 (471) 2468336
Fax: +91 (471) 2468337
Email: tpuram@jkbmail.com
Contact Person: Mr. Munib Ahmad Bhat (Branch Head)
Website: www.jkbank.net

Karnataka Bank Ltd.

First floor, Muthupappa Buildings, Thakaraparambu
Road, Fort PO, Thiruvananthapuram 695 023
Tel: +91 (471) 2473058/2641892/2473130
Fax: +91 (471) 2461892
Email: trivandrum@ktkbank.com
Contact Person: Sri Dinesh K.V., Senior Manager
Website: www.ktkbank.com

Website: www.jkbank.net

Kotak Mahindra Bank Limited

4th Floor, Zone – II, Kotak Infinity, Infinity Park, Gen. AK Vaidya Marg, Malad (East), Mumbai 400 097
Tel: +91 (22) 6605 4196
Fax: +91 (22) 6725 9063
Email: bs.sivakumar@kotak.com
Contact Person: B.S. Shivakumar, Business Head, Agri Business Group
Website: www.kotak.com

Punjab National Bank

Off Statue Junction, Trivandrum, Kerala
Tel: +91 (471) 2467373
Fax: +91 (471) 2463694
Email: bo3301@pnb.co.in
Contact Person: Sumant Mohanty
Website: www.pnb.co.in

The South Indian Bank Ltd.

TC 25/1075, Ward No. 25, Safa International, Manorama Road, Thampanoor PO, Trivandrum
Tel: +91 (471) 2329518
Fax: +91 (471) 2329585
Email: br0721@sib.co.in
Contact Person: Mr. Pradeep V.N.
Website: www.sib.co.in

State Bank of Mysore

Industrial Finance Branch, II Floor, M.O.H Building, No. 576, Anna Salai, Teynampet, Chennai 600 006
Tel: +91 (44) 2432 0175/ 2432 0173
Fax: +91 (44) 2432 0174
Email: ifbchennai@sbm.co.in
Contact Person: Mr. V. Manimaran, Deputy General Manager
Website: www.statebankofmysore.com

State Bank of Travancore

Commercial Branch, Building No. 40/6694-E, Malankara Centre, M.G. Road, Ernakulam 682 035
Tel: +91 (484) 2355939
Fax: +91 (484) 2380176
Email: cbernakulam@sbt.co.in
Website: www.statebankoftravancore.com

Oriental Bank of Commerce

Large Corporate Branch, 18th Floor, Maker Tower, E wing, Cuffe Parade, Mumbai 400 005
Tel: +91 (22) 2215 4656
Fax: +91 (22) 2215 3533
Email: bm0902@obc.co.in
Contact Person: Shashi Kala Jain, Deputy General Manager
Website: www.obcindia.co.in

SICOM Limited

Solitaire Corporate Park, Building no. 4, 6th Floor, Guru Hargovindji Road, (Andheri Ghatkopar Link Road), Chakala, Andheri (East), Mumbai 400 093
Tel: +91 (22) 6657 2700/2839 4721
Fax: +91 (22) 2839 1388/2839 1857
Email: sdesai@sicomindia.com
Contact Person: Smt. Swati Desai
Website: www.sicomindia.com

State Bank of India

Corporate Accounts Group branch, 3rd floor, Sigapi Achi Building, 18/3 Rukmini Lakshmi pathi road, Egmore, Chennai 600 008
Tel: +91 (44) 2857 6141
Fax: +91 (44) 2857 6113
Email: caamt4.cagchn@sbi.co.in
Contact Person: S. Sivaraj, Vice President
Website: www.sbi.co.in

State Bank of Patiala

Commercial Branch, Atlanta first floor, Nariman Point, Mumbai 400 021
Tel: +91 (22) 2204 7022
Fax: +91 (22) 2284 4029
Email: baljit.sharma@sbp.co.in
Contact Person: Baljit Sharma
Website: www.sbp.co.in

Union Bank of India

Overseas Branch, Union Bhavan, 1st Floor, M.G. Road, Ernakulam 682 035
Tel: +91 (484) 2385215-8, 2368222
Fax: +91 (484) 2385214
Email: cbseoverseasernakulam@unionbankofindia.com
Contact Person: Assistant General Manager
Website: www.unionbankofindia.com

Vijaya Bank Ltd.

Corporate Banking Branch, M-1 Floor, Head Office
Building, 41/2. M.G. Road, Bangalore 560 001
Tel: +91 (80) 2532 0643
Fax: +91 (80) 2558 8891
Email: ban.corpbkg1398@vijayabank.co.in
Contact Person: T.S. Gayathri Devi, Assistant General
Manager
Website: www.vijayabank.com

Credit Rating Agency**CRISIL LIMITED**

CRISIL House, Central Avenue
Hiranandani Business Park, Powai
Mumbai 400 076
Tel: +91 (22) 3342 3000
Fax: +91 (22) 3342 3050
Email: crisilratingdesk@crisil.com
Contact Person: Ms. Rupali Shanker
Website: www.crisil.com
SEBI Registration Number: IN/CRA/001/1999

Legal Advisor to the Issue**Amarchand & Mangaldas & Suresh A. Shroff & Co.**

Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +91 (22) 2496 4455
Fax: +91 (22) 2496 3666

Credit Rating and Rationale

CRISIL has by way of its letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 and letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 read with letter no. RM/FIN/MUFILT/2014-15/946 dated August 26, 2014 assigned a rating of “CRISIL A/Stable” to the NCDs. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. For more information, see “*Annexure B – Credit Rating*”.

Expert Opinion

Except the examination report and statement of tax benefits each dated August 14, 2014 issued by the Statutory Auditors of the Company, the Company has not obtained any expert opinions.

Minimum Subscription

The SEBI has by its circular dated June 17, 2014 prescribed the minimum subscription for debt securities as 75% of the base issue. If the Company does not receive the minimum subscription of 75% of the Base Issue Size, being ₹ 11,250 lakhs, prior to the Issue Closing Date, the entire Application Amounts shall be refunded to the Applicants within a period of 12 (twelve) days from the date of closure of the Issue. If there is delay in the refund of Application Amounts as set out above, the Company will repay the Application Amounts with interest for the delayed period at the rate of 15% per annum.

Underwriting

The Issue is not underwritten.

Issue Programme

ISSUE PROGRAMME	
ISSUE OPENS ON	ISSUE CLOSES ON*
[•]	[•]

* *The Issue shall remain open for subscription from 10 a.m. to 5 p.m. during the period indicated above with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof of the Company. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in at least one leading national daily newspaper with wide circulation. For more information, see “**Issue Procedure**” on page 238.*

CAPITAL STRUCTURE

Details of share capital

The share capital of the Company as at the date of this Draft Prospectus is set forth below:

	Aggregate value (₹ in lakhs)
Authorised share capital 20,00,00,000 Equity Shares of ₹ 10 each	20,000
Issued, subscribed and paid up share capital before and after the Issue 18,65,62,700 Equity Shares of ₹ 10 each, fully paid up	18,656.27
Present Issue in terms of this Draft Prospectus Public issue of Secured NCDs and Unsecured NCDs, aggregating to ₹ 15,000 lakhs with an option to retain over subscription up to ₹ 15,000 lakhs, aggregating to ₹ 30,000 lakhs.	
Securities premium account (before and after the Issue)	23,844.13

Changes in Capital Structure

Changes in authorised capital of the Company for the last five years as on June 30, 2014 is set forth below:

S. No.	Date of shareholders resolution	AGM/ EGM	Aggregate value	Particulars
1.	September 8, 2010	EGM	₹ 2,000 lakhs	Increase in authorised share capital from ₹ 5,500 lakhs divided into 5,50,00,000 Equity Shares of ₹ 10 each to ₹ 7,500 lakhs divided into 7,50,00,000 Equity shares of ₹ 10 each.
2.	July 27, 2011	AGM	₹ 12,500 lakhs	Increase in authorised share capital from ₹ 7,500 lakhs divided into 7,50,00,000 Equity Shares of ₹ 10 each to ₹ 20,000 lakhs divided into 20,00,00,000 Equity shares of ₹ 10 each.

Equity Share Capital History

The history of the equity share capital of the Company as on the date of this Draft Prospectus is set forth below:

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Share Capital (₹)	Cumulative Share Premium
May 28, 1997	800	10	10	Cash	Subscription to the Memorandum of Association	800	8,000	-
September 11, 1997	2,99,200	10	10	Cash	Allotment of Equity Shares on rights basis	3,00,000	30,00,000	-
August 31, 2002	19,50,000	10	10	Cash	Allotment of Equity Shares on rights basis	22,50,000	2,25,00,000	-
February	77,50,000	10	10	Cash	Allotment of	1,00,00,000	10,00,00,000	-

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Share Capital (₹)	Cumulative Share Premium
1, 2004					Equity Shares on rights basis			
March 26, 2005	50,00,000	10	10	Cash	Allotment of Equity Shares on rights basis	1,50,00,000	15,00,00,000	-
March 31, 2005	1,00,00,000	10	10	Cash	Allotment of Equity Shares on rights basis	2,50,00,000	25,00,00,000	-
March 12, 2006	2,50,00,000	10	10	Cash	Allotment of Equity Shares on rights basis	5,00,00,000	50,00,00,000	-
September 4, 2007	50,00,000	10	50	Cash	Allotment of Equity Shares on rights basis	5,50,00,000	55,00,00,000	20,00,00,000
September 30, 2010	50,00,000	10	50	Cash	Allotment of Equity Shares on rights basis	6,00,00,000	60,00,00,000	40,00,00,000
March 31, 2011	25,00,000	10	100	Cash	Allotment of Equity Shares on rights basis	6,25,00,000	62,50,00,000	62,50,00,000
July 29, 2011*	9,37,50,000	10	Nil	N.A.	Bonus issue of Equity Shares	15,62,50,000	1,56,25,00,000	62,50,00,000
September 2, 2011	2,50,00,000	10	40	Cash	Preferential allotment of Equity Shares	18,12,50,000	1,81,25,00,000	1,37,50,00,000
February 29, 2012	53,12,700	10	200	Cash	Preferential allotment of Equity Shares	18,65,62,700	1,86,56,27,000	2,38,44,13,000

Notes: * The allotment was deemed to come into effect on July 28, 2011, pursuant to the board resolution dated July 29, 2011.

Issue of Equity Shares for consideration other than cash

Except for the bonus issue of Equity Shares of the Company as detailed under, there has not been any issue of Equity Shares for consideration other than cash:

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Share Capital (₹)	Cumulative Share Premium
July 29, 2011*	9,37,50,000	10	Nil	Bonus**	Bonus issue of Equity Shares	15,62,50,000	1,56,25,00,000	62,50,00,000

*The allotment was deemed to come into effect on July 28, 2011, pursuant to the board resolution dated July 29, 2011.

** Allotment of 9,37,50,000 Equity Shares as bonus shares to the existing equity shareholders of the Company in the ratio of three new Equity Shares for every two existing Equity Shares held as on July 21, 2011, by capitalisation of sum standing to the credit of the profit and loss account of the Company i.e. 2,08,33,347 Equity Shares to Thomas John Muthoot, 2,08,33,347 Equity Shares to Thomas George Muthoot, 2,08,33,344 Equity Shares to Thomas Muthoot, 78,12,491 Equity Shares to Janamma Thomas, 78,12,491 Equity Shares to Preethi Thomas, 78,12,490 Equity Shares to Nina George and 78,12,490 Equity Shares to Remmy Thomas.

Acquisition or Amalgamation or Reconstruction or Re-organization

Except as mentioned below, there has been no acquisition, amalgamation, reconstruction or re-organisation in the last one year:

The Company acquired 5,00,000 equity shares of ₹ 10 each of MMFL, a subsidiary, amounting to ₹ 50 lakhs on January 15, 2014.

The Company acquired 68,50,000 shares of ₹ 10 each at a premium of ₹ 12 each in MHFCL, a subsidiary, amounting to ₹ 15,07,00,000 on July 30, 2013.

The Company acquired an aggregate of 30,000 shares of ₹ 10 each of MPTL, a subsidiary, amounting to ₹ 3,00,000 on May 29, 2013.

Promoter Shareholding

As on the date of this Draft Prospectus, the Promoters hold 14,74,99,248 Equity Shares, equivalent to 79.05% of the issued, subscribed and paid-up Equity Share capital of the Company.

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

Name of Promoter	Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of transaction	Percentage of the pre-Issue and post-Issue capital*	Source of funds
Thomas John Muthoot	May 28, 1997	100	10	10	Cash	Subscription to the Memorandum of Association	Negligible	Own funds.
	September 11, 1997	49,900	10	10	Cash	Allotment of Equity Shares on rights basis	0.03%	Own funds.
	August 31, 2002	3,25,000	10	10	Cash	Allotment of Equity Shares on rights basis	0.17%	Own funds.
	February 1, 2004	12,91,667	10	10	Cash	Allotment of Equity Shares on rights basis	0.69%	Own funds.
	March 2, 2004	5,55,556	10	NA	Cash	Transfer of Equity Shares from Mr. Muthoot Pappachan	0.30%	Own funds.
	March 26, 2005	11,11,112	10	10	Cash	Allotment of Equity Shares on rights basis	0.60%	Own funds.
	March 31, 2005	22,22,224	10	10	Cash	Allotment of Equity Shares on rights basis	1.19%	Own funds.
	March 12, 2006	55,55,559	10	10	Cash	Allotment of Equity Shares on rights basis	2.98%	Own funds.
	September 4, 2007	11,11,112	10	50	Cash	Allotment of Equity Shares on rights basis	0.60%	Own funds.

Name of Promoter	Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of transaction	Percentage of the pre-Issue and post-Issue capital*	Source of funds
	September 30, 2010	11,11,112	10	50	Cash	Allotment of Equity Shares on rights basis	0.60%	Own funds.
	March 31, 2011	5,55,556	10	100	Cash	Allotment of Equity Shares on rights basis	0.30%	Own funds.
	July 29, 2011*	2,08,33,347	10	Nil	N.A.	Bonus issue of Equity Shares	11.17%	Own funds.
	September 2, 2011	83,33,333	10	40	Cash	Preferential allotment of Equity Shares	4.47%	Own funds.
	February 29, 2012	17,70,900	10	200	Cash	Preferential allotment of Equity Shares	0.95%	Own funds.
	December 31, 2013	43,39,938	10	NA	Cash	Transfer of Equity Shares from Janamma Thomas	2.33%	Own funds.
Total		4,91,66,416					26.35%	

* The pre-issue and post-issue percentage will remain the same since the Issue is a public issue of Secured NCDs and Unsecured NCDs.

Name of Promoter	Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of transaction	Percentage of the pre-Issue and post-Issue capital*	Source of funds
Thomas George Muthoot	May 28, 1997	100	10	10	Cash	Subscription to the Memorandum of Association	Negligible	Own funds.
	September 11, 1997	49,900	10	10	Cash	Allotment of Equity Shares on rights basis	0.03%	Own funds.
	August 31, 2002	3,25,000	10	10	Cash	Allotment of Equity Shares on rights basis	0.17%	Own funds.
	February 1, 2004	12,91,667	10	10	Cash	Allotment of Equity Shares on rights basis	0.69%	Own funds.
	March 2, 2004	5,55,556	10	NA	Cash	Transfer of Equity Shares from Mr. Muthoot Pappachan	0.30%	Own funds.
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	March 31, 2005	22,22,224	10	10	Cash	Allotment of Equity Shares on rights basis	1.19%	Own funds.
	March 12, 2006	55,55,559	10	10	Cash	Allotment of Equity Shares on rights basis	2.98%	Own funds.
	September 4, 2007	11,11,112	10	50	Cash	Allotment of Equity Shares on rights basis	0.60%	Own funds.
	September 30, 2010	11,11,112	10	50	Cash	Allotment of Equity Shares on rights basis	0.60%	Own funds.
	March 31, 2011	5,55,556	10	100	Cash	Allotment of Equity Shares on rights basis	0.30%	Own funds.
	July 29, 2011*	2,08,33,347	10	Nil	N.A.	Bonus issue of Equity Shares	11.17%	Own funds.
	September 2, 2011	83,33,333	10	40	Cash	Preferential allotment of Equity Shares	4.47%	Own funds.
	February 29, 2012	17,70,900	10	200	Cash	Preferential allotment of Equity Shares	0.95%	Own funds.
	December 31, 2013	43,39,938	10	NA	Cash	Transfer of Equity Shares from Janamma Thomas	2.33%	Own funds.
Total		4,91,66,416					26.35%	

* The pre-issue and post-issue percentage will remain the same since the Issue is a public issue of Secured NCDs and Unsecured NCDs.

Name of Promoter	Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of transaction	Percentage of the pre-Issue and post-Issue capital*	Source of funds
Thomas Muthoot	May 28, 1997	100	10	10	Cash	Subscription to the Memorandum of Association	Negligible	Own funds.
	September 11, 1997	49,900	10	10	Cash	Allotment of Equity Shares on rights basis	0.03%	Own funds.
	August 31, 2002	3,25,000	10	10	Cash	Allotment of Equity Shares on rights basis	0.17%	Own funds.
	February 1, 2004	12,91,667	10	10	Cash	Allotment of Equity Shares on rights basis	0.69%	Own funds.

Name of Promoter	Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of transaction	Percentage of the pre-Issue and post-Issue capital*	Source of funds
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	March 26, 2005	11,11,112	10	10	Cash	Allotment of Equity Shares on rights basis	0.60%	Own funds.
	March 31, 2005	22,22,224	10	10	Cash	Allotment of Equity Shares on rights basis	1.19%	Own funds.
	March 12, 2006	55,55,558	10	10	Cash	Allotment of Equity Shares on rights basis	2.98%	Own funds.
	September 4, 2007	11,11,112	10	50	Cash	Allotment of Equity Shares on rights basis	0.60%	Own funds.
	September 30, 2010	11,11,112	10	50	Cash	Allotment of Equity Shares on rights basis	0.60%	Own funds.
	March 31, 2011	5,55,556	10	100	Cash	Allotment of Equity Shares on rights basis	0.30%	Own funds.
	July 29, 2011*	2,08,33,344	10	Nil	N.A.	Bonus issue of Equity Shares	11.17%	Own funds.
	September 2, 2011	83,33,334	10	40	Cash	Preferential allotment of Equity Shares	4.47%	Own funds.
	February 29, 2012	17,70,900	10	200	Cash	Preferential allotment of Equity Shares	0.95%	Own funds.
	December 31, 2013	43,39,942	10	NA	Cash	Transfer of Equity Shares from Janamma Thomas	2.33%	Own funds.
Total		4,91,66,416					26.35%	

* The pre-issue and post-issue percentage will remain the same since the Issue is a public issue of Secured NCDs and Unsecured NCDs.

Shareholding Pattern of the Company and Top 10 Holders of Equity Shares

The following is the shareholding pattern of the Company, as on date of the Draft Prospectus:

S. No.	Particulars	No. of Equity Shares	No. of Equity Shares held in dematerialised form	Percentage of issued Equity Share capital
1.	Thomas John Muthoot	4,91,66,416	4,91,66,416	26.35
2.	Thomas George Muthoot	4,91,66,416	4,91,66,416	26.35
3.	Thomas Muthoot	4,91,66,416	4,91,66,416	26.35

S. No.	Particulars	No. of Equity Shares	No. of Equity Shares held in dematerialised form	Percentage of issued Equity Share capital
4.	Janamma Thomas	1,000	1,000	0.01
5.	Preethi John Muthoot	1,30,20,818	1,30,20,818	6.98
6.	Nina George	1,30,20,817	1,30,20,817	6.98
7.	Remmy Thomas	1,30,20,817	1,30,20,817	6.98
	Total:	18,65,62,700	18,65,62,700	100.00

The following is the list of top 10 holders of Equity Shares of the Company, as on date of this Draft Prospectus:

S. No.	Name of Shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialised form	Percentage of issued Equity Share capital
1.	Thomas John Muthoot	4,91,66,416	4,91,66,416	26.35
2.	Thomas George Muthoot	4,91,66,416	4,91,66,416	26.35
3.	Thomas Muthoot	4,91,66,416	4,91,66,416	26.35
4.	Janamma Thomas	1,000	1,000	0.01
5.	Preethi John Muthoot	1,30,20,818	1,30,20,818	6.98
6.	Nina George	1,30,20,817	1,30,20,817	6.98
7.	Remmy Thomas	1,30,20,817	1,30,20,817	6.98
	Total:	18,65,62,700	18,65,62,700	100.00

Top 10 Holders of Non-Convertible Debentures

- (1) List of top 10 holders of secured listed non-convertible debentures issued by way of public issue pursuant to the prospectus dated June 25, 2014, as on August 12, 2014:

Sr. No.	Name	Address	Aggregate Amount(₹)	Number of Instruments
1.	Molly Kurien	H.No,15 Mummy's Colony, Sran Villa, Kowdiar P.O.,Trivandrum 695 003	50,00,000	5,000
2.	Ramandeep Kaur	House No:1570, Sector 39, Chandigarh Road, Ludhiana 141 007	50,00,000	5,000
3.	Sreeram Krishnan	21/133 Palace Ward, Sivan Kovil Street, Kuzhithurai P.O.,Kanyakumari District 629 163	37,20,000	3,720
4.	Ani Joseph	Pallissery House, Chottanikara P.O., Ernakulam Dist 682 312	30,00,000	3,000
5.	Iype Varghese	House No. 212, 2 nd Lane, Akg Nagar, Peroorkkada Trivandrum 695 005	25,00,000	2,500
6.	Peter Thomas	Changarathil House, Poozhikkad, Kudassand P.O., Pandalam 689 512	25,00,000	2,500
7.	Pachat Premandhan	Prabha House, Kadalundi Post, Kozhikode 673 302	25,00,000	2,500
8.	Sunil Mammen K	Flat A3,RC Green Woods Apts,117 Strahans Road, Pattalam, Chennai 600 012	23,00,000	2,300
9.	Pandarathil Sethumadhavan	Plot No. 187, Sector 17, Atomika Co Hsg Society, Nerul East Navi Mumbai, Maharashtra 400 706	20,00,000	2,000
10.	REJIKUMAR S	Flat 2b, Skyline Belair Appts, Panampilly Nagar, Cochin 682 036	20,00,000	2,000

- (2) List of top 10 holders of secured listed non-convertible debentures issued by way of private placement, as on August 12, 2014:

Sr. No.	Series	Name	Address	Aggregate Amount(₹)	Number of Instruments
1.	R7	Air - India Employees Provident Fund	Air India Employees Provident Fund Account, Old Airport, Santacruz, Mumbai	10,00,00,000	1,000
2.	R7	Krishna Devi	House No. 224, Sector 18 A, Chandigarh	70,00,000	70
3.	R7	Amishi Ashit Shah	C/33 Anand Darshan, 1st Floor, 13 Pedder Road, Next to Jaslok Hospital, Mumbai	26,00,000	26
4.	R7	Suryanarayana Rao Kuchibhotla	Apt Blk, 583 Pasir Ris Street, 53 04/27, Singapore	21,00,000	21
5.	R7	Aloysius Cordeiro	Meherzin , B/15 109, Wodehouse Road, Colaba, Mumbai	15,00,000	15
6.	R7	Koppikar Leena Nitin	1 E/2, New Ashok Nagar, Vazira Naka, Borivili (W), Mumbai	15,00,000	15
7.	R7	J.K. Garg	G 113,Preet Vihar, Delhi	15,00,000	15
8.	R7	Lalita Jauhar	8/3, Kalkaji Extension, New Delhi	12,00,000	12
9.	R7	V Subramanier	34 NTI Layout, 1 st cross, 2 nd main, RMV Ext, 2 nd stage, Bhoopasandra, Bangalore	10,00,000	10
10.	R7	Sawaran Singh Kahlon	60 Sarvodaya Nagar 3, Ghatlodia Ahmedabad, Gujarat	10,00,000	10

- (3) List of top 10 holders of listed subordinated debt in the nature of non-convertible debentures issued by way of private placement, as on August 12, 2014:

Sr. No.	Series	Name	Address	Aggregate Amount(₹)	Number of Instruments
1.	R2	Chhattisgarh State Electricity Board Gratuity and Pension Fund Trust	O/F ED Finance Shed No. 7, CSEB, Dangania Raipur Chhattisgarh 490 001	20,00,00,000	200
2.	R3	UCO Bank	Treasury Branch, UCO Bank Building, Mezzanine Floor, 359, Dr D.N. Road, Fort, Mumbai 400 001	20,00,00,000	200

- (4) List of top 10 holders of secured unlisted non-convertible debentures issued by way of private placement, as on August 12, 2014:

Sr. No.	Series	Name	Address	Aggregate Amount(₹)	Number of Instruments
1	Series 85	Tharceline Robert	Lally Dale, Vettukadu, Trivandrum 695021	5,00,00,000	50,000
2	Series 87	Mr. Homi Farrok Kaka	Avabai Mansion, 15 Henry Road, Tajmahal Post, Colaba, Mumbai 400001	1,50,00,000	15,000
3	86	Mrs. Neelam Varghese	Nechupadam House, Kadayiruppu P.O., Kolenchery	1,00,00,000	10,000
4	84	Mrs. Sherine Mary Rodrigues	Manual Cottage , Velankanni Juncion, Watts Road, Valiyathura	1,00,00,000	10,000

5	79	Mr. R. Joye	Kozhipore Villai, Kuzhikodu P.O, K.K. Dist. Tamilnadu, India 629167	75,00,000	7,500
6	86	Mr. Chander Parkash	H.No. 290, Old Housing Board Sec- 13, Karnal	70,00,000	7,000
7	83	Mojish Mathew	MM Gardens, Church Landing Road, Ernakulam, Kochi 682 016	60,00,000	6,000
8	83	Maya Mathew	MM Gardens, Church Landing Road, Cochin 682 016	60,00,000	6,000
9	GWLR 4	Mr. Girish Hemdev	S-1/42, Jai Krishna Sudhama Chs Ltd., Goregaon West, Mumbai 400 090	54,27,000	5,427
10	80	Venugopal M	Padmasree, Panampilly Nagar, Cochin 682 036	50,00,000	5,000

(5) List of top 10 holders of unlisted subordinated debt in the nature of non-convertible debentures issued by way of private placement, as on August 12, 2014:

Sr. No.	Series	Name	Address	Aggregate Amount(₹)	Number of Instruments
1	N.A.	MPG Hotels and Infrastructure Ventures Private Limited	Muthoot Centre, Punnen Road , Trivandrum 695034	36,30,00,000	363
2	N.A.	Thomas John Muthoot	Muthoot House, TC 4/1008(1), Kuravankonam, Kowdiar PO, Trivandrum	8,70,00,000	87
3	5	Priya Prakash	Nani Nivas, Kochupilammood Kollam- 691001	2,07,00,000	20,700
4	2	Mrs. Lathika Vijayaraghavan	Kollara House, Kokkalai Railway Station (P.O.), Thrissur	1,04,00,000	10,400
5	2	Mrs. Meena Prathap	Thumbikkalil, BLRA 15, Bridge Lane, Ulloor, Trivandrum 695 011	1,00,00,000	10,000
6	5	PJD Properties & Investments (P) Ltd.	Pullockaran Building Irinjalkuda 680 121	1,00,00,000	10,000
7	5	PJD Properties & Investments (P) Ltd.	Pullockaran Building Irinjalkuda 680 121	1,00,00,000	10,000
8	2	Mrs. Molly Kurien	Iran Villa, Mummys Colony Kowdiar, Trivandrum 695 003	1,00,00,000	10,000
9	2	Mrs. Valsala C.K.	Chandrika Bhavan Ernakulam H P.O.,Ernakulam	89,00,000	8,900
10	3	Mrs. Jasmine Balraj	2C, Cordial Emerald, Kesavadasapuram, Trivandrum	75,00,000	7,500

(6) List of top 10 holders of perpetual debt instruments issued by the Company, as on August 12, 2014:

Sr. No.	Series	Name	Address	Aggregate Amount(₹)	Number of Instruments
1	NA	Muthoot Hotels Private Limited	Muthoot Centre, Punnen Road,Trivandrum,Kerala 695 034	73,00,00,000	7,300
2	NA	Muthoot Agri Projects and Hospitalities Private Limited	First Floor, Door No:F-2/A-2 Sector,Vashi, Navi Mumbai, Maharastra 407 003	37,50,00,000	3,750

3	NA	MPG Hotels And Infrastructure Ventures Private Limited	Muthoot Centre, Punnen Road, Trivandrum, Kerala 695 034	9,47,00,000	947
4	NA	Muthoot Pappachan Medicare Private Limited	Muthoot Centre, Punnen Road, Trivandrum, Kerala 695 034	24,03,00,000	2,403

Debt – equity ratio

(₹ in lakhs)

Particulars	Unconsolidated*		
	Pre Issue	Post Issue (<i>base Issue</i>)	Post Issue (<i>entire Issue</i>)
Debt			
Long term Debt	1,72,383	1,87,383	2,02,383
Current maturities of Long term Debt	1,57,001	1,57,001	1,57,001
Short Term Debt	5,27,597	5,27,597	5,27,597
A	8,56,981	8,71,981	8,86,981
Equity			
Share Capital	18,656	18,656	18,656
Reserve and Surplus	1,06,329	1,06,329	1,06,329
Share Application Money (Pending Allotment)			
B	1,24,985	1,24,985	1,24,985
Debt Equity Ratio (A/B)	6.86	6.98	7.10

* *Pre Issue figures are as on March 31, 2014. Any change in Debt and Equity after March 31, 2014 has not been considered.*

* *The Company has raised ₹ 193,98,72,000 by way of a public issue of secured, redeemable bonds in the nature of non-convertible debentures in August, 2014. The same has not been considered in the Post Issue figures.*

For information on outstanding borrowings of the Company, see “*Description of Certain Indebtedness*” on page 157.

OBJECTS OF THE ISSUE

Issue Proceeds

Our Company has filed this Draft Prospectus for a public issue of Secured NCDs and Unsecured NCDs aggregating to ₹ 15,000 lakhs with an option to retain over subscription up to ₹ 15,000 lakhs, aggregating to ₹ 30,000 lakhs.

The funds raised through this Issue, after deducting the Issue related expenses to the extent payable by our Company (the “**Net Proceeds**”), are estimated to be approximately ₹ [●] lakhs. The Net Proceeds of the Issue are intended to be utilised by our Company for the following objects (collectively, referred to herein as the “**Objects**”) subject to applicable statutory and regulatory requirements:

1. For the purpose of lending - 75% of the amount raised and allotted in the Issue; and
2. For General Corporate Purposes - 25% of the amount raised and allotted in the Issue

The details of the Net Proceeds of the Issue are summarised in the table below:

(₹ in lakhs)	
Particulars	Amount
Gross Proceeds from the Issue	30,000
less (Issue related expenses)*	[●]
Net Proceeds of the Issue	[●]

* Set out below.

The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II capital and accordingly will be utilised in accordance with statutory and regulatory requirements including requirements of RBI.

The main objects clause of the Memorandum of Association permits the Company to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

Purpose for which there is a requirement of funds

We intend to utilise the Net Proceeds for financing the Objects.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Interests of Directors/Promoters

There is no benefit or interest accruing to Promoters/Directors out of the objects of the Issue.

Interim use of Proceeds

The Board of Directors, in accordance with policies formulated from time to time, will have flexibility in deploying the proceeds of the Issue. Pending utilisation of the Issue proceeds for the purposes described above, the Company may 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 or inter-corporate loans as may be approved by the Board of Directors. Such investment would be in accordance with the investment policies approved by the Board of Directors from time to time.

Issue Expenses

The following are the estimated Issue expenses, proposed to be met from the Issue proceeds:

Particulars	Amount (₹ in lakhs)	Percentage of net proceeds (Issue proceeds less Issue expenses) of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Fee payable to intermediaries	[●]	[●]	[●]
Printing and Stationary	[●]	[●]	[●]
For advertising and marketing	[●]	[●]	[●]
Brokerage and Selling Commission	[●]	[●]	[●]
Other Miscellaneous Expenses	[●]	[●]	[●]
Total	[●]	[●]	[●]

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allotees, market conditions and other relevant factors.

Monitoring of Utilisation of Funds

Under the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. The Board of Directors shall monitor the utilisation of the proceeds of the Issue. The Company will disclose in its financial information for the relevant fiscal commencing from Fiscal 2015, the utilisation of the proceeds of the Issue under a separate head along with any details 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.

For more information, see “*Terms of the Issue - Utilisation of Issue Proceeds*” and “*Issue Procedure - Monitoring and Reporting of Utilisation of Issue Proceeds*” on page 234.

Other Confirmations

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

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

The Company undertakes that 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 including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations. The Company shall not use the Issue proceeds for buying, trading or otherwise dealing in equity shares of any other listed company.

The NCDs are being issued for deployment of funds on the Company’s own balance sheet and not to facilitate resource requests of Group entities or associates.

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following tax benefits, *inter alia*, will be available to the NCD Holders. The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The NCD Holder is advised to consider in his own case the tax implications in respect of subscription to the NCDs after consulting his tax advisor as alternate views are possible. We are not liable to the NCD Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ('I.T. ACT')

I. To the Resident NCD Holder

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

- a. In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF') NCD Holder does not or is not likely to exceed Rs. 5,000 in the aggregate during the Financial year and the interest is paid by an account payee cheque.
- b. On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. (w.e.f. 01.06.2008).
- c. When the Assessing Officer issues a certificate on an application by a NCD Holder on satisfaction that the total income of the NCD Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest
- d. (i) When the resident NCD Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the aggregate of interest income credited or paid or likely to be credited or paid during the Financial year in which such income is to be included exceeds the maximum amount which is not chargeable to tax, as may be prescribed in each year's Finance Act.

To illustrate for the Financial Year 2014-15, the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is Rs. 2,50,000; in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is Rs. 300,000; and in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is Rs. 5,00,000 .

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

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.
3. Under section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. Under section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration. However as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gains arising out of listed debentures would be subject to tax at the rate of 10 % computed without indexation. In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.
4. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 2 above would also apply to such short term capital gains.
5. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

II. To the Non Resident NCD Holder

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

than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

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

III. To the Foreign Institutional Investors (FIIs)

1. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and education and secondary and higher education cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and education and secondary and higher education cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.

2. Income other than capital gains arising out of debentures is taxable at 20% in accordance with and subject to the provisions of Section 115AD.
3. The Finance Act, 2013 (by way of insertion of a new section 194LD in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and June 1, 2015 provided such rate does not exceed the rate as may be notified by the Government.
4. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs.
5. The provisions at para II (4, 5 and 6) above would also apply to FIIs.

IV. To the Other Eligible Institutions

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

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

1. Under section 54EC of the I.T. Act, long term capital gains arising to the NCD Holders on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. However, the exemption is subject to a limit of investment of Rs 50 Lakhs during any financial year in the notified bonds. Where the benefit of section 54EC of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.
2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a NCD Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the condition that the NCD Holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the NCD Holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

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

1. Sec.139A(5A)
 - a. Section 139A(5A) requires every person from whose income tax has been deducted at source under chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deduction of tax at source.
2. Sec.206AA:

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

VII. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(vii) of the I.T. Act, where an individual or Hindu Undivided Family receives debentures from any person on or after 1st October, 2009:

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

However, this provision would not apply to any receipt:

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

B. IMPLICATIONS UNDER THE WEALTH TAX ACT, 1957

Wealth-tax is not levied on investment in debentures under section 2(ea) of the Wealth-tax Act, 1957.

Notes:

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and Wealth Tax Act, 1957 (collectively referred to as 'direct tax laws') and does not cover benefits under any other law.
3. The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2013- 14. Several of these benefits are dependent on the NCD Holder fulfilling the conditions prescribed under the relevant provisions.
4. This statement is intended only to provide general information to the NCD Holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each NCD Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.
5. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non resident has fiscal domicile.
7. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.
8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

Implications under the Income Tax Act (Amendments in Finance Act 2014)

i. To the resident debenture holder

In section 112 of Income-Tax Act, in sub-section (1), with effect from the 1st day of April, 2015,-

- a. In the proviso, occurring after clause (d), for the words “being listed securities or unit”, the words and brackets “being listed securities (other than a unit)” shall be substituted;
- b. In the Explanation, clause (b) shall be omitted.

In section 48 of Income-Tax Act, in the Explanation, in clause (v), for the words “Consumer Price Index for urban non-manual employees”, the words and brackets “Consumer Price Index (Urban)” shall be substituted with effect from the 1st day of April, 2016.

ii. To the non-resident debenture holder

In section 206AA of the Income-Tax Act, in sub-section (7), the word “infrastructure” shall be omitted with effect from the 1st day of October, 2014.

iii. To the Foreign Institutional Investors (FIIs)

Provided further that in respect of any income chargeable to tax under section 115A, 115AB, 115AC, AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 115BBE, 115E, 115JB or 115JC of the Income-Tax Act, the amount of Income-Tax computed under this sub-section shall be increased by a surcharge, for purposes of the Union, calculated; -

- a. In the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial judicial person referred to in sub-clause (vii) of (31) of section 2 of the Income-Tax Act, or co-operative society or firm or local authority, at the rate of ten percent. of such Income Tax, where the total income exceeds one crore rupees;
- b. In the case of every domestic company-
 - i. At the rate of five percent. Of such income tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;
 - ii. At the rate of ten percent. Of such income-tax, where the total income exceeds ten crore rupees;
- c. In the case of every company, other than a domestic company-
 - i. At the rate of two percent. Of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

- ii. At the rate of five percent. Of such income-tax, where the total income exceeds ten crore rupees

iv. Exemptions under sections 54EC and 54F of the I-T Act

In section 54EC, in sub-section (1), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2015, namely:-

Provided further that the investment made by an assessee in the long –term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees”.

In section 54F of Income-Tax act, in sub-section (1), for the words “constructed, a residential house”, the words “constructed, one residential house in India” shall be substituted with effect from the 1st day of April, 2015.

v. Requirement to Furnish PAN under the I.T. Act

In section 206AA of the Income-Tax Act, in sub-section (7), the word “infrastructure” shall be omitted with effect from 1st day of October, 2014.

vi. Taxability of gifts received for nil or inadequate consideration

In section 56 of the Income-Tax Act, in sub-section (2), after clause (viii), the following clause shall be inserted with effect from the 1st day of April, 2015, namely: -

“ (ix) any sum of money received as an advance or otherwise in the course of negotiations for transfer of a capital asset, if,-

a. such sum is forfeited; and

b. the negotiations do not result in transfer of such capital assets.

SECTION IV : ABOUT THE ISSUER

INDUSTRY OVERVIEW

The information in this section has not been independently verified by us, the Lead Manager or any of the Company's or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in the Draft Prospectus.

*In connection with the reports by ICRA Management Consulting Services Limited (“**IMaCS**”), all information contained in this section has been obtained by IMaCS from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided, ‘as is’ without any warranty of any kind, and IMaCS in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and IMaCS shall not be liable for any losses incurred by users from any use of this document or its contents in any manner. Opinions expressed in this document are not the opinions of holding company of IMaCS, ICRA Limited (ICRA), and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity.*

GLOBAL ECONOMY

Global growth is projected to strengthen to 3.6 percent in 2014 and then to increase further to 3.9 percent in 2015. Global activity has broadly strengthened and is expected to improve further in 2014–15. In emerging and developing Asia, growth is expected to remain at 5.3 percent in 2014 because of tighter domestic and external financial conditions before rising to 5.7 percent in 2015, helped by stronger external demand and weaker currencies. Overall, emerging market and developing economies continue to contribute more than two-thirds of global growth, and their growth is projected to increase from 4.7 percent in 2013 to 4.9 percent in 2014 and 5.3 percent in 2015. (Source: International Monetary Fund (“**IMF**”), *World Economic Outlook (WEO) update, April 2014*)

INDIAN ECONOMY

Macroeconomic Outlook

The real GDP growth is projected to strengthen to 5.4 percent in 2014 and 6.4 percent in 2015, assuming that government efforts to revive investment growth succeed and export growth strengthens after the recent rupee depreciation. (Source: International Monetary Fund (“**IMF**”), *World Economic Outlook (WEO) update, April 2014*)

Non-Banking Finance Companies

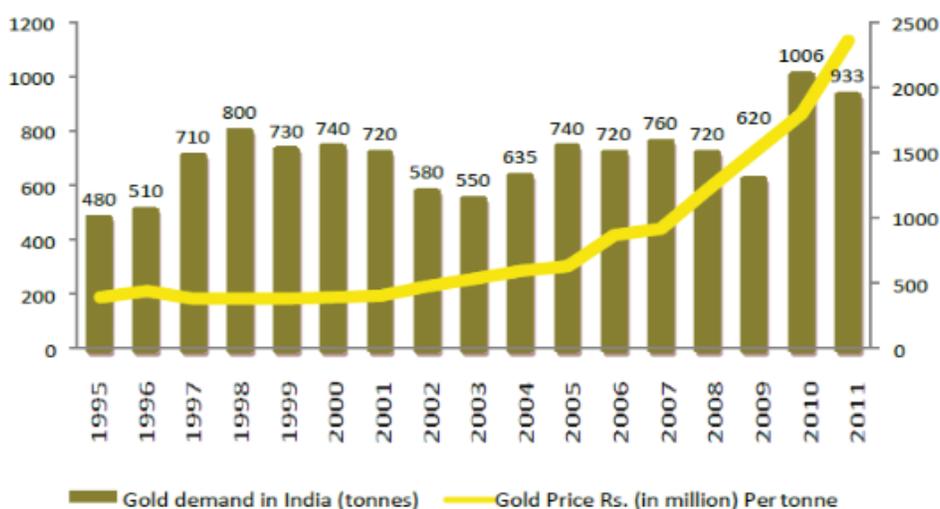
A non-banking finance company (“**NBFC**”) is a company registered under the Companies Act 1956 and is engaged in the business of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by Government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, sale/purchase/construction of immovable property. A non-banking institution which is a company and which has its principal business of receiving deposits under any scheme or arrangement or any other manner, or lending in any manner is also a non-banking financial company (Residuary non-banking company). It is mandatory that every NBFC should be registered with RBI to commence or carry on any business of non-banking financial institution as defined in clause (a) of Section 45 I of the RBI Act. All NBFCs are not entitled to accept public deposits. Only those NBFCs holding a valid certificate of registration with authorisation to accept public deposits can accept/hold public deposits. NBFCs authorised to accept/hold public deposits besides having minimum

stipulated net owned fund should also comply with the directions such as investing part of the funds in liquid assets, maintain reserves, rating etc. issued by the RBI (Source: RBI, FAQ_NBFC <http://www.rbi.org.in/scripts/FAQView.aspx?Id=71>). As of May 31, 2013, there were 254 NBFCs in India permitted to accept public deposits (Source: http://www.rbi.org.in/scripts/bs_nbfclist.aspx). Further, as of November 30, 2012, there were 12,104 NBFCs in India that are not permitted to accept public deposits (Source: http://www.rbi.org.in/scripts/bs_nbfclist.aspx)

Gold Finance Industry in India

The World Gold Council expects gold demand in India to reach a minimum annual demand of 1,200 tonnes by 2020 which translates to a minimum annual growth of 3% per annum. Indian consumers' preference for gold stems from primarily from two factors, the first being Indian cultural beliefs where gold is considered to be a symbol of purity, prosperity and good fortune and the second being the propensity to save, as gold is viewed as a safe investment avenue.

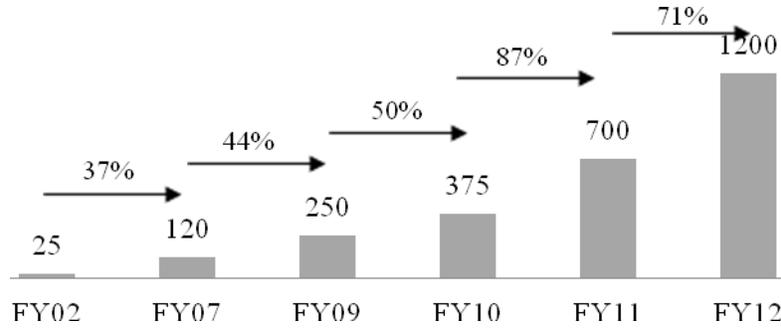
The following chart illustrates gold demand trends and gold price trends in India:



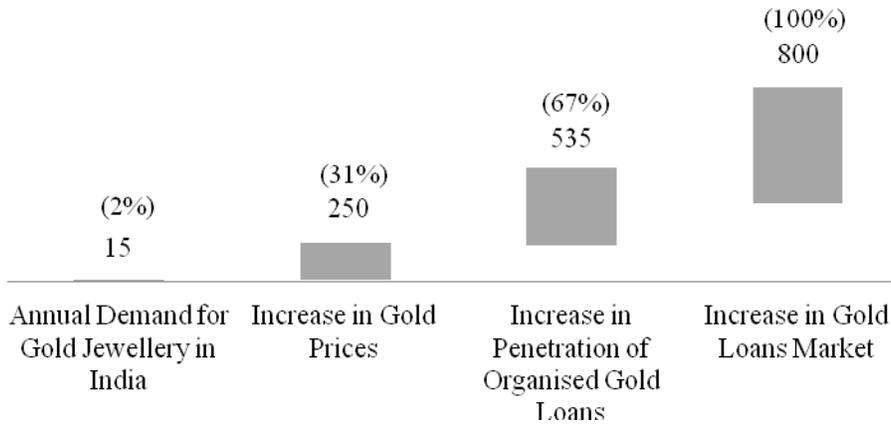
Source: IMaCS Industry Report 2012

The Gold Loans market is expected to continue growing at the rate of 18-20% in the future. In fiscal 2012 the market size of organised Gold Loans market in India had reached ₹ 1,150 billion to ₹ 1,250 billion registering a CAGR of 78% during the period fiscal 2010 to fiscal 2012. The gold loans market adjusted for a LTV of 68% was estimated to translate into gold stock under collateral of around 575 tonnes and 740 tonnes for the organised lenders in Fiscal 2011 and Fiscal 2012 respectively, a significant increase from 375 tonnes in Fiscal 2010. At its Fiscal 2012 size, the organised gold loans market translates into 3.8% of the total gold jewellery stock (in tonnes) in India, which signifies a continuous increase from penetration levels of 1.6 %, 2.0 % and 2.9% in Fiscal 2009, Fiscal 2010 and Fiscal 2011 respectively.

Size of Organised Gold Loan Market in India (₹ billion)



Key Factors contributing to Growth of Organised Gold Loans Market (₹ billion) - FY10- FY12



Source: IMaCS Research And Analytics, Gold Loans Market in India 2012

As reflected in the above graph, 31% of the growth is just on account of increase in gold prices, which means that even in the absence of any increase in the penetration, the portfolio of gold loans would have increased by about ₹ 250 billion only on account of the increase in the value of the collateral, during FY10-12. The market expansion of the organised Gold Loans providers has been the singular factor constituting 67% of the total increase in gold loans over the period FY10-12. This signifies that subject to all other factors (price and demand) remaining constant, the gold loans portfolio would have grown by ₹ 535 billion, solely on increase in penetration of organised gold loans providers, both into existing and new markets. Hence, it would be reasonable to conclude that the growth in gold loans market is strongly driven by structural and fundamental changes related to increase in demand and acceptability of gold loans. Increasing gold prices continues to be an important factor influencing this shift in the market.

There are no official estimates available on the size of the unorganised lending market including the share of numerous pawnbrokers, money lenders and cooperative societies that operate in rural areas providing loans against jewellery at interest rates in excess of 30%. Based on industry estimates, unorganised lenders are estimated to hold a share of around 35-40% share in South India and around 80-85% in geographies other than South India. At these estimates, the unorganised gold loan market in India can be sized at around ₹ 1300-1400 billion, which makes it equivalent to the size of the organised gold loan market in India, thus providing significant headroom to the organised lenders to grow by targeting the customer population which is already penetrated and catered to by the unorganised sector.

The growth of the organised players in the gold loan market is also partly on account of the market share gained from the unorganised market, a trend that is expected to continue. With the top gold loan companies expanding their branch network in recent past, accessibility has improved significantly resulting in a shift from the unorganised moneylender to the organised market. Going forward, we expect the growth in gold loans sector to taper down from

the last two years” growth as the lenders seek to consolidate their market position and stabilise growth on a much larger portfolio base. Expected increase in consumer demand for gold at historical levels (assuming an annual growth of 8%), rising gold loans prices (assuming an expected 7% rise on largely due to estimated impact of expected rupee depreciation), rising penetration of gold loans in non-south geographies of India and a further shift of the market from unorganised to organised sector are expected to continue to be the key growth drivers for organised gold lenders.

KEY GROWTH DRIVERS

Traditionally, gold loans were a source for financing unexpected expenses and certain household social obligations. Jewellery was also mortgaged to bridge the liquidity requirements while acquiring residential properties. However, in the recent years, gold loans have also emerged as an acceptable source of short term working capital finance for small businesses. The rapid expansion drive of specialised Gold Loan companies has been one of key facilitating factor to this phenomenon.

Over the last decade, there has been a change in the ‘debt-averse psychology’ of the average Indian consumer and the acceptability of retail lending products has increased. The change in customer mindset is also reflected in the growth trends in the gold loans segment, where historically in geographies other than south India, customers had cultural inhibitions in pledging their jewellery and viewed pledging gold as a last resort only to be tapped in case of dire emergencies. The initial experience of gold loans companies in the western, northern and eastern parts of India has been very encouraging. The demand for gold loans as a product has witnessed a strong growth as a result of a targeted promotion by Gold Loan NBFCs.

The predominant customer base for gold loans continues to be farmer households, low and lower middle income households in urban areas, who resort to pledging gold to meet urgent personal and business needs. However, over the last couple of years, lenders have witnessed a trend of business customers increasingly resorting to gold loans for meeting their regular working capital requirements. While this phenomenon is expected to broaden the reach of gold loans, the new customer segments also bring with them a set of new business risks and might require the lenders to adopt a different approach to credit appraisal and assessment to this segment vis-a-vis that taken for the traditional customers.

COMPETITION

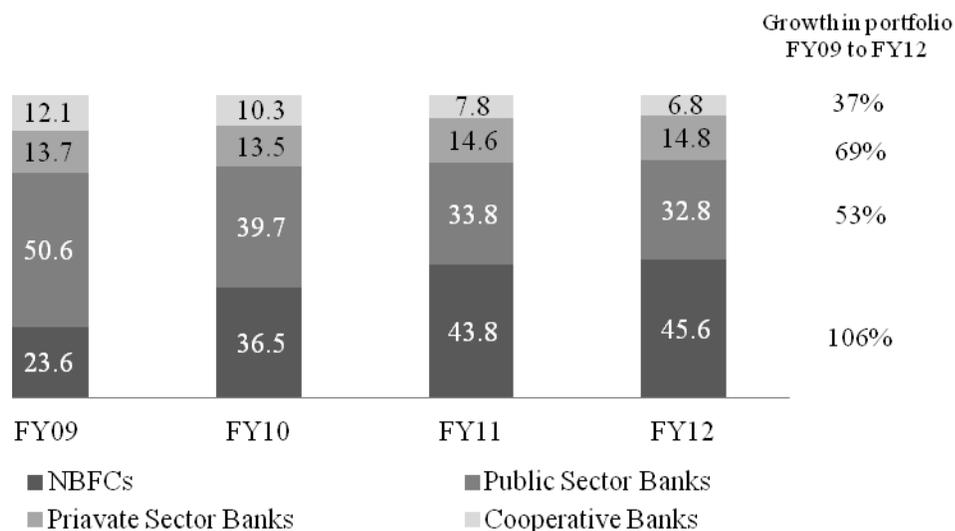
Specialised Gold Loan NBFCs and South based banks continue to dominate the Gold Loans landscape. The combined share of all NBFCs, estimated at 44.1% in FY11 and 45.6 % share in FY12, is comparable with that of commercial banks which had a 47.9% and 47.7% respectively during the same period. A few new private sector banks have made an impressive entry into the market.

Relentless focus of NBFCs in the Gold Loans segment is expected to remain the key driving force behind the continued growth and expansion of the NBFCs. The following factors will be crucial in contributing to the continued growth of specialised NBFCs in comparison with banks:

1. Large distribution network and flexibility for branch expansion;
2. Fast turnaround;
3. Minimal documentation; and
4. Ability to handle cash transactions.

A key development is the entry of several NBFCs and banks into the gold loans segment, which combined together, are estimated to have garnered a market share of 6.3% in FY11 and 9.4% in FY12.

Gold Loans, % market share



Source: IMaCS Research and Analytics, Gold Loans Market in India 2012

Outlook of the Gold Loans Market in India

The total gold loans portfolio in the organised sector is expected to register a growth of around 20% (“CAGR”) as a base case over the period FY12-16 to reach a size of ₹ 2,500 billion by FY16. (Source: IMaCS Research and Analytics, Gold Loans Market in India 2012) However, these estimates will stand revised if the price of gold increases by over 7% per annum and the demand grows in excess of 8% per annum.

In the recent past, RBI has introduced some regulations such as:

- LTV ratio not to exceed 75% for loans granted against the collateral of gold jewellery
- Percentage of gold loans to total assets to be disclosed in the balance sheet
- Loans not to be granted against bullion, primary gold, gold coins
- Tier I capital requirement raised to 12% by April 1, 2014 for NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent or more of their financial assets)

The objective of the regulations is to temper the runaway growth of specialised NBFCs. However, notwithstanding the stringent regulations, the Gold Loans market is expected to register a reasonably strong growth rate, driving on the continued interest of the lender segment, given its attractive risk-return equation.

OUR BUSINESS

In this section any reference to “we”, “us” or “our” refers to Muthoot Fincorp Limited. Unless stated otherwise, the financial data in this section is according to our unconsolidated financial information prepared in accordance with the requirements of the SEBI Debt Regulations and the Companies Act set forth elsewhere in the Draft Prospectus.

The following information should be read together with the more detailed financial and other information included in the Draft Prospectus, including the information contained in the section titled “Risk Factors” on page 19.

Overview

The Company, a non-deposit accepting, systemically important NBFC registered with the RBI, is one of the three largest Indian NBFCs engaged primarily in the business of providing personal and business loans secured by gold jewellery and ornaments (“**Gold Loans**”) (*Source: Gold Loans Market in India 2012 - IMACS Research and Analytics Industry Report (“IMaCS Industry Report 2012”)*). The Gold Loan products of the Company are structured to serve the business and personal purposes of individuals who possess gold but do not have ready or timely access to formal credit or to whom credit may not be available at all, to meet unanticipated or other short-term liquidity requirements. The Gold Loan portfolio of the Company as of March 31, 2014 comprised approximately 21 lakh loan accounts that were serviced through 3,831 branches located across 15 states and the national capital territory of Delhi. As of July 31, 2014, the Company employed 17,221 employees including 1,333 contracted experts in its operations.

The Company has been engaged in the Gold Loans business for over a decade and is headquartered in Kerala, India. The Company provides retail loan products, primarily comprising of Gold Loans. The core product of the Company, the “Express Gold Loan” can be utilised by individuals who require quick loans against their gold jewellery. “Smart Plus Gold Loan”, the other Gold Loan variant of the Company is specifically designed for salaried customers, with a tenure of upto 24 months. For the financial years ended March 31, 2014, 2013, 2012, 2011 and 2010 revenues from our Gold Loan business constituted 84.81%, 94.45%, 94.89%, 93.58% and 93.77% respectively, of our total income. For the year ended March 31, 2014, the retail loan portfolio of the Company earned an interest of ₹ 1,85,235 lakhs.

In addition to the Gold Loan business, the Company provides foreign exchange conversion and money transfer services as sub-agents of various registered money transfer agencies. The Company is also engaged in generation and sale of wind energy through its wind farms located in Tamil Nadu. Further, the Company is also engaged in micro finance business, aimed at providing micro credit facility to aspiring women entrepreneurs.

The Company is a part of the “Muthoot Pappachan Group” which has diversified business interests ranging from hospitality, financial services, catering, infrastructure for information technology, automobile sales and services and real estate.

The Company predominantly accesses capital by means of term loans from banks, issuances of redeemable non-convertible debentures on a private placement basis, issuances of commercial paper and cash credit facilities from banks including working capital loans. The Company has in the past issued secured redeemable non-convertible debentures to retail investors on a private placement basis as a means to access capital for its Gold Loan business. The Company accesses funds from a number of credit providers, including nationalized banks and private Indian banks, and its track record of prompt debt servicing has allowed it to establish and maintain strong relationships with these financial institutions. The Company has also issued subordinated debt which is considered as Tier II capital of the Company. As of June 30, 2014, the total secured borrowings utilised by the Company aggregated to ₹ 7,72,836 lakhs and unsecured borrowings utilised by the Company aggregated to ₹ 1,40,109 lakhs.

As of March 31, 2010, 2011, 2012, 2013 and 2014 the portfolio of outstanding gross Loans under management was ₹ 2,30,938 lakhs, ₹ 4,05,807 lakhs, ₹ 7,15,282 lakhs, ₹ 8,22,395 lakhs and ₹ 7,95,737 lakhs respectively. As of March 31, 2014, the Company held 3,56,96,372 grams of gold jewellery, as security for all Gold Loans. The capital adequacy ratio of the Company as of March 31, 2014 computed on the basis of applicable RBI requirements was 21.01%, compared to the RBI stipulated minimum requirement of 15%, with Tier I capital comprising 13.84%. Gross NPAs were at 2.06%, 2.26%, 0.55%, 0.97% and 0.71% of total loan assets of the Company as of March 31, 2014, 2013, 2012, 2011 and 2010 respectively. Net NPAs were at 1.62%, 1.87%, 0.41%, 0.86% and 0.59% of total

loan assets of the Company as of March 31, 2014, 2013, 2012, 2011 and 2010 respectively.

Whilst the total income of the Company increased from ₹ 42,867 lakhs in Fiscal 2010 to ₹ 1,97,531 lakhs in Fiscal 2014 at a CAGR of 46.50%, the net profit of the Company after tax has decreased from ₹ 10,685 lakhs in Fiscal 2010 to ₹ 6,326 lakhs in Fiscal 2014.

Key Operational and Financial Parameters on an unconsolidated basis

The table below sets out the key operational and financial parameters of the Company for the Fiscal 2014, 2013 and 2012:

(₹ in lakhs)				
Sl. No	Particulars	Fiscal 2014	Fiscal 2013	Fiscal 2012
1.	Networth	1,24,985	1,18,658	97,618
2.	Total Debt of which:			
	- Non-current maturities of Long Term Borrowing	1,86,783	2,17,618	1,12,668
	- Short Term Borrowing	5,27,596	6,94,801	5,20,458
	- Current Maturities of Long Term Borrowings	1,57,000	1,29,620	29,764
3.	Net Fixed Assets	53,366	52,575	33,359
4.	Non Current Assets	15,241	13,579	9,095
5.	Cash and Cash Equivalents	31,863	42,110	40,766
6.	Current Investments	627	1,642	3,405
7.	Current Assets	9,65,823	10,01,215	7,08,542
8.	Current Liabilities	7,22,662	7,31,092	5,39,481
9.	Assets under Management	7,95,737	8,22,395	7,15,282
10.	Off Balance Sheet Assets	Nil	Nil	97,521
11.	Interest Income	1,85,234	2,03,983	1,47,250
12.	Interest Expense	1,15,305	96,913	65,358
13.	Provisioning and Write-offs	1,042	11,089	1,288
14.	Profit after Taxation (“PAT”)	6,326	21,041	29,951
15.	Gross NPA (%)	2.06	2.26	0.55
16.	Net NPA (%)	1.62	1.87	0.41
17.	Tier I Capital Adequacy Ratio (%)	13.84	12.99	14.82
18.	Tier II Capital Adequacy Ratio (%)	7.17	4.98	2

Loan-Book as on March 31, 2014

The product-wise loan book of the Company as on March 31, 2014 is as follows:

Sl. No.	Book Size (₹ in lakhs)	% of Total Book Size (%)
Gold Loans		
Express Gold Loans	6,59,193	82.84%
Smart Plus Gold Loans	6,367	0.80%
Vyapar Mitra*/ Traders Flexi Loans	8,912	1.12%
Swarnavarsham**	2,714	0.34%
Sub Total (A)	6,77,186	85.10%
Other Loan Products		
Secured Loans	11,630	1.46%
Demand Loans	18,583	2.34%
Microfinance /unsecured loans	88,338	11.1%
Sub Total (B)	1,18,550	14.90%
Grand Total (A)+(B)	7,95,737	100%

* Vyapar Mitra was launched in August 2013 and is currently available in select states only.

** This product was discontinued by the Company from April 2012.

Our Competitive Strengths

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

The Company is one of the three largest Indian NBFCs engaged primarily in the Gold Loans business in terms of the size of our Gold Loans portfolio. Accordingly, we have extensive experience and a strong brand image and track record in the Gold Loans business across India.

We believe that the “Muthoot Pappachan” and the “Muthoot Fincorp” brands are well established in the Gold Loans business predominantly in South India. We have been engaged in the Gold Loans business for over fifteen years and as an NBFC specializing in the Gold Loans business, we believe that we have created a niche in the Gold Loans market by meeting the expectations of a typical Gold Loan customer. Our Company is one of the three largest Indian NBFCs engaged primarily in the Gold Loans business in terms of the size of our Gold Loans portfolio (*Source: IMAcS Industry Report 2012*). A typical Gold Loan customer expects rapid and accurate appraisals, easy access, low levels of documentation and formalities, quick approval and disbursal of loans, lockers to ensure safety of pledged gold and a team of expert valuers. We believe we meet those expectations. Our targeted focus on the otherwise fragmented nature of this market segment, widespread branch network particularly in South India, as well as our large customer base has enabled us to build a strong brand. Our efficient credit approval procedures, credit delivery process and Gold Loan products designed to suit the requirements of our customers have also aided in increasing customer loyalty which in turn leads to repeat business.

Widespread Branch Network and Strong Presence in South India

As on August 19, 2014, the Company had 3,763 branches located across 15 states and the national capital territory of Delhi, with a significant presence in South India. The customers of the Company are typically retail customers, small businessmen, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold with us rather than by taking loans from banks and other financial institutions. Rural India is estimated to hold around 65% of total gold stock as this section of population views gold as a secure and easily accessible savings vehicle that comes along with a significant consumption and cultural value (*Source: IMAcS Industry Report 2012*). There is also a large unorganised gold loan market which includes numerous pawn brokers, local money lenders and cooperative societies operating in the rural markets catering to the gold loans needs of these customers at interest rates in excess of 30% (*Source: IMAcS Industry Report 2012*). A significant proportion of the Company’s branches are located in rural locations and in semi-urban locations. We believe that we have a wide reach in rural markets as compared with other competition in this category. This reach in rural and semi-urban locations gives the Company an added advantage of being able to reach out to a large set of potential rural customers.

High-quality customer service and short response time

The products and services of the Company are aligned to the lifestyle needs of its customers. We adhere to a strict set of market survey and location guidelines when selecting branch sites to ensure that our branches are set up close to our customers. We believe that our customers appreciate this convenience, as well as extended operating hours that we typically offer, which are often more compatible with our customers’ work schedules. Various loan products tailor made for MSME, salaried / house hold segments and students are offered. In addition to the physical environment, it is equally important to have professional and attentive staff at both the branch level and at our regional and centralised customer support centers. Each of the Company’s branches across India is staffed with persons who possess local knowledge and understanding of customers’ needs and who are adequately trained to appraise collateral and disburse loans within a few minutes. Although disbursement time may vary depending on the loan ticket size and the number of items pledged, we endeavour to service the customers within a short span of time. Furthermore, since our loans are all over-collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, thereby shortening our turnaround time. We believe our high quality customer service, short response time and different product variants are significant competitive strengths that differentiate our services and products from those provided by commercial banks and other NBFCs.

Access to a range of cost effective funding sources

The Company predominantly access capital by means of term loans from banks, issuances of redeemable non-convertible debentures on a private placement basis, issuances of commercial paper and cash credit facilities from banks including working capital loans. The Company has in the past issued secured redeemable non-convertible debentures to retail investors on a private placement basis as a means to access capital for its Gold Loan business. The Company utilises funds from a number of credit providers, including nationalized banks and private Indian banks, and its track record of prompt debt servicing has allowed it to establish and maintain strong relationships with these financial institutions. The Company also issued subordinated debt which is considered as Tier II capital of the Company. The Company has also in the past undertaken securitization/ assignment transactions to increase the efficient use of its capital and as a cost effective source of funds. As of June 30, 2014, the total secured borrowings utilised by the Company aggregated to ₹ 7,72,836 lakhs and unsecured borrowings utilised by the Company aggregated to ₹ 1,40,109 lakhs.

As on date of the Draft Prospectus, the Company has been assigned a “CRISIL A/Stable” rating by CRISIL for its various non-convertible debt instruments including subordinated debt and a “CRISIL A1” rating for its short term debt programme. Brickworks has assigned a ‘BWR A’ rating for subordinated debt instruments of the Company.

Experienced senior management team and a skilled workforce

The Board of Directors consists of seven Directors (including the Promoters) with extensive experience in the financial services sectors. The Promoters, senior and middle management personnel have significant experience and in-depth industry knowledge and expertise. The management promotes a result-oriented culture that rewards employees on the basis of merit. In order to strengthen the credit appraisal and risk management systems, and to develop and implement credit policies, the Company has hired a number of senior managers who have extensive experience in the Indian banking and financial services sector and in specialized finance firms providing loans to retail customers. We believe that the in-depth industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage.

Further, the Company has been successful in attracting, fostering and retaining the best talent. The recruitment and business strategy has been seamlessly aligned right through the years and this strong pool of talent gives the Company a competitive edge in its growth. While recruiting, the Company has laid down minimum standards that a prospective candidate should meet. The prospective candidate is rated on various factors like qualifications and academic knowledge, communication skills, family background, experience in relevant field, personality, mental ability and behavioral competencies. With the objective to provide a steady pipeline of qualified entry-level talent, the Company conducted the “Rural Campus Talent Acquisition Programme” across 224 campuses and 1,917 aspiring students benefitted from the programme during the last Fiscal. Under the “Leadership Development Programme”, the Company is hiring post graduates in management from leading business schools. The employee welfare initiatives like provident funds, group mediclaim policy etc. ensures a conducive work environment for all. To uphold its performance oriented culture, the Company conducts training programmes and online skill assessments on a periodic basis, continuously monitoring and augmenting the performance level of the employees.

In-house training capabilities to meet our branch expansion requirements

The Company has been continuously investing in developing advanced learning solutions for preparing its employees for the future and to cater to the ever increasing needs of its customers, and training its employees. The Company has launched a software tool which is an online e-learning tool, (“**Muthoot e-University**”), which can be accessed by all our employees. The Company has also launched a software called “Gurukul”, an advanced programme designed to leverage branch operational efficiency and to enhance productivity through a virtual or mock branch concept (also referred to as “**Gurukul Learning Centres**”). This tool helps train employees in a mock branch set up and prepares new staff for the branch service ambience. We believe that our in-house training has built up a talent pool that enables us to staff new branches with qualified and skilled personnel. Our in-house training capabilities also enable us to improve the skill sets of our existing personnel.

Our Strategies

The business strategy of the Company is designed to capitalize on its competitive strengths and enhance its market

position. Key elements of its strategy include:

Further grow our Gold Loan business

Historically, Indians have been one of the largest consumers of gold due to the strong preference for gold jewellery among Indian households and its widespread use as a savings instrument. Rural India is estimated to hold around 65% of total gold stock as this section of population views gold as a secure and easily accessible savings vehicle that comes along with a significant consumption and cultural value (*Source: ImaCS Industry Report 2012*). There is also a large unorganised gold loan market which includes numerous pawn brokers, local money lenders and cooperative societies operating in the rural markets catering to the gold loans needs of these customers at interest rates in excess of 30%. As a result, the market for Gold Loan financing in India is largely untapped and offers good potential for further growth.

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

To consolidate and expand our branch network

We intend to continue to grow our Gold Loan portfolio by expanding our network through the addition of new branches. We have added 407 branches in Fiscal 2014. Our Company is actively working on building a robust distribution strategy for the future, which will be aligned to the unique needs of our customers. We propose to consolidate our network of branches across the country by merging or shifting the unviable branches while strengthening our position in our existing markets with respect to our core Gold Loans business. New branches will be opened with a special focus on untapped areas in regions where we already have established our presence and have good potential subject to the approval of the RBI. These branches will be opened after multiple rounds of market evaluation and customer research, and will have proximity to high customer activity areas.

Target new customer segments

The market for our loan products was traditionally confined to lower and middle income groups, who viewed Gold Loans as an option of the last resort in case of emergency. We intend to undertake sustained marketing efforts to diminish the stigma attached to pledging gold jewellery in India. We have introduced new product variants to expand our customer base to include small traders, upper-middle income and upper income groups. We intend to emphasize our Gold Loan products' key advantages of expediency and minimal documentation, and alter the image of Gold Loans from an option of the last resort to an option of convenience.

Strengthening our Brand Equity

We believe that our brand enjoys a strong brand image among our existing markets, especially in South India. We intend to leverage on our continuously expanding branch network to strengthen our position in existing markets and reach out to customers in newer markets. To further strengthen our brand equity, we have a planned and consistent marketing approach based on long term as well as short term marketing goals.

At the macro level, to build awareness, mass media campaigns through various mediums such as television, print and radio, enable us to reach out to a large proportion of our target audience. Such campaigns are planned on an annual basis in line with the Company's overall objectives.

At a micro level, customer engagement programs in key target customer locations as well as the branch catchment areas help us in taking the concept of Gold Loans closer to our target audience. The Company's brand proposition of '*Transforming Lives – Jab Zindagi Badalni Ho*', is based on a simple insight that all of us aspire to do better in life and how "Muthoot Fincorp" as a brand can enable this change. Muthoot Pappachan Group recently launched its first TV campaign, adopting the tagline 'Believe in Blue', focusing on the concept of trust apart from building a distinct identity Muthoot Pappachan Group. These initiatives help in engaging with customers and building awareness about

the brand and our products.

Continue to implement advanced processes and systems

We have invested in our technology systems and processes to create a stronger organization and ensure good management of customer credit quality. Our information technology strategy is designed to increase our operational and managerial efficiency. We aim to increasingly use technology in streamlining our credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We continue to implement technology led processing systems to make our appraisal and collection processes more efficient, facilitate rapid delivery of credit to our customers and augment the benefits of our relationship based approach. We also believe that deploying strong technology systems will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, monitor our process and performance and improve our risk management capabilities. As a part of our service oriented strategy, our Company has implemented proactive service related measures which are designed to reduce customer grievances/ complaints.

Strengthen our operating processes and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks relating to the Gold Loan business. The objective of our risk management systems is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business. For example, we have commenced installing offsite surveillance cameras in our branches, and intend to implement this across our branch network. Tamper evident envelopes have also been introduced in all branches across the country to reduce frauds.

Please see sections titled “**Risk Factors**” and “**Outstanding Litigation, Statutory and Regulatory Actions**” on pages 19 and 181 respectively.

Our Company’s Business

Gold Loans

Our core business is disbursement of Gold Loans, which are typically small ticket loans secured by the pledge of gold jewellery. As of March 31, 2014, we had approximately 21 lakh Gold Loan accounts, aggregating to ₹ 6,77,187 lakhs, which comprised 85.10% of our total loan portfolio. For the financial years ended March 31, 2014, 2013, 2012, 2011 and 2010 revenues from our Gold Loan business constituted 84.81%, 94.45%, 94.89%, 93.58% and 93.77% respectively, of our total income.

Our Gold Loans portfolio predominantly comprises of three products: (i) Express Gold Loan; (ii) Smart Plus Gold Loan; and (iii) Vyapaar Mitra. The salient features of the above Gold Loan products are as follows:

Particulars	Express Gold Loan	Smart Plus Gold Loan	Vyapaar Mitra
Description of the Product	A product for small and medium retail customers, designed to provide liquidity in an easy and quick manner.	Personal loan with the added benefit of repaying the loan in equated monthly installments (EMI). Unlike personal loans disbursed by banks, advance EMI payments through post dated cheques are not collected.	Vyapar Mitra is an initiative by the Company to offer support to the trader’s segment to meet the additional fund requirements at an affordable rate of interest.
Type of facility	Short term loan.	Monthly installment based facility.	Short term loan.

Particulars	Express Gold Loan	Smart Plus Gold Loan	Vyapaar Mitra
Target customers	Retail customers - mainly low and middle income group.	Salaried individuals and persons with fixed monthly income streams.	Traders and individuals engaged in manufacturing and services and retail traders in the MSE sector.
Repayment mode	Flexible payment option. Principal can be repaid at the end of the tenure of the loan.	Equated monthly instalments.	Flexible payment option. Principal can be repaid at the end of the tenure of the loan.
Minimum Amount of loan	₹ 500	₹ 5,000	₹ 10,000
Interest payment	Interest to be serviced regularly.	Along with principal repayment in accordance with the EMI schedule.	Flexible gold loan scheme with options available for making bullet payment, part payment and servicing interest every month.
Minimum tenor of loan	Seven days.	Six months.	Can be closed any time after the disbursement.
Maximum tenor of loan	One year.	Twenty four months.	One year.

Loan disbursement process

Initial Evaluation and Loan Origination Process

The principal form of security that we accept is wearable, household, used, gold jewellery. 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 our Gold Loan customers based on our centralized policies and guidelines. We lend up to 75% of the 22 carat gold price based on 30 day average Mumbai Bullion Association price of 22 carat gold as per the recent RBI guidelines. While accepting the gold as collateral, the Company certifies in writing, on its letter head, the purity (in terms of carats) and weight of the gold. If the gold is of purity less than 22 carats, the Company translates the collateral into 22 carat and specifies the exact grams of the collateral. In other words, jewellery of lower purity of gold is valued proportionately. The certified purity is applied for determining the maximum permissible loan and the reserve price for auction. 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. However, an increase in the price of gold will not automatically result in an increase in the value of gold brought in by potential customers unless the per gram rate is revised by our corporate office. 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 and interest income.

Since the disbursement of loans is primarily based on the value of collateral, the customer's creditworthiness is not a

factor in the loan decision. However, we comply with 'know your customer' ("KYC") norms adopted by the Board of Directors and require proof of identification and address proof. Compliance with the KYC policies ensures that the personal data provided by a particular customer is accurate. We also photograph customers with web-cameras installed in our branches at the time of each pledge. For all loans, the customer must produce the original document that confirms the customer's identity and address, which could be a Government issued document, such as a passport, driver's license, Permanent Account Number ("PAN") card, election card or ration card. The KYC details (including proof of identity and the customer's photograph) are maintained electronically at every branch. The unique loyalty number provided to every customer ensures that the customer need not provide the ID proof again in future instances. For loans above ₹ 5,00,000 and below ₹ 10,00,000, the customer's gold is checked for its authenticity by our team of gold inspectors in the immediate vicinity or branch support executives, followed by a background verification by the vigilance team after disbursal of the loan. For loans above ₹ 10,00,000 the gold is inspected by a gold inspector and the background of the customer is checked by our vigilance team before disbursal of the loan. Pursuant to the circular dated September 16, 2013 issued by the RBI, Gold Loan NBFCs have been mandated to insist on a copy of the PAN card of the borrower for all transactions above ₹ 5 lakhs. Further, 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. Our internal policies have been suitably modified.

Loan Approval process

The first step in the process is the appraisal and evaluation of the gold to be used as security for the Gold Loan. Each of our branches has designated personnel for gold appraisal who operate in accordance with a clear policy regarding their function and responsibilities. The initial appraisal is performed by a trained employee who has experience in appraising the gold content of jewellery. The initial appraisal is then verified by another trained employee. This process involves several principal tests, which include the nitric acid test, the touchstone test and filling test. For loans above ₹ 5,00,000 and below ₹ 10,00,000, the customer's gold is checked for its authenticity by our team of gold inspectors in the immediate vicinity or branch support executives, followed by a background verification by the vigilance team after disbursal of the loan. For loans above ₹ 10,00,000 the gold is inspected by a gold inspector and the background of the customer is checked by our vigilance team before disbursal of the loan. The gross weight of the gold jewellery is determined by weighing the jewellery. An amount in connection with the purity of the gold as also the weight is deducted from the gross weight to arrive at net weight. We have determined a constant percentage deduction that applies depending on the purity of the gold, which is based on the proportion of gold contained in the jewellery in relation to other metals. As purity decreases, the percentage deduction to the gross weight for arriving at the net weight increases. The weight of stones and other material that is embedded in the jewellery is also deducted from the gross weight to determine the net weight.

During the appraisal and evaluation the customer fills the application form in his hand writing. Details required in the application form in connection with the gold purported to be provided as security are thereafter recorded by an appraiser after the gold has been appraised and evaluated. The application is then signed by both the customer and the appraiser. The pledge form is then printed, one copy is maintained with the branch, and one copy is handed over to the customer. The disbursement of the loan from our branches at this stage is immediate. Pursuant to the circular dated September 16, 2013 issued by the RBI, high value loans of ₹ one lakh and above can only be disbursed by cheque. Our internal policies have been suitably modified. The gold items are then packed and immediately stored in the strong room. We also have an option of transferring the amount to the customer's bank account for loans less than ₹ one lakh. Our Company provides loans up to 75.00% of the value of the gold jewellery based on the 30 day average Mumbai Bullion Association price of 22 carat gold as per the recent RBI guidelines. The remainder 25.00% is set aside as margin money.

Post disbursement process

Custody of gold collateral

The Gold ornaments pledged by the customers are kept in specially made tamper evident envelopes supplied to the branches for this purpose. The details of the ornaments like item description and weight are noted on the packets. These ornaments are appraised by the appraiser and verified by the branch manager and joint custodian. The packets are then kept inside steel almirahs with a dual lock system in the strong room. When the packets/covers are kept inside, entry is made in the securities register which is also kept inside the strong room. In some of our branches

where sufficient space is not available for building a strong room, the gold ornaments are stored in safes. The safes and strong rooms in which the gold jewellery is kept are built as per industry standards and practices. Pursuant to the circular dated September 16, 2013 issued by the RBI, the business of granting loans against the security of gold cannot be transacted at places where there are no proper facilities for storage/security of the gold jewellery. Further, no new branches can be opened without suitable storage arrangements having been made thereat.

Inventory control

The ornaments pledged are stored in serially numbered packets and entry is made in securities register under the joint signatures of the branch manager and the joint custodian. Entries are also made in this register at the time of release of the pledged ornaments. The cumulative number of packets inside the strong room as per the securities register is verified and tallied with the consolidated stock statement generated from the system at the end of the day, on a daily basis. The stock statement is also verified and tallied with the general ledger on the last working day of the month and at the time of internal audit and gold inspection.

Branch security and safety measures

Ensuring the safety and security of the branch premises is vital to our business since our cash reserves and gold inventory are stored in each branch. Our branch security measures mainly comprise the following:

- Strong rooms where the gold ornaments and cash are kept are constructed as per RBI specifications.
- Majority of our branches are provided with burglar alarms and fire alarms.
- Security guards are deployed in a majority of our branches round the clock.
- Surveillance systems consisting of CCTV cameras have been installed in a majority of our branches.
- A 24 hour control room functions in our Corporate Office in addition to 8 regional control rooms located in South India and another regional control room in Mumbai to monitor branch security and safety through CCTVs.

Collection and Recovery Processes

Our Company has an internal collection process wherein a customer is intimated by means of short messaging service and phone calls in the event of defaults in repayment in a timely manner. When a customer does not repay a loan on or before its maturity, we initiate the recovery process and dispose off the pledged gold to recover the amount owed to us, including both the principal and accrued interest. Before initiating the recovery process, we inform the customer through registered letters or legal notices. We advise and encourage the customers to service the interest regularly to avoid migration of interest rates to higher slabs. Gold ornaments pledged with the company, if not redeemed within a period of 12 months from the date of pledge, will be disposed by the company by way of public auction, after the expiry of 12 months and seven days of grace. The Company will give due notice of auction to the customer by way of registered post/courier at least 15 days before the date of auction. Details about the auction will be published in a vernacular newspaper and also in a national daily.

Pursuant to the circular dated September 16, 2013 issued by the RBI, the following additional stipulations have been made in respect to auctioning of gold jewellery:

- (i) Auction should be conducted in the same town or taluka in which the branch that has extended the loan is located;
- (ii) While auctioning the gold, NBFCs have been mandated to 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 BBA and value of the jewellery of lower purity in terms of carats should be proportionately reduced;
- (iii) NBFCs have been mandated 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; and

- (iv) NBFCs shall 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.

Changes have been made in our internal policies to reflect the above.

Micro Finance

The microfinance division of our Company was established in 2010. The flagship product of our microfinance division is Muthoot Mahila Mitra (“MMM”), aimed at providing timely micro credit facility to women entrepreneurs engaged in small rural businesses. MMM was launched in March 2010 from Chullaimedu Branch, Chennai, Tamil Nadu. The division is currently operating in Kerala, Tamil Nadu, Karnataka, Gujarat, Pondicherry, Goa and Maharashtra. MMM is modelled after the famous Grameen model of micro finance, modified to meet the needs of local market and regulations. Under this model loans, are given on the the principal of joint liability. Each joint liability group consists of minimum five women entrepreneurs. The target clients are a group of five to ten economically active women having regular cash flow through lawful, sustainable and stable economic activity. Members of the joint liability group should be willing to take on each other’s responsibility backed by mutual guarantee. MMM focuses on empowerment activities in rural areas and urban slums.

As a part of its diversification programme and to offer more impetus to its micro finance business, the Company acquired a majority equity holding in Panchratna Securities Limited in September 2012. Panchratna Securities Limited (“PSL”) has been subsequently renamed to Muthoot Microfin Limited. The change in the name is subject to the approval of RBI, even though PSL has received a fresh Certificate of Incorporation consequent to the change of name from Registrar of Companies, Mumbai. PSL was registered as an NBFC with the RBI pursuant to the certificate of registration No. 13.00365 dated March 18, 1998 issued by the RBI under Section 45 IA of the RBI Act. Muthoot Microfin Limited has applied for registration as an NBFC - Micro Finance Institution and is awaiting the approval of RBI in this regard.

MMM has touched the lives of more than 15.23 lakhs households from the time of its inception, with an active client base of more than 7.36 lakhs customers as on March 31, 2014. The micro finance portfolio as on March 31, 2014 aggregated to ₹ 811.36 crores.

Other Business Initiatives

Money Transfer and Foreign Exchange Conversion Services

We provide fee based services including money transfer and foreign exchange services. For the financial years ended March 31, 2012, 2013 and 2014, our money transfer services business generated ₹ 413 lakhs, ₹ 552 lakhs and ₹ 873 lakhs respectively, or 0.21%, 0.20% and 0.44% respectively, of our total income. We act as sub-agents to Indian representatives and enter into representation agreements for inward money transfer remittance. Under these agreements, we are entitled to receive a commission for the services provided depending on the number of transactions or the amount of money transferred and the location from which the money is transferred to us.

Selling Insurance Products

Further, we are also engaged in selling insurance products in collaboration with an insurance company. For the financial years ended March 31, 2010, 2011, 2012, 2013 and 2014, our income from sale of insurance products was ₹ 284 lakhs, ₹ 361 lakhs, ₹ 59 lakhs, ₹ 140 lakhs and ₹ 114 lakhs respectively.

Wind Energy

Our Company is also engaged in the generation and sale of wind energy through our wind farms located in Tamil Nadu. We operate 19 wind turbine generators in the state of Tamil Nadu with a total installed capacity of 23 mega watts. For the financial years ended March 31 2010, 2011, 2012, 2013 and 2014 income from our wind mills business was ₹ 933 lakhs, ₹ 881 lakhs, ₹ 1,078 lakhs, ₹ 1,336 lakhs and ₹ 1,065 lakhs respectively, or 2.18%, 1.16%,

0.72% , 0.64% and 0.53%, respectively, of our total income.

Other loans

Our Company has in the past disbursed loans secured against non-convertible debentures of the Company held by customers (issued on a private placement basis). However, pursuant to the guidelines on private placement introduced by the RBI, we will no longer be able to disburse such loans. As on March 31, 2014, ₹ 11,630 lakhs remained outstanding. Further, our Company has also disbursed certain loans secured by a charge over immovable property. As on March 31, 2014, ₹ 2,200 lakhs remained outstanding.

Third party businesses

Pursuant to agreements entered into between the Company and some of its Group entities, the Company's branches/ premises and officials are utilised in connection with the business operations of the Group entities such as booking of train/ rail tickets, collection and disbursal of loans and sale of jewellery etc. The Company is entitled to a specific fee/ commission pursuant to these agreements. For further details, see section titled "*History and Certain Corporate Matters – Material Agreements*" on page 128 and "*Annexure A – Financial Information*".

Our Company's Operations

Business Outlet Network

Over the years our Company has established a pan-India presence, with 3,831 branches located across 15 states and the national capital territory of Delhi (as of March 31, 2014), with a significant presence in south India. The distribution of branches across India by region as of March 31, 2011, 2012, 2013 and 2014 is as set out in the following table:

State	As on March 31			
	2011	2012	2013	2014
Andhra Pradesh	138	273	437	582
Delhi	27	71	96	96
Goa	8	9	11	11
Gujarat	23	48	111	120
Haryana	17	30	61	61
Karnataka	192	298	493	566
Kerala	468	681	977	1,034
Madhya Pradesh	Nil	10	33	34
Maharashtra	36	118	188	197
Orissa	Nil	3	11	11
Punjab	9	29	48	49
Rajasthan	Nil	31	53	53
Tamil Nadu	334	575	835	943
Uttar Pradesh	2	12	39	43
Uttarakhand	Nil	Nil	2	2
West Bengal	Nil	Nil	29	29
Total	1,254	2,188	3,424	3,831

A diagrammatic representation of the branch network across India, as of March 31, 2014, is as set out below:

Pan India Reach And Branch Network

STATE	No of Branches
ANDHRA PRADESH	582
DELHI	96
GOA	11
GUJARAT	120
HARYANA	61
KARNATAKA	566
KERALA	1034
MADHYA PRADESH	34
MAHARASHTRA	197
ORISSA	11
PUNJAB	49
RAJASTHAN	53
TAMILNADU	943
UTTAR PRADESH	43
UTTARAKHAND	2
WEST BENGAL	29
Grand Total	3831



Pan India reach with 3,831 branches spread across 16 states

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As of July 31, 2014, the Company employed 17,221 employees including 1,333 contracted experts in its operations. Most of our branches operate with one branch manager and at least three customer service executives depending upon the transaction volumes in that branch. In addition to the customer service executives, certain branches also have a relationship manager. Further, each branch falls under the purview of an area manager, such area manager being in charge of a group of branches. About 10 to 15 area managers report to a regional manager and all the regional managers in a particular State report to the relevant State head.

The core role of each of our branches is to co-exist as sales cum servicing points for all the needs of our Gold Loan customers. The branch manager and the senior most customer care executive act as the joint custodian for such gold jewellery. All our branches are computerized and connected with our central server located at Thiruvananthapuram.

Asset Quality

We maintain our asset quality through the establishment of prudent credit norms, the application of stringent credit evaluation tools, limiting customer exposure, and direct interaction with customers. In addition to our credit evaluation and recovery mechanism, our asset-backed lending model and adequate asset cover has helped maintain low gross and net NPA levels. Our assets under management and net NPAs for each segment of our business are as follows:

Particulars	(₹ in lakhs)				
	As at March 31, 2010	As at March 31, 2011	As at March 31, 2012	As at March 31, 2013	As at March 31, 2014
Assets under Management for Express Gold Loan	2,23,457	3,68,436	6,65,456	7,39,989	6,59,193
Assets under Management for Smart Plus Gold Loans	3,191	19,463	26,526	16,351	6,367
Assets under Management for Traders' Flexi Gold Loans and Vyapar Mitra	1,918	9,297	4,493	3,916	8,912
Assets under Management for micro finance/ other unsecured loans	2,049	7,993	17,403	54,440	1,06,920
Other Assets under Management	3,23	6,14	1,404	7,699	14,344

Particulars	As at March 31, 2010	As at March 31, 2011	As at March 31, 2012	As at March 31, 2013	As at March 31, 2014
Total Assets under Management	2,30,938	4,05,803	7,15,282	8,22,395	7,95,737
Net Non performing assets	1,362	3,465	2,933	15,340	12,891

The following table sets forth data regarding the classification of our total outstanding loan book pursuant to the guidelines prescribed by RBI under the Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended, on asset classification.

	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	₹ lakhs	%	₹ lakhs	%	₹ lakhs	%
Standard assets	6,13,823	99.36	8,03,804	97.74	7,79,350	97.94
Non-Performing assets	3,938	0.64	18,591	2.26	16,387	2.06
<i>Sub-standard assets</i> ⁽¹⁾	3,285		15,915		11,077	
<i>Doubtful assets</i> ⁽²⁾	653		2,489		4,283	
<i>Loss assets</i> ⁽³⁾	Nil		187		1,027	
Total	6,17,761	100	8,22,395	100	7,95,737	100

- (1) Sub-standard assets are assets which have been classified as an NPA for a period of 18 months or less, or where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.
- (2) Doubtful assets are assets which have been classified as an NPA for a period exceeding 18 months.
- (3) Loss assets mean (a) assets which have been identified as a loss asset by us or our internal or external auditor or by the RBI to the extent that they are not written-off by us; and (b) assets which are adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security, or due to any fraudulent act or omission on the part of the customer.

Provisioning policy with respect to Non-Performing Assets

Our provisioning in respect of our NPA accounts is in accordance with the norms prescribed by the RBI, with emphasis on the realisable value of the security and the period of overdue payments.

Statutory provisions are required to be made in respect of sub-standard, doubtful and loss assets in accordance with RBI directives. Set out below is a brief description of applicable RBI guidelines on provisioning and write offs for loans, advances and other credit facilities including bills purchased and discounted.

Standard assets: A general provision of 0.25 % of the total outstanding assets is required to be made.

Sub-standard assets: A general provision of 10% of the total outstanding assets is required to be made.

Doubtful assets: 100% provision to the extent to which the advance is not covered by the realisable value of the security to which the NBFC has a valid recourse is required to be made. The realisable value is to be estimated on a realistic basis. In addition to the foregoing, depending upon the period for which the asset has remained doubtful, provision is required to be made as follows:

- if the asset has been considered doubtful for up to one year, provision to the extent of 20% of the secured portion is required to be made;
- If the asset has been considered doubtful for one to three years, provision to the extent of 30% of the secured portion is required to be made; and
- If the asset has been considered doubtful for more than three years, provision to the extent of 50% of the secured portion is required to be made.

Loss assets: The entire asset is required to be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding assets should be provided for.

Non Performing Assets

The following table sets forth, at the dates indicated, data regarding our NPAs:

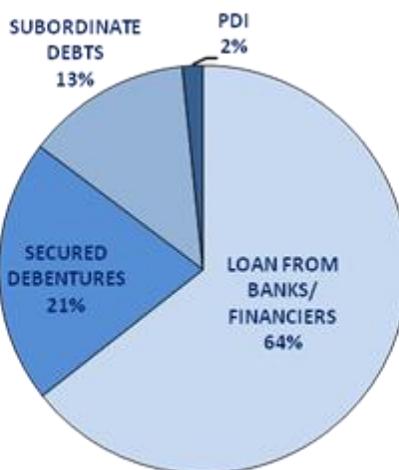
(₹ in lakhs)

	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Gross NPA	3,938	18,591	16,387
Net NPA	2,933	15,340	12,892
Gross NPA as a percentage of Total Loan Book	0.55	2.26	2.06
Net NPA as a percentage of Total Loan Book	0.41	1.87	1.62

The above gross NPA and net NPA numbers have been worked out as a percentage of the total loan book.

Funding Sources

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to achieve funding stability and liquidity. Our sources of funding comprise term loans including term loans from banks and financial institutions, cash credit/ working capital demand loans/ short term loans from banks, issuances of (i) redeemable non-convertible debentures; (ii) subordinated bonds; (iii) perpetual debt instruments; and (iv) short term commercial paper and inter-corporate deposits, in addition to equity infused by the Promoters. A pictorial representation of the source of funds as on June 30, 2014 is given below:



As of June 30, 2014, the total secured borrowings utilised by the Company aggregated to ₹ 7,72,836 lakhs and unsecured borrowings utilised by the Company aggregated to ₹ 1,40,109 lakhs. The following table sets forth the principal components of our secured loans as of the dates indicated:

(₹ in lakhs)

Secured Loans	As of June 30, 2014	As of March 31,				
		2010	2011	2012	2013	2014
Redeemable non-convertible debentures	1,84,691	14,086	21,069	62,330	2,15,936	2,02,533
Compulsorily Convertible Debentures	Nil	Nil	Nil	Nil	Nil	Nil
Term loans:						

Secured Loans	As of June 30, 2014	As of March 31,				
		2010	2011	2012	2013	2014
Term loans from banks	22,794	6,722	13,564	14,706	27,123	24,613
Working Capital Loan and Overdraft from Banks	5,45,676	91,918	2,76,610	4,70,681	5,51,049	5,27,475
Short Term Loans from Corporates	Nil	Nil	Nil	Nil	Nil	Nil
Interest Accrued and due on above	19,675	1,615	2,099	2,343	10,811	15,506
Total	7,72,836	1,14,341	3,13,342	5,50,060	7,94,108	7,54,672

The following table sets forth the principal components of our unsecured loans as of the dates indicated:

(₹ in lakhs)

Unsecured Loans	As of June 30, 2014	As of March 31,				
		2010	2011	2012	2013	2014
Inter-corporate deposits	50	Nil	50	2,450	50	50
Subordinated debt	1,15,407	Nil	8,500	8,500	49,669	1,02,138
Perpetual debt	14,400	13,000	14,400	14,400	14,400	14,400
Commercial paper	Nil	7,500	15,000	1,000	14,000	Nil
Loans from Directors	150	11,688	12,884	17,509	126	120
Interest accrued and due on Unsecured Loans	10,102	Nil	3	9	2,335	9,600
Total	1,40,109	32,188	50,837	43,868	80,580	1,26,308

Increasingly, we have depended on loans from banks and the issue of redeemable non-convertible debentures as the primary sources of our funding. We believe that we have developed stable long term relationships with our lenders, and established a track record of timely servicing of our debts, and have been able to secure fixed rate long term loans of three to five years tenure to stabilize our cost of borrowings.

As of June 30, 2014, term loans from banks aggregated to ₹ 24,613 lakhs, as compared to ₹ 27,123 lakhs as of March 31, 2013 i.e net decrease of ₹ 2,510 lakhs. As of March 31, 2014, the aggregate outstanding amount of secured redeemable non-convertible debentures was ₹ 2,02,533 lakhs as compared to ₹ 2,15,936 lakhs as of March 31, 2013 i.e. net decrease of ₹ 13,403 lakhs.

Our short term fund requirements are primarily funded by cash credit from banks including working capital loans. Cash credit from banks including working capital loans outstanding as of March 31, 2014 was ₹ 5,27,475 lakhs. As of March 31, 2014 our outstanding subordinated debt amounted to ₹ 1,02,138 lakhs, compared to ₹ 49,669 lakhs as of March 31, 2013. Based on the balance term to maturity, as of March 31, 2014, ₹ 69,693 lakhs, (upto 50 % of the Tier 1 capital) of the subordinated debt is considered as Tier II Capital . Further, as of March 31, 2014, outstanding commercial paper amounted to NIL as compared to ₹ 14,000 lakhs as of March 31, 2013.

Securitisation/assignment of portfolio against financing activities

We have also in the past undertaken securitisation/ assignment transactions to increase the efficient use of our capital and as a cost effective source of funds. However, pursuant to the modifications made to the extant guidelines on securitisation transactions on May 7, 2012 and August 21, 2012 by the RBI, assets with bullet repayment of both principal and interest are excluded from the eligibility norms for asset securitisation. Since most of our Gold Loans are currently structured as loans with bullet repayment of principal and interest, such Gold Loans are outside the

purview of asset securitisation. These changes have adversely affected our ability to raise funds under this route. We have not undertaken any assignment/securitisation transactions during the Fiscal 2014. The amount outstanding for the Gold Loan portfolio sold under bilateral assignments was ₹ 1,07,343 lakhs, ₹ 64,359 lakhs, ₹ 97,521 lakhs for the years ended March 31, 2010, 2011 and 2012 respectively. No amount is outstanding as of March 31, 2013 and 2014.

Capital Adequacy

We are subject to the capital adequacy ratio (“CAR”) requirements prescribed by the RBI. We are currently required to maintain a minimum CAR of 15% based on our total capital to risk-weighted assets. We had a capital adequacy ratio of 22.92%, 18.88%, 16.82%, 17.97% and 21.01% as of March 31, 2010, 2011, 2012, 2013 and 2014.

Risk Management

Risk management forms an integral element of our business strategy. At an entity level, the objective of risk management is to align the risk appetite of our Company with its strategy. At an operational level, it is intended to enable our Company to make consistent business and operational decisions across all units and departments within the broad risk appetite of our Company. The major risks we face are credit risk, collateral risk, market risk, interest rate risk, liquidity risk and operational risk.

Credit risk

Credit risk is the risk of loss due to the failure of a counterparty in meeting its obligations in accordance with agreed terms. Our Company’s credit risk arises from the loans that it extends to its borrowers. The management of credit risk starts with robust procedures for approval of the rate per gram used to calculate the loan amount and appraisal of the collateral. However, the risk is minimized since all loans are granted against the collateral of gold jewellery which can be liquidated with relative ease to recover all amounts due to our Company.

Collateral risk

Collateral risk arises from a decline in the value of the gold collateral due to fluctuation in gold prices. Our Company has an ongoing process whereby the lending rate per gram of gold is calculated and communicated to the branches after considering the current market conditions and short to mid term outlook for gold prices. Any deviation from this rate is approved through a central credit monitoring mechanism after examining the past credit history of the customer. We are currently maintaining a loan to value of 75.00%, in accordance with the directions issued by RBI.

Market risk

Market risk is the risk that the value of a portfolio, either an investment portfolio or a trading portfolio, will decrease due to the change in value of the market risk factors. Our Company has a very small investment portfolio and does not trade in equities or other financial instruments. The Company’s foreign currency operations are restricted to the sale and purchase of currencies from retail customers, purchases being made on a need basis and currency receipts being sold in the market within a short time. Our Company is therefore not exposed to a significant market risk.

Interest rate risk

Interest rate risk refers to the impact that fluctuating interest rates may have on the net interest margin. Our Company’s interest rate exposure is not significant, considering that all of its fixed interest earning assets have an average maturity period of three to four months only while a major part of its interest bearing liabilities are not expected to be repriced significantly during the period.

Liquidity risk

Liquidity risk is the risk of being unable to raise necessary funds from the market to meet operational and debt servicing requirements. Liquidity is managed by monitoring short to medium term forecasts of business growth, estimation (based on historic data) of the risk of potential liabilities and our Company’s other debt service obligations. Typically, the average tenor of our Company’s lending portfolio is three to four months whereas the

liabilities are of a longer term.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Our Company has laid down detailed policies and procedures for all its operational activities including a manual of instructions for all activities performed at the branches. All strong rooms, which are built according to RBI specifications at the branches are under dual/joint custody. The company has introduced tamper evident envelopes in all the branches across the country. The tamper evident envelope is expected to bring about a higher degree of safety to the gold pledged with us by our customers.

A centralised team of internal auditors and gold inspectors perform regular and surprise reviews and inspections at all locations and follows up with the management on all audit observations until these are satisfactorily resolved. In accordance with our internal audit policy, all of our branches are subject to periodic inspection. Feedback is provided to the operations department and the process management team on all process improvement/enhancement issues. Each branch data is reviewed centrally. Exceptions or deviations that are identified through the use of automated software are discussed and followed up with the respective branches. Our Company places emphasis on the development of its employees through a formal training and induction process after recruitment and a continuous learning process through various means including e-learning. We also continuously review and enhance operational processes as part of our continuous improvement philosophy.

Credit Rating

We have been assigned a “CRISIL A/Stable” rating by CRISIL for our various non-convertible debt instruments including subordinated debt and a “CRISIL A1” rating for our short term debt programme. Brickworks has assigned a ‘BWR A’ rating for our subordinated debt instruments. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. For instance, CRISIL had on August 1, 2013, downgraded its ratings on the bank facilities and debt instruments of the Company to ‘CRISIL A/Negative/CRISIL A1’ from ‘CRISIL A+/Negative/CRISIL A1+’.

Treasury Operations

Majority of our gold loan disbursements and repayments are in cash which necessitates maintaining a certain level of cash holding at the branches at all times to ensure a quick service to the customer. We retain cash up to one per cent. of the business of the branch or ₹ 5 lakhs, whichever is lower. Each branch maintains a bank account in the immediate neighbourhood of the branch for the ease of operation and minimizing the risk in carrying cash from/ to banks. Additional fund requirements of the branches are met from the head office of the Company by way of bulk RTGS/ NEFT transfers through designated banks. This enables the Company to disburse funds to the branches promptly upon requests from the branches. Excess funds available at the branches are transferred to the bank account of the head office of the Company on a daily basis. This ensures an efficient utilisation of the funds, minimizing the holding of idle cash. Branches can also transfer funds/cash from /to nearby branches in case of need.

Employees

As of July 31, 2014, we employed 17,221 employees including 1,333 contracted experts in our operations. We have built an organization based on trust and have always adopted a policy where employees are given prime importance. We have established training programs for our employees on a continuous basis and we intend to continue investing in recruiting, training and maintaining a rewarding work environment. In addition to ongoing on-the-job training, we provide employees courses in specific areas or specialized operations on an as-needed basis. We have skilled laborers and experienced personnel, particularly in the process of gold appraisal and determination of purity of the gold.

Competition

Although the business of providing loans secured by gold is a time-honored business (unorganized pawn-broking shops being the main participants), the Gold Loan business in India remains very highly fragmented. Our Board

believes that we can achieve economies of scale and increased operating efficiencies by increasing the number of branches under operation and utilising modern point-of-sale systems and proven operating methods. We operate in largely un-tapped markets in various regions in India where banks currently provide Gold Loans. We also compete with pawnshops and financial institutions, such as consumer finance companies. Other lenders may lend money on an unsecured basis, at interest rates that may be lower than our service charges and on other terms that may be more favorable than ours. We believe that the primary elements of competition are the quality of customer service and relationship management, branch location and the ability to loan competitive amounts at competitive rates. In addition, we believe the ability to compete effectively will be based increasingly on strong general management, regional market focus, automated management information systems and access to capital. Our main competition is from various Kerala based banks and other specialised Gold Loan NBFCs.

Insurance Coverage

We maintain insurance coverage on all our assets located at our head office and on all our movable assets in branch premises owned by us against fire, earthquake and related perils. We also maintain insurance against burglaries at our head office and at our branches, and against loss by riots, strikes or terrorist activities, cash in transit and employee theft. We maintain special contingency insurance covering gold in transit, gold in branches and cash in transit against burglary. Our insurance policies are generally annual policies that we renew regularly. We have also recently established a scheme of insurance with the Life Insurance Corporation of India for providing gratuity benefits to the employees of the Company be in the name and style – “*Muthoot Fincorp Employees Group Gratuity Scheme*”.

Intellectual Property

The trade mark/service mark and logo in connection with the “Muthoot Pappachan” brand and the “Muthoot Fincorp” logo are pending registration in various classes including classes which pertain to our Company’s business. Our Promoters have applied for but not obtained registrations in connection with protection of the aforesaid trademarks and logos. There can be no assurance that our Promoters would be able to obtain registrations of the aforesaid logos and trademarks under each or all of the classes. Once such trademarks and/or logos are registered we intend to enter into an agreement with our Promoters for the use of such logos and/or trademarks. For further details, see section titled “*Risk Factors*” on page 19.

Property

Our registered office is at Muthoot Centre, Punnen Road, Trivandrum 695 034, which is being used by us on a leasehold basis. As of March 31, 2014, we had 3,831 branches across India. We typically enter into lease agreements for these strategic business unit and branch locations. If these leases are not renewed on a timely basis or at all, we do not think that relocating would materially and adversely affect our operations and profitability.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations summarised below are not exhaustive and are only intended to provide general information to investors and is neither designed nor intended to be a substitute for any professional legal advice.

Taxation statutes such as the Income Tax Act, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable Shops and Establishments statutes apply to the Company as they do to any other Indian company and therefore have not been detailed below. The following information is based on the current provisions of applicable Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The Company is registered with the RBI as a systemically important non-deposit taking non-banking finance company. Set out below are the significant regulations which affect our operations.

NBFC Regulations

The RBI Act

The RBI is entrusted with the responsibility of regulating and supervising the activities of NBFCs by virtue of powers vested on it pursuant to Chapter III B of the RBI Act. An NBFC under the RBI Act is defined as a financial institution which is a company or a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner or such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify. According to the RBI Act, a financial institution has been defined as a non-banking institution carrying on as its business or part of its business, amongst other activities, the financing, whether by way of making loans or advances or otherwise, of any activity, other than its own.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. The RBI has clarified 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 its principal business. The company will be treated as an NBFC if (a) its financial assets are more than 50% of its total assets (netted off by intangible assets); and (b) income from financial assets shall be more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act mandates that no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration. Such an NBFC must also have a net owned fund of ₹ 25 lakhs or such other amount not exceeding ₹ 200 lakhs.

NBFCs are primarily governed by the RBI Act, the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, the Prudential Norms, the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and the provisions of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Under Section 45 – IC of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is a NBFC-ND or not. Further, no appropriation can be made from the fund for any purpose by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such appropriation.

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, key differences. The most important distinctions are:

- a) NBFCs cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits;
- b) NBFCs are not permitted to issue negotiable instruments, such as cheques drawn on itself; and
- c) deposit insurance facility of deposit insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

Types of NBFCs

NBFCs are categorized (a) in terms of types of liabilities into deposit NBFCs and NBFCs-ND, (b) NBFCs-ND by their size into systemically important and other non-deposit holding companies and (c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are (a) asset finance companies, (b) investment companies, (c) loan companies, (d) infrastructure finance companies, (e) systemically important core investment companies, (f) infrastructure debt fund, (g) NBFC - micro finance institutions, and (h) NBFC – factors.

The Company has been classified as an NBFC-ND with further classification as a “loan company”. A loan company is an NBFC whose principal business is providing of finance whether by making loans or advances or otherwise for any activity other than its own.

Systemically Important NBFC-ND

All NBFCs-ND with an asset size of ₹ 10,000 lakhs or more according to the last audited balance sheet will be considered as a NBFC-ND-SI. The RBI by a notification dated June 4, 2009 has clarified that once an NBFC reaches an asset size of ₹ 10,000 lakhs or above, it shall come under the regulatory requirement for NBFC-ND-SI, despite not having such assets on the date of the last balance sheet. All systemically important NBFCs are required to maintain a minimum capital to risk-weighted assets ratio (“**CRAR**”) of 15%.

Prudential Norms

The Prudential Norms, amongst other requirements prescribe guidelines on NBFCs-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit or investments and norms relating to infrastructure loans.

Asset Classification

The Prudential Norms require that every NBFC-ND 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 (a) standard assets, (b) sub-standard assets, (c) doubtful assets and (d) loss assets. A class of assets is not entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions.

Provisioning Requirements

A NBFC-ND, after taking into account the time lag between an account becoming non performing, its recognition, the realization of the security and erosion overtime in the value of the security charged, shall make provisions against standard assets, sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms.

Disclosure Requirements

An NBFC-ND is required to separately disclose in its balance sheet the provisions made in terms of the provisioning requirements under the Prudential Norms without netting them from the income or against the value of the assets.

These provisions shall be distinctly indicated under separate heads of accounts and shall not be appropriated from the general provisions and loss reserves held, if any, by the NBFC.

Exposure Norms

The Prudential Norms prescribe credit exposure limits for financial institutions in respect of the loans granted and investments undertaken by a NBFC-ND-SI. An NBFC-ND-SI shall not lend money exceeding 15% of its Owned Fund to any single borrower and the lending to any single group of borrowers shall not exceed 25% of the NBFC-ND-SI's Owned Fund. As regards investments, an NBFC-ND-SI shall not invest in the shares of a company exceeding 15% of its Owned Fund, while the investment in the shares of a single group of companies shall not exceed 25% of its Owned Fund.

The loans and investments of NBFC-ND-SI taken together shall not exceed 25% of its Owned Fund to or in a single party and 40% of its Owned Fund to or in a single group of parties. However, this prescribed ceiling shall not be applicable to an NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Further, an NBFC-ND-SI, which is classified as asset finance company, may in exceptional circumstances, exceed the above ceilings on credit/ investment concentration to a single party or a single group of parties by 5% of its Owned Fund, with the approval of its board of directors. 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. Further, every NBFC-ND-SI is required to formulate a policy in respect of exposures to a single party or a single group of parties.

Capital Adequacy Norms

In general, every NBFC-ND-SI shall maintain a minimum capital ratio consisting of Tier I capital and Tier II capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. The total of the Tier II capital of a NBFC-ND shall not exceed 100% of the Tier I capital. The RBI has prescribed that NBFCs primarily engaged in lending against gold jewellery (which will include the Company) have to maintain a minimum Tier I capital of 12% from April 1, 2014.

Loan-to-Value Guidelines

The RBI, *vide* notification dated March 21, 2012 has amended the Prudential Norms to direct all NBFCs to:

- a) maintain a loan-to-value ratio not exceeding 60% for loans granted against the collateral of gold jewellery; and
- b) disclose in their balance sheet the percentage of such loans to their total assets.

The RBI has by way of notification dated January 8, 2014 has revised the above mentioned Loan to Value ratio to 75% from 60% in line with the recommendations of the K. U. B. Rao Committee. Further, NBFC's are also required not to grant any advance against bullion/ primary gold and gold coins. The RBI has further clarified by way of notification dated May 27, 2013, that no advances should be granted by NBFCs for purchase of gold in any form, including primary gold, gold bullion, gold jewellery, gold coins, units of gold exchange traded funds and units of gold mutual funds.

Reporting

According to the Prudential Norms, an NBFC-ND is required to furnish the following information to the Regional Office of the Department of Non-Banking Supervision of the RBI within one month of the occurrence of any change: (a) complete postal address, telephone/fax number of the registered/corporate office, (b) name and residential address of the directors of the company, (c) names and official designations of its principal officers, (d) names and office address of its auditors, and (e) specimen signatures of the officers authorised to sign on behalf of the company.

Further, all NBFC-NDs 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.

Fair Practices Code

The RBI has prescribed broad guidelines towards a fair practices code in relation to internal principles and procedures in determining interest rates and an NBFC's conduct with its borrowers which are consolidated under the Master Circular - Fair Practices Code dated July 1, 2014 which requires that the fair practices code of each NBFC be published and disseminated on its website. Among others, the code prescribes the following requirements to be adhered to by NBFCs:

- a) inclusion of necessary information affecting the interests of the borrower in the loan application form;
- b) devising a mechanism to acknowledge receipt of loan applications and establishing a time frame within which such loan applications are to be dealt with;
- c) conveying, in writing to the borrower the terms of the loan sanctioned. The acceptance of such terms shall be kept on record by the NBFC;
- d) giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively;
- e) refraining from interfering in the affairs of the borrowers except for the purposes provided in the terms and conditions of the loan agreement;
- f) not resorting to undue harassment in the matter of recovery of loans, and an appropriate grievance redressal mechanism for resolving disputes in this regard is to be established;
- g) periodical review of the compliance of the fair practices code and the functioning of the grievances redressal mechanism at various levels of management, a consolidated report whereof may be submitted to the board of directors; and
- h) adoption of an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. Further, the rate of interest has to be an annualised rate so that the borrower is aware of the exact rates charged to.

In addition to the above, NBFCs lending to individuals against gold jewellery, shall:

- a) put in place a policy approved by the board of directors for lending against gold that shall, *inter alia*, cover the following:
 - adequate steps to ensure that the KYC requirements stipulated by the RBI are complied with and to ensure that adequate due diligence is carried out on the customer before providing any loan;
 - proper examination procedure for the jewellery received;
 - internal systems to satisfy ownership of the gold jewellery;
 - putting in place adequate storage systems for storing the jewellery in safe custody, ongoing review of the systems, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. As a policy, loans against the collateral of gold should not be extended by branches that do not have appropriate facility for storage of the jewellery;
 - jewellery accepted as collateral shall be appropriately insured;
 - policy in relation to auction of jewellery in case of non-repayment shall be transparent and adequate prior notice to the borrower shall be given before the auction date. It shall also lay down the auction procedure that will be followed. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities;

- auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper;
- as a policy the NBFCs themselves shall not participate in the auctions held;
- gold pledged will be auctioned only through auctioneers approved by the board of directors;
- policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval; and

b) loan agreement shall also disclose details regarding auction procedure.

In addition, all NBFCs are required to display prominently, for the benefit of their customers, at their branches or places where business is transacted, the details of the grievance redressal officer and regional office of the RBI and the grievance redressal mechanism followed by the NBFC.

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, 2014. According to the above Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting the criteria of asset base of ₹ 10,000 lakhs (whether accepting or holding public deposits or not) or holding public deposits of ₹ 2,000 lakhs or more (irrespective of their asset size) according to their audited balance sheet as of 31 March 2001 will be required to put in place the ALM system. The ALM system rests on the functioning of ALM information systems within the NBFC, ALM organization including an asset liability committee and ALM support groups, and the ALM process includes liquidity risk management, management of marketing risk, funding and capital planning, profit planning and growth projection, and forecasting/ preparation of contingency plans. It has been provided that the management committee of the board of directors or any other specific committee constituted by the board of directors shall oversee the implementation of the system and review its functioning periodically. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days time-bucket, shall not exceed the prudential limit of 15% of outflows of each time-bucket and the cumulative gap of up to one year shall 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 shall be shown by a footnote in the relevant statement.

KYC Guidelines

The RBI has issued a Master Circular dated July 1, 2014 pertaining to KYC guidelines (“**KYC Guidelines**”) and advised all NBFCs to adopt such guidelines with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and anti-money laundering measures is put in place. The KYC Guidelines are required to have certain key elements such as customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC Guidelines by the persons authorised by the NBFCs’ and including brokers/ agents, due diligence of persons authorised by the NBFCs and customer service in terms of identifiable contact with persons authorised by NBFCs.

Anti Money Laundering

The Prevention of Money Laundering Act, 2002 (“**PMLA**”) was enacted to prevent money-laundering and to provide for confiscation of property derived from or involved in, money-laundering and for matters connected therewith or incidental thereto. The GoI under PMLA has issued the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended (“**PML Rules**”). PMLA and PML Rules extends to all banking companies, financial institutions, including NBFCs and intermediaries.

The RBI has issued a Master Circular dated July 1, 2014 to ensure that a proper policy framework for the PMLA and PML Rules is put into place. 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.

All NBFCs are required to develop 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. Further, NBFCs shall exercise ongoing due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and where necessary, the source of funds.

Additionally, NBFCs shall ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

Corporate Governance Guidelines

To enable NBFCs to adopt best practices and greater transparency in their operations, the RBI has prescribed corporate governance guidelines in the Master Circular on Corporate Governance dated July 1, 2014. All NBFCs-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and a risk management committee and certain other norms in connection with disclosure, transparency and connected lending.

Ratings of NBFCs

Pursuant to the RBI circular dated February 4, 2009 all NBFCs with an assets size of ₹ 10,000 lakhs and above are required to provide, at the relevant regional office of the RBI within whose jurisdiction the registered office of the NBFC is functioning, information relating to the downgrading or upgrading of any financial products issued by it within 15 days of such change.

Financing of NBFCs by banks

The RBI has issued guidelines in 2006 on the relationship of banks with NBFCs-ND-SI. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (a) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (b) unsecured loans or corporate deposits by NBFCs to any company; (c) investments by NBFCs both of current and long term nature, in any company; (iv) further lending to individuals for the purpose of subscribing to an initial public offer.

The RBI has issued further guidelines in 2012 whereby it has instructed banks to (i) reduce their regulatory exposure to a single NBFC which is predominantly engaged in lending against collateral of gold jewellery (i.e. such loans comprising 50% or more of their financial assets), from 10% to 7.5% of their capital funds; and (ii) have an internal sub-limit on their aggregate exposure to all NBFCs having gold loans to the extent of 50 per cent or more of their total financial assets. The exposure ceiling mentioned in point (i) may however be maintained at 12.5% of a bank's capital funds if the additional exposure of 5% is on account of funds on-lent by such NBFCs to the infrastructure sector.

Enhancement of Capital Funds Raising Option

NBFCs-ND-SI have been permitted to augment their capital funds by issuing PDIs in accordance with the prescribed guidelines provided under the RBI circular dated October 29, 2008. PDIs will be eligible for inclusion as Tier I capital to the extent of 15% of the total Tier I capital as on March 31 of the previous accounting year. Any amount in excess of the amount admissible as Tier I capital will qualify as Tier II capital within the eligible limits. The minimum investment in each issue by any single investor shall not be less than ₹ 5 lakhs. It has been clarified that the amount of funds so raised shall not be treated as public deposits.

Raising Money through Private Placement by NBFCs

Pursuant to the circular dated June 27, 2013, the RBI has issued guidelines on “Private Placement by NBFCs”. Some of the key points are as follows:-

- a) An NBFC shall only issue debentures for deployment of funds on its own balance sheet and not to facilitate resource requests of group entities/ parent company / associates.
- b) Private placement by all NBFCs shall be restricted to not more than 49 investors, identified upfront by the NBFC.
- c) The minimum subscription amount for a single investor shall be ₹ 25 lakhs and in multiples of ₹ 10 lakhs thereafter.
- d) There should be a minimum time gap of at least six months between two private placements.
- e) An NBFC shall not extend loans against the security of its own debentures (issued either by way of private placement or public issue).
- f) NBFCs shall ensure that at all points of time the debentures issued (by private placement or public issue), including short term non convertible debentures, are fully secured. Therefore in case, at the stage of issue, the security cover is insufficient /not created, the issue proceeds shall be placed under escrow until creation of security, which in any case should be within one month from the date of issue.

In furtherance to the above circular, the RBI has clarified, by way of circular dated July 2, 2013, that the instruction with regard to minimum gap of six months between two successive issuances of privately placed debentures may not be operationalized immediately and a decision in this regard will be taken by the RBI in due course.

Lending against security of single product – gold jewellery

Pursuant to the circular dated September 16, 2013, the RBI has issued guidelines as outlined below pursuant to the recommendations of the Working Group to Study the Issues related to Gold Imports under the chairmanship of Shri K.U.B Rao:

- a) 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 of the gold jewellery. Further, no new branches can be opened without suitable storage arrangements having been made thereat;
- b) Existing NBFCs having more than 1,000 branches shall have to approach the RBI for prior approval for any further branch expansion;
- c) In order to standardize the valuation and make it more transparent to the borrower, gold jewellery accepted as collateral shall have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by The Bombay Bullion Association Ltd. (“**BBA**”). While accepting the gold as collateral, the NBFC should give in writing to the borrower, on their letter head giving the purity (in terms of carats) and weight of the gold. If the gold is of purity less than 22 carats, the NBFC should translate the collateral into 22 carat and state the exact grams of the collateral. In other words, jewellery of lower purity of gold shall be valued proportionately. It was reiterated that Loan to Value would continue to remain at 60%;

- d) 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;
- e) The following additional stipulations have been made with respect to auctioning of pledged gold jewellery:
 - (i) auction should be conducted in the same town or taluka in which the branch that has extended the loan is located;
 - (ii) 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 BBA and value of the jewellery of lower purity in terms of carats should be proportionately reduced;
 - (iii) 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; and
 - (iv) 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.
- f) NBFCs must insist on a copy of the PAN Card of the borrower for all transaction above ₹ 5 lakhs;
- g) High value loans of ₹ one lakh and above must only be disbursed by cheque; and
- h) NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

The RBI has by way of notification dated January 8, 2014 has revised the above mentioned Loan to Value ratio to 75% from 60% in line with the recommendations of the K. U. B. Rao Committee.

Foreign Investment Regulations

Foreign Direct Investment

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act, 1999, as amended from time to time, (“**FEMA**”) and the rules, regulations and notifications thereunder, read with the presently applicable consolidated FDI Policy.

The RBI, in exercise of its powers under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (“**FEMA Regulations**”) to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India.

FDI is permitted, except in certain 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. Under the approval route, prior approval from the FIPB or the RBI is required. FDI for the items/ activities that cannot be brought in under the automatic route may be brought in through the approval route.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI will continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issue price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

Intellectual property regulations

The Trade Marks Act 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. The Trade Marks (Amendment) Act, 2010 and the Trade Marks (Amendment) Rules, 2013 have been notified and have come into force from July 8, 2013. The amendment act allows accession to the protocol relating to the Madrid agreement concerning the international registration of marks adopted at Madrid on June 27, 1989, as amended from time to time, which provides for a system for international registration of trade marks. It also empowers the registrar of trade marks to deal with international applications and maintain a record of international registrations.

Employment related laws

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

The Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

HISTORY AND CERTAIN CORPORATE MATTERS

The Company was originally incorporated as a public limited company known as Muthoot Debt Management Services Limited, pursuant to receipt of a certificate of incorporation dated June 10, 1997, from the ROC. The Company received a certificate for commencement of business on June 10, 1997. Subsequently, the name of the Company was changed to Muthoot Fincorp Limited and a fresh certificate of incorporation dated March 19, 2002 was issued to the Company by the ROC. The Company was registered as a non-deposit accepting NBFC with the RBI pursuant to the certificate of registration No. 16.00170 dated July 23, 2002 issued by the RBI under Section 45 IA of the RBI Act.

Muthoot Finance Limited is neither a related company nor is it a company under the same management as the Company.

Changes in Registered Office

There has been no change in the Registered Office of the Company since the Company was incorporated.

Main objects of the Company

The main objects of the Company, as contained in the Memorandum of Association are:

1. To carry on the business of a loan company as per RBI guidelines and to carry on and undertake financing by way of giving loans and/or advances and financing otherwise of the activities of others and to receive money on deposits at interest or otherwise for fixed periods as prescribed from time to time by RBI.
2. To carry on the business of money lending in accordance with the RBI guidelines and other applicable laws in force and also giving loans and advances to the weaker sections of the society at preferential rate of interest subject to the ceiling fixed from time to time as prescribed by the RBI, but the Company shall not carry on the business of banking as defined in The Banking Regulation Act, 1949.
3. To carry on the business as authorised dealer, money changer, offshore banker or any other person for the time being 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 RBI.
4. To take over as going concern, the business of the partnership firms, Muthoot Bankers with their assets and liabilities, manage their affairs and dissolve the firms after the takeover.

The main objects clause and the objects incidental or ancillary to the main objects of the Memorandum of Association enable the Company to undertake its existing activities and the activities for which the funds are being raised through the Issue.

Holding Company

The Company does not have a holding company.

Subsidiaries

As on the date of the Draft Prospectus, the Company has the following subsidiaries:

1. **Muthoot Housing Finance Company Limited (“MHFCL”)**

MHFCL was incorporated pursuant to a certificate of incorporation dated March 5, 2010 and obtained a certificate of commencement of business dated June 1, 2011, issued by the Registrar of Companies, Kerala and Lakshwadeep. It obtained a certificate of registration dated February 11, 2011, from the National Housing Bank, to commence the business of a housing finance institution, without accepting public deposits. The registered office of MHFCL is situated at TC No. 14/2074 – 7, Muthoot Centre, Pennen Road, Thiruvananthapuram 695 034.

Shareholding pattern:

S. No.	Name of Shareholder	No. of equity shares held	Percentage of issued equity share capital
1.	Thomas John Muthoot	4,297,885	11.12
2.	Thomas George Muthoot	4,297,890	11.12
3.	Thomas Muthoot	4,297,890	11.12
4.	Preethi John Muthoot	3,265	0.01
5.	Nina George	3,265	0.01
6.	Remmy George	3,265	0.01
7.	Muthoot Fincorp Limited	25,751,540	66.62
	Total:	38,655,000	100

Board of directors:

The board of directors of MHFCL comprises of the following persons:

- (i) Thomas Muthoot, Managing Director;
- (ii) Thomas John Muthoot;
- (iii) Thomas George Muthoot; and
- (iv) R. Kamalasanan Nair

2. Muthoot Microfin Limited (formerly ‘Panchratna Securities Limited’) (“MMFL”)

Panchratna Securities Limited was originally incorporated as Panchratna Stock and Investment Consultancy Services Private Limited pursuant to a certificate of incorporation dated April 6, 1992. The name of Panchratna Stock and Investment Consultancy Services Private Limited was changed to Panchratna Stock and Investment Consultancy Services Limited pursuant to the fresh certificate of incorporation dated June 9, 1994. Subsequently, the name of Panchratna Stock and Investment Consultancy Services Limited was changed to Panchratna Securities Limited pursuant to the fresh certificate of incorporation dated June 22, 1994. As a part of its diversification programme and to offer more impetus to its micro finance business, the Company acquired a majority equity holding in Panchratna Securities Limited in September 2012. Subsequently, the name of Panchratna Securities Limited was changed to MMFL and a fresh certificate of incorporation dated November 6, 2012 was issued by the Registrar of Companies, Mumbai. The registered office of MMFL is situated at 13th floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400 051.

Panchratna Securities Limited was registered as an NBFC with the RBI pursuant to the certificate of registration No. 13.00365 dated March 18, 1998 issued by the RBI under Section 45 IA of the RBI Act. MMFL has applied for an approval of the change in name and registration as an NBFC - micro finance institution with the RBI and is awaiting the same.

Shareholding pattern:

S. No.	Name of Shareholder	No. of equity shares held	Percentage of issued equity share capital
1.	Thomas Muthoot	63,900	1.16
2.	Thomas John Muthoot	57,000	1.04
3.	Thomas Geoge Muthoot	56,500	1.03
4.	Remmy Thomas	36,000	0.65
5.	Preethi John	43,000	0.78
6.	Nina George	43,600	0.79

S. No.	Name of Shareholder	No. of equity shares held	Percentage of issued equity share capital
7.	Muthoot Fincorp Ltd	52,00,000	94.55
	Total:	55,00,000	100.00

Board of directors:

The board of directors of MMFL comprises of the following persons:

- (i) Mr. George Lamannil;
- (ii) Mr. Maneesh Srivastava; and
- (iii) Mr. Sabu Zacharias.

3. Muthoot Pappachan Technologies Limited (formerly Muthoot Pappachan Technologies Private Limited) (“MPTL”)

MPTL was originally incorporated as a private company pursuant to the certificate of incorporation dated November 16, 2012, issued by the Registrar of Companies, Kerala and Lakshwadeep. Subsequently, upon conversion to a public company, the name of Muthoot Pappachan Technologies Private Limited was changed to MPTL and a fresh certificate of incorporation dated July 5, 2013 was obtained from the Registrar of Companies, Kerala and Lakshwadeep.

Shareholding pattern:

S. No.	Name of Shareholder	No. of equity shares held	Percentage of issued equity share capital
1.	Thomas John Muthoot	3,334	6.668
2.	Thomas George Muthoot	3,333	6.666
3.	Thomas Muthoot	3,333	6.666
4.	Preethi John Muthoot	3,333	6.666
5.	Nina George	3,333	6.666
6.	Remmy Thomas	3,334	6.668
7.	Muthoot Fincorp Limited	30,000	60
	Total:	50,000	100.00

Board of directors:

The board of directors of MPTL comprises of the following persons:

- (i) Thomas Muthoot;
- (ii) Thomas John Muthoot; and
- (iii) Thomas George Muthoot.

Joint Ventures, Associate Companies and Investments

A list of associates of the Company as on the date of the Draft Prospectus is as follows:

Name of the Entity	Registered Address	Activity undertaken by the entity
Companies		

	Name of the Entity	Registered Address	Activity undertaken by the entity
Companies			
1.	Alaska Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A -2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
2.	Bamboo Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A -2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
3.	Buttercup Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A -2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
4.	Calypso Agri Development and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
5.	Cinnamon Agri Development and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
6.	Double Tails Agri Development and Hospitalities Private Limited*	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
7.	El Toro Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
8.	Emmel Realtors and Developers Private Limited	Muthoot Centre, Punnen Road, Trivandrum 695 034	Non-operational
9.	Fireworks Agri Development and Hospitalities Private Limited*	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
10.	Flame Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
11.	Fox Bush Agri Development and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
12.	Goblin Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
13.	Jungle Cat Agri Development and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
14.	LM Realtors Private Limited	Muthoot Centre, Punnen Road, Trivandrum, Kerala - 695 034	Non-operational
15.	Linden Agri Ventures and Hospitalities Private Limited*	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
16.	Mandarin Agri Ventures and	First Floor, Door # F - 2/A - 2, Sector -	Non-operational

	Name of the Entity	Registered Address	Activity undertaken by the entity
Companies			
	Hospitalities Private Limited	9, Vashi, Navi Mumbai 407 003	
17.	Mariposa Agri Ventures and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2 Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
18.	MPG Hotels and Infrastructure Ventures Private Limited (formerly Muthoot Hotels & Infrastructure Ventures Private Limited)	Muthoot Centre, Punnen Road, Trivandrum 695 034	Hotels, Restaurant, Infrastructure, Flight Kitchen, Real estate and IT Park
19.	Musk Agri Ventures and Hospitalities Private Limited*	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
20.	Muthoot Agri Development and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
21.	Muthoot Agri Projects and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Real estate projects
22.	Muthoot Agri Ventures and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
23.	Muthoot Apt Ceramics Limited	Muthoot Towers, M.G Road, Ernakulam 682 035	Non operational
24.	Muthoot Automobiles Solutions Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695 034	Automotive Dealerships
25.	Muthoot Automotive (India) Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695 034	Automotive Dealerships
26.	Muthoot Buildtech (India) Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695 034	Non-operational
27.	Muthoot Capital Services Limited	Muthoot Towers, M.G Road, Ernakulam 682 035	Retail two and three wheeler Loans
28.	Muthoot Equities Limited	5th Floor, Muthoot Towers, M.G Road, Ernakulam 682 035	Investment/ trading in securities, broking activities
29.	Muthoot Exim Private Limited	Muthoot Towers, M.G Road, Ernakulam 682 035	Sale of Jewellery
30.	Muthoot Holdings Private Limited	1st Floor, Door No: 1500/1, Sri. Lakshmi Complex, Kammanhalli Main Road, St.Thomas Town P.O, Bengaluru 560 084	Non-operational

	Name of the Entity	Registered Address	Activity undertaken by the entity
Companies			
31.	Muthoot Hotels Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695 034	Hospitality
32.	Muthoot Infrastructure Private Limited (formerly Muthoot Infrastructure Limited)	Muthoot Centre, Punnen Road, Trivandrum 695 034	Non-operational
33.	Muthoot Kuries Private Limited	1st Floor, Door No: 1500/1, Sri. Lakshmi Complex, Kammanhalli Main Road, St.Thomas Town P.O, Bangalore 560 084	Chitties
34.	Muthoot Land and Estates Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695 034	Non-operational
35.	Muthoot Motors Private Limited	Muthoot Shopping Arcade, Ulloor, Trivandrum 695 011	Automobile dealership
36.	Muthoot Pappachan Chits (India) Private Limited	Muthoot Centre, Punnen Road, Trivandrum 695 034	Chits
37.	Muthoot Pappachan Medicare Private Limited	Muthoot Centre, Punnen Road, Trivandrum 695 034	Hospital
38.	Muthoot Properties (India) Private Limited	T.C # 14/2074 - 7, Muthoot Centre, Punnen Road, Trivandrum 695034	Non-operational
39.	Muthoot Risk Insurance and Broking Services Private Limited	1st Floor, Door No:1500/1, Sri. Lakshmi Complex, Kammanhalli Main Road, St.Thomas Town P.O, Bangalore 560 084	Insurance
40.	Palakkad Infrastructure Private Limited	Bhavna, GC Nagar-123, Opp. Concordia UP School, Peroorkada P.O., Trivandrum 695 005	Non-operational
41.	Pine Pink Agri Ventures and Hospitalities Private Limited	First Floor, Door # F - 2/A - 2, Sector - 9, Vashi, Navi Mumbai 407 003	Non-operational
42.	The Right Ambient Resorts Private Limited	Kadaloram Beach Road, GV Raja Road, Kovalam, Trivandrum 695 527	Non-operational
Partnerships/ LLPs			
43.	MPG Air Catering LLP*	TC 2/460-4, Ulloor, Muthoot Building, Trivandrum 695 011	Non-operational
44.	MPG Apex Management LLP	TC 2/460-4, Ulloor, Muthoot Building, Trivandrum 695 011	Non-operational
45.	MPG Asset Management LLP*	TC 2/460-4, Ulloor, Muthoot Building,	Non-operational

	Name of the Entity	Registered Address	Activity undertaken by the entity
Companies			
		Trivandrum 695 034	
46.	MPG Automobiles LLP	TC 2/460-4, Ulloor, Muthoot Building, Trivandrum 695 011	Non-operational
47.	MPG Hospitality LLP*	TC 2/460-4, Ulloor, Muthoot Building, Trivandrum 695 011	Non-operational
48.	MPG Land and Estate LLP*	TC 2/460-4, Ulloor, Muthoot Building, Trivandrum 695 011	Non-operational
49.	MPG Land Developers LLP*	TC 2/460-4, Ulloor, Muthoot Building, Trivandrum 695 011	Non-operational
50.	MPG Real Estate LLP*	TC 2/460-4, Ulloor, Muthoot Building, Trivandrum 695 011	Non-operational
51.	Muthoot Cine Enterprises	Over Bridge, Thampanoor, Trivandrum – 695 036	Cine exhibition
52.	Muthoot Estate Investments	Muthoot Centre, Punnen Road, Trivandrum 695 034	Real estate and infrastructure
53.	Muthoot Finance Company	TC 9/2150(1), Sasthamangalam P.O, Trivandrum 695 010	Non-operational
54.	Muthoot Insurance Services	Muthoot Centre, Punnen Road, Trivandrum 695 034	Insurance
55.	Muthoot Motors (Cochin)	The Grande, Near KSEB, Palarivattom, Cochin 682 025	Automobile dealership
56.	Muthoottu Bankers	Muthoot Centre, Punnen Road, Trivandrum 695 034	Finance

* The entity is in the process of being wound-up. The approval of the relevant registrar of companies is awaited in this regards.

Material Agreements

1. Agreement dated February 2, 2011 and the addendum agreement dated May 7, 2013 with Muthoot Capital Services Limited (“MCSL”) for providing branch network and infrastructural facilities for MCSL’s business.

Pursuant to the aforementioned agreement, the Company has permitted MCSL to use the branch network and infrastructure of the Company in connection with its business, *inter alia*, consisting of providing loans against gold, two and three wheeler vehicles, sale of third party products such as insurance products and acceptance of money against secured debentures. The Company is entitled to a specified percentage of MCSL’s gold loans and debentures outstanding on an average daily basis for each month which are transacted through the Company’s branches, two and three wheeler loans and auto loans collected. The period of the agreement is for five years commencing February 2, 2011 and is extendable by mutual agreement. Either party would have the right to terminate the agreement by giving three months notice in

writing.

2. Agreement dated April 1, 2011, supplementary agreement dated November 1, 2012 and the addendum dated May 7, 2013 with Muthoot Exim Private Limited (“MEPL”) for providing branch network and infrastructural facilities for MEPL’s business

Pursuant to the aforementioned agreement, our Company has permitted MEPL to use the branch network and infrastructure of the Company in connection with MEPL’s business of selling items owned/produced/manufactured or kept in lawful possession of MEPL as an agent and will also include gold jewellery/ precious metals. Our Company is entitled to receiving a specified percentage of the invoice price of each sale effected by MEPL using the branch network of the Company. The period of the agreement is for five years commencing from April 1, 2011 and is extendable by mutual agreement. Either party would have the right to terminate the agreement by giving three months notice in writing.

3. Franchisee agreement dated April 9, 2012 with MEPL for carrying on the business of restricted money changing

Pursuant to the aforementioned agreement, the Company has entered into a franchisee relationship whereby the Company will grant MEPL a non-exclusive license to carry on the business of restricted money changing i.e. conversion of foreign currency notes or travellers’ cheques into Indian rupees in accordance with the RBI circular dated March 9, 2009. MEPL is under an obligation to surrender its collections on a daily basis and in any event not later than seven days. The Company is under an obligation to pay a specified commission per transaction of purchase to MEPL. The agreement is valid up to April 8, 2015 and maybe renewed thereafter for a period of three years at a time. The Company has the right to terminate the agreement upon the occurrence of certain specific events or with a notice of 15 days to MEPL.

4. Agreement dated May 1, 2012 with Muthoot Kuries Private Limited (“MKPL”) for providing branch network and infrastructural facilities for MKPL’s business

Pursuant to the aforementioned agreement, our Company has agreed to permit MKPL use our branch network and infrastructure in connection with MKPL’s business of collecting chit installments. Our Company is entitled to receiving a specified percentage of the amount collected and the applicable taxes by MKPL for utilisation of the Company’s branch network and infrastructure facilities. The period of the aforesaid agreement is for five years commencing from May 1, 2012 and is extendable by mutual agreement. Either party would have the right to terminate the agreement by giving three months notice in writing to the other party.

5. Agreement dated October 1, 2012 with Muthoot Microfin Limited (formerly Panchratna Securities Limited (“PSL”), for providing branch network and operational facilities for PSL’s business

Pursuant to the aforementioned agreement, the Company has permitted MMFL to the use the branch network and infrastructure of the Company in connection with MMFL’s business of microfinance. Further, the Company has agreed to provide services through the Company’s branches for disbursement of loans to microfinance customers of MMFL, collection of receipts/ amounts from microfinance customers of MMFL and collection of processing fee, insurance and any other receipts of the MMFL connected with loan disbursement. The Company is entitled to receiving a specified percentage of the aggregate business done pursuant to the services provided by the Company. The period of the agreement is for 10 years commencing from October 1, 2012 and is extendable by mutual agreement. Either party would have the right to terminate the agreement by giving three months notice in writing.

6. Agreement dated February 1, 2013 with Muthoot Pappachan Chits (India) Private Limited (“MPCPL) for providing branch and infrastructural facilities for MPCPL’s business

Pursuant to the aforementioned agreement, the Company has permitted the usage of its branch network and other infrastructure facilities for the collection of chit instalments of MPCPL. MPCPL is required to pay a specified percentage of the amount collected plus applicable taxes to our Company in accordance with the agreement. The period of the agreement is for five years, commencing February 1, 2013. Either party

would have the right to terminate the agreement by giving three months notice in writing.

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of the affairs and business of the Company are vested in the Board of Directors. Currently, the Company has seven Directors on its Board.

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

Name, Designation, DIN, Age, Nationality and Director of the Company Since	Address	Other Directorships
<p>Mr. Thomas John Muthoot*</p> <p>Designation: Chairman and Managing Director</p> <p>Director of the Company Since: June 10, 1997</p> <p>DIN: 00011618</p> <p>Nationality: Indian</p> <p>Age: 51 years</p>	<p>TC 4/1008, (1), Kawdiar Kawdiar, PO, Trivandrum 695 003, Kerala, India</p>	<ol style="list-style-type: none"> 1. MPG Hotels and Infrastructure Ventures Private Limited 2. Alaska Agri Projects and Hospitalities Private Limited 3. Bamboo Agri Projects and Hospitalities Private Limited 4. Buttercup Agri Projects and Hospitalities Private Limited 5. Calypso Agri Development and Hospitalities Private Limited 6. Cinnamon Agri Development and Hospitalities Private Limited 7. Double Tails Agri Development and Hospitalities Private Limited*** 8. El Toro Agri Projects and Hospitalities Private Limited 9. EMMEL Realtors and Developers Private Limited 10. Fireworks Agri Development and Hospitalities Private Limited*** 11. Flame Agri Projects and Hospitalities Private Limited 12. Fox Bush Agri Development and Hospitalities Private Limited 13. Goblin Agri Projects and Hospitalities Private Limited 14. Jungle Cat Agri Development and Hospitalities Pvt. Ltd. 15. LM Realtors Private Limited 16. Linden Agri Ventures and Hospitalities

Name, Designation, DIN, Age, Nationality and Director of the Company Since	Address	Other Directorships
		<p>Private Limited***</p> <p>17. Mandarin Agri Ventures and Hospitalities Private Limited</p> <p>18. Mariposa Agri Ventures and Hospitalities Private Limited</p> <p>19. Musk Agri Ventures and Hospitalities Private Limited***</p> <p>20. Muthoot Agri Development and Hospitalities Private Limited</p> <p>21. Muthoot Agri Projects and Hospitalities Private Limited</p> <p>22. Muthoot Agri Ventures and Hospitalities Private Limited</p> <p>23. Muthoot APT Ceramics Limited</p> <p>24. Muthoot Automotive (India) Private Limited</p> <p>25. Muthoot Automobile Solutions Private Limited</p> <p>26. Muthoot Buildtech (India) Private Limited</p> <p>27. Muthoot Capital Services Limited</p> <p>28. Muthoot Equities Limited</p> <p>29. Muthoot Holdings Private Limited</p> <p>30. Muthoot Hotels Private Limited</p> <p>31. Muthoot Housing Finance Company Limited</p> <p>32. Muthoot Infrastructure Private Limited</p> <p>33. Muthoot Land and Estates Private Limited</p> <p>34. Muthoot Motors Private Limited</p> <p>35. Muthoot Pappachan Medicare Pvt. Ltd.</p> <p>36. Muthoot Pappachan Technologies Limited</p> <p>37. Muthoot Properties (India) Private Limited</p> <p>38. Muthoot Risk Insurance and Broking Services Private Limited</p>

Name, Designation, DIN, Age, Nationality and Director of the Company Since	Address	Other Directorships
		39. Palakkad Infrastructure Private Limited 40. Pine Pink Agri Ventures and Hospitalities Private Limited 41. The Right Ambient Resorts Private Limited
Mr. Thomas George Muthoot* Designation: Director Director of the Company Since: June 10, 1997 DIN: 00011552 Nationality: Indian Age: 51 years	Muthoot Towers, College Road, P.O.M G Road, Ernakulam 682 035, Kerala, India	1. Muthoot Capital Services Limited 2. Muthoot Hotels Private Limited 3. Alaska Agri Projects and Hospitalities Private Limited 4. Bamboo Agri Projects and Hospitalities Private Limited 5. Buttercup Agri Projects and Hospitalities Private Limited 6. Calypso Agri Development and Hospitalities Private Limited 7. Cinnamon Agri Development and Hospitalities Private Limited 8. Double Tails Agri Development and Hospitalities Private Limited*** 9. El Toro Agri Projects and Hospitalities Private Limited 10. Finance Companies' Association (India) 11. Fireworks Agri Development and Hospitalities Private Limited*** 12. Flame Agri Projects and Hospitalities Private Limited 13. Fox Bush Agri Development and Hospitalities Private Limited 14. Goblin Agri Projects and Hospitalities Private Limited 15. Jungle Cat Agri Development and Hospitalities Private Limited 16. L.M Realtors Private Limited 17. Linden Agri Ventures and Hospitalities Private Limited***

Name, Designation, DIN, Age, Nationality and Director of the Company Since	Address	Other Directorships
		18. Mandarin Agri Ventures and Hospitalities Private Limited 19. Mariposa Agri Ventures and Hospitalities Private Limited 20. MPG Hotels and Infrastructure Ventures Private Limited 21. Musk Agri Ventures and Hospitalities Private Limited*** 22. Muthoot Agri Development and Hospitalities Private Limited 23. Muthoot Agri Projects and Hospitalities Private Limited 24. Muthoot Agri Ventures and Hospitalities Private Limited 25. Muthoot APT Ceramics Limited 26. Muthoot Automotive (India) Private Limited 27. Muthoot Automobile Solutions Private Limited 28. Muthoot Buildtech (India) Private Limited 29. Muthoot Equities Limited 30. Muthoot Holdings Private Limited 31. Muthoot Housing Finance Company Limited 32. Muthoot Infrastructure Private Limited 33. Muthoot Land and Estates Private Limited 34. Muthoot Motors Private Limited 35. Muthoot Pappachan Medicare Private Limited 36. Muthoot Pappachan Technologies Limited 37. Muthoot Properties (India) Private Limited 38. Muthoot Risk Insurance and Broking Services Private Limited 39. Palakkad Infrastructure Private Limited 40. Pine Pink Agri Ventures and Hospitalities

Name, Designation, DIN, Age, Nationality and Director of the Company Since	Address	Other Directorships
		Private Limited 41. The Right Ambient Resorts Private Limited
<p>Mr. Thomas Muthoot*</p> <p>Designation: Executive Director</p> <p>Director of the Company Since: June 10, 1997</p> <p>DIN: 00082099</p> <p>Nationality: Indian</p> <p>Age: 47</p>	Muthoot Towers, 6 th Floor, M.G. Road, Opp. Abad Plaza, Ernakulam 682035, Kerala, India	<p>1. Muthoot Housing Finance Company Limited</p> <p>2. Alaska Agri Projects and Hospitalities Private Limited</p> <p>3. Bamboo Agri Projects and Hospitalities Private Limited</p> <p>4. Buttercup Agri Projects and Hospitalities Private Limited</p> <p>5. Calypso Agri Development and Hospitalities Private Limited</p> <p>6. Cinnamon Agri Development and Hospitalities Private Limited</p> <p>7. Double Tails Agri Development and Hospitalities Private Limited***</p> <p>8. El Toro Agri Projects and Hospitalities Private Limited</p> <p>9. Fireworks Agri Development and Hospitalities Private Limited***</p> <p>10. Flame Agri Projects and Hospitalities Private Limited</p> <p>11. Fox Bush Agri Development and Hospitalities Private Limited</p> <p>12. Goblin Agri Projects and Hospitalities Private Limited</p> <p>13. Jungle Cat Agri Development and Hospitalities Private Limited</p> <p>14. Linden Agri Ventures and Hospitalities Private Limited***</p> <p>15. Mandarin Agri Ventures and Hospitalities Private Limited</p> <p>16. Mariposa Agri Ventures and Hospitalities Private Limited</p> <p>17. MPG Hotels and Infrastructure Ventures Private Limited</p>

Name, Designation, DIN, Age, Nationality and Director of the Company Since	Address	Other Directorships
		<p>18. Musk Agri Ventures and Hospitalities Private Limited***</p> <p>19. Muthoot Agri Development and Hospitalities Private Limited</p> <p>20. Muthoot Agri Projects and Hospitalities Private Limited</p> <p>21. Muthoot Agri Ventures and Hospitalities Private Limited</p> <p>22. Muthoot APT Ceramics Limited</p> <p>23. Muthoot Automobile Solutions Private Limited</p> <p>24. Muthoot Automotive (India) Private Limited</p> <p>25. Muthoot Buildtech (India) Private Limited</p> <p>26. Muthoot Capital Services Limited</p> <p>27. Muthoot Equities Limited</p> <p>28. Muthoot Holdings Private Limited</p> <p>29. Muthoot Hotels Private Limited</p> <p>30. Muthoot Infrastructure Private Limited</p> <p>31. Muthoot Land and Estates Private Limited</p> <p>32. Muthoot Motors Private Limited</p> <p>33. Muthoot Pappachan Medicare Private Limited</p> <p>34. Muthoot Pappachan Technologies Private Limited</p> <p>35. Muthoot Properties (India) Private Limited</p> <p>36. Muthoot Risk Insurance and Broking Services Private Limited</p> <p>37. Palakkad Infrastructure Private Limited</p> <p>38. Pine Pink Agri Ventures and Hospitalities Private Limited</p> <p>39. The Right Ambient Resorts Private Limited</p>

Name, Designation, DIN, Age, Nationality and Director of the Company Since	Address	Other Directorships
<p>Mr. Arrattukulam Peter Kurian</p> <p>Designation: Director*</p> <p>Director of the Company Since: January 30, 2007</p> <p>DIN: 00008022</p> <p>Nationality: Indian</p> <p>Age: 80 years</p>	<p>9, Friendship, 23rd Road, TPS III, Bandra (W), Mumbai 400 050, Maharashtra, India</p>	<ol style="list-style-type: none"> 1. Geojit BNP Paribas Financial Services Limited (formerly known as Geojit Financial Services Limited) 2. Muthoot Capital Services Limited 3. Granules India Limited 4. JPMorgan Asset Management India Private Limited
<p>Ms. Janamma Thomas</p> <p>Designation: Director</p> <p>Director of the Company Since: June 10, 1997</p> <p>DIN: 00483693</p> <p>Nationality: Indian</p> <p>Age: 81 years</p>	<p>Muthoottu House, Kozhencherry P.O., Pathanamthita 689 641, Kerala, India</p>	<p>Nil.</p>
<p>Mr. Kamalashan Ramakrishana Nair</p> <p>Designation: Director**</p> <p>Director of the Company Since: June 11, 2001</p> <p>DIN: 00631889</p> <p>Nationality: Indian</p> <p>Age: 75 years</p>	<p>25-167/ Sivanevash, Karekadu, Suchindaram 629 704, Tamil Nadu, India</p>	<ol style="list-style-type: none"> 1. Muthoot Capital Services Limited 2. Muthoot Housing Finance Company Limited
<p>Mr. Vikraman Ampalakkat</p> <p>Designation: Director**</p> <p>Director of the Company Since: October 21, 2007</p> <p>DIN: 01978341</p> <p>Nationality: Indian</p> <p>Age: 66 years</p>	<p>G-3 V B Royal Apartments, Elamakkara Road, Edappally, Kochi, 682 024, Kerala, India</p>	<ol style="list-style-type: none"> 1. ESAF Microfinance & Investments (P) Ltd 2. Samastha Microfinance Limited

* *Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot hold 41, 41 and 39 other directorships respectively. Pursuant to section 165 of the Companies Act, 2013, no person can hold office as a director, including any alternate directorship, in more than twenty companies at the same time. A person holding more than 20 directorships is mandated to ensure compliance with Section 165 within one year from commencement of the Companies Act, 2013 and inform the registrar of companies of the relevant jurisdiction.*

** *He is an independent Director and does not hold any equity shares in the Company or any Group entity.*

*** *The entity is in the process of being wound-up. The approval of the relevant registrar of companies is awaited in this regards.*

None of the Directors are on the RBI defaulter list and/or the Export Credit Guarantee Corporation defaulter list.

Brief Profiles

Mr. Thomas John Muthoot

Mr. Thomas John Muthoot, aged 51 years, is the Chairman and the Managing Director of the Company. He holds a bachelors degree in commerce from the University of Kerala. He has graduated in the OPM Programme at the Harvard Business School. He has to his credit more than 26 years of rich experience and exposure in all facets of non-banking financial services.

In recognition of his entrepreneurial talent in hospitality and of his professionalism in management, the Federation of Hotel and Restaurant Association of India (FHRAI) had honoured him with the prestigious “Young Hotel Entrepreneur Award” for the year 2006. In the year 2009, the Chamber of Commerce, Trivandrum had selected him as the “Business Man of the year” for his contribution to the Hospitality Sector. He is also the Vice Chairman, CII, Trivandrum zone and member of the CII State Council.

Mr. Thomas George Muthoot

Mr. Thomas George Muthoot, aged 51 years, holds a bachelors degree in commerce from University of Kerala. He is also the Managing Director of Muthoot Capital Services Limited and a director in the other companies under the “Muthoot Pappachan Group” engaged in hospitality, infrastructure, automotive, property and power generation. He has about 28 years of experience and exposure in various facets of non-banking financial services.

Mr. Thomas Muthoot

Mr. Thomas Muthoot aged 47 years leads the Muthoot Pappachan Group’s drive to introduce innovative and efficient loan products. He holds a bachelors degree in law from the University of Kerala. He has a keen understanding of consumer preferences and market nuances across India, resulting in the Group’s launch of various new financial products. His knowledge of emerging markets and their functions have been harnessed in structuring the business interests of the Group.

Muthoot Pappachan Group’s initiatives in the microfinance sector are spearheaded by Mr. Thomas Muthoot. One of his primary creations, Muthoot Mahila Mitra, is an unsecured loan programme aimed at women micro entrepreneurs. It offers women a better alternative to unauthorised money lenders. Muthoot Mahila Mitra is backed strongly by an entrepreneurship development programme for women. The programme known as Sthreejyoti is aimed at training women in general and cash management, in addition to offering sales and marketing skills. He was also instrumental in the Muthoot Pappachan Group’s foray into housing finance.

Mr. Arrattukkulam Peter Kurian

Mr. Arrattukkulam Peter Kurian, aged 80 years, holds a bachelors degree in commerce and a masters degree in economics and statistics from the University of Kerala. He has an experience of approximately 40 years in the banking and finance industry. Prior to joining the Company, he has held senior positions in the RBI and in the erstwhile Unit Trust of India. He has been the executive chairman of Association of Mutual Funds in India, a trade body of all the Mutual Funds operating in India, since July 1998. He also holds several positions – chairman of

Geogit Financial Services Limited., member of the board of National Stock Exchange of India Limited, member of the executive committee of NSDL, member of the technical advisory committee of the RBI, and a member of boards of several other companies. He was a leader of the team which set up the Ceybank Unit Trust in Sri Lanka in the early nineties. He has also been a ommonwealth consultant, done research on capital markets in Tanzania and documented a project report for setting up a unit trust in Tanzania. Mr Kurian, for his original contribution in the field of marketing of financial instruments, was awarded “Marketing Man of the year 1987 Award” instituted by the Institute of Marketing Management. As an efficient manager having contributed substantially to the growth of the Unit Trust of India, the Institute of Marketing Management has awarded him the “Best Marketing Man of the Year” award in 1993. Further, he received the “Best Professional Manager Award” instituted by Life Insurance Corporation of India in 1993.

Ms. Janamma Thomas

Mrs. Janamma Thomas, Director and wife of the late Mr. Muthoot Pappachan, Founder Chairman, aged 81 years, has been the guide to the Group, the Company’s Board and her sons who are the promoter directors on the board, to carry on the values and business ethics of the founder. She is actively into promotion of social causes and fulfilment of social responsibilities.

Mr. Kamalashan Ramakrishana Nair

Mr. Kamalashan Ramakrishana Nair, aged 75 years, holds a masters degree in commerce, a bachelor’s degree in law from the Universities of Kerala and Mumbai respectively. He is also a qualified chartered accountant. Mr. Nair has experience of approximately 40 years in finance, corporate laws and auditing field. Prior to joining the Company he was a professor of accountancy at the University of Mumbai, Group ‘A’ officer in GoI for 11 years and chartered accountant at R.K Nair & Co., Mumbai (Membership No: 14193) for 12 years. Further, he also practiced as an advocate at the High Court of Mumbai and the Supreme Court for 7 years and 8 years respectively.

Mr. Vikraman Ampalakkat

Mr. Vikraman Ampalakkat, aged 66 years, is an independent director on the Board. He holds a bachelor’s degree in science from the University of Kerala. Mr. Ampalakkat has an experience of approximately 38 years in the finance, project funding, rehabilitation finance, micro finance, enterprise promotion and banking industry collectively. Prior to joining the Company, Mr. Ampalakkat has held managerial positions in several reputed organizations such as the RBI, Industrial Development Bank of India and Small Industries Development Bank of India.

Borrowing Powers of our Directors

Pursuant to a resolution passed by the shareholders of the Company on June 3, 2014 under the Companies Act 2013, the Board of Directors is authorised to borrow sums of money on such terms and conditions and for such purposes as the Board may think fit, not exceeding, at any given time, 40 times the aggregate of the paid-up capital and free reserves of the Company.

The aggregate value of the NCDs offered under this Draft Prospectus, together with the existing borrowings of the Company, is within the approved borrowing limits as abovementioned.

Remuneration of the Directors

A. Executive Directors

1. Chairman and Managing Director

Mr. Thomas John Muthoot has been re-appointed as the Chairman and Managing Director of the Company for a period of three years with effect from February 1, 2013, pursuant to a resolution of the shareholders of the Company passed at the EGM held on January 31, 2013. The current remuneration payable to the managing director, as authorised by the resolution passed by the shareholders of the Company at the general meeting held on January 31, 2013, is as follows:

Particulars	Details
Salary	₹ 75,00,000 per month with an annual increment of ₹ 1,00,000 with effect from April 1, 2013.
Performance linked incentive	Nil
Perquisites	
Furnishings, Gas, Electricity and Water	Reimbursement of actual expenditure incurred subject to a ceiling of 10% of the salary.
Medical Benefits	Expenses actually incurred for self and family subject to a ceiling of one months' salary in a year or three months' salary in a block of three years.
Personal Accident Insurance	The annual premium not to exceed ₹ 25,000 to the Company.
Leave Travel	Return passage for self and family once in a year by air in first class to any place in or outside India.
Car	Free use of a Company car with driver for official and personal use. Use of car for personal use will be billed for.
Telephone	Free telephone at residence.
Leave and Leave Encashment	On full pay and allowance not exceeding 30 days for every year of service. Leave accumulated and un-availed, if any, at the end of his tenure as the Chairman and Managing Director, will be allowed to be encashed on the basis of last salary drawn. In addition, causal leave for 12 days and sick leave for 12 days in a calendar year can be availed.
Club Membership	Membership fee of any two clubs will be reimbursed. No admission or life membership fees will be paid.
Entertainment Expenses	Entertainment expenses actually incurred in the course of business of the Company will be reimbursed subject to a limit fixed by the Board of Directors.
Company's contribution to provident fund	At rates as per the Company's rules.
Gratuity	At the rate of half month's salary for every complete year in service.
House Rent Allowance	At the rate of 15% of the salary per month in lieu of rent free accommodation.
Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year, the Chairman and Managing Director shall be paid minimum remuneration by way of salary and perquisites.

2. Mr. Thomas Muthoot

Mr. Thomas Muthoot has been re-appointed as a whole time director of the Company with effect from July 1, 2013 up to January 31, 2016, pursuant to a resolution of the shareholders of the Company passed at

the AGM held on June 22, 2013. The current remuneration payable to Mr. Thomas Muthoot, as authorised by the resolution passed by the shareholders of the Company at the AGM held on June 22, 2013 is as follows:

Particulars	Details
Salary	₹ 60,00,000 per month with an annual increment of ₹ 1,00,000.
Performance linked incentive	Nil
Perquisites	
Furnishings, Gas, Electricity and Water	Reimbursement of actual expenditure incurred subject to a ceiling of 10% of the salary.
Medical Benefits	Expenses actually incurred for self and family subject to a ceiling of one months salary in a year or three months salary in a block of three years.
Personal Accident Insurance	The annual premium not to exceed ₹ 25,000 to the Company.
Leave Travel	Return passage for self and family once in a year by air in first class to any place in or outside India.
Car	Free use of a Company car with driver for official and personal use. Use of car for personal use will be billed for.
Telephone	Free telephone at residence.
Leave and Leave Entitlement	On full pay and allowance not exceeding 30 days for every year of service. Leave accumulated and un-availed, if any, at the end of his tenure, will be allowed to be encashed on the basis of last salary drawn. In addition, causal leave for 12 days and sick leave for 12 days in a calendar year can be availed.
Club Membership	Membership fee of any two clubs will be reimbursed. No admission or life membership fees will be paid.
Entertainment Expenses	Entertainment expenses actually incurred in the course of business of the Company will be reimbursed subject to a limit fixed by the Board of Directors.
Company's contribution to provident fund	At rates as per the Company's rules.
Gratuity	At the rate of half month's salary for every complete year in service.
House Rent Allowance	At the rate of 15% of the salary per month in lieu of rent free accommodation.
Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year, the whole time Director shall be paid minimum remuneration by way of salary and perquisites.

B. Non-Executive Directors

Pursuant to Article 86 of the Articles of Association, a maximum sitting fee of ₹ 25,000 is payable to non-

executive Directors for attending each meeting of the Board of Directors or a committee of the Board of Directors. Pursuant to the board resolution dated May 7, 2014, a sitting fee of ₹ 25,000 is currently payable to the non-executive Directors of the Company. Further, a commission of ₹ 4,50,00,000 per annum is payable to Mr. Thomas George Muthoot, subject to the limit of 1% of the net profits of the Company.

C. Details of remuneration payable or paid to the Director by the Subsidiaries and associate companies of the Company for the year ended March 31, 2014:

Sr. No.	Name of Director	Name of entity	Remuneration (₹)	Commission	Other (₹)
1.	Thomas John Muthoot*	Muthoot Fincorp Limited	Nil	Nil	Nil
2.	Thomas George Muthoot*	Muthoot Fincorp Limited	Nil	Nil	Nil
		MCSL	1,50,00,000	Nil	9,00,000
3.	Thomas Muthoot*	Muthoot Fincorp Limited	Nil	Nil	Nil

* *The directors of the Company voluntarily waived the remuneration/ commission payable to them for the year ended March 31, 2014.*

Changes in the Board of Directors during the last three years

There have been no changes in the Board of Directors in the last three years preceding the date of this Draft Prospectus.

Interest of the Directors

All the Directors of the Company, including our independent directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. In addition, the Directors would be deemed to be interested to the extent of interest receivable on non-convertible debentures/subordinated debts/loans/ advanced by the Directors, rent received from the Company for lease of immovable properties owned by Directors and to the extent of remuneration paid to them for services rendered as officers of the Company.

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

Except as disclosed hereinabove and the section titled “**Risk Factors**” at page 19, the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by the Company.

Except as stated in “**Annexure A - Financial Information**” and to the extent of compensation and commission if any, and their shareholding in the Company, the Directors do not have any other interest in the business of the Company.

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

Our Directors have no interest in any property acquired or proposed to be acquired by the Company in the preceding two years of filing this Draft Prospectus with the Designated Stock Exchange. No benefit/interest will accrue to our Promoters/Directors out of the objects of the issue.

The Company's Directors have not taken any loan from the Company.

Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot are our Promoters as well as Directors on the Board of Directors of the Company.

Except as disclosed below, no relatives of the Directors have been appointed to an office or place of profit of the Company:

Mr Thomas Muthoot John, son of Mr Thomas John Muthoot has been as a Senior Management Associate in the Company with effect from September 1, 2013.

Debenture/ Subordinated Debt/ PDI holding of Directors

Details of secured redeemable non-convertible debentures of the Company held by the Directors, as on March 31, 2014, are as follows:

Name of Director	Number of debentures held	Amount (₹ in lakhs)
A.P. Kurian	2,500	25

Details of the subordinated debts held in the Company by the Directors, as on March 31, 2014, are as follows:

Name of Director	Number of subordinated debts held	Amount (₹ in lakhs)
Thomas John Muthoot	87	870
A.P. Kurian	3,700	37

The Directors do not hold any PDIs of the Company as on date of this Draft Prospectus.

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

As per the provisions of the Memorandum of Association and Articles of Association, the Directors are not required to hold any qualification shares.

Details of the shares held in the Company by the Directors, as on the date of this Draft Prospectus are provided in the table given below:

Sr. No.	Name of Director	Number of shares held	Percentage of the total paid-up capital (%)
1.	Thomas John Muthoot	4,91,66,416	26.35
2.	Thomas George Muthoot	4,91,66,416	26.35
3.	Thomas Muthoot	4,91,66,416	26.35
4.	Janamma Thomas	1,000	0.01

The shareholding of the Directors in the Subsidiaries and associate companies of the Company is as follows:

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital (%)
1.	Thomas John	Alaska Agri Projects and Hospitalities	10	0.1

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital (%)
	Muthoot	Private Limited		
		Bamboo Agri Projects and Hospitalities Private Limited	10	0.1
		Buttercup Agri Projects and Hospitalities Private Limited	10	0.1
		Calypso Agri Development and Hospitalities Private Limited	10	0.1
		Cinnamon Agri Development and Hospitalities Private Limited	10	0.1
		Double Tails Agri Development and Hospitalities Private Limited*	10	0.1
		El Toro Agri Projects and Hospitalities Private Limited	10	0.1
		Emmel Realtors and Developers Private Limited	1,667	16.67
		Fireworks Agri Development and Hospitalities Private Limited*	10	0.1
		Flame Agri Projects and Hospitalities Private Limited	10	0.1
		Fox Bush Agri Development and Hospitalities Private Limited	10	0.1
		Goblin Agri Projects and Hospitalities Private Limited	10	0.1
		Jungle Cat Agri Development and Hospitalities Private Limited	10	0.1
		LM Realtors Private Limited	3,334	16.67
		Linden Agri Ventures and Hospitalities Private Limited*	10	0.1
		Mandarin Agri Ventures and Hospitalities Private Limited	10	0.1
		Mariposa Agri Ventures and Hospitalities Private Limited	10	0.1
		MPG Hotels and Infrastructure Ventures Private Limited (formerly Muthoot Hotels & Infrastructure Ventures Private Ltd.)	1,16,56,926	33.31
		Musk Agri Ventures and Hospitalities Private Limited*	10	0.1
		Muthoot Agri Development and Hospitalities Private Limited	10	0.1
		Muthoot Agri Projects and Hospitalities Private Limited	3,333	33.33
		Muthoot Agri Ventures and Hospitalities Private Limited	9	0.1
		Muthoot Apt Ceramics Limited	12,99,250	6.44
		Muthoot Automobiles Solutions Private Limited	6,00,130	24.01
		Muthoot Automotive (India) Private Limited	4,16,330	16.65
		Muthoot Buildtech (India) Private Limited	3,330	33.3
		Muthoot Capital Services Limited	28,50,995	22.86
	Muthoot Equities Limited	10,000	20	

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital (%)
		Muthoot Holdings Private Limited	3,334	33.34
		Muthoot Hotels Private Limited (jointly held by Muthoot Hotels and Infrastructure Ventures Private Limited, Thomas John Muthoot and Thomas George Muthoot)	2,50,000	1.43
		Muthoot Housing Finance Company Limited	42,97,890	11.12
		Muthoot Infrastructure Private Limited (formerly Muthoot Infrastructure Limited)	16,666	20.83
		Muthoot Land and Estates Private Limited	3,330	33.3
		Muthoot Motors Private Ltd.	34	34
		Muthoot Pappachan Medicare Private Limited	39,997	33
		Muthoot Properties (India) Private Limited	3,340	33.4
		Muthoot Risk Insurance and Broking Services Private Limited	4,16,667	33.34
		Muthoot Microfin Limited (formerly Panchratna Securities Limited)	57,000	1.04
		Pine Pink Agri Ventures and Hospitalities Private Limited	10	0.1
		The Right Ambient Resorts Private Limited (jointly held by Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot)	10	0.33
		Muthoot Pappachan Technologies Limited (formerly Muthoot Pappachan Technologies Private Limited)	3,334	6.67
2.	Thomas George Muthoot	Alaska Agri Projects and Hospitalities Private Limited	10	0.1
		Bamboo Agri Projects and Hospitalities Private Limited	10	0.1
		Buttercup Agri Projects and Hospitalities Private Limited	10	0.1
		Calypso Agri Development and Hospitalities Private Limited	10	0.1
		Cinnamon Agri Development and Hospitalities Private Limited	10	0.1
		Double Tails Agri Development and Hospitalities Private Limited*	10	0.1
		El Toro Agri Projects and Hospitalities Private Limited	10	0.1
		Emmel Realtors and Developers Private Limited	1,667	16.67
		Fireworks Agri Development and Hospitalities Private Limited*	10	0.1
		Flame Agri Projects and Hospitalities Private Limited	10	0.1
		Fox Bush Agri Development and Hospitalities Private Limited	10	0.1
		Goblin Agri Projects and Hospitalities Private Limited	10	0.1

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital (%)
		Jungle Cat Agri Development and Hospitalities Private Limited	10	0.1
		LM Realtors Private Limited	3,333	16.66
		Linden Agri Ventures and Hospitalities Private Limited*	10	0.1
		Mandarin Agri Ventures and Hospitalities Private Limited	10	0.1
		Mariposa Agri Ventures and Hospitalities Private Limited	10	0.1
		MPG Hotels and Infrastructure Ventures Pvt. Ltd. (formerly Muthoot Hotels & Infrastructure Ventures Private Ltd.)	1,16,56,925	33.31
		Musk Agri Ventures and Hospitalities Private Limited*	10	0.1
		Muthoot Agri Development and Hospitalities Private Limited	10	0.1
		Muthoot Agri Projects and Hospitalities Private Limited	3,333	33.33
		Muthoot Agri Ventures and Hospitalities Private Limited	10	0.1
		Muthoot Apt Ceramics Ltd.	12,96,250	6.43
		Muthoot Automobiles Solutions Private Ltd.	6,24,840	24.99
		Muthoot Automotive (India) Private Limited	4,16,330	16.65
		Muthoot Buildtech (India) Private Limited	3,340	33.4
		Muthoot Capital Services Limited	28,46,555	22.82
		Muthoot Equities Limited	10,000	20
		Muthoot Holdings Private Limited	3,333	33.33
		Muthoot Hotels Private Limited (jointly held by Muthoot Hotels and Infrastructure Ventures Private Limited, Thomas John Muthoot and Thomas George Muthoot)	2,50,000	1.43
		Muthoot Housing Finance Company Limited	42,97,890	11.12
		Muthoot Infrastructure Private Limited (formerly Muthoot Infrastructure Limited)	16,666	20.83
		Muthoot Land and Estates Private Limited	3,330	33.3
		Muthoot Motors Private Limited	33	33
		Muthoot Pappachan Medicare Private Limited	39,997	33
		Muthoot Properties (India) Private Limited	3,330	33.3
		Muthoot Risk Insurance and Broking Services Private Limited	4,16,667	33.34
		Muthoot Microfin Ltd (formerly Panchratna Securities Limited)	56,500	1.03
		Pine Pink Agri Ventures and Hospitalities Private Limited	10	0.1
		The Right Ambient Resorts Private Limited (jointly held by Thomas John Muthoot, Thomas George Muthoot and	10	0.33

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital (%)
		Thomas Muthoot)		
		Muthoot Pappachan Technologies Limited (formerly Muthoot Pappachan Technologies Private Limited)	3,333	6.67
3.	Thomas Muthoot	Alaska Agri Projects and Hospitalities Private Limited	10	0.1
		Bamboo Agri Projects and Hospitalities Private Limited	10	0.1
		Buttercup Agri Projects and Hospitalities Private Limited	10	0.1
		Calypso Agri Development and Hospitalities Private Limited	10	0.1
		Cinnamon Agri Development and Hospitalities Pvt. Ltd.	10	0.1
		Double Tails Agri Development and Hospitalities Private Limited*	10	0.1
		El Toro Agri Projects and Hospitalities Private Limited	10	0.1
		Emmel Realtors and Developers Private Limited	1,667	16.67
		Fireworks Agri Development and Hospitalities Private Limited*	10	0.1
		Flame Agri Projects and Hospitalities Private Limited	10	0.1
		Fox Bush Agri Development and Hospitalities Private Limited	10	0.1
		Goblin Agri Projects and Hospitalities Private Limited	10	0.1
		Jungle Cat Agri Development and Hospitalities Private Limited	10	0.1
		LM Realtors Private Limited	3,333	16.66
		Linden Agri Ventures and Hospitalities Private Limited*	10	0.1
		Mandarin Agri Ventures and Hospitalities Private Limited	10	0.1
		Mariposa Agri Ventures and Hospitalities Private Limited	10	0.1
		MPG Hotels and Infrastructure Ventures Pvt. Ltd. (formerly Muthoot Hotels & Infrastructure Ventures Private Ltd.)	1,16,56,925	33.31
		Musk Agri Ventures and Hospitalities Private Limited*	10	0.1
		Muthoot Agri Development and Hospitalities Private Limited	10	0.1
		Muthoot Agri Projects and Hospitalities Private Limited	3,334	33.34
		Muthoot Agri Ventures and Hospitalities Private Limited	9	0.1
		Muthoot Apt Ceramics Limited	12,96,250	6.43
		Muthoot Automobiles Solutions Private Limited	12,75,030	51

Sr. No.	Name of Director	Name of Subsidiary/ Associate Company	Number of shares held	Percentage of the total paid-up capital (%)
		Muthoot Automotive (India) Private Limited	9,53,340	38.13
		Muthoot Buildtech (India) Private Limited	3,340	33.4
		Muthoot Capital Services Limited	27,96,931	22.42
		Muthoot Equities Limited	10,000	20
		Muthoot Holdings Private Limited	3,333	33.33
		Muthoot Housing Finance Company Limited	42,97,890	11.12
		Muthoot Infrastructure Private Limited (formerly Muthoot Infrastructure Limited)	16,666	20.83
		Muthoot Land and Estates Private Limited	3,340	33.4
		Muthoot Motors Private Limited	33	33
		Muthoot Pappachan Medicare Private Limited	40,006	34
		Muthoot Properties (India) Private Limited	3,330	33.3
		Muthoot Risk Insurance and Broking Services Pvt. Ltd.	4,16,666	33.33
		Muthoot Microfin Ltd (formerly Panchratna Securities Limited)	63,900	1.16
		Pine Pink Agri Ventures and Hospitalitys Private Limited	10	0.1
		The Right Ambient Resorts Private Limited (jointly held by Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot)	10	0.33
		Muthoot Pappachan Technologies Limited (formerly Muthoot Pappachan Technologies Private Limited)	3,333	6.67
4.	Janamma Thomas	MPG Hotels and Infrastructure Ventures Pvt. Ltd. (formerly Muthoot Hotels & Infrastructure Ventures Private Ltd.)	7,306	0.02
		Muthoot Apt Ceramics Limited	12,96,250	6.43

* The entity is in the process of being wound-up. The approval of the relevant registrar of companies is awaited in this regards.

Corporate Governance

The Company has been complying with the requirements of the applicable regulations, including the SEBI Debt Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Company's principles for corporate governance revolve mainly around clear definition of roles and responsibilities for the Board of Directors and management, protecting the interests of various stakeholders of the Company, being transparent in its dealings by the disclosure of matters as required and laying down a framework that is conducive to the continuous improvement of all the aforementioned principles. The corporate governance policies of the Company were approved by the Board at their meeting held on February 20, 2009.

Committees of Board of Directors

The Board has constituted among others, the following committees of Directors: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Asset liability Management Committee; (iv) Risk Management Committee; (v) Stake Holders Relationship Committee; (vi) CSR Committee; and (vii) Bond Issue Committee. The

details of these committees are set forth below:

A. Audit Committee

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

Name	Designation in the committee	Designation
R. Kamalasanan Nair	Chairman	Independent Director
Thomas Muthoot	Member	Executive Director
Thomas George Muthoot	Member	Director

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

- Review of the financial statements (including interim financial statements) of the Company and oversight of the financial reporting process with a view to ensuring transparency and accuracy of financial reporting and disclosures, prior to their submission to the Board of Directors for approval;
- Review of the scope of work of the auditors of the Company prior to commencement of the audit and holding appropriate discussions on the matters that arise during the audit;
- Review of the robustness and effectiveness of the internal control systems in place at the Company;
- Recommending to the Board of Directors the appointment, reappointment, and if required, the replacement or removal of the statutory auditors of the Company and the fixation of audit fee;
- Reviewing the effectiveness of internal audit including the independence of the internal audit function, the adequacy of staffing and the coverage, scope and frequency of audits; and
- Review of the functioning of whistle blower mechanism in place at the Company.

B. Remuneration Committee

The Nomination and Remuneration Committee was constituted on May 7, 2014, pursuant to Section 178 of the Companies Act, 2013. The members of the Nomination and Remuneration Committee as on date of the Draft Prospectus are:

Name	Designation in the committee	Designation
Thomas George Muthoot	Chairman	Chairman and Managing Director
Thomas John Muthoot	Member	Executive Director
R. Kamalasanan Nair	Member	Independent Director
Vikraman Ampalakkat	Member	Independent Director

The terms of reference of the Nomination and Remuneration Committee, *inter alia*, include:

- Identifying and recommending to the Board of Directors, the nominees qualified to serve on the Board of Directors and committees thereof;
- Evaluating the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive Directors;
- Assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages and any compensation payment to the Managing Director, whole-time Directors and executive Directors.

- To provide independent oversight of and to consult with management regarding the Company's compensation, bonus, pension, and other benefit plans, policies and practices applicable to the Company's executive management;

C. Asset liability Management Committee

The members of the Asset liability Management Committee as on the date of the Draft Prospectus are:

Name	Designation in the committee	Designation
Thomas John Muthoot	Member	Chairman and Managing Director
George Lammanil	Member	Executive Director and General Counsel, Muthoot Pappachan Group
Joseph Oommen	Member	Vice President (Finance and Accounts)
Nadanasabapathy R	Member	Vice President (Resource Planning and Treasury)

The terms of reference of the Asset Liability Management Committee, *inter alia*, include:

- Balance sheet planning from a risk - return perspective including the strategic management of interest rate and liquidity risks;
- Identifying balance sheet management issues like balance sheet gaps and reviewing the liquidity contingency plan;
- Pricing of products;
- Reviewing the results of and progress in implementation of the decisions made in the previous meetings;
- Articulating the current interest rate view and basing its decisions for future business strategies on this view; and
- Capital requirement forecasts, capital allocation and monitoring of capital adequacy requirements.

D. Risk Management Committee

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

Name	Designation in the committee	Designation
R. Kamalasanan Nair	Chairman	Independent Director
Thomas John Muthoot	Member	Chairman and Managing Director
Thomas Muthoot	Member	Executive Director

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

- Assisting the Board of Directors in the articulation of its risk appetite;
- Overseeing the implementation and maintenance of a sound system of risk management framework which identifies, assess, manages and monitors risk;
- Recommend to the Board of Directors clear standards of ethical behavior required of Directors and employees and encouraging observance of these standards;

- Assessment of the Company's risk profile and key areas of risk in particular; and
- Examining and determining the sufficiency of the Company's internal processes for reporting on and managing key risk areas.

E. Stake Holders Relationship Committee

The Stake Holders Relationship Committee was constituted by the Board of Directors at their meeting held on May 7, 2014. The members of the CSR Committee, as on the date of the Draft Prospectus:

Name	Designation in the committee	Designation
Mr. R. Kamalasanan Nair	Chairman	Director
Thomas John Muthoot	Member	Executive Director
Thomas George Muthoot	Member	Director
Thomas Muthoot	Member	Executive Director

The terms of reference of the Stake Holders Relationship Committee, *inter alia*, include considering and resolving the grievances of the holders of securities of the Company.

F. CSR Committee

The CSR Committee of the Company was constituted by the Board of Directors at their meeting held on May 7, 2014. The members of the CSR Committee, as on the date of the Draft Prospectus:

Name	Designation in the committee	Designation
Thomas George Muthoot	Member	Director
George Lammanil	Member	Executive Director and General Counsel, Muthoot Pappachan Group
S Kannan	Member	Executive Vice President

The terms of reference of the CSR Committee include the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013;
- To recommend the amount of expenditure to be incurred on the activities referred to above; and
- To monitor the corporate social responsibility policy of the company from time to time.

G. Bond Issue Committee

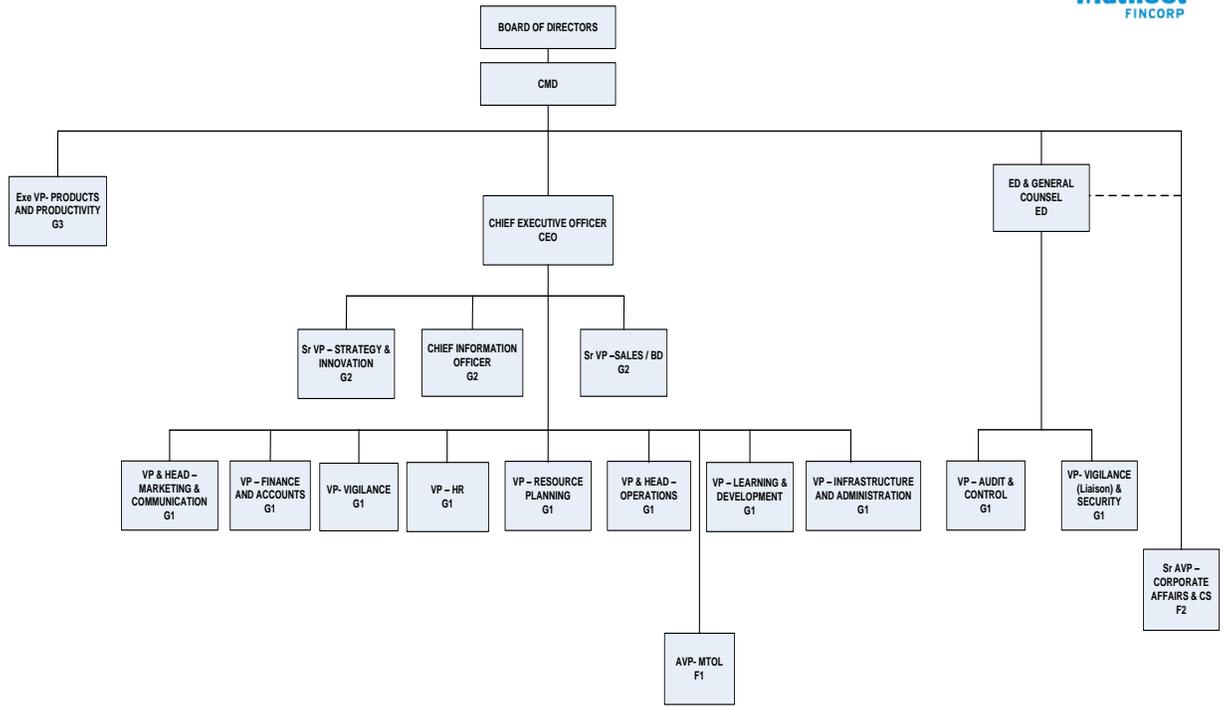
The members of the Bond Issue Committee, as on the date of the Draft Prospectus are:

Name	Designation in the committee	Designation
Thomas John Muthoot	Member	Chairman and Managing Director
Thomas Muthoot	Member	Executive Director
Thomas George Muthoot	Member	Director

The terms of reference of the Bond Issue Committee include the following:

- To determine and approve the terms and conditions and nature of the debentures to be issued;
- To determine and approve the nature/ type/ pricing of the Issue; and

ORGANIZATIONAL STRUCTURE



Department of Human Resources

PROMOTERS

Profile of the Promoters

The Promoters of the Company are:

1. Mr. Thomas John Muthoot;
2. Mr. Thomas George Muthoot; and
3. Mr. Thomas Muthoot.

The details of the Promoters are provided below:



Mr. Thomas John Muthoot

Passport No.: H8181033

PAN: ABNPT4694B



Mr. Thomas George Muthoot

Passport No.: H2951468

PAN: ABNPT4693G



Mr. Thomas Muthoot

Passport No.: G1447637

PAN: AEAPM0424L

For additional details on the age, background, personal address, educational qualifications, experience, experience in the business of the Company, positions/posts held in the past, terms of appointment as Directors and other directorships of the Promoters, see section titled “*Our Management*” on page 131.

Other understandings and confirmations

The Promoters and relatives of the Promoters have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.

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

None of the Promoters are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

Common Pursuits of Promoters and Group entities

The Promoters and Group entities have interests in the following entities that are engaged in businesses similar to the business of the Company and this may result in potential conflicts of interest with the Company.

Companies:

- Muthoot Capital Services Limited; and
- MHFCL;
- MMFL;
- Muthoot Risk Insurance and Broking Services Private Limited; and
- Muthoot Exim Private Limited.

The Company has not adopted any measures for mitigating such conflict situations. For further details, see section titled “**Risk Factors**” on page 19 and for further details on the related party transactions, to the extent of which the Company is involved, see “**Annexure A - Financial Information**”.

Interest of Promoters in the Company

Except as disclosed below, other than as shareholders of the Company, Promoters, to the extent of the dividend that may be declared by the Company and to the extent of the remuneration received by them in their capacity as Directors, to the extent of interest receivable on loans advanced/subordinated debts/PDIs, rent received from the Company for lease of immovable properties owned by Promoters, the Promoters do not have any other interest in the Company. Further, the Promoters have given certain personal guarantees in relation to loan facilities utilised by the Company. For details see the section titled “**Description of Certain Indebtedness**” at page 157.

Certain branches of the Company are operated on properties owned by the Promoters. Details are as below:

Sl. No.	Name of Promoter	Nature of interest*
1.	Thomas John Muthoot	<ol style="list-style-type: none"> 1. The Company operates its Kayamkulam branch in Kerala on property owned by Thomas John Muthoot since July 15, 2008 pursuant to a verbal agreement between the Company and Thomas John Muthoot. 2. The Company operates its Pathanamthitta branch in Kerala on property owned by Thomas John Muthoot, Mathew M Thomas, Janamma Thomas, Thomas Muthoot and Thomas George Muthoot since April 2, 2011 pursuant to a verbal agreement between the Company and Thomas John Muthoot, Mathew M Thomas, Janamma Thomas, Thomas Muthoot and Thomas George Muthoot. 3. The Company operates its Ernakulam branch in Kerala on property owned by Thomas John Muthoot, Mathew M Thomas, Thomas Muthoot and Thomas George Muthoot since March 21, 2007 pursuant to a verbal agreement between the Company and Thomas John Muthoot, Mathew M Thomas, Thomas Muthoot and Thomas George Muthoot.

Sl. No.	Name of Promoter	Nature of interest*
		4. The Company operates its Ulloor branch in Kerala on property owned by Thomas John Muthoot, Thomas Muthoot, Janamma Thomas and Thomas George Muthoot since April 1, 2007 pursuant to a verbal agreement between the Company and Thomas John Muthoot, Thomas Muthoot, Janamma Thomas and Thomas George Muthoot.
2.	Thomas George Muthoot	<p>1. The Company operates its Pathanamthitta branch in Kerala on property owned by Thomas John Muthoot, Mathew M Thomas, Janamma Thomas, Thomas Muthoot and Thomas George Muthoot since April 2, 2011 pursuant to a verbal agreement between the Company and Thomas John Muthoot, Mathew M Thomas, Janamma Thomas, Thomas Muthoot and Thomas George Muthoot.</p> <p>2. The Company operates its Ernakulam branch in Kerala on property owned by Thomas John Muthoot, Mathew M Thomas, Thomas Muthoot and Thomas George Muthoot since March 21, 2007 pursuant to a verbal agreement between the Company and Thomas John Muthoot, Mathew M Thomas, Thomas Muthoot and Thomas George Muthoot.</p> <p>3. The Company operates its Ulloor branch in Kerala on property owned by Thomas John Muthoot, Thomas Muthoot, Janamma Thomas and Thomas George Muthoot since April 1, 2007 pursuant to a verbal agreement between the Company and Thomas John Muthoot, Thomas Muthoot, Janamma Thomas and Thomas George Muthoot.</p>
3.	Thomas Muthoot	<p>1. The Company operates its Pathanamthitta branch in Kerala on property owned by Thomas John Muthoot, Mathew M Thomas, Janamma Thomas, Thomas Muthoot and Thomas George Muthoot since April 2, 2011 pursuant to a verbal agreement between the Company and Thomas John Muthoot, Mathew M Thomas, Janamma Thomas, Thomas Muthoot and Thomas George Muthoot.</p> <p>2. The Company operates its Ernakulam branch in Kerala on property owned by Thomas John Muthoot, Mathew M Thomas, Thomas Muthoot and Thomas George Muthoot since March 21, 2007 pursuant to a verbal agreement between the Company and Thomas John Muthoot, Mathew M Thomas, Thomas Muthoot and Thomas George Muthoot.</p> <p>3. The Company operates its Ulloor branch in Kerala on property owned by Thomas John Muthoot, Thomas Muthoot, Janamma Thomas and Thomas George Muthoot since April 1, 2007 pursuant to a verbal agreement between the Company and Thomas John Muthoot, Thomas Muthoot, Janamma Thomas and Thomas George Muthoot.</p>

The Promoters do not propose to subscribe to this Issue. For details of the shareholding of the Promoters, please see “*Capital Structure*” on page 71.

STOCK MARKET DATA FOR OUR EQUITY SHARES/ DEBENTURES

The Company's Equity Shares are currently not listed on any Indian stock exchange. Debt securities issued by the Company, which are listed on BSE, are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities.

DESCRIPTION OF CERTAIN INDEBTEDNESS

Set forth below is a summary of the Company's significant outstanding secured and unsecured borrowings as on June 30, 2014. For more information, see "Annexure A – Financial Information".

Set forth below is a summary of our outstanding aggregate borrowings as on June 30, 2014:

S. No.	Category of Borrowing	Outstanding Amount (₹ in lakhs)
I. Secured Borrowings		
A.	Loans	
(i)	Domestic	5,82,178
(ii)	Foreign Currency	Nil
B.	Non-convertible debentures	
(i)	Domestic	1,84,691
(ii)	Foreign Currency	Nil
II. Unsecured Borrowings		
A.	Loans	
(i)	Domestic	14,600
(ii)	Foreign Currency	Nil
B.	Non-convertible debentures	
(i)	Domestic	1,15,407
(ii)	Foreign Currency	Nil
Total		8,96,877

I. Secured Loan/ Credit Facilities

A. Loan/Credit Facilities

(i) Domestic

Our Company's secured borrowings from banks and financial institutions as on June 30, 2014 amount to ₹ 5,82,178 lakhs. The details of the secured borrowings are set out below.

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
1.	Allahabad Bank	Cash credit (including working	20,000	19,618	The cash credit facility is repayable by way of	First charge on a pari passu basis on the present and future gold loan

(₹ in lakhs)

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
		capital demand loan as a sub-limit for a maximum tenor of 90 days)			bullet payment at the end of the tenor of each tranche. The working capital demand loan is repayable by way of bullet payment on the maturity date.	receivables and the entire current assets of the Company, with a margin of 15%, by way of hypothecation.
2.	Andhra Bank	Open cash credit	5,000	4,891	Tenor of one year but repayable on demand at the discretion of the bank.	First charge on a pari passu basis on the present and future receivables relating to finance against gold and business loans of the Company, with a minimum asset cover of 110% of the loan amounts, by way of hypothecation.
		Working capital demand loan	20,000	20,000	Tenor of one year but repayable on demand at the discretion of the bank.	
3.	Axis Bank Limited	Cash credit/ Working capital demand loan - I	20,000	1,407	Repayable on demand and renewable annually. Maximum tenor of working capital demand loans is one year.	First charge on a pari passu basis on the present and future gold loan receivables and other current assets of the Company, with a margin of 20% for gold loan receivables, by way of hypothecation.
		Working capital demand loan - II	7,500	19,585		
4.	Bank of India	Cash credit against book debts (including working capital demand loan as a sub-limit)	15,000	14,782	Repayable on demand.	First charge on a pari passu basis on the present and future book debts and other current assets of the Company, with a margin of 15%, by way of hypothecation.
5.	Canara Bank	Overdraft	20,000	19,927	Repayable on demand	First paripassu charge on the entire current assets of the Company (including assets receivables) with a margin of 20%, by way of

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
						hypothecation.
6.	Catholic Syrian Bank	Cash credit	4,500	4,494	Repayable in lumpsum on demand.	First charge on a pari passu basis on the current assets of the Company, with a margin of 25%, by way of hypothecation.
7.	Central Bank of India	Overdraft against book debts (including short term loan as a sub-limit)	30,000	29,881	Repayable on demand.	First charge on a pari passu basis on the present and future book debts by way of gold loan receivables of the Company, with a margin of 25%, by way of hypothecation.
8.	City Union Bank Ltd.	Overdraft	2,500	2,345	Repayable on demand.	First charge on a pari passu basis on the current assets including gold loan receivables of the Company, with a margin of 15%, by way of hypothecation.
9.	Corporation Bank	Cash credit facilities - overdraft	10,000	9,883	Running account repayable on demand (subject to annual review).	First charge on a pari passu basis on the present and future book debts and chargeable current assets of the Company, with a margin of 15%, by way of hypothecation.
10.	Dena Bank	Cash credit	7,500	7,275	Repayable on demand subject to annual review.	First charge on a pari passu basis on the present and future goods, movable and other assets and book debts of the Company, with a margin of 10%, by way of hypothecation.
11.	Dhanlaxmi Bank Limited	Cash credit (fully interchangeable as working capital demand loan)	6,400	6,098	Valid for a period of 12 months and repayable on demand.	First charge on a pari passu basis on the present and future current assets, loans and advances and book debts including gold loan receivables of the Company, with a margin of

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
						20%, by way of hypothecation.
12.	The Federal Bank Limited	Cash credit	8,000	6,936	Repayable in lumpsum at the end of twelve months.	First charge on a pari passu basis on the present and future book debts of the Company, with a margin of 25%, by way of hypothecation.
13.	HDFC Bank Limited	Working capital demand loan/ FCNR(b) including cash credit as a sub-limit	1,000	537	The working capital demand loan/ FCNR(b) is repayable up to 180 days. The cash credit facility is repayable on demand.	First charge on a pari passu basis on all the current assets of the Company, with a margin of 25%, by way of hypothecation.
14.	Housing Development Finance Corporation Limited	Term loan	65	48	Repayable in 60 monthly equated installments of ₹1,47,895 commencing from the month in which final disbursement is made.	Mortgage of Apartment No. 4, on the 20 th floor, Tower 35 in DLF Garden City, Chennai, admeasuring 2012 square feet.
15.	ICICI Bank Ltd.	Working capital demand loan	17,500	8,659	Principal amount of each tranche is repayable by way of bullet payment on the maturity date or in installments as agreed upon, but repayable on demand at the discretion of the bank.	First charge on a pari passu basis on the present and future current assets and receivables of the Company, with a margin of 15% on the receivables, by way of hypothecation.
		Car loan	28	5	Repayable in 36 equated monthly installments of ₹	Charge over a specific vehicle of the Company.

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
					89,824.	
		Car loan	52.83	13	Repayable in 36 equated monthly installments of ₹ 1,69,214.	Charge over a specific vehicle of the Company.
16.	IDBI Bank Limited	Cash credit (with an option to avail a working capital demand loan as a sub limit to the extent of ₹ 35,000 lakhs)	70,000	69,465	Tenor of one year and repayable on demand. Maximum tenor of working capital demand loans is 90 days.	First charge on a pari passu basis on the present and future current assets of the Company, with a margin of 15%, by way of hypothecation.
		Term loan	1,300	242	Repayable in 60 monthly installments commencing on October 1, 2010.	First charge by way of mortgage by deposit of title deeds over the land situated in Vijayapathi village, Tirunelveli district., Tamil Nadu admeasuring an aggregate of five acres, seventy two cents, all buildings, structures thereon and plants and machinery attached to the earth or permanently fastened to anything attached to the earth.
17.	Indian Overseas Bank	Cash credit against gold loan receivables	22,500	22,431	Repayable on demand.	First charge on a pari passu basis on the present and future gold loan receivables and current assets of the Company, with a margin of 15%, by way of hypothecation.
18.	IndusInd Bank Limited	Cash credit (with an option to avail working capital demand loan as a	20,000	18,787	Repayable on demand and renewable after one year. The minimum tenor of working capital	First charge on a pari passu basis on the present and future book debts, receivables and other current assets of the Company, with a margin of 15% on the gold loan receivables,

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
		sub-limit)			demand loan is seven days and maximum tenor is 180 days.	by way of hypothecation.
19.	ING Vysya Bank Limited	Short term loan (with cash credit/ overdraft as a sub-limit of the short term loan facility)	15,000	2	The minimum tenor for each disbursement is seven days and the maximum tenor is six months.	First charge on a pari passu basis on the present and future current assets, book debts, loans, advances and receivables including gold loan receivables of the Company, with a margin of 20% of book debts up to one year, by way of hypothecation.
20.	The Jammu & Kashmir Bank Ltd., Mumbai	Term loan	10,000	2,500	Principal amount repayable within a period of two years in four equal quarterly installments, commencing from the expiry of one year from the date of disbursement.	First charge on a pari passu basis on the present and future current assets, book debts and receivables including gold loan receivables of the Company, to the extent of 115% of the amounts outstanding, by way of hypothecation.
		Term loan	5,000	5,000	Principal amount repayable by way of four half yearly installments after a moratorium period of one year from the date of first disbursement. The first installment shall fall due at the end of 18 months from first disbursement.	First charge on a pari passu basis on the present and future current assets, book debts and receivables including gold loan receivables of the Company, to the extent of 120% of the amounts outstanding, by way of hypothecation.
21.	The Jammu & Kashmir Bank Ltd,	Working capital demand loan	15,000	15,000	Principal amount repayable by way of bullet repayment at the	First charge on a pari passu basis on the present and future current assets, book debts and receivables

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
	Thiruvananthapuram				end of one year.	including gold loan receivables of the Company, to an extent of 120% of the loan amount outstanding, by way of hypothecation.
		Cash credit facility (with an option to avail sub-limit of ₹ 4,000 lakhs as a short term loan for maximum period of nine months)	5,000	4,946	The cash credit facility is sanctioned for a period of one year, subject to renewal thereafter.	
22.	Karnataka Bank Ltd.	Overdraft	2,500	2,436	Repayable on demand or in accordance with the rules of the bank.	First charge on a pari passu basis on the present and future current assets and book debts arising out of the business of the Company, with a margin of 25.00% on current assets, by way of hypothecation.
23.	Kotak Mahindra Bank Limited	Cash credit	1,500	1,129	The cash credit facility is repayable on demand.	First charge on a pari passu basis on the present and future current assets including gold loan receivables of the Company, with a margin of 10%, by way of hypothecation.
24.	Oriental Bank of Commerce	Cash credit (hypothecation) (with an option to avail a working capital demand loan to the extent of ₹ 16,000 lakhs)	20,000	19,642	Tenor of one year.	First charge on a pari passu basis on the present and future gold loan receivables of the Company, with a margin of 20%, by way of hypothecation.
25.	Punjab National Bank	Working capital demand loan and cash credit facilities	40,000	39,827	Working capital loan to be repaid within 90 days in one installment, subject to servicing of monthly interest as and when	First charge on a pari passu basis on the present and future gold loan receivables of the Company, with a margin of 20%, by way of hypothecation.

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
					charged. However, the loan is also repayable on demand at the discretion of the bank.	
		Term loan	5,000	1,939	The loan amount is repayable in 60 months by way of 59 monthly installments of ₹ 83.33 lakhs each and 60 th installment of ₹ 83.53 lakhs.	Hypothecation of all present and future assets available at branches of the Company (all over India) from time to time, with a margin of 15%.
26.	SICOM	Revolving short term loan	10,000	3,750	First installment of ₹ 25 crores paid on December 31, 2013. Balance principal payable in installments of ₹ 25 crores commencing from April 30, 2014. The last repayment instalment payable on September 22, 2014. Interest to be serviced monthly.	First charge on a pari passu basis on the present and future current assets and gold loan receivables, of the Company with a margin of 1.25 times of standard receivables, by way of hypothecation.
27.	The South Indian Bank Limited	Cash credit open loan/ short term loans (as a sub-limit to the extent of ₹ 11,500 lakhs)	12,500	12,350	Repayable on demand.	First charge on a pari passu basis on the present and future gold loan receivables of the Company, with a margin of 15% on gold loan receivables, by way of hypothecation.
		Term loan	516	308	Principal loan amount repayable in 60 monthly installments	Charge by way of mortgage by deposit of title deeds of Unit No. 1404 situated on the 14 th floor of

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
					of ₹ 8.67 lakhs.	World Trade Centre, Brigade Gateway, Malleshwaram, Bangalore, admeasuring 6560 square feet of super built up area with an undivided share of 798.96 square feet
		Term loan	1,986	1,064	Principal loan amount repayable in 83 installments of ₹ 23.64 lakhs and last installment of ₹ 23.88 lakhs but repayable on demand at discretion of the bank.	<p>Primary security: Hypothecation of three 1,500 KW windmills of the Company situated in Tirunelveli district, Tamil Nadu.</p> <p>Collateral security:</p> <p>Equitable mortgage of:</p> <p>(a) land admeasuring 3.16 acres situated in Udayathur village, Tirunelveli district, Tamil Nadu, together with all buildings, existing and/or to be constructed thereon in future; (b) land admeasuring 3 acres situated in Vijayapathi village, Tirunelveli district, Tamil Nadu, together with all buildings, existing and/or to be constructed thereon in future; and (c) land admeasuring 2.91 acres situated in Vijayapathi village, Tirunelveli district, Tamil Nadu, together with all buildings, existing and/or to be constructed thereon in future.</p>
		Term loan	1,400	428	Principal loan amount repayable in 59 monthly installments of ₹ 23.33 lakhs and	Equitable mortgage of office unit bearing No. 12A/01 on the 13 th floor, Crescenzo, C 38 and 39, "G" Block, behind MCA, Bandra Kurla

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
					60 th installment of ₹ 23.53 lakhs, but repayable on demand at the discretion of the bank.	Complex, Bandra (E), Mumbai 400051, admeasuring 5,960 square feet super built up area, with a margin of 25%.
28.	State Bank of India	Cash credit/ working capital demand loan	75,000	72,894	Repayable on demand.	First charge on a pari passu basis on the present and future current assets, book debts and other assets of the Company, with a margin of 20%, by way of hypothecation. Mortgage by way of deposit of title deeds over four properties owned by the Promoters and Janamma Thomas and situated in the (a) Vizinjam village, (b) Thiruvananthapuram; (c) Vattiyurkavu village, Thiruvananthapuram; and (c) Sasthamangalam village, Thiruvananthapuram.
		Term loan I	501	352	Repayable in 29 quarterly installments of ₹ 49 lakhs each and final installment of ₹ 54 lakhs.	Exclusive charge on fixed assets of the Company's wind mill and land situated in Udayathur village, Tirunelveli district, Tamil Nadu and charge on the residual value of the fixed assets of the Company (excluding specifically charged assets). Mortgage by way of deposit of title deeds over four properties owned by the Promoters and Janamma Thomas and situated in the (a) Vizinjam village,

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
						Thiruvananthapuram; (b) Vattiyurkavu village, Thiruvananthapuram; and (c) Sasthamangalam village, Thiruvananthapuram.
		Term loan III	6,012	4,986	Repayable in 60 equal monthly installments of ₹ 145 lakhs commencing from May 1, 2012.	Exclusive charge on the Company's branch fixed assets created out of the bank finance in accordance with the list of branches provided by the Company and charge on the residual value of the fixed assets of the Company (excluding specifically charged assets). Mortgage by way of deposit of title deeds over four properties owned by the Promoters and Janamma Thomas and situated in the (a) Vizhinjam village, Thiruvananthapuram; (b) Vattiyurkavu village, Thiruvananthapuram; and (c) Sasthamangalam village, Thiruvananthapuram.
		Term loan IV	15,454	13,413	Repayable in 59 monthly installments of ₹ 2,88,30,000 and 60 th installment of ₹ 2,88,53,000.	
29.	State Bank of Mysore	Cash credit	10,000	9,867	Tenor of 12 months from the date of sanction.	First charge on a pari passu basis on the present and future book debts of the Company, with a margin of 20%, by way of hypothecation.
30.	State Bank of Patiala	Cash credit	20,000	19,881	Tenor of one year.	Hypothecation of the present and future assets covered under gold loans and the resultant receivables, with a margin of 15% on book debts and first charge on a pari passu basis on all current assets of the

Sr. No.	Name of Lender(s)	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Security*
						Company, with other lenders.
31.	State Bank of Travancore	Cash credit (hypothecation)	20,000	19,725	Tenor of 12 months but repayable on demand at the discretion of the bank.	First charge on a pari passu basis on the present and future current assets including loan receivables of the Company, with a margin of 15% on the receivables, by way of hypothecation.
32.	Union Bank of India	Cash credit (hypothecation)	30,000	29,846	Valid for a period of one year but repayable on demand.	First charge on a pari passu basis on the present and future gold loan receivables and entire current assets of the Company, with a margin of 10%, by way of hypothecation.
33.	Vijaya Bank Limited	Cash credit	7,500	7,491	Valid for a period of one year but repayable on demand at the discretion of the bank.	First charge on a pari passu basis on the present and future book debts and chargeable current assets of the Company, with a margin of 25%, by way of hypothecation.

* Such facilities are also usually backed by demand promissory notes executed by the Company in favour of the lenders and/ or personal guarantees issued by one or more of the Promoters of the Company.

Matters relating to terms and conditions of the term loans including re-scheduling, prepayment, penalty and default

The terms and conditions of the term loans utilised by the Company in relation to re-scheduling, prepayment, penalty and default have been described in brief below. Some of these may be common across all term loans, and some of them may be specific to particular term loan(s).

Re-scheduling/ Prepayment: Lenders typically enjoy sole discretion to approve requests of the Company for prepayment on such terms as to pre-payment charges etc as they may prescribe. The Company is required to give prior notice of 7 days to the lenders, requesting prepayment under certain loan agreements. The Company is usually required to pay prepayment penalty/ charges of 1% to 2% per annum to the lender.

Penalty: Penal or default interest in the range of 1% to 4% is payable in instances of, *inter alia*, failure to submit stock statements; failure in creating security and or obtaining letter ceding pari passu charge from other lenders; diversion of funds; default; non-compliance with terms and conditions, covenants; non-submission/delay in submission of quarterly information systems; non-payment/non-acceptance of demand for

payment; non-submission of renewal data; classification of account as a NPA.

Events of Default: Specified events are set forth as events of default including, default in payment of principal and/ or interest; breach of covenants, terms and conditions; supply of misleading information; sale, disposal, impairment or depreciation of security; commencement of insolvency proceedings or winding up of the Company; cross default; illegality; change in control; diversion of funds; the Company entering into any arrangement or composition with its creditors; inability to repay the loans when due; execution /distress being enforced or levied against the whole or any part of the property; cessation of business; appointment of receiver or liquidator; attachment or distraint on property or security; downgrade of rating below the minimum stipulated rating; non-compliance with RBI norms; change in ownership/ management control; material adverse effect on the Company; non-submission/ delay in submitting networth statement of guarantors.

B. Non-convertible debentures

(i) Listed debentures

- a. The Company has issued and allotted 19,39,872 secured, redeemable bonds in the nature of non-convertible debentures on August 2, 2014 aggregating ₹ 193,98,72,000 by way of public issue pursuant to the prospectus dated June 25, 2014, the details of which are set out below:

(₹ in lakhs)

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Credit Rating	Security	Redemption Amount Outstanding as on August 12, 2014
1.	Series I	24 months	11.25%	19,398	August 2, 2014	24 months	CRISIL A/Stable	Mortgage of the immovable property of the Company admeasuring 54 cents situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and a first ranking <i>pari passu</i> charge in favour of the bond trustee, on current assets, book debts and receivables (both present and future) of the Company.	19,398
2.	Series II	36 months	11.75%			36 months			
3.	Series III	60 months	11.25%			60 months			
4.	Series IV	24 months	11.75%			24 months			
5.	Series V	36 months	12.00%			36 months			
6.	Series VI	60 months	11.75%			60 months			
7.	Series VII	400 days	10.75%			400 days			
8.	Series VIII	24 months	11.75%			24 months			

9.	Series IX	36 months	12.00%			36 months			
10.	Series X	60 months	11.75%			60 months			

- b. The Company has issued secured, redeemable, listed non-convertible debentures on a private placement basis of which ₹ 1,788 lakhs is currently outstanding as on June 30, 2014, the details of which are set out below:

(₹ in lakhs)

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Credit Rating	Security	Redemption Amount Outstanding
1.	R 7	Option I - 18 months*	Option I -12.75%	2,725	15 working days from issue closure date (December 31, 2011) i.e. January 20, 2012.	Option I - July 20, 2013	CRISIL A/Stable	1. First pari passu charge and hypothecation on all the present and future receivables of the Company with a minimum asset cover ratio of 1.10 times to be maintained during the tenure of the debentures; and 2. First charge by way of mortgage on the immovable property of the Company located at Samugarengapuram village, Radhapuram, Tirunelveli District, Tamil Nadu having survey no. 537.	1,768
		Option II - 36 months	Option II -13%			January 20, 2015			
2.	R 8	Option I - 18 months*	Option I 13.25%	77.2	15 working days from issue closure date (March 31,2012) i.e.	Option I - October 17, 2012	CRISIL A/ Stable	1. First pari passu charge and hypothecation on all the present and future receivables of the Company with a minimum asset cover ratio of 1.10 times to	19.8
		Option II -	Option II			Option II - April 17,			

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Credit Rating	Security	Redemption Amount Outstanding
		36months	13.25%		April 17, 2012	2015		be maintained during the tenure of the debentures; and 2. First charge by way of mortgage on the immovable property of the Company located at Samugarengapuram village, Radhapuram, Tirunelveli District, Tamil Nadu having survey no. 537.	
	Total								1,787.80

* Whilst Option I of series R7 and R8 debentures have been redeemed, the Company has not modified the original charge created.

(ii) **Unlisted privately placed debentures**

The Company has issued secured, redeemable, unlisted non-convertible debentures on a private placement basis under various series of which ₹ 1,82,902.7 lakhs is currently outstanding as on June 30, 2014, the details of which are set out below:

(₹ in lakhs)

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate**	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding
1.	Series 34	6 years	Ranges from 11% to 12.5%	999.88	22-09-2008 to 01-11-2008	72 months from date of allotment of each batch of debentures.	20.42
2.	Series 35	6 years	Ranges from 11% to 12.5%	999.93	07-10-2008 to 03-12-2008	72 months from date of allotment of each batch of debentures.	56.7
3.	Series 36	6 years	Ranges from 11% to 12.5%	999.93	22-10-2008 to 12-01-2009	72 months from date of allotment of each batch of debentures.	28.97
4.	Series 37	6 years	Ranges from 11%	999.98	17-11-2008 to 02-02-	72 months from date of	41.71

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate**	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding
			to 12.5%		2009	allotment of each batch of debentures.	
5.	Series 38	6 years	Ranges from 11% to 12.5%	999.98	22-12-2008 to 18-02-2009	72 months from date of allotment of each batch of debentures.	22.32
6.	Series 39	6 years	Ranges from 11% to 12.5%	490.34	12-12-2008 to 03-05-2008	72 months from date of allotment of each batch of debentures.	10.02
7.	Series 40	6 years	Ranges from 11% to 12.5%	2,566.60	20-01-2009 to 15-05-2009	72 months from date of allotment of each batch of debentures.	70.21
8.	Series 41	6 years	Ranges from 10.5% to 12%	2,499.98	06-04-2009 to 01-06-2009	72 months from date of allotment of each batch of debentures.	114.98
9.	Series 42	6 years	Ranges from 10.5% to 12%	1,682.60	21-04-2009 to 30-06-2009	72 months from date of allotment of each batch of debentures.	78.79
10.	Series 43	6 years	Ranges from 10.5% to 12%	1,499.41	01-07-2009 to 14-08-2009	72 months from date of allotment of each batch of debentures.	85.72
11.	Series 44	6 years	Ranges from 10.5% to 12%	1,499.91	01-08-2009 to 27-10-2009	72 months from date of allotment of each batch of debentures.	142.9
12.	Series 45	6 years	Ranges from 10.5% to 12%	1,497.28	25-09-2009 to 12-11-2009	72 months from date of allotment of each batch of debentures.	77.37
13.	Series 46	6 years	Ranges from 9.5% to 11%	1,454.73	24-10-2009 to 24-12-2009	72 months from date of allotment of each batch of debentures.	68.83
14.	Series 47	6 years	Ranges from 9.5% to 11%	1,499.91	26-10-2009 to 09-02-2010	72 months from date of allotment of each batch of debentures.	103.79
15.	Series 48	6 years	Ranges from 9.5% to 11%	902.53	21-12-2009 to 12-03-2010	72 months from date of allotment of each batch of debentures.	33.8
16.	Series 49	6 years	Ranges from 9% to 10.5%	997.04	10-02-2010 to 28-03-2010	72 months from date of allotment of each batch of	90.59

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate**	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding
						debentures.	
17.	Series 50	6 years	Ranges from 9% to 10.5%	1,796.51	12-03-2010 to 28-05-2010	72 months from date of allotment of each batch of debentures.	129.09
18.	Series 51	6 years	Ranges from 9.5% to 11 %	999.88	10-05-2010 to 21-06-2010	72 months from date of allotment of each batch of debentures.	63.16
19.	Series 52	6 years	Ranges from 9.5% to 11 %	1,499.88	29-05-2010 to 20-07-2010	72 months from date of allotment of each batch of debentures.	69.77
20.	Series 53	6 years	Ranges from 9.5% to 11 %	1,499.98	01-06-2010 to 28-08-2010	72 months from date of allotment of each batch of debentures.	134.27
21.	Series 54	6 years	Ranges from 9.5% to 11 %	1,954.58	01-07-2010 to 14-10-2010	72 months from date of allotment of each batch of debentures.	220.82
22.	Series 55	6 years	Ranges from 9.5% to 11%	1,378.65	08-09-2010 to 04-11-2010	72 months from date of allotment of each batch of debentures.	144.94
23.	Series 56	6 years	Ranges from 9.5% to 11.5%	1,900.46	20-09-2010 to 11-12-2010	72 months from date of allotment of each batch of debentures.	251.81
24.	Series 57	6 years	Ranges from 9.5% to 11.5%	1,904.09	02-11-2010 to 15-02-2011	72 months from date of allotment of each batch of debentures.	206.53
25.	Series 58	6 years	Ranges from 9.5% to 11.5%	526.18	11-12-2010 to 28-02-2011	72 months from date of allotment of each batch of debentures.	39.82
26.	Series 59	6 years	Ranges from 10% to 12%	3,000	22-12-2010 to 21-04-2011	72 months from date of allotment of each batch of debentures.	260.67
27.	Series 60	5.5 years	Ranges from 11% to 12.5%	2,999.95	03-03-2011 to 10-06-2011	66 months from date of allotment of each batch of debentures.	358.76
28.	Series 61	5.5 years	Ranges from 11% to 12.5%	2,999.98	24-03-2011 to 21-06-2011	66 months from date of allotment of each batch of debentures.	391.85

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate**	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding
29.	Series 62	5.5 years	Ranges from 11% to 12.5%	2,999.97	24-05-2011 to 18-08-2011	66 months from date of allotment of each batch of debentures.	496.64
30.	Series 63	5.5 years	Ranges from 11% to 12.5%	4,999.98	23-04-2011 to 18-10-2011	66 months from date of allotment of each batch of debentures.	649.87
31.	Series 64	5.5 years	Ranges from 11% to 12.5%	4,956.74	03-09-2011 to 07-01-2012	66 months from date of allotment of each batch of debentures.	615.19
32.	Series 65	5.5 years	Ranges from 11% to 13%	3,616.70	12-11-2011 to 20-01-2012	66 months from date of allotment of each batch of debentures.	485.36
33.	Series 66	5.5 years	Ranges from 11.5% to 13.5%	1,700	20-12-2011 to 07-02-2012	66 months from date of allotment of each batch of debentures.	437.32
34.	Series 67	5.5 years	Ranges from 11.5% to 14%	2,499.82	21-01-2012 to 21-02-2012	66 months from date of allotment of each batch of debentures.	500.69
35.	Series 68	5.5 years	Ranges from 11.5% to 14%	2,499.98	02-02-2012 to 05-03-2012	66 months from date of allotment of each batch of debentures.	520.69
36.	Series 69	5.5 years	Ranges from 11.5% to 14%	24,999.97	30-12-2011 to 19-04-2012	66 months from date of allotment of each batch of debentures.	8,309.01
37.	Series 70	5.5 years	Ranges from 11.5% to 14%	14,999.98	03-02-2012 to 09-05-2012	66 months from date of allotment of each batch of debentures.	5,274.18
38.	Series 71	5.5 years	Ranges from 11.5% to 14%	14,999.98	31-01-2012 to 16-05-2012	66 months from date of allotment of each batch of debentures.	5,218.74
39.	Series 72	5.5 years	Ranges from 11.5% to 14%	9,253.97	12-03-2012 to 19-06-2012	66 months from date of allotment of each batch of debentures.	2,656.95
40.	Series 73	5.5 years	Ranges from 11.5% to 14 %	9,598.66	15-03-2012 to 03-08-2012	66 months from date of allotment of each batch of debentures.	3,412.12

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate**	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding
41.	Series 74	5.5 years	Ranges from 11.5% to 14%	9,999.98	14-06-2012 to 16-07-2012	66 months from date of allotment of each batch of debentures.	3,935.52
42.	Series 75	5 years	Ranges from 11.5% to 14%	9,999.97	13-04-2012 to 03-08-2012	60 months from date of allotment of each batch of debentures.	4,375.31
43.	Series 76	5 years	Ranges from 11.5% to 14%	5,000	18-06-2012 to 04-09-2012	60 months from date of allotment of each batch of debentures.	2,008.18
44.	Series 77	5 years	Ranges from 11.5% to 14%	9,998.81	30-05-2012 to 10-09-2012	60 months from date of allotment of each batch of debentures.	4,690.97
45.	Series 78	5 years	Ranges from 11.5% to 13.06%	8,084.11	10-04-2012 to 17-11-2012	60 months from date of allotment of each batch of debentures.	3,911.69
46.	Series 79	5 years	Ranges from 11% to 13.06 %	9,945.63	10-09-2012 to 21-11-2012	60 months from date of allotment of each batch of debentures.	5,921.77
47.	Series 80	5 years	Ranges from 11% to 13.06%	9,900.89	28-09-2012 to 06-12-2012	60 months from date of allotment of each batch of debentures.	6,251.71
48.	Series 81	5 years	Ranges from 11% to 13%	4,965.99	21-11-2012 to 24-12-2012	60 months from date of allotment of each batch of debentures.	3,017.09
49.	Series 82	5 years	Ranges from 10.5% to 12.5%	9,999.97	07-12-2012 to 19-01-2013	60 months from date of allotment of each batch of debentures.	5,370.57
50.	Series 83	5 years	Ranges from 10.5% to 12.5%	39,600	10-12-2012 to 23-03-2013	60 months from date of allotment of each batch of debentures.	28,561.36
51.	Series 84	5 years	Ranges from 10.5% to 12.5%	39,999.98	14-11-2012 to 20-05-2013	60 months from date of allotment of each batch of debentures.	32,422.28
52.	Series 85	5 years	Ranges from 10.5% to 12.5%	19,996	25-03-2013 to 06-07-2013	60 months from date of allotment of each batch of debentures.	16,734.35

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate**	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding
53.	Series 86	5 years	Ranges from 10.5% to 12.5%	29,999.9	24-04-2013 to 06-07-2013	60 months from date of allotment of each batch of debentures.	26,617.78
54.	Series 87	5 years	Ranges from 10.5% to 12%	3,920.32	24-05-2013 to 08-07-2013	60 months from date of allotment of each batch of debentures.	3,910.75
55.	MFL - 1	5 years	Ranges from 11% to 13%	265.00	16-07-2013 to 14-08-2013	60 months from date of allotment of each batch of debentures.	265
56.	MFL - 2	5 years	Ranges from 11% to 13%	484.00	15-08-13 to 14-09-2014	60 months from date of allotment of each batch of debentures.	484
57.	MFL - 3	5 years	Ranges from 11% to 13%	125.00	15-09-2013 to 14-10-2013	60 months from date of allotment of each batch of debentures.	125
58.	MFL - 4	5 years	Ranges from 11% to 13%	183.00	15-10-2013 to 14-11-2013	60 months from date of allotment of each batch of debentures.	158
59.	MFL - 5	5 years	Ranges from 11% to 13%	275.00	15-11-2013 to 14-12-2013	60 months from date of allotment of each batch of debentures.	275.00
60.	MFL - 6	5 years	Ranges from 11% to 13%	579.00	15-12-2013 to 14-01-2014	60 months from date of allotment of each batch of debentures.	579.00
61.	MFL - 7	5 years	Ranges from 11% to 13%	505.00	15-01-2014 to 14-02-2014	60 months from date of allotment of each batch of debentures.	505.00
62.	MFL - 8	5 years	Ranges from 11% to 13%	486.00	15-01-2014 to 14-03-2014	60 months from date of allotment of each batch of debentures.	486.00
63.	MFL - 9	5 years	Ranges from 11% to 13%	401.00	15-03-2014 to 19-04-2014	60 months from date of allotment of each batch of debentures.	401.00
	Total						1,82,902.7

** Customers typically have an option to avail the following three schemes under all the above series of debentures: (i) monthly interest scheme; (ii) annual interest scheme; and (iii) maturity scheme.

All the above debentures are unrated. The debentures are secured by a subservient charge on the outstanding gold loan receivables of the Company, both present and future.

Of the total secured debentures issued by the Company, ₹ 1,84,691 lakhs is outstanding as on June 30, 2014.

II. Unsecured Loans

1. Loans

The Company has borrowed an aggregate ₹ 150.35 lakhs from the Directors as on June 30, 2014 which are in the nature of demand loans and are unsecured.

2. Non-convertible debentures

(i) Listed subordinated debt

The Company has issued unsecured listed subordinated debts on a private placement basis of which ₹ 4,000 lakhs is currently outstanding as on June 30, 2014, the details of which are set out below:

(₹ in lakhs)

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Credit Rating	Redemption Amount Outstanding
1.	R 2	5 years and 5 months (65 months)	13%	2,000	March 31, 2011	August 31, 2016	CRISIL A/Stable and BWR A+	2,000
2.	R 3	5 years and 3 months (63 months)	12.3%	2,000	March 29, 2011	June 29, 2016	CRISIL A/Stable and BWR A+	2,000
	Total							4,000

(ii) Unlisted subordinated debt

The Company has issued unsecured, unlisted, unrated subordinated debts on a private placement basis of which ₹ 1,11,407.09 lakhs is currently outstanding as on June 30, 2014, the details of which are set out below:

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding
1.	N.A.	5 years and 5 months (65 months)	12%	4,500	March 31, 2011	August 31, 2016	4,500

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding
		months)					
2.	Series 1	66 months	14.24% per annum compounded annually payable under the maturity scheme.*	4,438.26	From May 7, 2012 to June 7, 2012	66 months from date of allotment	4,436.26
3.	Series 2	66 months	14.24% per annum (compounded annually), 14.2% per annum and 13.5% per annum payable under the maturity scheme, annual scheme and monthly scheme respectively.*	21,996.88	From May 30, 2012 to December 8, 2012	66 months from date of allotment	21,981.48
4.	Series 3	66 months	13.4% per annum (compounded annually), 13.4% per annum and 12.75% per annum payable under the maturity scheme, annual scheme and monthly scheme respectively.*	29,878.37	From December 1, 2012 to June 29, 2013	66 months from date of allotment	29,878.37
5.	Series 4	66 months	13.4% per annum (compounded annually), 13.4% per annum and 12.75% per annum payable under the maturity scheme, annual scheme and monthly scheme respectively.*	19,988.97	August 29, 2013 to February 28, 2014	66 months from date of allotment	19,988.97
6.	Series 5	66 months	13.4% per annum (compounded annually), 13.4% per annum and 12.75% per annum payable under the maturity scheme, annual scheme and monthly scheme respectively.*	19,932.37	January 14, 2014 to April 18, 2014	66 months from date of allotment	19,932.37
7.	Series 6	66 months	13.4% per annum (compounded annually), 13.4% per annum and 12.75% per annum payable under the maturity scheme, annual scheme and monthly scheme respectively.*	1,500	From April 19, 2014 to April 23, 2014	66 months from date of allotment	1,084.25
8.	Series 7	72 months	12.25% per annum (compounded annually), 12.25% per annum and 13.4% per annum payable under the maturity scheme, annual scheme and monthly scheme respectively.*	30,000	From April 24, 2014 to October 23, 2014	72 months from date of allotment	9,605.39
	Total			1,32,234.85			1,11,407.09

* The Company has an option to redeem the subordinated debt before maturity with a 30 day notice, subject to applicable laws. Simple interest ranging from 11.5% to 12.5%, depending on the period elapsed before the exercise of the call option, is payable in such cases.

(iii) **Unlisted perpetual debt instruments**

The Company has issued unsecured, unrated, redeemable, non-convertible, unlisted perpetual debt instruments on a private placement basis of

which ₹ 14,400 lakhs is currently outstanding as on June 30, 2014, the details of which are set out below:

(₹ in lakhs)

Sr. No.	Series	Tenor/ Period of Maturity	Coupon Rate	Amount raised	Deemed Date of Allotment	Redemption Date/ Schedule	Redemption Amount Outstanding
1.	Series I	Perpetual	12% payable annually and on redemption.	5,000	November 30, 2008	Perpetual	5,000
2.	Series II	Perpetual	12% payable annually and on redemption.	2,600	August 10, 2009	Perpetual	2,600
3.	Series III	Perpetual	12% payable annually and on redemption.	5,400	December 21, 2009	Perpetual	5,400
4.	Series IV	Perpetual	12% payable annually and on redemption.	1,400	September 30, 2009	Perpetual	1,400
	Total						14,400

III. Corporate Guarantee

As on June 30, 2014, the Company has issued seven counter guarantees aggregating to ₹ 13.20 lakhs to the following banks in connection with bank guarantees issued in favour of various statutory authorities. The details are summarised below:

(₹ in lakhs)

Sr. No.	Name of counterparty	Date given	Date till which obligation exists	Guarantee Amount
1.	The South Indian Bank Limited	September 20, 2011	September 19, 2014	1
2.	The South Indian Bank Limited	January 8, 2013	January 7, 2015	1
3.	The South Indian Bank Limited	January 8, 2013	January 7, 2015	1
4.	The South Indian Bank Limited	January 8, 2013	January 7, 2018	0.5
5.	The South Indian Bank Limited	January 8, 2013	January 7, 2018	0.5
6.	The South Indian Bank Limited	February 13, 2014	August 12, 2015	9
7.	State Bank of India	September 23, 2013	September 23, 2023	0.20
	Total			13.20

IV. Commercial Paper

None of the commercial papers issued by the Company are outstanding as on June 30, 2014.

V. Hybrid Debt

The Company has not availed/ issued any hybrid debt as on date of the Draft Prospectus.

VI. Inter Corporate Loans

The Company has not utilised loans from companies under the same management.

Servicing behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities

As at the date of the Draft Prospectus, there has been no default in payment of principal or interest on any existing loan or debt securities and other financial indebtedness undertaken by the Company in the past five years. The Company has neither defaulted in repayment or redemption of any of its borrowings nor affected any kind of roll-over against any of its borrowings in the past.

The Company confirms that it has not issued any debt securities or utilised any borrowings for a consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

Apart from the indebtedness mentioned above and in “*Annexure A - Financial Information*”, the Company does not have any other borrowings.

SECTION V : LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION, STATUTORY AND REGULATORY ACTIONS

As on the date of the Draft Prospectus, there are no failures or defaults to meet statutory dues, institutional dues and dues towards instrument holders including holders of debentures, fixed deposits, and arrears on cumulative preference shares, etc, by our Company or by public companies promoted by the Promoters and listed on stock exchanges.

Save as disclosed below, there are no:

- (i) litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any Promoter of the Company during the last five years immediately preceding the year of the issue of the Draft Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;
- (ii) litigation involving the Issuer, Promoter, Director, Subsidiaries, Group companies or any other person, whose outcome could have material adverse effect on the position of the Issuer;
- (iii) inquiry, inspections or investigations initiated or conducted under the Companies Act 2013 or any previous companies law in the last five years immediately preceding the year of issue of the Draft Prospectus in the case of Company and all of its Subsidiaries; prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last five years immediately preceding the year of the Draft Prospectus for the Company and all of its Subsidiaries; and
- (iv) pending proceedings initiated against the Company for economic offences.

Litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any Promoter of the Company during the last five years immediately preceding the year of the issue of the Draft Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action

On June 1, 2012 the Employees' Provident Fund Organization at Nagercoil issued provisional codes TN/79468 to TN/79532 to 65 branches of the Company in Kanyakumari district., thereby implying separate and individual compliance of all provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPF & MP Act**") by each of the branches. Enforcement Officers (EOs) subsequently issued notices from June 21, 2012 onwards to the 65 branches calling for information under Section 13 of the EPF & MP Act. The EOs filed non-compliance reports in respect of the branches. The Company has asserted that the Company should be covered under a single code and compliance with the EPF & MP Act is to be ensured as a Company and not by each branch under a separate code. The Assistant PF Commissioner at Nagercoil has held otherwise in proceedings under Section 7A of the EPF & MP Act and on January 2, 2014 ordered "the employer of the establishment to comply with the EPF & MP Act within seven days of receipt of this order failing which necessary steps shall be taken to determine the dues and recover the amount invoking the provisions as contemplated under Section 8B to 8G of the EPF & MP Act." No further determination of dues or demand has been made. The Company has filed an appeal against the order in the National Provident Fund Tribunal.

Legal Proceedings Initiated by the Company

Civil Proceedings

1. The Company has filed a special leave petition (Civil) No. 34057 of 2009 before the Supreme Court of India challenging the common final judgment and order dated November, 18, 2009 passed by the division bench of the High Court of Kerala. The Company had filed a writ petition in the High Court of Kerala challenging the order of the Commissioner of Commercial Taxes, Kerala, which directs the Company to register under the provisions of Kerala Money Lenders Act, 1946, as amended from time to time ("**KMLA**"). The single judge of the High Court of Kerala held that the Company fell within the meaning of "money lenders" as defined under the KMLA. On appeal, the division bench of the High Court of Kerala

upheld the order of the single judge dated February 14, 2007, and dismissed all appeals in connection with such writ petition. Thereby the impugned order passed by the Commissioner of Commercial Taxes, Kerala requiring the Company to register under the KMLA was confirmed. The Supreme Court of India has admitted the aforesaid special leave petition and pursuant to an order dated December 16, 2009 stayed the operation of the impugned order of the division bench of the High Court of Kerala. The Company has *inter alia* raised the following contentions: (i) it is a company incorporated under the Companies Act 1956 and not a 'person' within the meaning of the term "money lender" under the KMLA; and (ii) even if considered as a 'person', the Company is as an institution established by or under an act of the Parliament since it is registered as an NBFC under the RBI Act, and hence falls under the exception to the definition of "money lender" as provided under Section 2(7)(f) of the KMLA. The Company has filed a rejoinder application before the Supreme Court of India in connection with the aforesaid matter seeking permission to file additional submissions and to advance its arguments in connection with such submissions. The aforesaid proceedings are pending hearing and final disposal.

Legal Proceedings Initiated against the Company

Civil proceedings

1. M. Mathews, chairman and managing director of Muthoot Mercantile Limited has filed a plaint (O.S. No. 6 of 2013) in the District Court, Kottayam against Muthoot Pappachan Group, which the Company is a part of, and others under Section 134 of the Trade Marks Act alleging infringement of the use of the trade mark labelled 'MUTHOOT'. Muthoot Mercantile Limited has registered 'MUTHOOT' as a trade mark under trade mark no. 1267883 in class 36. Muthoot Pappachan Group has contended that 'MUTHOOT' is a family name and the same is being used by the family members for money lending and other financial services for decades. An application dated July 6, 2012 for removal/ rectification/ cancellation of the trademark 'MUTHOOT' has already been filed by the Promoters trading in the name of Muthoot Pappachan Group. The matter is currently pending.
2. Mr. E. Packiaraj has filed a writ petition (W.P. (MD) No. 4508/2013) in the High Court of Madras against the Company, the RBI and police officials. The petitioner had utilised loans to the extent of ₹ 78,600 from the Company. The petitioner has contended that the Company is auctioning the petitioner's gold jewels in spite of his offer to repay his loan with interest. He has further alleged that the Company is carrying on its business contrary to the Tamil Nadu Pawnbrokers Act, 1943 and the rules and regulations prescribed by the RBI. Thus, the petitioner has prayed that the High Court of Madras directs the RBI and police officials to take legal action against the Company and help the petitioner redeem his gold jewels pledged with the Company and pass other orders as deemed fit. The matter is currently pending.
3. Mr. S. Hakkimullah has filed 10 writ petitions (W.P. (MD) No. 3863/2013 – 3872/2013) in the High Court of Madras against the Company and the RBI. The petitioner had utilised several gold loans from the Company from August, 2011 to February, 2012, aggregating to approximately ₹ 19,70,900 and has now challenged the auction of his gold jewels on several grounds including, *inter alia*, the levy of exorbitant interest, non-issuance of a demand notice as contemplated under the Tamil Nadu Pawnbrokers Act, 1943, violation of provisions of the Tamil Nadu Transparency in Tender Act, 1998, in relation to contents of an auction sale notice such as amount due and lowest auction price. Thus, the petitioner has prayed that the High Court of Madras directs the RBI to take action against the Company and also injuncts the auction of his gold jewels as regards his loan accounts with the Company and pass other orders as deemed fit. The matter is currently pending.
4. Mr. M. Perumal has filed a writ petition (W.P. (MD) No. 3194/2013) in the High Court of Madras against the Inspector of Police, Theni District and the Company. The petitioner had utilised gold loans from the Company to the extent of ₹ 19,67,100. The petitioner has challenged the proposed auction of his gold jewels by the Company in spite of his offer to amicably settle the matter and charging of unreasonable interest by the Company. The petitioner has sought an interim injunction forbearing the Company to conduct the auction of his jewels. Further, the petitioner has prayed that the High Court of Madras directs the Inspector of Police, Theni District to take appropriate steps pursuant to the criminal complaint filed by the petitioner against the Company. The matter is currently pending.

5. Ms. A. Anandi has filed a writ petition (W.P. (MD) No. 3806/2013) in the High Court of Madras against the District Collector, Madurai, and the Company. The petitioner had utilised gold loans from the Company to the extent of ₹ 5,03,200. The petitioner has alleged that the rate of interest payable by the petitioner was illegally enhanced to 3% from 1.8% as originally agreed. Further, the rate of interest being charged was in violation of the Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003. The petitioner had also filed a complaint before the District Collector, Madurai, requesting him to take action against the Company as its business was allegedly being conducted in violation of the Tamil Nadu Pawnbrokers Act, 1943, and Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003. The petitioner has sought an injunction from the High Court of Madras forbearing the Company to sell her jewels by way of public auction and has also prayed that the High Court of Madras directs the District Collector, Madurai, to take appropriate action against the Company on the basis of the complaint filed with the District Collector, Madurai. The matter is currently pending.
6. Mr. L. Anbuselvam has filed a writ petition (W.P. (MD) No. 4082/2013) in the High Court of Madras against the District Collector, Madurai, and the Company. The petitioner had utilised gold loans from the Company to the extent of ₹ 7,13,000. The petitioner has alleged that the rate of interest payable by the petitioner was illegally enhanced to 3% from 1.5% as originally agreed. Further, the rate of interest being charged was in violation of the Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003. The petitioner had also filed a complaint before the District Collector, Madurai, requesting him to take action against the Company as its business was allegedly being conducted in violation of the Tamil Nadu Pawnbrokers Act, 1943, and Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003. The petitioner has sought an injunction from the High Court of Madras forbearing the Company to sell his jewels by way of public auction and has also prayed that the High Court of Madras directs the District Collector, Madurai, to take appropriate action against the Company on the basis of the complaint filed with the District Collector, Madurai.
7. Mr. R. S. Suresh has filed a writ petition (W.P. (MD) No. 4198/2013) in the High Court of Madras against the RBI and the Company. The petitioner had utilised several gold loans from the Company to the extent of ₹ 4,35,100, and has now challenged the auction of his gold jewels on several grounds including, *inter alia*, the failure to mention the rate of interest, lowest auction price and the total amount due. Thus, the petitioner has prayed that the High Court of Madras directs the RBI to take action against the Company and also injuncts the auction of his gold jewels as regards one of his loan accounts with the Company and pass other orders as deemed fit. The matter is currently pending.
8. Ms. A. Anandi has filed a writ petition (W.P. (MD) No. 4081/2013) in the High Court of Madras against the District Collector, Madurai, and the Company. The petitioner had utilised gold loan from the Company to the extent of ₹ 3,52,000. The petitioner has alleged that the rate of interest payable by the petitioner was illegally enhanced to 3% from 1.8% as originally agreed. Further, the rate of interest being charged was in violation of the Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003. The petitioner had also filed a complaint before the District Collector, Madurai, requesting him to take action against the Company as its business was allegedly being conducted in violation of the Tamil Nadu Pawnbrokers Act, 1943, and Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003. The petitioner has sought an injunction from the High Court of Madras forbearing the Company to sell her jewels by way of public auction and has also prayed that the High Court of Madras directs the District Collector, Madurai, to take appropriate action against the Company on the basis of the complaint filed with the District Collector, Madurai. The matter is currently pending.
9. Mrs. R.S. Ashwin Rani has filed a writ petition (W.P. (MD) No. 4204/2013) in the High Court of Madras against the Company and the RBI. The petitioner has contended that she had utilised loans from the Company on 12 different occasions and as on date of filing the writ petition, pledged a total of 805.5 grams of gold for a sum of ₹ 16,18,900. The Company was to charge a maximum interest rate of 32% p.a. after the completion of 6 months. The petitioner alleges that after completion of one year, the Company issued a demand notice requiring the petitioner to repay the loan along with interest at the rate of more than 36%, failing which the Company will auction the gold pledged by her. The petitioner alleges that the Company has charged the petitioner an exorbitant amount of interest on the loan, which is clearly in violation of the norms prescribed by the RBI and provisions set out in the Tamil Nadu Prohibition of Charging Exorbitant

Interest Act, 2003. She has further alleged that the Company did not give her sufficient time to redeem her pledged jewels and has not provided details regarding the interest being charged. The petitioner made a representation in front of the RBI officials but no immediate action was taken. Since the auction was nearing, the petitioner filed the writ petition and has prayed that the High Court of Madras directs the RBI to reconsider her representations and also grant a stay on the auction proceedings. The matter is currently pending.

10. Mrs. R.S. Ashwin Rani has filed a writ petition (W.P. (MD) No. 2 of 2013 in W.P. (MD) No. 13162 of 2013) in the High Court of Madras against the Company and the RBI. The petitioner has prayed for a writ of certiorari quashing the auction notice dated July 22, 2013, published in a daily newspaper, in relation to the loans utilised by the petitioner to the extent of ₹ 4,93,000 from the Company. The petitioner has, *inter alia*, alleged that he was not given sufficient opportunity to redeem the jewels and the auction notice was silent on the interest charged. The petitioner had also filed an additional affidavit informing the court that she was willing to repay the loan along with interest within a period of 60 days, including the interest up to the 60th day. In light of the same, the court has granted an interim stay pursuant to order dated August 6, 2013. The matter is currently pending.
11. Mr. S. Karthick has filed a writ petition (W.P. (MD) No. 4274/2013) in the High Court of Madras against the Company, the RBI, the district collector and the tahsildar. The petitioner has contended that he had utilised loans aggregating to ₹ 39,68,300 from the Company on 11 occasions whereby the Company was to charge a maximum interest rate of 32% per annum on the loan amount. The petitioner alleges that when he approached the Company for payment of interest, the Company demanded a higher rate of 36% per annum and further stated that since there was a default in payment of interest, the interest was now compoundable with daily rests. The petitioner alleges that the interest rate being charged by the Company is exorbitant and in excess of the rates prescribed by the government of Tamil Nadu for such loans. The petitioner approached the Company for redemption of the gold jewels after repaying the loan amount with interest as prescribed by the government of Tamil Nadu. However, the Company refused to redeem the gold jewels and issued a notice of auction demanding payment of the interest as prescribed by the Company, failing which the pledged gold jewels will be auctioned at a public auction. The petitioner made a representation in front of the officers of the RBI, the district collector and the tahsildar relaying all the facts of his case and on the conduct of the business of the Company being in violation of the provisions of the Tamil Nadu Money Lenders Act, 1957, Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003 and Tamil Nadu Pawn Brokers Act, 1943. However, no action was taken by the aforesaid officials. Thus, the petitioner has prayed that the High Court of Madras grants a stay on the auction proceedings and directs the RBI and the government officials to consider the petitioner's representations and take appropriate action against the Company. The matter is currently pending.
12. Mr. S. Senthil Murugan has filed a writ petition (W.P. (MD) No. 4275/2013) in the High Court of Madras against the Company, the RBI, the district collector and the tahsildar. The petitioner has contended that he had utilised loans aggregating to ₹ 37,66,900 from the Company on 12 occasions whereby the Company was to charge a maximum interest rate of 32% per annum on the loan amount. The petitioner alleges that when he approached the Company for payment of interest, the Company demanded a higher rate of 36% p.a. and further stated that since there was a default in payment of interest, the interest was now compoundable with daily rests. The petitioner alleges that the interest rate being charged by the Company is exorbitant, in violation of the norms prescribed by the RBI and in excess of the rates prescribed by the government of Tamil Nadu for such loans. The petitioner approached the Company for redemption of the gold jewels after repaying the loan amount with interest as prescribed by the government of Tamil Nadu. However, the Company refused to redeem the gold jewels and issued a notice of auction demanding payment of the interest as prescribed by the Company, failing which the pledged gold jewels would be auctioned at a public auction. The petitioner made a representation in front of the officers of the RBI, the district collector and the tahsildar relaying all the facts of his case and on the conduct of the business of the Company being in violation of the provisions of the Tamil Nadu Money Lenders Act, 1957, Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003 and Tamil Nadu Pawn Brokers Act, 1943. However, no action was taken by the aforesaid officials. Thus, the petitioner has prayed that the High Court of Madras grants a stay on the auction proceedings and directs the RBI and the government officials to consider the petitioner's representations and take appropriate action against the Company. The matter is

currently pending.

13. Mr. J. Raj Sethu has filed a writ petition (W.P. (MD) No. 4276/2013) in the High Court of Madras against the Company, the RBI, the district collector and the tahsildar. The petitioner has contended that he had utilised loans from the Company on 15 occasions whereby the Company was to charge a maximum interest rate of 32% p.a. on the loan amount. The petitioner alleges that when he approached the Company for payment of interest, the Company demanded a higher rate of 36% p.a. and further stated that since there was a default in payment of interest, the interest was now compoundable with daily rests. The petitioner alleges that the interest rate being charged by the Company is exorbitant, in violation of the norms prescribed by the RBI and in excess of the rates prescribed by the government of Tamil Nadu for such loans. The petitioner approached the Company for redemption of the gold jewels after repaying the loan amount with interest as prescribed by the government of Tamil Nadu. However, the Company refused to redeem the gold jewels and issued a notice of auction demanding payment of the interest as prescribed by the Company, failing which the pledged gold jewels would be auctioned at a public auction. The petitioner made a representation in front of the officers of the RBI, the district collector and the tahsildar relating all the facts of his case and on the conduct of the business of the Company being in violation of the provisions of the Tamil Nadu Money Lenders Act, 1957, Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003 and Tamil Nadu Pawn Brokers Act, 1943. However, no action was taken by the aforesaid officials. Thus, the petitioner has prayed that the High Court of Madras grants a stay on the auction proceedings and directs the RBI and the government officials to consider the petitioner's representations and take appropriate action against the Company. The matter is currently pending.
14. Mr. V.S Chandra Sekaran has filed a writ petition (W.P. (MD) No. 4306/2013) in the High Court of Madras against the Company and the RBI. The petitioner has contended that he had utilised loans from the Company on 2 occasions and as on date of filing the writ petition, pledged a total of 63.5 grams of gold for a sum of ₹ 3,50,700. The Company was to charge a maximum interest rate of 32% p.a. after the completion of six months. The petitioner alleges that after completion of one year, the Company issued a demand notice requiring the petitioner to repay the loan along with interest at the rate of more than 36%, failing which the Company will auction the gold pledged by him. The petitioner alleges that the Company has charged the petitioner an exorbitant amount of interest on the loan, which is clearly in violation of the norms prescribed by the RBI and provisions set out in the Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003. He has further alleged that the Company did not give him sufficient time to redeem the pledged jewels and has not provided details regarding the interest being charged. The petitioner made a representation in front of the RBI officials but no immediate action was taken. Since the auction was nearing, the petitioner has filed this writ petition and has prayed that the High Court of Madras directs the RBI to reconsider his representations and also grant a stay on the auction proceedings. The matter is currently pending.
15. Mr. P. Paulpandian has filed a writ petition (W.P. (MD) No. 4396/2013) in the High Court of Madras against the Company and the RBI. The petitioner has contended that he had utilised loans from the Company on two occasions and as on date of filing the writ petition, pledged a total of 135.3 grams of gold for a sum of ₹ 3,00,100. The Company was to charge a maximum interest rate of 32% p.a. after the completion of 6 months. The petitioner alleges that after completion of one year, the Company issued a demand notice requiring the petitioner to repay the loan along with interest at the rate of more than 36%, failing which the Company will auction the gold pledged by him. The petitioner alleges that the Company has charged the petitioner an exorbitant amount of interest on the loan, which is clearly in violation of the norms prescribed by the RBI and provisions set out in the Tamil Nadu Prohibition Charging Exorbitant Interest Act, 2003. He has further alleged that the Company did not give him sufficient time to redeem the pledged jewels and has not provided details regarding the interest being charged. The petitioner made a representation in front of the RBI officials but no immediate action was taken. Since the auction was nearing, the petitioner has filed this writ petition and has prayed that the High Court of Madras directs the RBI to reconsider his representations and also grant a stay on the auction proceedings. The matter is currently pending.
16. Mr. R.S. Suresh has filed a writ petition (W.P. (MD) No. 4197/2013) in the High Court of Madras against the Company and the RBI. The petitioner has contended that he had utilised loans from the Company on 6

occasions and as on date of filing the writ petition, pledged a total of 446 grams of gold for a sum of ₹ 9,45,000. The Company was to charge a maximum interest rate of 32% p.a. after the completion of six months. The petitioner alleges that after completion of one year, the Company issued a demand notice requiring the petitioner to repay the loan along with interest at the rate of more than 36%, failing which the Company will auction the gold pledged by him. The petitioner alleges that the Company has charged the petitioner an exorbitant amount of interest on the loan, which is clearly in violation of the norms prescribed by the RBI and provisions set out in the Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003. He has further alleged that the Company did not give him sufficient time to redeem the pledged jewels and has not provided details regarding the interest being charged. The petitioner made a representation in front of the RBI officials but no immediate action has been taken. Since the auction was nearing, the petitioner has filed this writ petition and has prayed that the High Court of Madras directs the RBI to reconsider his representations and also grant a stay on the auction proceedings. The matter is currently pending.

17. Mr. R.S. Suresh has filed a writ petition (W.P. (MD) No. 2 of 2013 in W.P. (MD) No. 13147 of 2013) in the High Court of Madras against the Company and the RBI. The petitioner has prayed for a writ of certiorari quashing the auction notice dated July 22, 2013, published in a daily newspaper, in relation to the loans utilised by the petitioner to the extent of ₹ 10,27,000 from the Company. The petitioner has, *inter alia*, alleged that he was not given sufficient opportunity to redeem the jewels and the auction notice was silent on the interest charged. The petitioner had also filed an additional affidavit informing the court that he was willing to repay the loan along with interest within a period of 60 days, including the interest up to the 60th day. In light of the same, the court has granted an interim stay pursuant to order dated August 6, 2013. The matter is currently pending.
18. Mr. R. Prabhulingam has filed a writ petition (W.P. (MD) No. 4273/2013) in the High Court of Madras against the Company, the RBI, the district collector and the tahsildar. The petitioner has contended that he had utilised loans aggregating to ₹ 51,69,450 from the Company on 14 occasions whereby the Company was to charge a maximum interest rate of 32% p.a. on the loan amount. The petitioner alleges that when he approached the Company for payment of interest, the Company demanded a higher rate of 36% p.a. and further stated that since there was a default in payment of interest, the interest was now compoundable with daily rests. The petitioner alleges that the interest rate being charged by the Company is exorbitant, in violation of the norms prescribed by the RBI and in excess of the rates prescribed by the government of Tamil Nadu for such loans. The petitioner approached the Company for redemption of the gold jewels after repaying the loan amount with interest as prescribed by the government of Tamil Nadu. However, the Company refused to redeem the gold jewels and issued a notice of auction demanding payment of the interest as prescribed by the Company, failing which the pledged gold jewels would be auctioned at a public auction. The petitioner made a representation in front of the officers of the RBI, the district collector and the tahsildar relaying all the facts of his case and on the conduct of the business of the Company being in violation of the provisions of the Tamil Nadu Money Lenders Act, Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003 and Tamil Nadu Pawn Brokers Act, 1943. However, no action was taken by the aforesaid officials. Thus, the petitioner has prayed that the High Court of Madras grants a stay on the auction proceedings and directs the RBI and the government officials to consider the petitioner's representations and take appropriate action against the Company. The Company has entered appearance in the matter and the same is pending disposal.
19. Mr. K.S. Murugan has filed a writ petition W.P. (MD) No. 4235/2013 in the High Court of Madras against the Company, the branch manager of the Company, the RBI and the police officials. The petitioner has contended that he had availed of loans from the Company on four different occasions by pledging gold jewels. After a period of time, the petitioner was approached by the branch manager and was informed that the period for redeeming the jewels was expiring shortly and the petitioner was advised to re-pledge his jewels if he was unable to repay the same. The petitioner alleges that he was asked by the bank manager to sign on blank forms and papers on the pretext of re-pledging the said jewels and was informed that same had been re-pledged for amounts of ₹ 49,28,000, ₹ 4,79,600 and ₹ 40,000. After a period of one and half years, the petitioner was informed by the branch manager that he had to pay a sum of ₹ 18,61,143 to redeem jewels pledged by him and his wife. The petitioner alleges that they had availed a total loan ₹ 8,05,200 and had not received any further amounts of money on re-pledging the gold jewels. Further, a notice for auctioning the gold jewels was sent to the petitioner which did not contain any details as required

- by the guidelines of the RBI and no prior notice was issued to the petitioner. The petitioner alleges that the branch manager had caused wrongful loss to him and the Company has charged excessive interest which is illegal and substantially unfair. The petitioner has alleged the Company has not followed the fair practices code laid down by the RBI *vide* its circular dated March 26, 2012 for all NBFCs for levying fair interest rates, having a transparent system for levying penalty, giving sufficient notice for the auction and a proper grievance redressal mechanism. The petitioner alleges that he had approached the police officials and the RBI, but no action was taken by them. Thus, the petitioner has prayed that the High Court of Madras grants a stay on the auction proceedings and directs the RBI and the police officials to consider the petitioner's representations and take appropriate action against the Company. The matter is currently pending.
20. Mrs. Jeyachitra has filed a writ petition (W.P. (MD) No. 4236/2013) in the High Court of Madras against the Company, the branch manager of the Company, the RBI and the police officials. The petitioner has contended that she had availed of loans from the Company on three different occasions by pledging her gold jewels. After a period of time, the petitioner was approached by the branch manager and was informed that the period for redeeming the jewels was expiring shortly and the petitioner was advised to re-pledge her jewels if she was unable to repay the same. The petitioner alleges that she was asked by the bank manager to sign on blank forms and papers on the pretext of re-pledging the said jewels and was informed that same had been re-pledged. After a period of one and half years, the petitioner was informed by the branch manager that she had to pay a sum of ₹ 18,61,143 to redeem jewels pledged by her and her husband. The petitioner alleges that they had utilised a total loan ₹ 8,05,200 and had not received any further amounts of money on re-pledging the gold jewels. Further, a notice for auctioning the gold jewels was sent to the petitioner which did not contain any details as required by the guidelines of the RBI and no prior notice was issued to the petitioner. The petitioner alleges that the branch manager had caused wrongful loss to them and the Company has charged excessive interest which is illegal and substantially unfair. The petitioner has alleged the Company has not followed the fair practices code laid down by the RBI *vide* its circular dated March 26, 2012 for all NBFCs for levying fair interest rates, having a transparent system for levying penalty, giving sufficient notice for the auction and a proper grievance redressal mechanism. The petitioner alleges that she had approached the police officials and the RBI, but no action was taken by them. Thus, the petitioner has prayed that the High Court of Madras grants a stay on the auction proceedings and directs the RBI and the police officials to consider the petitioner's representations and take appropriate action against the Company. The matter is currently pending.
21. Mr. Saravanakumar has filed a writ petition (W.P. (MD) No. 9679/2013) in the High Court of Madras against the Company, police officials and others. The petitioner alleges that he and seven other respondent borrowers had pledged their jewels with B. Kannan, who in turn pledged the jewels with the Company and other respondents. The petitioner has alleged that B. Kannan is not in a position to redeem the aforesaid pledged jewels to the petitioner and the seven other respondent borrowers. The petitioner alleges that B. Kannan filed a police complaint against one of the respondent which had obtained sale deeds of property on the undertaking that it would settle all claims against B. Kannan. However the respondent in question filed a writ petition against B. Kannan for a committee to be formed as constituted by the High Court in other similar cases. The petitioner and other respondent borrowers were not allowed to implead themselves in the writ petition filed by the respondent in question. Hence, the petitioner has filed this present writ petition praying that the High Court of Madras directs the Company and the other respondents to return the jewels re-pledged by B. Kannan to the petitioner and the respondent borrowers on receipt of the borrowed amount by forming a special committee. The matter is currently pending.
22. Mr. K. Stalin has filed a writ petition (W.P. (MD) No. 3755/2013) in the High Court of Madras against the Company and the Inspector of Police, Aralvaimozhi. The petitioner has contended that he had utilised loans aggregating to ₹ 14, 36,000 from the Company. The petitioner has contended that the Company is auctioning the petitioner's gold jewels inspite of his offer to repay his loan with reasonable interest. The petitioner has prayed that the High Court of Madras grants a stay on the auction proceedings and directs the police to take appropriate action against the Company in helping the petitioner to redeem his gold jewels. The matter is pending.
23. Mr. S. Samuvel Perinba Navamoni has filed a writ petition (W.P. (MD) No. 3756/2013) in the High Court of Madras against the Company and the Inspector of Police, Aralvaimozhi. The petitioner has contended

that he had utilised loans aggregating to ₹ 1,70,000 from the Company. The petitioner has contended that the Company is auctioning the petitioner's gold jewels inspite of his offer to repay his loan with reasonable interest. The petitioner has prayed that the High Court of Madras grants a stay on the auction proceedings and directs the police to take appropriate action against the Company in helping the petitioner to redeem his gold jewels. The matter is pending.

24. Mr. Saghaya Das filed a Writ Petition (WP(MD)No.6479/2014) in the High Court of Madras against the District Collector, Company and RBI. The petitioner has utilised a gold loan of ₹ 4,53,600 from the Company. The petitioner has alleged violations of the Tamil Nadu Pawn Brokers Act, 1943 and Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003, in light of the interest charged being more than 12% per annum. The petitioner has approached the High Court of Madras for an interim injunction against the auction of the ornaments pledged by him and also sought an order directing the collector to restrain the Company from doing so. The matter is currently pending.
25. Mr. V.C Saraswathy Preetha Rani has filed a writ petition (W.P. (MD) No. 13176/2013) in the High Court of Madras at Madurai, against the Company and the RBI in respect of the gold loans aggregating to ₹ 11,05,500 utilised by him. The petitioner has approached the High Court for a writ of certiorari and has contended, *inter alia*, that: a) the Company is auctioning the petitioner's gold jewels without providing sufficient opportunity to the petitioner to redeem the jewels; b) the interest being charged by the Company was in violation of the norms prescribed by the RBI, and in violation of the provisions of the Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003; and c) the auctioning of the jewels would result in unjust enrichment of the Company. The petitioner has thus also prayed to the High Court to grant a stay on the auction proceedings. The matter is pending.
26. Mr. V.S Chandra Sekar has filed a writ petition (W.P. (MD) No. 13177 of 2013) in the High Court of Madras against the Company and RBI in respect of the gold loans that he had utilised, aggregating to ₹ 4,54,700. The petitioner has prayed for the court to issue a writ of certiorari and has contended that: a) the Company is auctioning the petitioner's gold jewels without providing sufficient opportunity to the petitioner to redeem her jewels; b) the interest being charged by the Company was in violation of the norms prescribed by the RBI, and in violation of the provisions of the Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003; and c) the auctioning of the jewels would result in unjust enrichment of the Company. The petitioner has thus also prayed to the High Court to grant a stay on the auction proceedings. The matter is pending.

Criminal Proceedings

1. The State of Kerala, through the Inspector, Legal Metrology, Kattappana initiated proceedings against the Company in S.T.No. 548 of 2011 through a complaint dated June 16, 2011 before the Judicial First Class Magistrate, Kattappana. Under Section 63 of the Standard of Weights and Measures (Enforcement) Act, 1985, read with Section 39(2)(ii), it was alleged that the Company, had committed an offence wherein, upon weighing, three packets of gold ornaments pledged with the Company were found to have a minute difference between the actual weight and weight mentioned on the labels. The Company filed the CrI.M.C. 1363 of 2012 dated April 23, 2012 before the High Court of Kerala at Ernakulam under Section 482 of the Criminal Procedure Code, 1973 (Cr. P.C) and prayed for the said proceedings against them to be quashed by exercise of the inherent powers of the High Court. In its order dated February 14, 2014, the High Court dismissed the petition filed by the Company stating that the case was not fit for invoking the inherent jurisdiction under Section 482 of the Cr. P.C.

Proceedings under the Trade Marks Act

1. The Promoters of the Company trading in the name of Muthoot Pappachan Group, which the Company is a part of, have filed an application bearing reference ORA/No:191/2012/TM/CH/7662 dated July 6, 2012 before the Intellectual Property Appellate Board (“**IPAB**”), Chennai for removal/ rectification/ cancellation of the trademark labelled ‘MUTHOOT’. The mark ‘MUTHOOT’ has been registered as a trademark by M. Mathews, chairman and managing director of Muthoot Mercantile Limited under trade mark no. 1267883 in class 36. The Promoters have, *inter alia*, contended that ‘MUTHOOT’ is a family name and that it is being used by other members of the Muthoot family for money lending and other financial services for over

a century and several decades. The Promoters have claimed that they are the prior adopter and user of the mark 'MUTHOOT' and the registered proprietor of various trademarks with 'MUTHOOT' as its integral part. It has been further contended that M. Mathews, chairman and managing director of Muthoot Mercantile Limited has suppressed material facts thereby misleading the registrar into registering the trade mark. The matter is currently pending before the IPAB.

Tax related Proceedings

1. The Commissioner of Central Excise, Service Tax and Customs, Trivandrum, has filed an appeal (C.E. Appeal No. 19 of 2010) before the High Court of Kerala against an order dated August 18, 2009 issued by the Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"), South Zonal bench, Bangalore, in favour of the Company, whereby the CESTAT had held that the service of money transfer rendered by the Company as a sub-representative to Western Union., whose beneficiaries are outside India, is a direct service and the Company could not be charged service tax under the category of 'Business Auxiliary Services' under the Finance Act, 1994. The Commissioner of Central Excise, Service Tax and Customs, Trivandrum has, *inter alia*, contended that, as a sub-representative, the Company was providing services to Weizmann Forex Ltd, an agent of Western Union, and not to Western Union directly. The aforementioned appeal is pending hearing and final disposal.
2. The Company has received a demand notice dated March 28, 2013, from the Assistant Commissioner of Income Tax, Circle 1(1), Trivandrum for the assessment year 2006-07 for an amount aggregating to ₹ 298.8 lakhs on the alleged grounds that the Company failed to deduct tax on entire payments made to Muthoot Papachan Consultancy and Management Services, including reimbursement of expenses made towards the employees of the said firm. The stance of the Company that TDS is required to be made only on professional fees paid to the said firm and not on reimbursement of expenses was accepted by the assessing officers for the assessment years 2009-10 and 2010-11. However, the issue was re-opened for the assessment year 2006-07. The Company has filed an appeal (CIT(A)/TVM 2006-07) against this impugned order for the said assessment year and the same is pending before the Commissioner of Income Tax (Appeals), Trivandrum.
3. The Company has received a demand notice dated March 26, 2013, from the Assistant Commissioner of Income Tax, Circle 1(1), Trivandrum for the assessment year 2007-08 for an amount aggregating to ₹ 689.06 lakhs on the alleged ground that the Company has not deducted TDS from the interest paid on its secured debentures. The contention of the Company that TDS is not required to be made in cases where the customers have filed declarations in Form 15G/ Form 15H was not accepted by the assessing officer. The Company has filed an appeal (CIT(A)/TVM2007-08) against the order for the assessment year 2007-08 and the same is pending before the Commissioner of Income Tax (Appeals), Trivandrum.
4. The Commissioner of Income Tax, Trivandrum, has passed an order dated March 28, 2013 under Section 263 of the Income Tax Act ordering a revision for the assessment year 2008-09, on the alleged ground that the Company has not deducted tax at source on certain payments made to Muthoot Papachan Consultancy and Management Services in accordance with Section 194C of the Income Tax Act. The Company has filed an appeal (ITAT 2008-09) against this order before the ITAT, Cochin bench and the same is pending.
5. The Company has received a show cause notice dated October 19, 2012 from the Additional Director General, Directorate General of Central Excise Intelligence in relation to alleged evasion of an amount of ₹ 1,263.21 lakhs towards service tax, education cess and secondary higher education cess for the period April 2007 to March 2012. The service tax demand has been made in relation to commission received for money transfer services rendered by the Company in its capacity as a sub-agent, collection agency services and postage charges/ cash surcharges recovered from customers by the Company. The Company has submitted its response on January 1, 2014.

Legal proceedings against the Directors

Criminal Proceedings

1. Mr. K.P. Varghese, Managing Director of Welgate Cinema Folks (P) Ltd. has filed a case (CMP No.

504/13) against Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot before the Chief Judicial Magistrate Court, Trivandrum, alleging that exorbitant interest is being charged on the loan, which is clearly in violation of the Kerala Prohibition of Charging Exorbitant Interest Act, 2012. The petitioner has prayed that the court directs the museum police station to investigate the alleged offences under Section 3 of the Kerala Prohibition of Charging Exorbitant Interest Act, 2012. The petitioner has further prayed that proceedings be initiated under Section 9(a) of the Kerala Prohibition of Charging Exorbitant Interest Act, 2012.

2. The Registrar of Companies, Hyderabad, Andhra Pradesh, had filed a complaint before the Special Judge for Economic Offences at Hyderabad against the erstwhile directors of Nagarjuna Finance Limited (“NFL”) including Mr. A.P. Kurian seeking conviction against the accused persons on the ground of violations of the order dated February 29, 2000, passed by the Company Law Board. The Registrar of Companies, Andhra Pradesh, Hyderabad, also prayed that the accused be directed to pay the amount due to the depositors of NFL. Mr. A.P.Kurian and others filed discharge petitions in the matter and the court discharged them from the case, pursuant to the order dated May 2, 2005. Aggrieved by the above order, the Registrar of Companies, Andhra Pradesh, Hyderabad, filed Criminal Revision Case 1305/2005 in the High Court of Andhra Pradesh. The matter is currently pending.

Civil proceedings – Tax related disputes

Thomas John Muthoot

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
1.	2005-06	1,37,05,006	Penalty under Section 271 C of the Income Tax Act.	Appeal pending against order dated March 6, 2013 passed by CIT (Appeals) - III / Kochi, before the ITAT, Kochi.
2.	2005-06	7,43,50,423	Order under Section 143(3) and disallowance under Section 40(a)(ia) of the Income Tax Act.	Appeal against order dated January 13, 2014 passed by CIT (appeals), Trivandrum, pending before the ITAT, Kochi.
3.	2006-07	1,00,000	Penalty under Section 271 B of the Income Tax Act.	Appeal against order dated January 18, 2008, passed by Deputy Commissioner of Income Tax, Thiruvalla, pending before CIT (Appeals)/ Kochi.
4.	2006-07	70,49,302	Penalty under Section 271 C of the Income Tax Act.	Appeal against the order dated January 11, 2013 passed by ITAT, Kochi, pending before the High Court of Kerala.
5.	2006-07	3,56,55,872	Order under Section 143(3) and disallowance under Section 40(a)(ia) of the Income Tax Act.	Appeal against order dated January 13, 2014 passed by CIT (appeals), Trivandrum, pending before the ITAT, Kochi.
6.	2007-08	69,09,500	Penalty under Section 271 C of the Income Tax Act.	Appeal pending against order dated March 6, 2013 passed by CIT (Appeals) - III / Kochi, before the

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
				ITAT, Kochi.
7.	2007-08	3,04,68,287	Order under Section 143(3) and disallowance under Section 40(a)(ia) of the Income Tax Act.	Appeal against order dated January 13, 2014 passed by CIT (Appeals), Trivandrum, pending before the ITAT, Kochi.
8.	2008-09	8,37,750	Order under Section 143 (3) of the Income Tax Act.	Appeal against order dated December 27, 2010 passed by the Deputy Commissioner of Income Tax, Thiruvalla, pending before CIT (Appeals)/ Trivandrum.
9.	2008-09	3,56,459	Penalty under Section 271 C of the Income Tax Act.	Appeal against order dated March 26, 2010, passed by the Joint Commissioner of Income Tax, Trivandrum, pending before CIT (Appeals) - III/ Kochi.
10.	2008-09	7,43,260	Tax under Section 143(3) of the Income Tax Act.	Appeal against order dated December 10, 2013, pending before CIT (Appeals) / Trivandrum.
11.	2009-10	16,97,280	Order under Section 143 (3) of the Income Tax Act and disallowance under Section 40(a)(ia) of the Income Tax Act.	Appeal against the order dated November 22, 2011 passed by the Assistant Commissioner of Income Tax, Circle - I/ Thiruvalla, pending before the CIT (Appeals)/ Trivandrum.
12.	2011 – 12	69,73,170	Tax under Section 143(3) of the Income Tax Act and penalty under Section 271(1)(c).	Appeal against order dated January 31, 2014 passed by the Joint Commissioner of Income Tax, Thiruvalla, pending before CIT (Appeals) / Trivandrum.

Thomas George Muthoot

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
1.	2003-04	1,28,93,540	Demand under Section 30 of the Wealth Tax Act, 1957 (“ Wealth Tax Act ”)	Appeal against order dated December 30, 2010, passed by Deputy Commissioner of Income Tax, Thiruvalla, pending before Commissioner of Wealth Tax (“ CWT ”) (Appeals)/ Kochi.
2.	2004-05	1,20,88,299	Demand under Section 30 of the Wealth Tax Act.	Appeal against order dated December 30, 2010, passed by Deputy Commissioner of Income Tax,

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
				Thiruvalla, pending before CWT (Appeals)/ Kochi.
3.	2005-06	1,11,97,107	Demand under Section 30 of the Wealth Tax Act.	Appeal against order dated December 30, 2010, passed by Deputy Commissioner of Income Tax, Thiruvalla, pending before CWT (Appeals)/ Kochi.
4.	2005-06	9,53,71,446	Order under Section 143 (3) of the Income Tax Act and disallowance under Section 40(a)(ia) of the Income Tax Act. .	Appeal against order dated August 12, 2011, passed by the ITAT, Kochi, is pending before the High Court of Kerala.
5.	2006-07	1,00,000	Penalty under Section 271 B of the Income Tax Act.	Appeal pending against order dated January 29, 2008, passed by the Deputy Commissioner of Income Tax, Thiruvalla, before CIT (Appeals) - IV / Kochi.
6.	2006-07	1,02,15,920	Demand under Section 30 of the Wealth Tax Act.	Appeal pending against order dated December 30, 2010, passed by the Deputy Commissioner of Income Tax, Thiruvalla, before CWT (Appeals)/ Kochi.
7.	2006-07	1,43,54,083	Penalty under Section 271 C of the Income Tax Act.	Appeal pending against order dated December 10, 2012 passed by CIT (Appeals) - III / Kochi, before the ITAT, Kochi.
8.	2006-07	7,53,51,608	Order under Section 143(3) and 143(4) and disallowance under Section 40(a)(ia) of the Income Tax Act.	Appeal pending against order dated January 13, 2014 passed by CIT (Appeals)/ Trivandrum, before the ITAT, Kochi.
9.	2007-08	91,86,170	Wealth tax	Appeal against order dated December 30, 2010, passed by the Deputy Commissioner of Income Tax, Thiruvalla, pending before CWT (Appeals)/ Kochi.
10.	2007-08	2,69,12,085	Order under Section 143(3) and 143(4) and disallowance under Section 40(a)(ia) of the Income Tax Act.	Appeal pending against order dated January 13, 2014 passed by CIT (Appeals)/ Trivandrum, before the ITAT, Kochi.
11.	2008-09	1,41,680	Demand under Section 154 of the Income Tax Act.	Appeal pending against order dated December 10, 2013 passed by the Assistant Commissioner of Income

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
				Tax, Circle I, Thiruvalla, before the CIT (Appeals), Trivandrum.
12.	2011-12	99,71,610	Order under Section 143(3) of the Income Tax Act.	Appeal pending against order dated January 31, 2014 passed by Joint Commissioner of Income Tax, Thiruvalla, before the CIT (Appeals), Trivandrum.

Thomas Muthoot

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
1.	2005-06	18,18,200	Penalty under Section 271 C of the Income Tax Act.	Appeal against order dated December 18, 2012, passed by the CIT (Appeals) - III/ Kochi, pending before ITAT, Kochi.
2.	2005-06	1,06,17,873	Order under Section 143(3) of the Income Tax Act.	Appeal pending against order dated February 5, 2014 passed by CIT (Appeals)/ Trivandrum, before the ITAT, Kochi.
3.	2006-07	71,101	Penalty under Section 271 B of the Income Tax Act.	Appeal pending against order dated September 29, 2009, passed by the Assistant Commissioner of Income Tax, Thiruvalla, before CIT (Appeals)/ Trivandrum.
4.	2006-07	15,69,664	Penalty under Section 271 C of the Income Tax Act.	Appeal against the order dated January 11, 2013 passed by ITAT, Kochi, pending before the High Court of Kerala.
5.	2006-07	83,09,102	Order under Section 143(3) of the Income Tax Act.	Appeal against order dated February 5, 2014 passed by CIT (Appeals)/ Trivandrum, pending before the ITAT, Kochi.
6.	2007-08	30,60,400	Penalty under Section 271 C of the Income Tax Act.	Appeal against order dated December 18, 2012, passed by the CIT (Appeals) - III/ Kochi, pending before ITAT, Kochi.
7.	2007-08	1,29,78,162	Order under Section 143(3) of the Income Tax Act.	Appeal against order dated February 5, 2014 passed by CIT (Appeals)/ Trivandrum, pending

Sl. No.	Assessment Year	Amount Involved (₹)	Nature of Demand	Status
				before the ITAT, Kochi.
8.	2008-09	9,29,923	Order under Section 271(1) C of the Income Tax Act.	Appeal against order dated June 28, 2011 passed by the Assistant Commissioner of Income Tax, Thiruvalla pending before the CIT (Appeals)/ Trivandrum.
9.	2008-09	1,23,370	Order under Section 143(3) of the Income Tax Act.	Appeal against order dated December 10, 2013 passed by the Assistant Commissioner of Income Tax, Thiruvalla, pending before the CIT (Appeals)/ Trivandrum.
10.	2011-12	92,99,010	Order under Section 143(3) of the Income Tax Act.	Appeal against order dated January 31, 2014 passed by the Joint Commissioner of Income Tax, Thiruvalla pending before the CIT (Appeals)/ Trivandrum.

Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act 2013 or any previous companies law in the last five years immediately preceding the year of issue of the Draft Prospectus in the case of Company and all of its Subsidiaries; and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last five years immediately preceding the year of the prospectus for the Company and all of its Subsidiaries

1. The Company Application No. 251/621A/CB/2009 was forwarded to the Company Law Board, Chennai Bench (“**CLB**”) by the Registrar of Companies, Kerala and Lakshadweep for compounding of the offence under Section 621A(4)(a) of the Companies Act 1956. Upon technical scrutiny of the balance sheet of the Company by the Registrar as on March 31, 2006, it was observed that the breakup of the administrative expenses was not given and hence the balance sheet did not give the true and fair view of the affairs of the Company. It was thus a violation of Section 211 of the Companies Act 1956 and punishable under Section 211(7); and (b) prior approval of the Central Government had not been obtained for entering into transactions with M/s Muthoot Pappachan Consultancy and Management Services from April 1, 2004 to August 31, 2008, wherein the directors of the Company were interested. This was a violation of Section 297 of the Companies Act 1956 and punishable under Section 629A. By way of its order dated November 27, 2009, the CLB imposed the aggregate compounding fees of ₹ 7,500 on the Company and on Mr. Thomas John Muthoot separately for each year. Taking into account the demand draft submitted by the Company for ₹ 55,000, the CLB condoned the delay and compounded the offences.
2. The file No: 2/K – 11387/12(621A) was forwarded to the Regional Director, Southern Region, Ministry of Corporate Affairs, Chennai (“**Regional Director**”) by the Registrar of Companies, Kerala, Kochi for compounding of the offence committed under Section 70(1) of the Companies Act 1956. The Registrar had submitted that MHFCL had allotted aggregate of ₹ 20,00,000 equity shares of ₹ 10 each to the Company and seven persons including the Promoters much before filing the Statement in lieu of prospectus on March 28, 2011. MHFCL sought the compounding of the offence citing that the shares had been allotted to maintain the minimum net owned fund under the National Housing Bank Act, 1987, to obtain a certificate of registration to carry on the business of housing finance. The Regional Director, by way of his order dated September 21, 2012, imposed the compounding fees of ₹ 2,500 each. He took into account the chalangans dated September 13, 2012 as proof that the compounding fees had been remitted, and thus compounded the offence.

Litigation against the Group companies

1. Muthoot Plaza Airports Operations (a unit of MPG Hotels & Infrastructure Ventures (P) Ltd.) filed a claim statement against The Airports Director, Trivandrum International Airport, dated June 28, 2013, before the sole arbitrator appointed between the parties claiming, *inter alia*,: a) the amount of ₹ 45,00,000 kept in deposit by the State Bank of India, Trivandrum as per the direction in the judgment dated November 21, 2011 in W.P.(C). No. 25679 of 2011 along with accrued interest at 12% be paid to the company; and (b) the Airport Authority is not entitled to any amount in the name of interest or under any other head over and above the settlement amount. The claim arose from the settlement reached between the parties in relation to the dispute regarding the loss of business caused to the company at its restaurant at the international terminal due to certain structural changes effected by the Airport Authority. Subsequent to the claim statement, the company has filed a rejoinder dated August 17, 2013, denying the averments made by the Airport Authority by way of its written statement dated July 9, 2013. The Company has submitted that the Airport Authority has suppressed and misstated facts to mislead the Arbitrator. It then sought that the claims in the written statement be rejected outright and the claims raised by the company be allowed failing which irreparable injury and loss will be caused to the company.
2. Muthoot Skychef (a unit of Muthoot Hotels & Infrastructure Ventures (P) Ltd.) filed a writ petition (W.P.(C) No. 965 of 2010) under Article 226 of the Constitution, before the High Court of Kerala at Ernakulam on January 9, 2010, against Senior Manager (Commercial), Trivandrum International Airport and others. Thereunder the company prayed to the court, *inter alia*, to issue a writ of certiorari in respect of quashing the claim raised by the Airport Authority at Thiruvananthapuram for payment of license fees/royalty payable by the in-flight caterers (operating outside airport premises) which had been enhanced exorbitantly and given retrospective enforcement. The company also prayed for interim relief to stay the operation of and all further proceedings pending the disposal of the case. The High Court by way of its order dated May 20, 2013, dismissed the petition on the grounds that the rate of license fees charged was substantially scaled down later, and the retrospective operation had also been taken away. Subsequently, the company filed an appeal (Writ Appeal No. 759 of 2013) before the High Court of Kerala at Ernakulam (Appellate Jurisdiction) and also submitted a reply affidavit on June 15, 2013. By way of its order dated July 12, 2013, the High Court dismissed the appeal and stated that the license fees which had been imposed on the company were valid and duly payable by the company. The company has now filed a special leave petition dated July 27, 2013 in the Supreme Court of India (Civil Appellate Jurisdiction) praying for the court to grant special leave to appeal from the final impugned judgment and order dated July 12, 2013 passed by the High Court. It has also prayed for interim relief in the form of an ad-interim ex-parte order staying the operation of the impugned order.

Public notice and show cause notice issued by the RBI to the Company

Muthoot Estate Investments (“MEI”), one of our Group entities, is a partnership firm, with the promoters of our Company as its partners. Prior to March 29, 2012, MEI accepted public deposits in the form of fixed deposits, cumulative deposits and special public deposits, under the *bona fide* belief that partnership firms can accept deposits for legitimate business purposes. Such deposits were primarily accepted using the branches and infrastructure of the Company.

Pursuant to its public notice dated March 29, 2012, the RBI declared that acceptance of such deposits was prohibited in terms of Section 45S of the RBI Act and cautioned the public against making further investments into MEI. RBI observed that in terms of Section 45-S of the RBI Act, acceptance of deposits from the public by Muthoot Estate Investments, which is a partnership firm, was prohibited. Members of the public were cautioned to note that acceptance of deposits by the Company or MEI was punishable with imprisonment. MEI by way of its letter dated April 18, 2012 informed RBI that it had stopped accepting deposits from the public and would repay the deposits accepted completely in 10 years with effect from April 1, 2012, at the rate of not less than 10% per annum of the total deposits outstanding in MEI as on March 31, 2012, as the funds have been invested in long-term real estate projects. The RBI issued a notice to the Company on May 18, 2012, directing the Company to show cause as to why its certificate of registration (NBFC) should not be cancelled. The RBI had, *inter alia*, made the following observations in the notice: (i) MEI, a partnership firm in which the Promoters were partners, had been accepting public deposits in the form of fixed deposits, cumulative deposits and special public deposits; (ii) MEI had been allowed to use the Company premises to receive applications for illegally accepting deposits from the public and to issue temporary receipts for the said deposits accepted by MEI; (iii) no separate staff was allocated for the operations of MEI; (iv) the Promoters had formed MEI, which was illegally accepting public deposits; and (v) the Company had not adhered to its commitment of not accepting public deposits through any unincorporated body; and (vi) the affairs of the Company were being conducted in a manner detrimental to the interest of the public who had deposited money with MEI.

The Company filed a detailed response to the RBI notice by way of its letter dated May 31, 2012, stating, *inter alia*: (i) MEI accepted public deposits in the form of fixed deposits, cumulative deposits and special public deposits, under the *bona fide* belief that partnership firms can accept deposits for legitimate business purposes; (ii) whilst the premises of the Company were being utilised by MEI to conduct its operations solely for the purpose of improving cost efficiency and optimizing utilisation of infrastructure, the Company had initiated the process of disassociating its branches and officials from MEI; (iii) whilst the Company had obtained its certificate of registration from RBI in 2002, MEI had been formed by way of a partnership deed dated March 13, 1987, subsequently reconstituted on April 1, 1996, April 1, 2001, April 19, 2004 and April 1, 2006 with specific objectives; (iv) all the deposits had been accepted by the Company at its premises for and on behalf of MEI alone; and (v) the Company followed high standards of governance and management in relation to its business, keeping in mind the interests of all its stakeholders and had not received any complaints from any regulatory authority in the past. Further, MEI by way of its letter dated June 14, 2012, informed RBI that it would repay the deposits over a period of 8 years by reducing the total deposits outstanding as on March 31, 2012 by 12.5% every year.

MATERIAL DEVELOPMENTS

Material Developments since the date of the latest balance sheet

There have not arisen, since the date of the last financial information disclosed in the Draft Prospectus, any circumstances which materially and adversely affect or are likely to affect the performance, profitability or prospects of the Company, within the next 12 months.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors, at its meeting held on August 19, 2014 approved the Issue by the Company of Secured NCDs and Unsecured NCDs of face value of ₹ 1,000 each, aggregating to ₹15,000 lakhs with an option to retain over subscription up to ₹ 15,000 lakhs, aggregating to ₹30,000 lakhs.

Eligibility for the Issue

The Company and persons in control of the Company or its 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.

Consents

Consents in writing of the Directors, Compliance Officer, Statutory Auditors, Lead Manager, Registrar to the Issue, Credit Rating Agency, Debenture Trustee, Bankers to the Company and Legal Advisors to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the Prospectus with the ROC in terms of Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of the Prospectus with the RoC.

The Company has appointed SBICAP Trustee Company Limited as Debenture Trustee under regulation 4(4) of the SEBI Debt Regulations. The Debenture Trustee has given its consent to the Company for its appointment under regulation 4(4) and also in all the subsequent periodical communications sent to the holders of debt securities.

The consents of the Statutory Auditors, namely A. Cherian & Associates, Chartered Accountants for (a) inclusion of their name as the Statutory Auditors of the Company; and (b) inclusion of their examination reports on the Reformatted Unconsolidated Summary Financial Statements in the form and context in which they appear in the Draft Prospectus and their statement on tax benefits mentioned herein, have been obtained and will be filed along with a copy of the Prospectus with the ROC.

The consents of the MHFCL Auditors, namely Haribhakti & Co., Chartered Accountants, for (a) inclusion of their name as the MHFCL Auditors of the Company; and (b) inclusion of their examination reports on the Reformatted MHFCL Unconsolidated Summary Financial Statements in the form and context in which they appear in the Draft Prospectus, have been obtained and will be filed along with a copy of the Prospectus with the ROC.

The consents of the MMFL Auditors, namely M/s. JVR & Associates, Chartered Accountants, for (a) inclusion of their name as the MMFL Auditors of the Company; and (b) inclusion of their examination reports on the Reformatted MMFL Unconsolidated Summary Financial Statements in the form and context in which they appear in the Draft Prospectus, have been obtained and will be filed along with a copy of the Prospectus with the ROC.

The consents of the MPTL Auditors, namely S. Suresh Kumar & Associates, Chartered Accountants, for (a) inclusion of their name as the MPTL Auditors of the Company; and (b) inclusion of their examination reports on the Reformatted MPTL Unconsolidated Summary Financial Statements in the form and context in which they appear in the Draft Prospectus, have been obtained and will be filed along with a copy of the Prospectus with the ROC.

Expert Opinion

Except the examination report and statement of tax benefits each dated August 14, 2014 respectively, issued by the Statutory Auditors of the Company, the Company has not obtained any expert opinions.

Minimum Subscription

The SEBI has by its circular dated June 17, 2014 prescribed the minimum subscription for debt securities as 75% of the base issue. If the Company does not receive the minimum subscription of 75% of the Base Issue Size, being ₹11,250 lakhs, prior to the Issue Closing Date, the entire Application Amounts shall be refunded to the Applicants within a period of 12 (twelve) days from the date of closure of the Issue. If there is delay in the refund of Application

Amounts as set out above, the Company will repay the Application Amounts with interest for the delayed period at the rate of 15% per annum.

DRR

Pursuant to Section 71 of the Companies Act 2013 and Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, an NBFC is required to maintain DRR up to 25% of the value of debentures issued through a public issue. Further, the amount to be credited as DRR will be carved out of the profits of the company only and there is no obligation on the part of the company to create DRR if there is no profit for the particular year. Therefore, the Company will maintain a DRR only to the extent of 25% of the NCDs issued and if the Company is unable to generate adequate profits, the DRR created by the Company may not be adequate to meet 25% of the value of the NCDs. This may have a bearing on the timely redemption of the NCDs. Furthermore, the DRR will not be sufficient to cover the payment on the remaining 75% of the value of the NCDs.

Further, pursuant to Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, every company required to create or maintain DRR shall before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March next, following any one or more of the following methods, namely: (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 sub-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 sub-clause (f) of section 20 of the Indian Trusts Act, 1882. The amount deposited or invested, as the case may be, shall not be utilised for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the 31st day of March of that year.

Common Form of Transfer

There will be a common form of transfer for NCDs held in physical form and relevant provisions of the Companies Act 2013 and other applicable laws will be duly complied with in respect of all transfers of the NCDs and registration thereof. NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL or CDSL and the relevant Depository Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus

The Draft Prospectus has been filed with the Designated Stock Exchange in terms of Regulation 7 of the SEBI Debt Regulations for dissemination on its website. A copy of the Prospectus shall be filed with the ROC in terms of section 26 of the Companies Act 2013.

Dividend

The Company has no stated dividend policy. The declaration and payment of dividends on the Equity Shares will be recommended by the Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition of the Company.

The following table sets forth certain details regarding the dividend paid by the Company on the Equity Shares for Fiscal 2010, 2011, 2012, 2013 and 2014:

Particulars	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Face value of Equity Shares (₹ per share)	10	10	10	10	10
Interim dividend on Equity Shares (₹ per share)	Nil	Nil	Nil	Nil	Nil
Final dividend on Equity Shares (₹ per share)	Nil	Nil	2.5	Nil	Nil
Total dividend on Equity Shares (₹)	Nil	Nil	46,64,07,000	Nil	Nil
Dividend tax (gross)	Nil	Nil	7,56,63,000	Nil	Nil

Previous Public or Rights Issues by the Company during last five years

Except as disclosed in the section titled “*Capital Structure*”, the Company has not undertaken any rights issues in the last five years.

On August 2, 2014, the Company issued 19,39,872 secured non-convertible debentures of face value ₹ 1,000 each aggregating to ₹193,98,72,000 by way of a public issue which which opened on July 3, 2014 and closed on July 22, 2014. The electronic credit of the bonds to investors pursuant to this public offer was completed on August 4, 2014. 99.17% of the issue proceeds were used for on-lending and 0.83% of the issue proceeds were used towards issue expenses.

Details in relation to the capital issues by Muthoot Capital Services Limited, a company under same management within the meaning of Section 370 (1B) of the Companies Act 1956, during the last three years, are as follows:

On August 4, 2011, Muthoot Capital Services Limited issued and allotted 59,72,575 equity shares at an issue price of ₹ 80 per equity share amounting to an aggregate of ₹ 47,78,06,000 pursuant to a rights issue which opened on July 11, 2011 and closed on July 25, 2011. The electronic credit of the equity shares pursuant to the rights issue was completed on August 8, 2011.

Commission or Brokerage on Previous Issues

An expense of ₹ 11 was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹ 1,000 each aggregating to ₹193,98,72,000 pursuant to the prospectus dated June 25, 2014.

Details of the use of proceeds for on-lending from previous public issue of debt securities

Lending Policy

Please refer to the paragraph titled “*Our Company’s Business – Gold Loans*” under Chapter “*Our Business*” at page 95.

Loans given by the Company

Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of the previous public issue of debt securities.

Types of loans

The loans given by the Company out of the proceeds of the previous public issue of debt securities are loans against security of gold jewellery which are given primarily to individuals. Maturity profile of the loans/advances given by the Company from the proceeds of the previous public issue of debt securities as on August 12, 2014 is as follows:

Period	Amount (₹ in lakhs)
Less than 1 month	Nil
1 - 2 month	Nil
2 - 3 month	Nil
3 - 6 month	Nil
6 month -1 year	19,239
More than 1 year	Nil
Total	19,239

The denomination of the loans given by the Company from the proceeds of the previous public issue of debt securities as on August 12, 2014 is as follows:

Loan Denomination	Amount (₹ in lakhs)
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Below ₹ 3,00,000	18,728
₹ 3,00,000 to ₹ 50,00,000	511
₹ 50,00,000 to ₹ 1,00,00,000	Nil
₹ 1,00,00,000 to ₹ 5,00,00,000	Nil
₹ 5,00,00,000 to ₹ 25,00,00,000	Nil
Total	19,239

The geographical classification of the loans given by the Company from the proceeds of the previous public issue of debt securities as on August 12, 2014 is as follows: (₹ in lakhs)

Zone	Amount (₹ in lakhs)
Andhra Pradesh, West Bengal and Orissa	3,115
Gujarat	476
Karnataka	3,007
Kerala	3,680
North	1,690
Tamil Nadu	6,129
West	1,142

Details of top 10 borrowers in connection with the proceeds of the previous public issue of debt securities as on August 12, 2014 is as follows:

Sl. No	Name	Address	Exposure (₹ in lakhs)
1	Anil Kumar B	243, 9 th Cross, Sir V.V. Road, Bommanhalli	11
2	Manju Rameshlal Badlani	Mahak Apartment, Flat No. 603, New Link Road, Opp Konark Bank, Ulhasnaga	10
3	Ashok Kumar Reddy Yadam	Gopal Reddy.Yadam, D. No:5-29-3, SBI Colony, Rajahmundry	9.907
4	Kalpana Vidhyadharan	# 502 Krishanappa Layout, 4th Floor, Varun Appt, Nagashetti Hall	9.77
5	Mini R C	Apra 49, Nirala, Amrita Shanker Road, Kannanmoola, Medical College P.O.	8.1
6	Sanjaybhai Bhanubhai Dangar	Bhagvati Para-14, Morbiroad	7.75
7	Paresh Bakul Shah	Flat No 9, Bldg Queens Lawn SV Road, Opp. Sony Mony, Vile Parle East	7.55
8	Lalitha M	Kannimattam, TC 3/678, Muttada P.O., Trivandrum	7
9	Sameena Noohu	New Malappuram House, Edava P.O, Trivandrum	6.58
10	Siva Kumar K.L	62, Radha Krishnan Nagar, Tvt, Ch 19	6.5

Details of top 10 loans, overdue and classified as non-performing in connection with the proceeds of the previous public issue of debt securities as on August 12, 2014 is as follows:

Nil.

Change in auditors of the Company during last three years

There have been no changes in the statutory auditors of the Company in the last three years preceding the date of

this Draft Prospectus.

Revaluation of assets

The Company has not revalued its assets in the last five years.

Utilisation of Issue Proceeds

For information, see “*Terms of the Issue - Utilisation of Issue Proceeds*” on page 234.

Track record of past public issues handled by the Lead Manager

Details of the track record of the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on the website of the Lead Manager at www.smccapitals.com.

Listing

For information, see “*Terms of the Issue – Listing*” on page 222.

Disclaimer clause of BSE

[•]

Disclaimer clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, SMC CAPITALS LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, SMC CAPITALS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [•] WHICH READS AS FOLLOWS:

“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 Securities and Exchange Board of India. We also confirm that none of the intermediaries named in the Prospectus have been debarred from functioning by any regulatory authority.

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 given.

We confirm that the Prospectus contains all disclosures as specified in the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended.

We also confirm that all relevant provisions of the Companies Act 1956, Companies Act 2013 (to the extent notified as on the date of the Prospectus), Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992, and the rules/ regulations/ guidelines/ circulars issued thereunder are complied with.

We confirm that all comments / complaints received on the Draft Prospectus filed on the website of BSE Limited have been suitably addressed.”

Disclaimer Clause of the RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED JULY 23, 2002 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITY BY THE COMPANY.

Reservations to the Issue

There are no reservations to the Issue.

Statement by the Board of Directors:

- (i) All monies received pursuant to the Issue shall be transferred to a separate bank account other than the bank account referred to in Section 40 of the Companies Act 2013;
- (ii) the allotment letters shall be issued or application money shall be refunded within the time specified in section titled “*Issue Procedure*” at page 238, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;
- (iii) Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the Company’s balance sheet, indicating the purpose for which such monies were utilised;
- (iv) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the Company’s balance sheet, indicating the form in which such unutilised monies have been invested;
- (v) We shall utilise the Issue proceeds only upon creation of security as stated in the Draft Prospectus in the section titled “*Issue Structure*” beginning on page 214; and
- (vi) 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.

Mechanism for redressal of investor grievances

Integrated Enterprises (India) Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant’s Depository Participant (“**DP**”) ID, Client ID and Permanent Account Number (“**PAN**”), number of NCDs applied for, date of the Application Form, name and address of the Member of the Syndicate or Trading Member of the Stock Exchange or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque/draft number and issuing bank thereof, or with respect to ASBA Applications, the ASBA

Account number in which an amount equivalent to the Application Amount was blocked. Applicants may contact the Compliance Officer and Company Secretary and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on Application Amounts or refund or credit of NCDs in the respective beneficiary accounts, as the case may be. Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB. Grievances relating to the Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant stock exchange.

Aggregate number of securities of the Company and its Subsidiaries purchased or sold by the promoter group and by the Directors of the Company and their relatives within six months immediately preceding the date of filing the Prospectus with the ROC

Nil.

Related Party Transactions entered during the last five financial years immediately preceding the date of the Draft Prospectus

For details of the related party disclosures, as per the requirements under Accounting Standard 18 'Related Party Disclosures' issued by the Institute of Chartered Accountants in India and as reported in the restated financial statements, see "*Annexure A - Financial Information*".

Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the date of the Draft Prospectus and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remarks.

No reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the date of the Draft Prospectus.

Details of acts of material frauds committed against the Company in the last five years, if any, and if so, the action taken by the Company

The Gold Loan transactions of the Company involve handling of significant volumes of cash and gold jewellery at its branches. Large cash and gold jewellery transactions expose the Company to the risk of fraud by employees, agents, customers or third parties, theft, burglary and misappropriation or unauthorised transactions by the employees. The total amount involved in all acts of fraud committed against the Company in the last five years is set forth below:

Instances of fraud such as loans against stolen or spurious gold and misappropriation committed by the personnel of the Company aggregating to ₹ 673.76 lakhs occurred in Fiscal 2014, which were fully provided for in the accounts of the Company.

Instances of fraud such as loans against stolen or spurious gold and misappropriation committed by the personnel of the Company aggregating to ₹ 432.17 lakhs occurred in Fiscal 2013, which were fully provided for in the accounts of the Company.

Instances of fraud such as loans against stolen or spurious gold and manipulation in accounts committed by the personnel of the Company aggregating to ₹ 310.58 lakhs occurred in Fiscal 2012, which were fully provided for in the accounts of the Company.

Instances of fraud such as loans against stolen or spurious gold and manipulation in accounts committed by the personnel of the Company aggregating to ₹ 27,20,435 and theft of foreign currency amounting to ₹ 23,90,003 occurred in Fiscal 2011, which were written off in the books of accounts of the Company.

Instances of fraud such as loans against stolen or spurious gold aggregating to ₹ 1,08,82,499 occurred in Fiscal 2010, which were written off in the books of accounts of the Company.

In light of the frauds committed against the Company, the recruitment policy and related systems of the Company

have been reviewed and a series of checks and balances such as panel evaluation before recruitment, antecedent/back ground verification of a candidate and police verification have also been introduced. The Company has also strengthened its internal audit system to minimise the instances of internal frauds. Further, the Company has taken several steps to increase the security at its branches, including installation of burglar alarms, surveillance systems and deployment of security guards round the clock.

Adverse observations by the RBI during its inspections in the last five years

The adverse observations by the RBI during its inspections under Section 45N of the RBI Act, in the last five years, are summarised below:

1. Pursuant to its letter dated March 31, 2010, post the snap scrutiny of the Company with reference to its financial position as on March 31, 2009, the RBI observed that the business of other companies of the Group was being conducted at the branch premises of the Company, where a copy of the certificate of registration issued by the RBI was displayed. The Company was directed to maintain arms' length relationship with other Group companies operating in the same premises.
2. Pursuant to its letter dated July 3, 2013, the RBI observed that the progress made by the Company in repaying the matured unpaid debentures was very slow. The Company was advised to expedite the same and report the progress to the RBI on a monthly basis.
3. The RBI, *inter alia*, made the following observations in its letter dated September 30, 2013, post the inspection with reference to the financial position of the Company as on March 31, 2012:
 - (i) The debentures issued by the Company under private placement had the characteristics of public deposits in view of the fact that the Company was freely permitting premature closure of these debentures any time after their issuance and/or granting loans against such debentures.
 - (ii) MEI, formed by the Promoters of the Company was renewing a substantial portion of deposits which were collected by it from the public in violation of Section 45-S of the RBI Act 1934. This amounted to continuation of the illegal activity and was against the written assurance given by the Chairman and Managing Director of the Company.
 - (iii) Deficiencies/lapses were observed in the implementation of Fair Practices Code. No system had been put in place providing for periodical review of the compliance of the Fair Practice Code and the functioning of the grievance redressal mechanism within the Company and submission of a consolidated report of such reviews to the Board at regular intervals.
 - (iv) There was no auction policy in place. There were no records relating to auction of gold jewellery conducted in Kerala in the year ended March 31, 2012. Deficiencies were observed in the public auction conducted on September 26 - 27, 2012.
 - (v) The Company did not comply with the RBI instructions on maintaining a loan-to-value ratio of 60% in respect of the gold loans disbursed by it after June 15, 2012. The individual gold loans disbursed were far in excess of 60% of the market value of gold prevailing at the relevant periods.
 - (vi) The audit committee had not been reviewing the performance of the various audit functions of the Company. Reviews on major findings/ reports relating to branch audit, gold inspection, online audit, etc. were not being submitted to the Audit Committee or the Board.

The RBI, *inter alia*, made the following observations in its letter dated August 4, 2014, post the inspection with reference to the financial position of the Company as on March 31, 2013:

- (i) The Company had allowed premature closure of non-convertible debentures issued under private placement by providing built-in put option for investors and offering different rates of interest for such premature closure, which had the effect of issuing non-convertible debentures for periods less than one year, in violation of the RBI circular dated June 23, 2010.

- (ii) The Company's debt to owned fund ratio was high at 7.7:1.
- (iii) Loan policy of the Company to cover unsecured loans and microfinance loans too.
- (iv) The Company did not comply with the RBI instructions on maintaining a loan-to-value ratio of 60% in respect of the gold loans disbursed by it.
- (v) Public deposits accepted by MEI, continued to be renewed in violation of Section 45-S of the RBI Act, 1934.
- (vi) Substantial amount of unsecured bonds issued to retail investors in the form of subordinated debt is a cause of concern.
- (vii) As the PDIs issued by the Company had been fully subscribed by the Directors and the source of funds for the Directors to subscribe to the PDIs was the public deposits collected by MEI, the same was deducted while computing Tier I capital.
- (viii) The Company did not have any Board approved ALM policy.
- (ix) The Company was continuing to disburse gold loans above ₹1,00,000 by way of cash.
- (x) Deficiencies in the implementation of the fair practices code and auction policy were observed.

The Company has submitted or is in the process of submitting detailed responses to the RBI pursuant to the observations of the RBI and has also taken the steps to rectify the deficiencies where required.

All the outstanding liabilities (as on March 31, 2014 and June 30, 2014) of and loss incurred (in the last five financial years) by the Promoters/promoter group companies/associates/subsidiaries/joint ventures*

The following table is a summary of the total outstanding liabilities as on March 31, 2014 and June 30, 2014 and profit/ loss (in the last five financial years), as applicable, for each entity forming a part of the Group.

Muthoot Pappachan Group entities						<i>(All figures in lakhs)</i>				
Sr. No.	Name of entity	Total outstanding liabilities as on June 30, 2014	Total outstanding liabilities as on March 31, 2014	Contingent liabilities as on June 30, 2014	Contingent Liabilities as on March 31, 2014	Net Profit/ Loss				
						2013-14	2012-13	2011-12	2010-11	2009-10
Companies										
1.	Muthoot Capital Services Limited	63,381.87	59,634.01	23.58	23.58	2,220.56	2,175.93	1,550.99	966.54	717.28
2.	MPG Hotels and Infrastructure Ventures Private Limited (formerly Muthoot Hotels & Infrastructure	34,858.12	34,148.76	355.78	355.78	(2,011.45)	59.57	(193.32)	156.44	9.62

Muthoot Pappachan Group entities						(All figures in lakhs)				
Sr. No.	Name of entity	Total outstanding liabilities as on June 30, 2014	Total outstanding liabilities as on March 31, 2014	Contingent liabilities as on June 30, 2014	Contingent Liabilities as on March 31, 2014	Net Profit/ Loss				
						2013-14	2012-13	2011-12	2010-11	2009-10
	e Ventures Private Limited)									
3.	Muthoot Hotels Private Limited	12,409.08	12,228.14	466.65	465.83	(271.02)	(20.51)	20.34	(35.78)	(156.29)
4.	Muthoot Housing Finance Company Limited	30,832	26,446	Nil	Nil	128.8	(118.31)	(372.55)	Nil	Nil
5.	Muthoot Pappachan Medicare Private Limited	5,354.7	5,272.52	Nil	Nil	(484.18)	(231.4)	(0.56)	(0.58)	(1.65)
6.	Muthoot Exim Private Limited	4,202.11	4,688.90	Nil	Nil	(286.14)	(127.5)	112.93	108.74	18.21
7.	Muthoot Microfin Limited	10.84	9.81	Nil	Nil	(6.68)	(3.4)	0.82	1.02	(0.01)
8.	Muthoot Kuries Private Limited	1,089.13	1,098.91	Nil	Nil	24.82	64.08	49.23	7.21	Nil
9.	Muthoot Motors Private Limited	352.57	330.29	Nil	Nil	58.66	51.43	33.05	22.1	1.45
10.	Muthoot Automotive (India) Private Limited	1,163.33	1,057.67	Nil	Nil	(72.59)	(145.96)	(1.49)	Nil	NA. Incorporated in November 2010.
11.	Muthoot Pappachan Chits (India) Private Limited	493.65	349.47	Nil	Nil	9.67	(4.99)	NA. Incorporated in January 2012.		
12.	Muthoot Pappachan Technologies Limited	32.04	724.44	Nil	Nil	(67.77)	(22.88)	NA. Incorporated in January 2012.		

Muthoot Pappachan Group entities						(All figures in lakhs)				
Sr. No.	Name of entity	Total outstanding liabilities as on June 30, 2014	Total outstanding liabilities as on March 31, 2014	Contingent liabilities as on June 30, 2014	Contingent Liabilities as on March 31, 2014	Net Profit/ Loss				
						2013-14	2012-13	2011-12	2010-11	2009-10
13.	Alaska Agri Projects and Hospitalities Private Limited	0.16	0.27	Nil	Nil	(0.28)	(0.14)	(0.13)	(0.11)	NA. Incorporated in August 2010.
14.	Bamboo Agri Projects and Hospitalities Private Limited	Nil	0.11	Nil	Nil	(0.27)	(0.14)	(0.13)	(0.11)	NA. Incorporated in September 2010.
15.	Buttercup Agri Projects and Hospitalities Private Limited	249.28	249.41	Nil	Nil	(0.56)	(0.42)	(0.19)	(0.11)	NA. Incorporated in August 2010
16.	Calypto Agri Development and Hospitalities Private Limited	Nil	0.11	Nil	Nil	(0.37)	(0.14)	(0.13)	(0.11)	NA. Incorporated in September 2010.
17.	Cinnamon Agri Development and Hospitalities Private Limited	Nil	0.11	Nil	Nil	(0.37)	(0.14)	(0.13)	(0.11)	NA. Incorporated in September 2010.
18.	Double Tail Agri Development and Hospitalities Private Limited*	Nil	Nil	Nil	Nil	(0.48)	(0.14)	(0.12)	(0.11)	NA. Incorporated in August 2010.
19.	El Toro Agri Projects and Hospitalities Private Limited	0.11	0.11	Nil	Nil	(0.37)	(0.14)	(0.13)	(0.11)	NA. Incorporated in September 2010.
20.	Emmel Realtors and	1,377.02	1,377.02	Nil	Nil	(2.09)	(1.36)	(1.30)	(0.17)	(0.05)

Muthoot Pappachan Group entities						(All figures in lakhs)				
Sr. No.	Name of entity	Total outstanding liabilities as on June 30, 2014	Total outstanding liabilities as on March 31, 2014	Contingent liabilities as on June 30, 2014	Contingent Liabilities as on March 31, 2014	Net Profit/ Loss				
						2013-14	2012-13	2011-12	2010-11	2009-10
	Developers Private Limited									
21.	Fireworks Agri Development and Hospitality Private Limited*	Nil	Nil	Nil	Nil	(0.39)	(0.14)	(0.12)	(0.11)	NA. Incorporated in September 2010.
22.	Flame Agri Projects and Hospitalities Private Limited	152.82	152.93	Nil	Nil	(0.42)	(0.28)	(0.16)	(0.11)	NA. Incorporated in August 2010.
23.	Fox Bush Agri Development and Hospitalities Private Limited	62.86	62.86	Nil	Nil	(0.36)	(0.23)	(0.14)	(0.11)	NA. Incorporated in September 2010.
24.	Goblin Agri Projects and Hospitalities Private Limited	85.69	85.79	Nil	Nil	(0.29)	(0.14)	(0.13)	(0.11)	NA. Incorporated in August 2010.
25.	Jungle Cat Agri Development and Hospitalities Private Limited	207.39	207.50	Nil	Nil	(0.57)	(0.43)	(0.19)	(0.11)	NA. Incorporated in August 2010
26.	Linden Agri Ventures and Hospitalities Private Limited*	Nil	Nil	Nil	Nil	(0.49)	(0.14)	(0.12)	(0.11)	NA. Incorporated in September 2010.
27.	LM Realtors Private Limited	514.07	455.26	Nil	Nil	(0.55)	(0.18)	(0.32)	(0.30)	(1.77)
28.	Mandarin Agri	27.97	28.08	Nil	Nil	(0.38)	(0.14)	(0.13)	(0.11)	NA. Incorporate

Muthoot Pappachan Group entities						(All figures in lakhs)					
Sr. No.	Name of entity	Total outstanding liabilities as on June 30, 2014	Total outstanding liabilities as on March 31, 2014	Contingent liabilities as on June 30, 2014	Contingent Liabilities as on March 31, 2014	Net Profit/ Loss					
						2013-14	2012-13	2011-12	2010-11	2009-10	
	Ventures and Hospitalities Private Limited										d in September 2010.
29.	Mariposa Agri Ventures and Hospitalities Private Limited	Nil	0.11	Nil	Nil	(0.37)	(0.14)	(0.13)	(0.11)	NA. Incorporated in September 2010.	
30.	Musk Agri Ventures and Hospitalities Private Limited*	Nil	Nil	Nil	Nil	(0.49)	(0.14)	(0.12)	(0.11)	NA. Incorporated in September 2010.	
31.	Muthoot Agri Projects and Hospitalities Private Limited	6,667.4	6,521.60	Nil	Nil	(178.97)	(3.03)	(5.64)	Nil	Nil	
32.	Muthoot Agri Development and Hospitalities Private Limited	723.76	707.67	Nil	Nil	(60.89)	(58.39)	(53.83)	(30.71)	Nil	
33.	Muthoot Agri Ventures and Hospitalities Private Limited	9.65	8.56	Nil	Nil	(2.03)	(0.16)	(0.14)	(0.21)	NA. Incorporated in July 2010.	
34.	Muthoot Automobile Solutions Private Limited	1,078.73	1,084.41	Nil	Nil	(157.91)	(107.20)	(0.11)	NA. Incorporated in April, 2011.		
35.	Muthoot Buildtech	212.38	207.22	207.22	Nil	(18.81)	(17.11)	(15.28)	(10.66)	NA. Incorporated	

Muthoot Pappachan Group entities						(All figures in lakhs)					
Sr. No.	Name of entity	Total outstanding liabilities as on June 30, 2014	Total outstanding liabilities as on March 31, 2014	Contingent liabilities as on June 30, 2014	Contingent Liabilities as on March 31, 2014	Net Profit/ Loss					
						2013-14	2012-13	2011-12	2010-11	2009-10	
	(India) Private Limited										d in April 2010.
36.	Muthoot Equities Limited	0.62	0.60	Nil	Nil	(4.65)	Nil	Nil	Nil	Nil	Nil
37.	Muthoot Holdings Private Limited	0.11	2.11	Nil	Nil	(0.25)	(0.12)	(0.06)	Nil	NA.	Incorporated in July 2010.
38.	Muthoot Infrastructure Private Limited	75.18	75.18	Nil	Nil	(12.79)	(6.68)	(6.94)	(6.38)	(0.9)	
39.	Muthoot Land and Estates Private Limited	292.41	276.88	Nil	Nil	(24.64)	(3.72)	(0.13)	(0.23)	NA.	Incorporated in April 2010.
40.	Muthoot Properties (India) Private Limited	1,069.72	1,048.70	Nil	Nil	(100.61)	(87.39)	(60.03)	(0.52)	NA.	Incorporated in April 2010.
41.	Muthoot Risk Insurance and Broking Services Private Limited	19.08	66.8	Nil	Nil	145.34	(37.45)	(14.49)	Nil	Nil	
42.	Palakkad Infrastructure Private Limited	18.51	15.81	Nil	Nil	(12.99)	(11.95)	(12.91)	(21.20)	(21.79)	
43.	Pine Pink Agri Ventures and Hospitalities Private Limited	0.68	0.79	Nil	Nil	(0.27)	(0.14)	(0.13)	(0.11)	NA.	Incorporated in September 2010.
44.	The Right Ambient Resorts	286.88	284.78	Nil	Nil	(62.07)	(7.48)	(2.13)	1.87	(7.16)	

Muthoot Pappachan Group entities						(All figures in lakhs)				
Sr. No.	Name of entity	Total outstanding liabilities as on June 30, 2014	Total outstanding liabilities as on March 31, 2014	Contingent liabilities as on June 30, 2014	Contingent Liabilities as on March 31, 2014	Net Profit/ Loss				
						2013-14	2012-13	2011-12	2010-11	2009-10
	Private Limited									
45.	Muthoot Apt Ceramics Limited	4,991.06	4,975.18	76.35	76.35	(44.28)	(631.58)	(132.29)	(129.93)	(134.21)
Partnerships/ LLPs										
46.	Muthoot Bankers	6,126.46	6,614.18	Nil	Nil	56.95	126.81	98.42	72.17	67.54
47.	Muthoot Motors (Cochin)	4,761.53	4,327.47	Nil	Nil	112.23	56.93	47.59	47.06	68.4
48.	Muthoot Insurance Services	Nil	Nil	Nil	Nil	1.66	3.41	17.66	67.7	123.72
49.	Muthoot Finance Company	122.94	123.94	Nil	Nil	(1.55)	6.14	10.09	11.75	29.54
50.	Muthoot Estate Investments	1,09,646.87	1,14,003.87	Nil	Nil	(10,965.86)	(11,827.80)	(5,223.44)	(4,106.27)	(3,759.98)
51.	Muthoot Cine Enterprises	8.34	9.86	Nil	Nil	5.59	9.56	9.56	7.07	4.09
52.	MPG Air Catering LLP*	Nil	Nil	Nil	Nil	(1.96)	(0.06)	NA. Formed in January 2012.		
53.	MPG Apex Management LLP	0.03	0.03	Nil	Nil	(0.08)	(0.07)			
54.	MPG Asset Management LLP*	Nil	Nil	Nil	Nil	(1.96)	(0.06)			
55.	MPG Hospitality LLP*	Nil	Nil	Nil	Nil	(1.96)	(0.06)			
56.	MPG Land and Estate LLP*	Nil	Nil	Nil	Nil	(1.96)	(0.06)			
57.	MPG Land Developers LLP*	Nil	Nil	Nil	Nil	(1.97)	(0.06)			
58.	MPG Real Estate LLP*	Nil	Nil	Nil	Nil	(1.97)	(0.06)			
59.	MPG Automobiles LLP	1.30	1.30	Nil	Nil	(0.2)	(0.13)			

** The entity is in the process of being wound-up. The approval of the relevant registrar of companies is awaited in this regards.*

The outstanding liabilities of the Promoters as on August 14, 2014 is set forth below:

Sr. No.	Name of Promoter	Outstanding Liabilities (₹ in lakhs)*
1.	Thomas John Muthoot	1,536.91
2.	Thomas George Muthoot	1,057.76
3.	Thomas Muthoot	1,597.54

**Credit facilities and loans utilised by the Company and other Group companies are also usually collateralised by personal guarantees issued by one or more of the Promoters.*

SECTION VI : OFFER INFORMATION

ISSUE STRUCTURE

The Board of Directors, at its meeting held on August 19, 2014 approved the Issue of Secured NCDs and Unsecured NCDs of face value of ₹ 1,000 each, aggregating to ₹ 15,000 lakhs with an option to retain over subscription up to ₹ 15,000 lakhs, aggregating to ₹ 30,000 lakhs.

Particulars of the NCDs

The following is a summary of the terms of the NCDs.

Issuer	Muthoot Fincorp Limited		
Promoters	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.		
Issue	Public issue of secured, redeemable, non-convertible debentures and unsecured, redeemable, non-convertible debentures in the nature of Subordinated Debt, of face value of ₹ 1,000 each, aggregating to ₹ 15,000 lakhs with an option to retain over subscription up to ₹ 15,000 lakhs, aggregating to ₹ 30,000 lakhs. The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II Capital.		
Base Issue Size	₹ 15,000 lakhs		
Option to retain oversubscription	Option to retain oversubscription up to ₹ 15,000 lakhs such that the aggregate amount is ₹ 30,000 lakhs.		
Face Value	₹ 1,000		
Issue Price	₹ 1,000		
Minimum Application	₹ 10,000 (10 NCDs) (for all Series of NCDs, namely Series I, Series II, Series III, Series IV, Series V, Series VI, Series VII, Series VIII, Series IX, Series X and Series XI)		
In Multiples of	₹ 1,000 (1 NCD)		
Type and nature of instrument	Secured NCDs and Unsecured NCDs		
Mode of Issue	Public issue		
Pay-in Date	Application date. Full amount is payable with the Application Form. See “ <i>Issue Procedure – Payment Instructions</i> ” on page 256.		
Eligible Investors	Category I (“Institutional Investors”)	Category II (“Non Institutional Investors”)	Category III (“Individual Investors”)
	<ul style="list-style-type: none"> Public financial institutions specified in Section 2(72) of the Companies Act 2013, statutory corporations, scheduled 	<ul style="list-style-type: none"> Companies within the meaning of Section 2(20) of the Companies Act 2013, societies and bodies corporate registered under the applicable 	<ul style="list-style-type: none"> Resident Individual Investors; and Hindu Undivided Families applying through the Karta.

	<p>commercial banks, co-operative banks, regional rural banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the NCDs;</p> <ul style="list-style-type: none"> • Mutual funds registered with SEBI; • Alternative Investment Fund registered with SEBI; • Insurance companies registered with Insurance Regulatory Development Authority (“IRDA”); • Provident funds, pension funds, superannuation funds and gratuity funds authorised to invest in the NCDs; • The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; and • Insurance funds set up and managed by the Department of Posts, India. 	<p>laws in India and authorised to invest in NCDs;</p> <ul style="list-style-type: none"> • Public/ private charitable/ religious trusts settled and/or registered in India under applicable laws, which are authorised to invest in the NCDs; • Resident Indian scientific and/ or industrial research organizations, authorised to invest in the NCDs; • Partnership firms in the name of the partners, authorised to invest in the NCDs; and • Limited liability partnership(s) (“LLP”) formed and registered under the Limited Liability Partnership Act, 2008 (“LLP Act”), authorised to invest in the NCDs. 	
Credit Ratings	<p>CRISIL has by way of its letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 and letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 read with letter no. RM/FIN/MUFILT/2014-15/946 dated August 26, 2014 assigned a rating</p>		

	of “CRISIL A/Stable” to the NCDs. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. For details, see “ <i>Annexure B - Credit Rating</i> ”.
Security	Mortgage of the immovable property of the Company admeasuring 54 cents, situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and charge in favour of the Debenture Trustee, on all current assets, book debts and receivables (both present and future) of the Company, on a pari passu basis, specifically set out and as fully described in the Secured Debenture Trust Deed such that security cover of 100% of the outstanding amount of the Secured NCDs and interest thereon is maintained until Maturity Date. No security will be created for the Unsecured NCDs in the nature of Subordinated Debt.
Security Cover	100% of the outstanding amounts of the NCDs and the interest thereon
Nature of Indebtedness and Ranking/ Seniority	The claims of the NCD Holders holding Secured NCDs shall be effectively superior to the claims of any unsecured creditors of the Company and subject to applicable statutory and/or regulatory requirements, rank <i>pari passu</i> inter se to the claims of other creditors of the Company having the same security. No security will be created for the Unsecured NCDs in the nature of Subordinated Debt.
Put/Call Option	There is no put/call option for the NCDs
Listing	The NCDs are proposed to be listed on BSE. For more information, see “ <i>Terms of the Issue – Listing</i> ” on page 222.
Debenture Trustee	SBICAP Trustee Company Limited
Depositories	Central Depositories Services Limited (“ CDSL ”) and National Securities Depository Limited (“ NSDL ”)
Registrar	Integrated Enterprises (India) Limited
Modes of Payment/Settlement Mode	<ol style="list-style-type: none"> 1. Direct Credit; 2. National Electronic Clearing System (“NECS”); 3. Real Time Gross Settlement (“RTGS”); 4. National Electronic Fund Transfer (“NEFT”); and 5. Registered/Speed Post <p>For more information, see “<i>Terms of the Issue – Manner and Modes of Payment</i>” on page 228.</p>
Issuance/ Mode of Allotment	NCDs will be issued in both physical (to the extent permitted) as well as dematerialised form.* Trading in the NCDs will however take place compulsorily in dematerialised form. Please note, however, that Applicants cannot apply for Allotment of NCDs under Series VIII, Series IX, Series X and Series XI in physical form. **
Trading	In dematerialised form only*
Trading/ Market Lot	One NCD
Deemed Date of	The Deemed Date of Allotment of the NCDs will be the date on which the Board of Directors is deemed to have approved the Allotment of NCDs or any such date as may

Allotment	be determined by the Board of Directors or any committee thereof and notified to the Stock Exchanges. All benefits under the NCDs including payment of interest will accrue to the NCD Holders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.				
Record Date	The record date (a) in connection with Series I, Series II, Series III, Series IV, Series V, Series VI NCDs and Series VII NCDs shall be 15 days prior to the relevant Interest Payment Date, the relevant Redemption Date or as may be prescribed by the Stock Exchange; and (b) in connection with Series VIII, Series IX, Series X and Series XI NCDs shall be 15 days prior to the Redemption Date or as may be prescribed by the Stock Exchange. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.				
Lead Manager	SMC Capitals Limited				
Objects of the Issue	See “ <i>Objects of the Issue</i> ” on page 81.				
Utilisation of Issue Proceeds	See “ <i>Objects of the Issue</i> ” on page 81.				
Working Day Convention/ Day Count/ Effect of holidays on payment	<p>A Working Day shall mean all days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period, Interest Payment Date and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.</p> <p>Day Count Convention</p> <p>Actual/actual i.e., interest will be computed on a 365 days-a-year basis on the principal outstanding on the NCDs. Where the interest period (start date to end date) includes February 29, interest will be computed on 366 days-a-year basis, on the principal outstanding on the NCDs.</p> <p>Effect of holidays on payments</p> <p>If the date of payment of coupon/ interest rate specified does not fall on a Working Day, the coupon payment shall be made on the immediately succeeding Working Day along with the interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon/ Interest Payment Date. If the Redemption Date/ Maturity Date (also being the last Coupon/ Interest Payment Date) of any Series of NCDs falls on a day which is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with the interest accrued on the NCDs until but excluding the date of such payment.</p>				
Transaction Documents	<table border="1"> <tr> <td colspan="2">Documents/undertakings/agreements entered into or to be entered into by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue, including but not limited to the following: -</td> </tr> <tr> <td>Debenture Trustee Agreement</td> <td>Trustee Agreement dated August 23, 2014 between the Debenture Trustee and the Company.</td> </tr> </table>	Documents/undertakings/agreements entered into or to be entered into by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue, including but not limited to the following: -		Debenture Trustee Agreement	Trustee Agreement dated August 23, 2014 between the Debenture Trustee and the Company.
Documents/undertakings/agreements entered into or to be entered into by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue, including but not limited to the following: -					
Debenture Trustee Agreement	Trustee Agreement dated August 23, 2014 between the Debenture Trustee and the Company.				

	Secured Debenture Trust Deed	The trust deed to be entered into between the Debenture Trustee and the Company for creating the security in relation to the Security NCDs issued under the Issue.
	Unsecured Debenture Trust Deed	The trust deed to be executed between the Company and the Debenture Trustee specifying, <i>inter alia</i> , the powers, authorities, and obligations of the Debenture Trustee and the Company.
	Escrow Agreement	Agreement dated [●] entered into amongst the Company, the Registrar to the Issue, the Lead Manager and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof.
	Issue Agreement	Agreement dated August 21, 2014 entered into between the Company and the Lead Manager
	Lead Broker MoU	Memorandum of Understanding (“MoU”) dated [●], between the Company and the Lead Brokers
	Registrar Agreement	Agreement dated August 23, 2014 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
	Tripartite Agreements	Tripartite agreement dated May 3, 2011 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated October 6, 2009 between the Company, NSDL and the Registrar to the Issue.
Issue Opening Date	[●]	
Issue Closing Date	[●] The Issue shall remain open for subscription from 10 a.m. to 5 p.m. during the period indicated above with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof of the Company. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in at least one leading national daily newspaper with wide circulation.	
Default Interest Rate	As shall be specified in the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed.	
Redemption Premium/ Discount	Not applicable.	
Interest on Application	See “ <i>Terms of the Issue - Interest on Application and Refund Money</i> ” on page 226.	

Money	
Step up/ step down Coupon Rate	Not applicable.
Conditions precedent/subsequent to disbursement	The conditions precedent and subsequent to disbursement will be finalised upon execution of the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed.
Event of Default	See “ <i>Terms of the Issue – Events of Default</i> ” on page 232.
Cross Default	Not applicable
Roles and Responsibilities of Debenture Trustee	See “ <i>Terms of the Issue – Debenture Trustee</i> ” on page 233.
Discount at which NCD is issued and the effective yield as a result of such discount	Not applicable
Governing Law	Laws of the Republic of India
Jurisdiction	The courts of Trivandrum will have exclusive jurisdiction for the purposes of the Issue.

* *In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of the NCDs in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the NCDs in physical form will fulfill such request. However, trading in NCDs shall be compulsorily in dematerialised form.*

** *In terms of Section 29 of the Companies Act 2013 and Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of the NCDs in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Investors who wish to hold Series I, II, III, IV, V, VI and VII NCDs, post allotment, in physical form, will fulfill such request through the process of rematerialisation.*

SPECIFIC TERMS FOR EACH SERIES OF NCDS											
Series	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
Frequency of Interest Payment	Monthly**	Monthly**	Monthly**	Monthly**	Annual*	Annual*	Annual*	Cumulative	Cumulative	Cumulative	Cumulative
Minimum Application	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)
In Multiples of	₹1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)
Face Value (₹)	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
Issue Price (₹)	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
Tenor from Deemed Date of Allotment	400 days	24 months	36 months	72 months	24 months	36 months	60 months	400 days	24 months	36 months	72 months
Coupon (% per annum)	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%
Effective Yield (per annum)	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%
Mode of Payment of Interest and/or Redemption of NCDs	<i>Through various option available</i>										

SPECIFIC TERMS FOR EACH SERIES OF NCDS											
Series	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
Amount on Maturity	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date	[●] per NCD*** at the end of 400 days from the Deemed Date of Allotment	[●] per NCD*** at the end of 24 months from the Deemed Date of Allotment	[●] per NCD*** at the end of 36 months from the Deemed Date of Allotment	[●] per NCD*** at the end of 72 months from the Deemed Date of Allotment
Nature of Indebtedness	Series I, Series II, Series III, Series V, Series VI, Series VII, Series VIII, Series IX, Series X - Secured, redeemable non-convertible debentures Series IV and Series XI - Unsecured, redeemable non-convertible debentures in the nature of Subordinated Debt										
Maturity/ Redemption Date (From Deemed Date of Allotment)	400 days	24 months	36 months	72 months	24 months	36 months	60 months	400 days	24 months	36 months	72 months

* Relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the Face Value of the Series of NCDs. The last interest payment will be made at the Redemption Date of the NCDs.

** Relevant interest will be calculated from the first day till the last date of every month during the tenor of such the Series of NCDs, and paid on the first day of every subsequent month. For the first interest payment for the Series of NCDs, 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.

*** Subject to applicable tax deducted at source, if any.

TERMS OF THE ISSUE

GENERAL TERMS OF THE ISSUE

Authority for the Issue

The Board of Directors, at its meeting held on August 19, 2014 approved the Issue by the Company of Secured NCDs and Unsecured NCDs of face value of ₹ 1,000 each, aggregating to ₹ 15,000 lakhs with an option to retain over subscription up to ₹ 15,000 lakhs, aggregating to ₹ 30,000 lakhs.

Terms and Conditions of the Issue

The terms and conditions of NCDs being offered in the Issue are subject to the provisions of Companies Act, the SEBI Debt Regulations, the Debt Listing Agreement, our Memorandum and Articles of Association, the Prospectus, the Application Form, the Abridged Prospectus and other terms and conditions as may be incorporated in the Debenture Trustee Agreement, Secured Debenture Trust Deed and Unsecured Debenture Trust Deed to be entered into between the Company and SBICAP Trustee Company Limited (in its capacity as the “**Debenture Trustee**”, which expression will include its successor(s) as trustee), as well as laws applicable from time to time, including rules, regulations, guidelines, notifications and any statutory modifications or re-enactments including those issued by GoI, SEBI, RBI, the Stock Exchanges and/or other authorities and other documents that may be executed in respect of the NCDs.

Listing

The NCDs are proposed to be listed on BSE, which will also be the Designated Stock Exchange. Our company has applied for an in principle approval of BSE for permission to deal in and for an official quotation of our NCDs as per the relevant provisions of the Companies Act 2013. The application for listing of the NCDs will be made to the Stock Exchange at an appropriate stage.

If permission to deal in and for an official quotation of our NCDs is not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus. The Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchanges are taken within 12 Working Days of the Issue Closing Date.

Face Value

The face value of each NCD is ₹ 1,000.

Title

In case of:

- (i) the NCDs held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and
- (ii) the NCD held in physical form, the person for the time being appearing in the Register of NCD Holders as NCD Holder,

shall be treated for all purposes by the 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 whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the NCD Holder.

No transfer of title of a NCD will be valid unless and until entered in the Register of NCD Holders or the register of beneficial owners 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 NCD Holders maintained by the Depositories and/or the 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 the Company or the Registrar to the Issue. The provisions relating to transfer and transmission and other related matters in respect of the Company's shares contained in the Articles of Association of the Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCD(s) as well.

Security

Mortgage of the immovable property of the Company admeasuring 54 cents, situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and charge in favour of the Debenture Trustee, on all current assets, book debts and receivables (both present and future) of the Company, on a pari passu basis, specifically set out and as fully described in the Secured Debenture Trust Deed such that security cover of 100% of the outstanding amount of the Secured NCDs and interest thereon is maintained until Maturity Date. The mode of creation of security shall be by way of the Secured Debenture Trust Deed. The Secured NCD holders are entitled to the benefit of the Secured Debenture Trust Deed and are bound by and are deemed to have notice of all provisions of the Secured Debenture Trust Deed. Such Security shall be created within one month of the Issue Closing Date.

Ranking of the NCDs

The Secured NCDs would constitute direct and secured obligations of the Company and will rank *pari passu* inter se and to the claims of other creditors of the Company having the same security and superior to the claims of any unsecured creditors of the Company, now existing or in the future, subject to any obligations preferred under applicable law.

The Unsecured NCDs would constitute unsecured and subordinated obligations of the Company and shall rank *pari passu* inter se, subject to any obligations under applicable statutory and/or regulatory requirements. Our Company may, subject to applicable RBI requirements and other applicable statutory and/or regulatory provisions, treat the Unsecured NCDs as Tier II Capital.

Credit Rating

CRISIL has by way of its letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 and letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 read with letter no. RM/FIN/MUFILT/2014-15/946 dated August 26, 2014 assigned a rating of "CRISIL A/Stable" to the NCDs. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. For more information, see "*Annexure B – Credit Rating*".

Issue Period

Issue Opens On	[•]
Issue Closes On	[•]

The Issue shall remain open for subscription from 10 a.m. to 5 p.m. during the period indicated above with an option for early closure or extension by such period, as may be decided by the Board of Directors or a duly constituted committee thereof in accordance with applicable law. In the event of early closure or extension, the Company shall ensure that public notice of such early closure/ extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in at least one leading national daily newspaper with wide circulation.

Applications Forms for the Issue will be accepted only between 10 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges during the Issue Period mentioned above, on all Working Days, i.e., between Monday and Friday, both inclusive, barring public holidays: (i) by the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, at the centres mentioned in the Application Form through the non-ASBA mode, or (ii) in case of ASBA Applications, (a) directly by Designated Branches of SCSBs or (b) by the centres of the Members of the Syndicate or Trading Members of the Stock

Exchange(s), as the case may be, only at the specified cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) (“**Specified Cities**”), except that on the Issue Closing Date, Application Forms will be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges (after taking into account the total number of Applications received up to the closure of timings for acceptance of Application Forms as stated herein). Applicants may also make their Applications through Direct Online Applications using the online payment facility offered through the Stock Exchange during the Issue Period, subject to such online payment facility being made available by the Stock Exchange prior to the date of filing of the Prospectus by the Company with the ROC.

Due to limitation of time available for uploading Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allotment under the Issue.

Neither the Company, the Lead Manager nor the Members of the Syndicate or Trading Members of the Stock Exchanges shall be liable for any failure in uploading Applications due to failure in any software/hardware system or otherwise.

MINIMUM APPLICATION

10 NCDs and in multiples of one NCD thereafter for a specific Series of NCDs applied for under each Application Form. The NCDs are being issued at par and the full amount of the face value per NCD is payable on Application, except ASBA Application.

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.

ESCROW MECHANISM

Please refer “*Issue Procedure – Escrow Mechanism for Applicants other than ASBA Applicants*” on page 257 and “*Issue Procedure – Payment into Escrow Account*” on page 257.

Deemed Date of Allotment

The Deemed Date of Allotment will be the date on which, the Board of Directors approves the Allotment of NCDs for the Issue or any such date as may be determined by the Board of Directors or any committee thereof and notified to the stock exchanges. All benefits under the NCDs including payment of interest will accrue to the NCD Holders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.

Allotment of NCDs

For details please refer “*Issue Procedure – Basis of Allotment*” on page 254.

Form of Allotment and Denomination

The Allotment of NCDs shall be in dematerialised form as well as physical form. In terms of Regulation 4 (2)(d) of the SEBI Debt Regulations, the Company shall make public issue of NCDs in dematerialised form. However, in terms of Section 8(1) of the Depositories Act, the Company, at the request of the investors who wish to hold the NCDs in physical form will fulfill such request. Please note, however, that Applicants cannot apply for Allotment of NCDs under Series VIII, IX, X and XI in physical form. However, trading in NCDs shall be compulsorily in dematerialised form. The Market Lot of the NCDs will be one NCD.

The Company shall take necessary steps to credit the Depository Participant account of the Applicant with the number of NCDs Allotted. The NCD Holders shall deal with the NCDs in accordance with the provisions of the

Depositories Act and/or rules as notified by the Depositories, from time to time.

In case of NCDs held in physical form, a single certificate will be issued to the NCD Holder for the aggregate amount (“**Consolidated NCD Certificate**”) for each type of NCD. The applicant can also request for the issue of NCD certificates in denomination of the Market Lot.

In respect of Consolidated NCD Certificates on Allotment or on rematerialisation of NCDs Allotted in dematerialised form, the Company will, only on receipt of a request from the NCD Holder, split such Consolidated NCD Certificates into smaller denominations subject to the minimum of Market Lot in accordance with applicable law. No fees would be charged for splitting of Consolidated NCD Certificates, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original Consolidated NCD Certificate which would then be treated as cancelled by us.

PAYMENT OF REFUNDS

Refunds for Applicants other than ASBA Applicants

Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch refund orders/issue instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/Allotment of NCDs. In case of Applicants who have applied for Allotment of NCDs in dematerialised form, the Registrar to the Issue will obtain from the Depositories the Applicant’s bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds. In case of Applicants who have applied for Allotment of NCDs in physical form, the bank details will be extracted from the Application Form or the copy of the cheque. For Applicants who receive refunds through NECS, direct credit, RTGS or NEFT, the refund instructions will be issued to the clearing system within 12 Working Days of the Issue Closing Date. A suitable communication will be dispatched to the Applicants receiving refunds through these modes, giving details of the bank where refunds will be credited with the amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses (in India) of Applicants, according to the Demographic Details received from the Depositories or the address details provided in the Application Form, in case of Applicants who have applied for Allotment of NCDs in physical form. The Demographic Details would be used for mailing of the physical refund orders, as applicable.

Investors who have applied for NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of refund to the investors at their sole risk and neither the Lead Manager nor the Company shall have any responsibility and undertake any liability for such delays on part of the investors.

Mode of refunds for Applicants other than ASBA Applicants

Payment of refund, if any, for Applicants other than ASBA Applicants would be done through any of the following modes:

1. Direct Credit – Applicants having bank accounts with the Refund Bank(s), according to the Demographic Details received from the Depositories, will be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
2. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
3. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 2 lakhs, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Applicant’s bank which can be mapped with RBI data to obtain the corresponding Indian Financial System Code (“**IFSC**”). Charges, if any, levied by the applicant’s bank receiving the credit would be borne by the Applicant.

4. NEFT – Payment of refund will be undertaken through NEFT wherever the Applicant’s bank has been assigned the IFSC which can be linked to an MICR code, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the beneficiary account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed/registered post only to Applicants that have provided details of a registered address in India. Such refunds will be made by cheques, pay orders or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Mode of refunds for ASBA Applicants

In case of ASBA Applicants, the Registrar to the Issue will instruct the relevant SCSB to unblock funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

INTEREST ON APPLICATION AND REFUND MONEY

Interest on application monies received which are used towards allotment of NCDs

The Company shall pay interest on Application Amounts on the amount Allotted, subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, to any Applicants to whom NCDs are allotted (except for ASBA Applicants) pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) or from three days from the date of upload of each Application on the electronic Application platform of the relevant Stock Exchanges whichever is later up to one day prior to the Deemed Date of Allotment, at the rate of [●]% per annum, for Allottees under Categories I, II and III.

The Company 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 applicants. Alternatively, interest warrants will be dispatched along with the Letter(s) of Allotment at the sole risk of the applicant, to the sole/first Applicant.

Interest on application monies received which are liable to be refunded

The Company shall pay interest on Application Amounts which is liable to be refunded to the Applicants (other than ASBA Applicants) subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, from the date of realization of the cheque(s)/demand draft(s)/any other mode or from three days from the date of upload of each Application on the electronic Application platform of the relevant Stock Exchanges whichever is later up to one day prior to the Deemed Date of Allotment, at the rate of [●]% p.a. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched/credited (in case of electronic payment) along with the letter(s) of refund at the sole risk of the Applicant, to the sole/first Applicant.

Provided that, notwithstanding anything contained hereinabove, the Company shall not be liable to pay any interest on application monies to the ASBA Applicants and on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, and/or (b) applications which are withdrawn by the applicant, and/or (c) refund monies to the ASBA Applicants. For more information, see “***Issue Procedure - Rejection of Applications***” on page 259.

REDEMPTION

The Company will redeem the NCDs on the Maturity Date. The Maturity Date for the applicable Series of NCDs is set out below:

Series of NCDs	Maturity Date
Series I NCDs	400 days from the Deemed Date of Allotment
Series II NCDs	24 months from the Deemed Date of Allotment
Series III NCDs	36 months from the Deemed Date of Allotment
Series IV NCDs	72 months from the Deemed Date of Allotment
Series V NCDs	24 months from the Deemed Date of Allotment
Series VI NCDs	36 months from the Deemed Date of Allotment
Series VII NCDs	60 days from the Deemed Date of Allotment
Series VIII NCDs	400 days from the Deemed Date of Allotment
Series IX NCDs	24 months from the Deemed Date of Allotment
Series X NCDs	36 months from the Deemed Date of Allotment
Series XI NCDs	72 months from the Deemed Date of Allotment

NCDs held in electronic form:

No action is required on the part of NCD Holders at the time of maturity of the NCDs.

NCDs held in physical form:

No action will ordinarily be required on the part of the NCD Holder at the time of redemption, and the Maturity Amount will be paid to those NCD Holders whose names appear in the Register of NCD Holders maintained by the Company on the Record Date fixed for the purpose of redemption. However, the Company may require the Consolidated NCD Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated NCD Certificate(s)) to be surrendered for redemption on Maturity Date and sent by the NCD Holders by registered post with acknowledgment due or by hand delivery to the Registrar to the Issue or the Company or to such persons at such addresses as may be notified by the Company from time to time. NCD Holders may be requested to surrender the Consolidated NCD Certificate(s) in the manner stated above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment.

PAYMENT OF INTEREST ON NCDS

For avoidance of doubt, with respect to Series I, Series II, Series III and Series IV NCDs 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 during the tenor of such Series of NCDs, and paid on the first day of every subsequent month. For the first interest payment, 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.

With respect to Series V NCDs, Series VI NCDs and Series VII NCDs where interest is to be paid on an annual basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the Series of NCDs. The last interest payment in each case will be made on the Maturity Date on a *pro rata* basis.

Applications will be consolidated on the basis of PAN for classification into various categories.

In case of Series I NCDs, interest would be paid on a monthly basis in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of the Series I NCDs. Series I NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 400 days from the Deemed Date of Allotment.

In case of Series II NCDs, interest would be paid on a monthly basis in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of the Series II NCDs. Series II NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 24 months from the Deemed Date of Allotment.

In case of Series III NCDs, interest would be paid on a monthly basis in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of the Series III NCDs. Series III NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 36 months from the Deemed Date of Allotment.

In case of Series IV NCDs, interest would be paid on a monthly basis in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of the Series III NCDs. Series IV NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 72 months from the Deemed Date of Allotment.

In case of Series V NCDs, interest would be paid on an annual basis in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of the Series IV NCDs. Series V NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 24 months from the Deemed Date of Allotment.

In case of Series VI NCDs, interest would be paid on an annual basis in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of the Series V NCDs. Series VI NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 36 months from the Deemed Date of Allotment.

In case of Series VII NCDs, interest would be paid on an annual basis in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of the Series VI NCDs. Series VII NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.

Series VIII NCDs shall be redeemed at ₹ [●]/ NCD at the end of 400 days from the Deemed Date of Allotment.

Series IX NCDs shall be redeemed at ₹ [●]/ NCD at the end of 24 months from the Deemed Date of Allotment

Series X NCDs shall be redeemed at ₹ [●]/ NCD at the end of 36 months from the Deemed Date of Allotment.

Series XI NCDs shall be redeemed at ₹ [●]/ NCD at the end of 72 months from the Deemed Date of Allotment.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft 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 subject to such transferee holding the NCDs on the Record Date.

Day Count Convention

Interest will be computed on a 365 days-a-year basis on the principal outstanding on the NCDs. Where the interest period (start date to end date) includes February 29, interest will be computed on 366 days-a-year basis, on the principal outstanding on the NCDs.

Effect of holidays on payments

If the date of payment of coupon/ interest rate specified does not fall on a Working Day, the coupon payment shall be made on the immediately succeeding Working Day along with the interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon/ Interest Payment Date. If the Redemption Date/ Maturity Date (also being the last Coupon/ Interest Payment Date) of any Series of NCDs falls on a day which is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with the interest accrued on the NCDs until but excluding the date of such payment.

Please refer to Annexure D for details pertaining to the cash flows of the Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013.

Manner and Modes of Payment

For NCDs held in electronic form

No action is required on the part of NCD Holders on the Maturity Date. Payment on the NCDs will be made to those NCD Holders whose name appears first in the register of beneficial owners maintained by the Depository and/or the

Company and/or the Registrar to the Issue, on the Record Date. **The Company's liability to NCD Holders for payment or otherwise will stand extinguished from the Maturity Date or on dispatch of the amounts payable by way of principal and/or interest to the NCD Holders. Further, the Company will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Maturity Date.**

The NCD Holders' respective bank account details will be obtained from the Depository for payments. **Applicants are therefore advised to immediately update their bank account details as appearing on the records of their DP. Failure to do so could result in delays in credit of payments to applicants at their sole risk, and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchange(s), Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.**

For NCDs held in physical form

The bank details will be obtained from the Registrar to the Issue for effecting payments.

Moreover, the Company, Lead Manager and Registrar to the Issue will not be responsible for any delay in receipt of credit of interest, refund or Maturity Amount so long as the payment process has been initiated in time.

All payments to be made by the Company to the NCD Holders will be made through any of the following modes, in the following order of preference:

(a) ***Direct Credit***

Applicants having bank accounts with the Refund Bank(s), according to the Demographic Details received from the Depository, will be eligible to receive payments through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by the Company.

(b) ***NECS***

Applicants having a bank account at any of the centres notified by RBI, according to the Demographic Details received from the Depository, will be eligible to receive payments through NECS. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. The corresponding IFSC will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(c) ***RTGS***

Applicants having a bank account with a bank branch which is RTGS enabled, according to the information available on the website of RBI and according to the records received from the Depository, will be eligible to receive payments through RTGS in the event the payment amount exceeds ₹ 2 lakhs. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. Charges, if any, levied by the Refund Bank for the same would be borne by the Company. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. The corresponding IFSC will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(d) ***NEFT***

Applicants having a bank account with a bank branch which is NEFT enabled, according to the records received from the Depository, will be eligible to receive payments through NEFT. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. The corresponding IFSC will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(e) ***Demand Draft/Cheque/Pay Order***

For all other Applicants, including those who have not updated their bank particulars with the MICR code, payment will be dispatched by post for value up to ₹ 1,500 and through Registered/Speed Post for value of ₹ 1,500 and above, only to Applicants that have provided details of a registered address in India.

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of payment orders/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 applied for and held in dematerialised form, these particulars would be taken directly from the Depositories. In case of NCDs applied and held in physical form (including NCDs held in physical form on account of rematerialisation), Applicants are advised to submit their bank account details with the Company or the Registrar to the Issue at least seven days prior to the Record Date, failing which the orders/warrants will be dispatched to the postal address (in India) of the NCD Holder as available in the register of beneficial owners maintained by the Depository. Bank account particulars will be printed on the orders/warrants which can then be deposited only in the account specified.

Record Date

The record date (a) in connection with Series I, Series II, Series III, Series IV, Series V, Series VI NCDs and Series VII NCDs shall be 15 days prior to the relevant Interest Payment Date, the relevant Redemption Date or as may be prescribed by the Stock Exchange; and (b) in connection with Series VIII, Series IX, Series X and Series XI NCDs shall be 15 days prior to the Redemption Date or as may be prescribed by the Stock Exchange. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.

TRANSFER OF THE NCDs

The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Companies Act and the Company's Articles of Association will apply, *mutatis mutandis* (to the extent applicable to debentures) to the NCDs.

Transfer of NCDs held in dematerialised form

In respect of NCDs held in the dematerialised form, transfers of the NCDs may be effected, only through the Depositories where such NCDs are held, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. The NCD Holder shall give delivery instructions containing details of the prospective purchaser's DP's account to his DP. If a prospective purchaser does not have a demat account, the NCD Holder may rematerialise his or her NCDs and transfer them in a manner as specified below.

Transfer of NCDs in physical form

The NCDs may be transferred by way of a duly executed transfer deed or other suitable instrument of transfer as may be prescribed by the Company for the registration of transfer of NCDs. Purchasers of NCDs are advised to send the Consolidated NCD Certificate to the Company or to such persons as may be notified by the Company from time to time. If a purchaser of the NCDs in physical form intends to hold the NCDs in dematerialised form, the NCDs may be dematerialised by the purchaser through his or her DP in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date, failing which the interest and/or Maturity Amount for the NCDs will be paid to the person whose name appears in the register of NCD Holders maintained by the Registrar. In such cases, any claims will be settled *inter se* between the parties and no claim or action will be brought against the Company or the Registrar to the Issue.

TAXATION

For details, please see "*Statement of Tax Benefits*" on page 83.

NCD HOLDER NOT A SHAREHOLDER

The NCD Holders will not be entitled to any of the rights and privileges available to equity and/or preference shareholders of the Company.

Rights of NCD Holders

Some of the significant rights available to NCD Holders are as follows:

- (a) The Company will maintain at its Registered Office or such other place as permitted by law a register of NCD Holders ("**Register of NCD Holders**") containing such particulars as required by Section 88 of the Companies Act 2013. In terms of Section 88(3) of the Companies Act 2013, the register of beneficial owners maintained by a Depository for any NCD in dematerialised form under Section 11 of the Depositories Act will be deemed to be a Register of NCD Holders for this purpose.
- (b) The NCDs will not, except as provided in the Companies Act, confer on NCD Holders any rights or privileges available to members of the Company including the right to receive notices or annual reports of, or to attend and/ or vote, at the Company's general meeting(s). However, if any resolution affecting the rights of the NCD Holders is to be placed before the shareholders, such resolution will first be placed before the concerned NCD Holders for their consideration.
- (c) Subject to applicable statutory and/or regulatory requirements, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with either (i) the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs; or (ii) the sanction of at least three-fourths of the NCD Holders present and voting at a meeting of the NCD Holders ("**Special Resolution**"), provided that nothing in such consent or resolution will be operative against the Company, where such consent or resolution modifies or varies the terms and conditions governing the NCDs if modification, variation or abrogation is not acceptable to the Company.
- (d) The NCD Holder or, in case of joint-holders, the person whose name stands first in the register of beneficial owners maintained by the Depository will be entitled to vote in respect of such NCDs, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned NCD Holders summoned for such purpose and every such NCD Holder will be entitled to one vote on a show of hands and, on a poll, his or her voting rights will be in proportion to the outstanding nominal value of NCDs held by him or her on every resolution placed before such meeting of the NCD Holders.
- (e) Subject to applicable statutory and/or regulatory requirements, including requirements of the RBI, the NCDs may be rolled over, at the option of the Company, 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 NCD Holders convened with at least 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. The Company will redeem the NCDs of all the NCD Holders who have not given their positive consent to the roll-over.

The above rights of NCD Holders are merely indicative. The final rights of the NCD Holders will be according to the terms of the Prospectus, Secured Debenture Trust Deed and Unsecured Debenture Trust Deed, as the case may be, between the Company and the Debenture Trustee.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD 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 NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the NCDs. In the event of demise of the sole or first holder of the NCDs, the Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the NCDs only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be,

from an appropriate court in India. 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.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

- (a) 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 NCD Holder;
- (b) Proof that the non-resident Indian is an Indian national or is of Indian origin. 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 will be deemed to hold the same as joint holders with benefits of survivorship subject to the Company's Articles of Association and applicable law.

Nomination

In accordance with section 72 of the Companies Act 2013, the sole NCD Holder or the first NCD Holder, along with other joint NCD Holders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCDs. A person, being a nominee, becoming entitled to the NCDs by reason of the death of the NCD Holder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the NCD. Where the nominee is a minor, the NCD Holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the NCDs, in the event of his death, during the minority. A nomination shall stand rescinded upon sale of the NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the NCDs are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such NCD Holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/ Corporate Office or at such other addresses as may be notified by us.

NCD Holders are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCDs to the nominee in the event of demise of the NCD Holders. 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 the Section 72 read with rules under Chapter IV of Companies Act 2013, any person who becomes a nominee by virtue of the above said Section, shall upon the production of such evidence as may be required by our Board, elect either:

- (a) to register himself or herself as the holder of the NCDs; or
- (b) to make such transfer of the NCDs, as the deceased holder could have done.

NCD Holders who are holding NCDs in dematerialised form need not make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the NCD Holder will prevail. If the NCD Holders require to changing their nominations, they are requested to inform their respective Depository Participant.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

Events of Default

Subject to the terms of the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed, as the case may be, 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 NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to the Company specifying that the NCDs and/or any particular Series 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 and its consequences will be specified in the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed:

- (i) Default in any payment of the principal amount due in respect of any Series of the NCDs;
- (ii) Default in any payment of any installment of interest in respect of any Series of the NCDs;
- (iii) Default in any payment of any other sum due in respect of any Series of the NCDs;
- (iv) The Company is (in the reasonable opinion of the Debenture Trustee or as notified by the Company to the Debenture Trustee), or is deemed by a court of competent jurisdiction under applicable law to be, insolvent or bankrupt or unable to pay a material part of its debts, or stops, suspends or threatens to stop or suspend payment of all or a material part (in the reasonable opinion of the Debenture Trustee) of, or of a particular type of, its debts;
- (v) The Company does not perform or comply with one or more of its other material obligations in relation to the NCDs and/or under the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed, as the case may be, and/or Security Documents in case of Secured NCDs, which default is incapable of remedy or, if in the reasonable opinion of the Debenture Trustee is capable of remedy, is not remedied within a specified number of days of written notice of such default being provided to the Company by the Debenture Trustee; or
- (vi) Any encumbrancer takes possession, or an administrative or other receiver or an administrator is appointed, of the whole or (in the reasonable opinion of the Debenture Trustee) any substantial part of the property, assets or revenues of the Company, and is not discharged within a specified number of days.

If an Event of Default occurs, which is continuing, the Debenture Trustee may, with the consent of the NCD Holders, obtained in accordance with the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed, as the case may be, and with prior written notice to the Company, take action in terms of the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed, as the case may be. In the event of a conflict between the terms mentioned here and those in the Secured Debenture Trust Deed and the Unsecured Debenture Trust Deed, as the case may be, the respective trust deeds shall prevail.

Debenture Trustee

The Company has appointed SBICAP Trustee Company Limited to act as Debenture Trustee for the NCD Holders. SBICAP Trustee Company Limited has by its letter dated August 14, 2014 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in the Draft Prospectus and Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued, pursuant to this Issue pursuant to Regulation 4(4) of the SEBI Debt Regulations.

The Company has entered into a Debenture Trustee Agreement with the Debenture Trustee, the terms of which along with the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed will govern the appointment and functioning of the Debenture Trustee and specify the powers, authorities and obligations of the Debenture Trustee. Under the terms of the Debenture Trustee Agreement and the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed, the Company covenants with the Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant Maturity Date and also that it will pay the interest due on NCDs at the rate/on the date(s) specified under the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed. The Secured Debenture Trust Deed and Unsecured Debenture Trust Deed shall be provided to the Designated Stock Exchange within five Working Days of their execution.

The NCD Holders will, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of their 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 their absolute discretion deem necessary or require to be done in the interest of the NCD Holders. Any payment made by the Company to the Debenture Trustee on behalf of the NCD Holders will discharge the Company *pro tanto* to the NCD Holders. All the rights and remedies of the NCD Holders will vest in and will be exercised by the Debenture Trustee without reference to the NCD Holders. No NCD Holder will be entitled to proceed directly against the Company unless the Debenture Trustee, having become so bound to proceed, failed to do so. The Debenture Trustee will protect the interest of the NCD Holders in the event of default by the Company in regard to timely payment of interest and repayment of principal and they will take necessary action at the Company's cost.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act 2013, the Company will, on or before the Issue Opening Date, publish a statutory pre-Issue advertisement in the form prescribed under the SEBI Debt Regulations, in one national daily newspaper with wide circulation. Material updates, if any, between the date of filing of the Prospectus with the RoC and the date of release of the statutory pre-Issue advertisement will be included in the statutory pre-Issue advertisement.

Impersonation

Attention of the Applicants is specifically drawn to sub-section (1) of Section 38 of the Companies Act 2013, 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.”

Utilisation of Issue Proceeds

The Issue proceeds will be utilised for lending and general corporate purposes, subject to applicable statutory and/or regulatory requirements, to repay the Company's existing loans and its business operations including working capital requirements. In accordance with the SEBI Debt Regulations, the Company is required not to utilise the Issue proceeds for providing loans to or acquisitions of shares of any person who is a part of the same group as the Company or who is under the same management as the Company or any Subsidiary of the Company.

Further, in accordance with the SEBI Debt Regulations and the Debt Listing Agreement as well as the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed, the Issue proceeds will be kept in separate Escrow Account(s) and the Company will have access to such funds only after creation of Security for the Secured NCDs and/or in accordance with applicable law.

For more information (including with respect to interim use of the Issue proceeds), see *“Objects of the Issue”* on page 81.

Monitoring and Reporting of Utilisation of Issue Proceeds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. The Board of Directors shall monitor the utilisation of the proceeds of the Issue.

The end-use of the proceeds of the Issue, duly certified by the Statutory Auditors, will be reported in the Company's annual reports and other reports issued by the Company to relevant regulatory authorities, as applicable, including

the Stock Exchanges in relation to the Company's reporting obligations under the Debt Listing Agreement.

For more information (including with respect to interim use of the Issue proceeds), see "*Objects of the Issue*" on page 81.

Statement by the Board:

- (i) All monies received pursuant to the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act 2013;
- (ii) Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the Company's Balance Sheet, indicating the purpose for which such monies were utilised;
- (iii) the allotment letter shall be issued or application money shall be refunded within the time specified in chapter titled "*Issue Procedure*" at page 238, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;
- (iv) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the Company's Balance Sheet, indicating the form in which such unutilised monies have been invested;
- (v) We shall utilise the Issue proceeds only upon creation of security as stated in the Draft Prospectus in the section titled "*Issue Structure*" beginning on page 214; and
- (vi) 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.

Other Undertakings by the Company

The Company undertakes that:

- (a) Complaints received in respect of the Issue will be attended to by the Company expeditiously and satisfactorily;
- (b) Necessary cooperation to the Credit Rating Agency will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
- (c) The Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within 12 Working Days of the Issue Closing Date;
- (d) Funds required for dispatch of refund orders/Allotment Advice/NCD certificates will be made available by the Company to the Registrar to the Issue;
- (e) The Company will forward details of utilisation of the Issue Proceeds, duly certified by the Statutory Auditor, to the NCD Trustee at the end of each half year;
- (f) The Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue of NCDs as contained in the Prospectus; and
- (g) The Company will disclose the complete name and address of the Debenture Trustee in its annual report.

DRR

Pursuant to Section 71 of the Companies Act 2013 and Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, an NBFC is required to maintain DRR up to 25% of the value of debentures issued through a public issue. Further, the amount to be credited as DRR will be carved out of the profits of the company only and there is no obligation on the part of the company to create DRR if there is no profit for the particular year. Therefore, the Company will maintain a DRR only to the extent of 25% of the NCDs issued and if the Company is

unable to generate adequate profits, the DRR created by us may not be adequate to meet 25% of the value of the NCDs. This may have a bearing on the timely redemption of the NCDs. Furthermore, the DRR will not be sufficient to cover the payment on the remaining 75% of the value of the NCDs.

Further, pursuant to Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, every company required to create or maintain DRR shall before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March next, following any one or more of the following methods, namely: (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 sub-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 sub-clause (f) of section 20 of the Indian Trusts Act, 1882. The amount deposited or invested, as the case may be, shall not be utilised for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the 31st day of March of that year. This may have a bearing on the timely redemption of the NCDs by our Company

Guarantee/Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Replacement of NCD Certificates

In case of NCDs in physical form, if a NCD certificate is mutilated or defaced then on production thereof to the Company, the Company shall cancel such certificate and issue a new or duplicate certificate in lieu thereof, however, they will be replaced only of the certificate numbers and the distinctive numbers are legible. If any NCD certificate is lost, stolen or destroyed, then, on proof thereof to the satisfaction of the Company and on furnishing such indemnity as the Company may deem adequate and on payment of any expenses incurred by the Company in connection with proof of such destruction or theft or in connection with such indemnity the Company shall issue a new or duplicate NCD certificate. A fee may be charged by the Company not exceeding such sum as may be prescribed by applicable law for each new or duplicate NCD certificate issued hereunder except certificates in replacement of those which are old, decrepit or worn out or defaced or where the pages for recording transfers have been fully utilised.

Put/Call Option

There is no put or call option for the NCDs.

Future Borrowings

The Company will be entitled at any time in the future during the term of the NCDs or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or debentures or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever, and to change its capital structure including through the issue of shares of any class, on such terms and conditions as the Company may deem appropriate, without requiring the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

Lien

The Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder or deposits held in the account of the NCD Holder, whether in single name or joint name, to the extent of all outstanding dues by the NCD Holder to the Company.

Lien on Pledge of NCDs

Subject to applicable laws, the Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCD is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

Procedure for Rematerialisation of NCDs

NCD 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. For further details, see “*Terms of the Issue - Form of Allotment and Denomination*” on page 224.

Sharing of Information

The Company may, at its option, use its own, as well as exchange, share or part with any financial or other information about the NCD Holders available with the Company, its subsidiary(ies) and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required. **Neither the Company nor its subsidiaries and affiliates nor its or their respective agents will be liable for use of the aforesaid information.**

Right to Reissue NCDs

Subject to the provisions of the Companies Act, where the Company has fully redeemed or repurchased any NCD (s), the Company shall have and shall be deemed always to have had the right to keep such NCD (s) in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, the Company shall have and be deemed always to have had the power to resell or reissue such NCD (s) either by reselling or reissuing the same NCD (s) or by issuing other NCD (s) in their place. The aforementioned right includes the right to reissue original NCDs.

Buy Back of NCDs

The 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 the Company.

Loan against NCDs

In accordance with the RBI guidelines applicable to the Company, it shall not grant loans against the security of the NCDs.

Notices

All notices to the NCD Holders required to be given by the Company or the Debenture Trustee will be published in one English language newspaper having wide circulation and/or, will be sent by post/courier to the NCD Holders from time to time, only to Applicants that have provided a registered address in India.

Jurisdiction

The NCDs, the Debenture Trustee Agreement, the Secured Debenture Trust Deed, Unsecured Debenture Deed and other relevant documents shall be governed by and construed in accordance with the laws of India. The courts of Trivandrum will have exclusive jurisdiction for the purposes of the Issue.

ISSUE PROCEDURE

This section applies to all Applicants. ASBA Applicants and Applicants making Direct Online Applications using the online payment facility of the Stock Exchanges should note that the ASBA and Direct Online Applications processes involve application procedures which may be different from the procedures applicable to Applicants who apply for NCDs through any of the other permitted channels and accordingly should carefully read the provisions applicable to ASBA and Direct Online Applications, respectively.

All Applicants are required to make payment of the full Application Amount with the Application Form. ASBA Applicants are required to ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Application Amount can be blocked by the SCSBs.

ASBA Applicants may submit their ASBA Applications to the Members of the Syndicate or Trading Members of the Stock Exchanges only in the Specified Cities or directly to the Designated Branches of SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members of the Stock Exchanges or make Direct Online Applications using the online payment facility of the Stock Exchanges.

This section is based on SEBI circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012 and is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by Stock Exchanges and accordingly is subject to any further clarification, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI. The following Issue procedure may consequently undergo change between the date of the Prospectus and the Issue Opening Date; Applicants are accordingly advised to carefully read the Prospectus and Application Form in relation to any proposed investment. The Company, the Registrar to the Issue and the Lead Manager shall not be liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date thereof.

*Trading Members of the Stock Exchanges who wish to collect and upload Applications in the Issue on the electronic application platform provided by the Stock Exchanges will need to approach the respective Stock Exchanges and follow the requisite procedures prescribed by the relevant Stock Exchange. **The Members of the Syndicate, the Company and the Registrar to the Issue shall not be responsible or liable for any errors or omissions on the part of the Trading Members of the Stock Exchanges in connection with the responsibility of such Trading Members of the Stock Exchanges in relation to collection and upload of Applications in the Issue on the online platform and online payment facility to be provided by the Stock Exchanges.** Further, the relevant Stock Exchanges shall be responsible for addressing investor grievances arising from Applications through Trading Members registered with such Stock Exchanges.*

For purposes of the Issue, the term "Working Day" shall mean all days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.

Specific attention is drawn to the circular dated October 29, 2013 issued by SEBI, which provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application. In the event of, and on the date of oversubscription, however, allotments in public issues of debt securities is to be made on a proportionate basis.

PROCEDURE FOR APPLICATION

Availability of Prospectus, Abridged Prospectus and Application Forms

Please note that there is a single Application Form for ASBA Applicants as well as non-ASBA Applicants who are persons resident in India.

Physical copies of the Abridged Prospectus containing salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from:

- (a) The Company's Registered and Corporate Office;
- (b) Offices of the Lead Manager;
- (c) Offices of the Lead Brokers and sub-brokers;
- (d) Trading Members of the Stock Exchanges; and
- (e) Designated Branches of SCSBs.

Electronic Application Forms will be available on the websites of the Stock Exchanges and the SCSBs that permit submission of ASBA Applications electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchanges. Hyperlinks to the websites of the Stock Exchanges for this facility will be provided on the websites of the Lead Manager and the SCSBs. The Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, online beneficiary account portals may provide a facility of submitting Application Forms online to their account holders.

Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

On a request being made by any Applicant before the Issue Closing Date, physical copies of the Prospectus and Application Form can be obtained from the Company's Registered and Corporate Office, as well as offices of the Lead Manager. Electronic copies of the Prospectus will be available on the websites of the Company, Lead Manager, the Designated Stock Exchange, SEBI and the SCSBs.

Who Can Apply

Category I ("Institutional Investors")	Category II ("Non Institutional Investors")	Category III ("Individual Investors")
<ul style="list-style-type: none"> • Public financial institutions specified in Section 2(72) of the Companies Act 2013, statutory corporations, scheduled commercial banks, co-operative banks, regional rural banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the NCDs • Mutual funds registered with SEBI, • Alternative Investment Fund registered with SEBI, • Insurance companies registered with IRDA, • Provident funds, pension funds, superannuation funds and gratuity 	<ul style="list-style-type: none"> • Companies within the meaning of Section 2(20) of the Companies Act 2013, societies and bodies corporate registered under the applicable laws in India and authorised to invest in NCDs; • Public/ private charitable/ religious trusts settled and/or registered in India under applicable laws, which are authorised to invest in the NCDs; • Resident Indian scientific and/or industrial research organizations, authorised to invest in the NCDs; • Partnership firms in the name of the partners, authorised to 	<ul style="list-style-type: none"> • Resident Individual Investors • Hindu Undivided Families applying through the Karta

Category I (“Institutional Investors”)	Category II (“Non Institutional Investors”)	Category III (“Individual Investors”)
funds authorised to invest in the NCDs, <ul style="list-style-type: none"> • The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, • Insurance funds set up and managed by the army, navy, or air force of the Union of India, and • Insurance funds set up and managed by the Department of Posts, India. 	invest in the NCDs; and <ul style="list-style-type: none"> • LLPs formed and registered under the LLP Act, authorised to invest in the NCDs. 	

Participation of any of the aforementioned persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities in the nature of the NCDs by such persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

The Lead Manager and their respective associates and affiliates are permitted to subscribe in the Issue.

Persons not eligible to Apply

The following persons and entities will not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

- Minors without a guardian name (a guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian).
- Persons resident outside India, foreign nationals, NRIs, Foreign Institutional Investors, Qualified Foreign Investors.
- Venture Capital Funds and Foreign Venture Capital Investors.
- Overseas corporate bodies (“OCBs”).
- Persons ineligible to contract under applicable statutory/regulatory requirements.
- Any other category of investors not mentioned in Categories I, II and III above

Based on information provided by the Depositories, the Company will have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of Applications for Allotment of NCDs in dematerialised form, the Registrar to the Issue shall verify the foregoing on the basis of records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded to the electronic system of the Stock Exchanges.

The concept of OCBs (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 the Issue.

No offer to the public (as defined under Directive 2003/71/EC, together with any amendments and implementing measures thereto, the “Prospectus Directive”) has been or will be made in respect of the Issue or otherwise in respect of the NCDs, in any Member State of the European Economic Area which has implemented the Prospectus Directive (a “Relevant Member State”) except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the NCDs.

Modes of Making Applications

Applicants may use any of the following facilities for making Applications:

- (a) ASBA Applications through the Members of the Syndicate or Trading Members of the Stock Exchanges only in the Specified Cities (“**Syndicate ASBA**”). See “*Issue Procedure - Submission of ASBA Applications*” on page 244;
- (b) ASBA Applications for Allotment only in dematerialised form through Designated Branches of SCSBs. See “*Issue Procedure - Submission of ASBA Applications*” on page 244;
- (c) Non-ASBA Applications through Members of the Syndicate or Trading Members of the Stock Exchanges at centres mentioned in the Application Form. See “*Issue Procedure - Submission of Non-ASBA Applications (other than Direct Online Applications)*” on page 246;
- (d) Non-ASBA Applications for Allotment in physical form through the Members of the Syndicate or Trading Members of the Stock Exchanges at centres mentioned in the Application Form. See “*Issue Procedure - Submission of Non-ASBA Applications for Allotment of the NCDs in physical form*” on page 244; and
- (e) Direct Online Applications using the online payment facility offered through the Stock Exchanges. See “*Issue Procedure - Submission of Direct Online Applications*” on page 246.

Applications by certain categories of Applicants

Applications by Mutual Funds

No MF scheme shall invest more than 15% of its NAV in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the board of trustees and the board of the asset management company (“**AMC**”).

A separate Application can be made in respect of each scheme of an MF; such Applications will not be treated as multiple Applications. Applications made by the AMCs or custodians of an MF must clearly indicate the name of the scheme for which Application is being made. In case of Applications made by MFs, the Application Form must be accompanied by certified true copies of their (i) SEBI registration certificate; (ii) trust deed (ii) resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, the 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 domestic Alternative Investment Funds

Applications made by domestic Alternative Investments 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 (i) SEBI registration

certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof. 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.

Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled commercial banks, co-operative banks and regional rural banks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBS making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Insurance Companies

The Application Form must be accompanied by certified copies of their (i) certificate of registration issued by IRDA; (ii) memorandum and articles of association; (iii) resolution authorising investment and containing operating instructions; (iv) power of attorney; and (v) specimen signatures of authorised signatories. **Failing this, the 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 PFIs/ Statutory Corporations

In case of Applications by PFIs/ Statutory Corporations authorised to invest in the NCDs, the Application Form 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, the 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

In case of Applications by Indian provident funds, pension funds, superannuation funds and gratuity funds authorised to invest in the NCDs, the Application Form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) power of attorney, if any, in favour of one or more trustees thereof; (iii) board resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) specimen signature of authorised person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) tax exemption certificate issued by income tax authorities, if exempt from income tax. **Failing this, the 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

In case of Applications by National Investment Fund, the Application Form must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorised person. **Failing this, the 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 Companies, Bodies Corporate and Societies registered under applicable laws in India

In case of Applications by companies, bodies corporate and societies registered under applicable laws in India, the Application Form 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, the 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 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, the 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, the Application must be accompanied by 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; and (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Partnership firms formed under applicable Indian laws in the name of the partners and LLPs formed and registered under the provisions of the LLP Act

Applications made by partnership firms and LLPs formed and registered under the LLP Act must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorising the investment and containing operating instructions; and (iv) specimen signature of authorised persons of such Applicant. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants in Category I and Category II, 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 in Category III a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. The 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 the Company and the Lead Manager may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms (ASBA as well as non-ASBA Applications) 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.

APPLICATION FOR ALLOTMENT OF NCDs IN PHYSICAL AND DEMATERIALIZED FORM

Application for allotment in physical form

Submission of Non-ASBA Applications for Allotment of the NCDs in physical form

Applicants can also apply for Allotment of the NCDs in physical form by submitting duly filled in Application Forms to the Members of the Syndicate or the Trading Members of the Stock Exchanges, with the accompanying account payee cheques or demand drafts representing the full Application Amount and KYC documents as specified under “*Issue Procedure - Applications by certain Categories of Applicants*” and “*Issue Procedure - Additional instructions for Applicants seeking Allotment of NCDs in physical form*” at pages 241 and 252, respectively. The Members of the Syndicate and Trading Members of the Stock Exchanges shall, on submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the online platforms of Stock Exchanges, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and time and returning it to the Applicant.

On uploading of the Application details, the Members of the Syndicate and Trading Members of the Stock Exchanges will submit the Application Forms, with the cheque/demand draft to the Escrow Collection Bank(s), which will realise the cheque/demand draft, and send the Application Form and the KYC documents to the Registrar to the Issue, who shall check the KYC documents submitted and match Application details as received from the online platforms of Stock Exchanges with the Application Amount details received from the Escrow Collection Bank(s) for reconciliation of funds received from the Escrow Collection Bank(s). In case of discrepancies between the two databases, the details received from the online platforms of Stock Exchanges will prevail, except in relation to discrepancies between Application Amounts. The Members of the Syndicate/Trading Members of the Stock Exchanges are requested to note that all Applicants are required to be banked with only the designated branches of Escrow Collection Bank(s). On Allotment, the Registrar to the Issue will dispatch NCD certificates/Allotment Advice to the successful Applicants to their addresses as provided in the Application Form. **If the KYC documents of an Applicant are not in order, the Registrar to the Issue will withhold the dispatch of NCD certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar to the Issue at the earliest. In such an event, any delay by the Applicant to provide complete KYC documents to the Registrar to the Issue will be at the Applicant’s sole risk and neither the Company, the Registrar to the Issue, the Escrow Collection Bank(s), nor the Members of the Syndicate will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the NCD certificates are withheld by the Registrar to the Issue. Further, the Company will not be liable for any delays in payment of interest on the NCDs Allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the NCDs.**

For instructions pertaining to completing Application Form please see “*Issue Procedure - General Instructions*” and “*Issue Procedure - Additional Instructions for Applicants seeking allotment of NCDs in physical form*” on pages 247 and 252, respectively.

Application for allotment in dematerialised form

Submission of ASBA Applications

Applicants may also apply for NCDs using the ASBA facility. ASBA Applications can be only by Applicants opting for Allotment in dematerialised form. ASBA Applications can be submitted through either of the following modes:

- (a) Physically or electronically to the Designated Branches of SCSB with whom an Applicant’s ASBA Account is maintained. In case of ASBA Application in physical mode, the ASBA Applicant will submit the Application Form at the relevant Designated Branch of the SCSB. The Designated Branch will verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchanges. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch will reject such ASBA Application and will not upload such ASBA Application in the**

electronic system of the Stock Exchanges. If sufficient funds are available in the ASBA Account, the Designated Branch will block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchanges. The Designated Branch of the SCSBs will stamp the Application Form. In case of Application in the electronic mode, the ASBA Applicant will submit the ASBA 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 ASBA Applications.

- (b) Physically through the Members of the Syndicate or Trading Members of the Stock Exchanges only at the Specified Cities, i.e., Syndicate ASBA. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>.

On receipt of the Application Form by the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, an acknowledgement will be issued by giving the counter foil of the Application Form with the date stamp to the ASBA Applicant as proof of having accepted the Application. Thereafter, the details of the Application will be uploaded in the electronic system of the Stock Exchanges and the Application Form will be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. On receipt of the ASBA Application, the relevant branch of the SCSB will perform verification procedures and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. **If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB will block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount will 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 the Issue or withdrawal/rejection of the Application Form, as the case may be.

ASBA Applicants must note that:

- (a) Physical Application Forms will be available with the Designated Branches of SCSBs and with the Members of the Syndicate at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date. Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Application Forms will also be provided to Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Abridged Prospectus is made available on their websites.
- (b) The Designated Branches of SCSBs will accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB will not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of SCSBs at Specified Cities can accept ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, see “*Terms of the Issue - Issue Period*” on page 223.
- (c) In case of Applications through Syndicate ASBA, the physical Application Form will bear the stamp of the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be; if not, the same will be rejected. **Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs, if not, the same are liable to be rejected.**

Please note that ASBA Applicants can make an Application for Allotment of NCDs in dematerialised form only.

For instructions pertaining to completing the Application Form please see “*Issue Procedure - General Instructions*” on page 247.

Submission of Non-ASBA Applications (other than Direct Online Applications)

Applicants must use the Application Form, which will be serially numbered, bearing the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, from whom such Application Form is obtained. Such Application Form must be submitted to the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, with the cheque or bank draft for the Application Amount, before the closure of the Issue Period. The Stock Exchanges may also provide Application Forms for being downloaded and filled. Accordingly, Applicants may download Application Forms and submit the completed Application Forms together with cheques/demand drafts to the Members of the Syndicate or Trading Member of the Stock Exchanges. On submission of the completed Application Form, the relevant Members of the Syndicate or Trading Member of the Stock Exchanges, as the case maybe, will upload the Application Form on the electronic system provided by the Stock Exchanges, and once an Application Form has been uploaded, issue an acknowledgement of such upload by stamping the acknowledgement slip attached to the Application Form with the relevant date and time and return the same to the Applicant. Thereafter, the Application Form together with the cheque or bank draft will be forwarded to the Escrow Collection Bank(s) for realisation and further processing.

The duly stamped acknowledgment slip will serve as a duplicate Application Form for the records of the Applicant. The Applicant must preserve the acknowledgment slip and provide the same in connection with: (a) any cancellation/withdrawal of their Application; (b) queries in connection with Allotment and/or refund(s) of NCDs; and/or (c) all investor grievances/complaints in connection with the Issue.

For instructions pertaining to completing Application Form please see “*Issue Procedure - General Instructions*” on page 247.

Submission of Direct Online Applications

Applicants having operational beneficiary accounts can opt to submit Direct Online Applications through the online platform and online payment facility offered by Stock Exchanges. Such Applicants must:

- log on to the online platform of the Stock Exchange;
- use and duly fill the Application Form available on the online platform of the Stock Exchange;
- use the optional facility (if provided by the Stock Exchange to supply the details of the broker who referred the Issue to the Applicant, if any;
- submit the above information online following the instructions stated therein; and
- make the requisite payment for the NCDs applied for using the online payment facility.

Relevant “know your customer” details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form.

On successful submission of a Direct Online Application, the Applicant will receive a system-generated UAN and an SMS or an email confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant’s bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

As per SEBI Circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012, the availability of the Direct Online Applications facility is subject to the Stock Exchanges putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

General Instructions

- (a) Applications must be made only in the prescribed Application Form.
- (b) Applications must be completed in block letters in English according to the instructions contained in the Prospectus, Abridged Prospectus and Application Form.
- (c) If the Application is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. Signature of the first Bidder alone would be required 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. The first Bidder 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.
- (d) Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter for one or more Series of NCDs, individually.
- (e) Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any of the other languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his official seal.
- (f) Applicants should hold a valid PAN allotted under the Income Tax Act and mention it in the Application Form.
- (g) Applicants must tick the relevant box for the 'Category of Investor' provided in the Application Form.
- (h) Applicants must tick the relevant box for the 'Mode of Application' provided in the Application Form, choosing either ASBA or Non-ASBA mechanism.
- (i) ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account 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.
- (j) Applications should be made by the Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.
- (k) **No separate receipts will be issued for the Application Amount payable on submission of the Application Form.** However, the Lead Manager, Lead Brokers, Trading Members of the Stock Exchanges or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as the duplicate of the Application Form for the records of the Applicant.
- (l) If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form

The Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Designated Branches of SCSBs, and the Registrar to the Issue will not be liable for errors in data entry due to submission of incomplete or illegible Application Forms.

The Company would allot Series [●] Secured NCDs to all valid Applications, wherein the Applicants have neither selected Secured NCDs nor Unsecured NCDs.

Applicant's Beneficiary Account and Bank Account Details

Applicants applying for Allotment in dematerialised form must mention their DP ID and Client ID in the Application Form, and ensure that the name provided in the Application Form is exactly the same as the name in which the beneficiary account is held. In case the Application Form for Allotment in dematerialised form is submitted in joint names, it should be ensured that the beneficiary account is held in the same joint names and in the same sequence in which they appear in the Application Form. **In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchanges do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialised form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialised form, whose beneficiary accounts are inactive, will be rejected.**

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchanges, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, MICR Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), if any, to the Applicants. 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 dispatch/credit of refunds to Applicants and delivery of Allotment Advice to the Applicants' sole risk, and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.**

The Demographic Details would be used for correspondence with the Applicants including mailing of Allotment Advice and printing of bank particulars on refund orders or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders would be mailed at the address (in India) of the Applicant according to the Demographic Details received from the Depositories. Delivery of refund orders/ Allotment Advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such event, the address and other details provided by the Applicant (other than ASBA Applicants and Applicants using Direct Online Applications through the online payment facility of the Stock Exchanges) in the Application Form would be used only to ensure dispatch of refund orders. In case of refunds through electronic modes detailed in the Prospectus, refunds may be delayed if bank particulars obtained from the DP are incorrect. **Any such delay will be at such Applicants' sole risk and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges will be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay, or to pay any interest for such delay.**

In case of Applications made under power of attorney, the Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant will be used. By signing the Application Form, the Applicant would be deemed to have authorised the Depositories to provide to the Registrar to the Issue, on request, the required Demographic Details available on their records. The Demographic Details provided by the Applicant in the Application Form would not be used for any purpose by the Registrar to the Issue except in relation to the Issue.

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 the Issue will be made into the accounts of

such Applicants. Application Form submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which match three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

PAN

Any Application Form without the PAN (or submitting the GIR number instead of the PAN) is liable to be rejected, irrespective of the amount of transaction. In accordance with SEBI circular dated April 27, 2007, the PAN would be the sole identification number for the participants transacting in the Indian securities market, irrespective of the amount of transaction. Further, with effect from August 16, 2010, beneficiary accounts of Applicants for whom PAN details have not been verified have been suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. Therefore, the Applicant (in the case of Applications made in joint names, the first Applicant) should mention the PAN allotted under the Income Tax Act in the Application Form. 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 officials appointed by the courts in terms of SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim may be exempt from the requirement to specify their PAN for transacting in the Indian securities market in terms of SEBI circular dated July 20, 2006. However, the exemption for the Central or State Government and the officials appointed by the courts and for Applicants residing in the State of Sikkim is subject to the DPs 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.

Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Additional/Multiple Applications

For purposes of Allotment of NCDs in the Issue, Applications will be grouped based on the PAN, i.e., Applications under the same PAN will 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.

An Applicant is allowed to make one or more Applications for the NCDs for the same or other Series of NCDs, subject to a minimum Application size of ₹ 10,000 and in multiples of ₹ 1,000 thereafter (for each Series of NCDs), for each Application. **Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid application and shall be rejected.** Applications made by any person in individual capacity and in capacity as a Karta of an HUF and/or as second or third Applicant in case of Applications made in joint names will not be treated as a multiple Application. Moreover, a separate Application can be made in respect of each scheme of an MF; such Applications will not be treated as multiple Applications.

Do's and Don'ts:

Applicants are advised to take note of the following while filling and submitting the Application Form:

Dos:

1. Check if you are eligible to apply according to the terms of the Prospectus, Abridged Prospectus and applicable law.
2. Read all the instructions carefully and complete the Application Form in the prescribed form
3. If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names.

4. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
5. 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.
6. Ensure that the Application Forms (for non-ASBA Applicants) are submitted at the Collection Centres provided in the Application Forms, bearing the stamp of a Member of the Syndicate or a Trading Members of the Stock Exchange, as the case may be.
7. Ensure that the DP ID, Client ID and PAN mentioned in the Application Form are correct and match the details available in the Depository’s database, and that the beneficiary account is activated for Allotment/trading of NCDs in dematerialised form.
8. Ensure that you have been given a transaction registration slip (“**TRS**”) and an acknowledgment as proof of having accepted the Application Form.
9. Ensure that the name(s) provided in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the DP. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.
10. Except in the case of ASBA Applications and Direct Online Applications using the online payment facility offered through the Stock Exchanges, Applicants are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made.
11. Tick the relevant box for the ‘Category of Investor’ provided in the Application Form.
12. Tick the relevant box for the ‘Mode of Application’ provided in the Application Form, choosing either ASBA or Non-ASBA mechanism.
13. Tick the series of NCDs in the Application Form that you wish to apply for.
14. 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 the NCDs.
15. Ensure that the Application Forms are submitted to a Member of the Syndicate or Trading Member of a Stock Exchange, as the case may be, for Applications other than ASBA Applications/Direct Online Applications, before the closure of Application hours on the Issue Closing Date. For information on the Issue programme, see “*Terms of the Issue – Issue Period*” on page 223.
16. In case of revision of an Application during the Issue Period, ensure that you have first withdrawn your original Application and then submit a fresh Application.
17. Ensure what the Demographic Details including PAN are updated, true and correct in all respects.
18. Applicants are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made.

Don’ts:

1. Do not apply if you are not competent to contract under the Indian Contract Act, 1872 or if you are otherwise ineligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.
2. Do not apply such that the number of NCDs applied for exceeds the Issue size (including retention of oversubscription), and/or investment limit applicable to you under applicable laws or regulations.

3. Do not make an Application for lower than the minimum Application size.
4. Do not send Application Forms by post; instead submit the same to a Member of the Syndicate, Trading Member of a Stock Exchange or Designated Branch of an SCSB, as the case may be. Applicants other than ASBA Applicants should not submit the Application Form directly to the Escrow Collection Bank(s).
5. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue. Do not submit the GIR number instead of the PAN.
6. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest.
7. Do not submit the Application Forms without the full Application Amount for the number of NCDs applied for.
8. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
9. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.
10. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.
11. Do not submit an Application to the Escrow Collection Bank(s), unless such Escrow Collection Bank is a Designated Branch of a SCSB where the ASBA Account is maintained, in case of ASBA Application.
12. Do not make an application of the NCDs on multiple copies taken of a single form.

Additional Instructions Specific to ASBA Applicants

Dos:

1. Check if you are eligible to Apply under ASBA;
2. Ensure that you tick the ASBA option in the Application Form and provide correct details of your ASBA Account including bank account number/bank name and branch;
3. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, please note that an SCSB who is investing in the Issue should have a separate account in its own name with any other SEBI registered SCSB/s. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications;
4. Ensure that your Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities, and not directly to the Escrow Collection Bank(s) (assuming that such bank is not an SCSB) or to the Company or the Registrar to the Issue;
5. Before submitting physical Application Form with the Member of the Syndicate at the Specified Cities ensure that the SCSB, whose name has been filled in the Application Form, has a branch in that centre.
6. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to a Member of the Syndicate, at the Specified Cities or Trading Member of the Stock Exchanges, ensure that the SCSB where the ASBA Account, as specified in the Application Form, is maintained has named at least one branch in that specified city for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit Application Forms (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>);
7. Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder; and

8. Ensure that the ASBA Account holder has funds equal to the Application Amount in the ASBA Account before submitting the Application Form.
9. Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or otherwise have provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and
10. Ensure that you have received an acknowledgement from the Designated Branch or the Member of the Syndicate or Trading Member of the Stock Exchanges, as the case maybe for submission of the Application Form.

Don'ts:

1. Do not submit the Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts;
2. Do not submit the Application Form to the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, at a location other than the Specified Cities.
3. Do not send your physical Application Form by post; instead submit the same to a Designated Branch of an SCSB or Member of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities; and
4. Do not submit more than five Application Forms per ASBA Account.

ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities 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 specified city for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit such Application Forms. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. See “Issue Procedure - Rejection of Applications” on page 259 for information on rejection of Applications.

For further instructions, Applicants are advised to read the Prospectus, Abridged Prospectus and Application Form.

ADDITIONAL INSTRUCTIONS FOR APPLICANTS SEEKING ALLOTMENT OF NCDs IN PHYSICAL FORM

Any Applicant who subscribes to the NCDs in physical form shall undertake the following steps:

- **Complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide DP details in the Application Form.** The requirement for providing DP details shall be mandatory only for Applicants who wish to subscribe to the NCDs in dematerialised form.
- Provide the following documents with the Application Form:
 - (a) Self-attested copy of the PAN card
 - (b) Proof of identification in case of Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by Applicants residing in the State of Sikkim. Any of the following documents shall be considered as a verifiable proof of identification:
 - valid passport issued by the GoI; or
 - voter’s identity card issued by the GoI; or
 - valid driving licence issued by any transport authority of the Republic of India; or

- Government ID card; or
 - Defence ID card; or
 - ration card issued by the GoI
- (c) Self-attested copy of proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:
- ration card issued by the GoI; or
 - valid driving licence issued by any transport authority of the Republic of India; or
 - electricity bill (not older than three months); or
 - landline telephone bill (not older than three months); or
 - valid passport issued by the GoI; or
 - voter's identity card issued by the GoI; or
 - passbook or latest bank statement issued by a bank operating in India; or
 - registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill.
 - AADHAR letter, issued by Unique Identification Authority of India, GoI.
- (d) Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited. **In the absence of such cancelled cheque, the Company reserves the right to reject the Application or to consider the bank details given on the Application Form at its sole discretion. In such case the Company, the Lead Manager and the Registrar to the Issue shall not be liable for any delays/errors in payment of refund and/or interest.**

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Manager nor the Company shall have any responsibility and undertake any liability for the same. Applications for Allotment of the NCDs in physical form, which are not accompanied with the abovestated documents, may be rejected at the sole discretion of the Company.

In relation to the issuance of the NCDs in physical form, note the following:

1. **Please apply for Allotment of NCDs under Series I or Series II or Series III or Series IV or Series V or Series VI or Series VII in physical form.**
2. An Applicant has the option to seek Allotment of NCDs in either dematerialised or physical mode. **However, an Applicant can seek Allotment of NCDs in physical mode only if the Applicant does not have a beneficiary account. No partial Application for the NCDs shall be permitted; any such partial Application is liable to be rejected.**
3. **Any Applicant who provides Depository Participant details in the Application Form shall be Allotted the NCDs in dematerialised form only, irrespective of whether such applicant has provided the details required for Allotment in physical form. Such Applicant shall not be Allotted NCDs in physical form.**
4. In case of NCDs issued in physical form, the Company will issue one certificate to the holders of the NCDs for the aggregate amount of the NCDs for each of the Series of NCDs that are applied for (each such

certificate, a “**Consolidated NCD Certificate**”).

5. The Company shall dispatch the Consolidated NCD Certificate to the (Indian) address of the Applicant provided in the Application Form.

All terms and conditions disclosed in relation to the NCDs held in physical form pursuant to rematerialisation shall be applicable *mutatis mutandis* to the NCDs issued in physical form.

The Applicant shall be responsible for providing the above information and KYC documents accurately. Delay or failure in credit of payments or receipt of Allotment Advice or NCD certificates due to inaccurate or incomplete details shall be at the sole risk of the Applicants and the Lead Manager, the Company and the Registrar to the Issue shall have no responsibility and undertake no liability in this relation. In case of Applications for Allotment of NCDs in physical form, which are not accompanied with the aforesaid documents, Allotment of NCDs in physical form may be held in abeyance by the Registrar to the Issue, pending receipt of KYC documents.

BASIS OF ALLOTMENT

Group of Applications and Allocation Ratio

For the purposes of the Basis of Allotment:

- a) Applications received from Category I Applicants: Applications received from Applicants belonging to Category I shall be grouped together (“**Institutional Portion**”);
- b) Applications received from Category II Applicants: Applications received from Applicants belonging to Category II, shall be grouped together (“**Non Institutional Portion**”);
- c) Applications received from Category III Applicants: Applications received from Applicants belonging to Category III shall be grouped together (“**Individual Investor Portion**”).

Applications will be consolidated on the basis of PAN for classification into various categories.

For avoidance of doubt, the terms “**Institutional Portion**”, “**Non Institutional Portion**” and “**Individual Investor Portion**” are individually referred to as a “**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, the Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case the Company opts to retain any oversubscription in the Issue up to ₹ 15,000 lakhs, aggregating upto ₹ 30,000 lakhs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case the 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**”.

Allocation Ratio

Institutional Portion	Non Institutional Portion	Individual Investor Portion
10% of the Overall Issue size	5% of the Overall Issue size	85% of the Overall Issue size

Basis of Allotment for the NCDs

- (a) Allotments in the first instance:
- (i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of Issue size on first come first serve basis which would be determined on the basis of the date of upload of each Application into the electronic system of the Stock Exchanges;
- (ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 5% of Issue size on first come first serve basis which would be determined on the basis of date of upload

of each Application into the electronic system of the Stock Exchanges;

- (iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 85% of Issue size on first come first serve basis which would be determined on the basis of date of upload of each Application into the electronic system of the Stock Exchanges;

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first come first serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchanges, in each Portion, subject to the Allocation Ratio.

Pursuant to the SEBI circular dated October 29, 2013, the allotment in the Issue is required to be made on the basis of date of upload of each application into the electronic book of the Stock Exchange. However, on the date of oversubscription, the allotments should be made to the applicants on proportionate basis.

- (b) Under Subscription: If there is any under subscription in any Portion, priority in allotments will be given in the following order on a first come first serve basis in each Portion, based on the date of upload of each Application into the electronic system of the Stock Exchanges, in each Portion:
 - (i) Individual Investor Portion
 - (ii) Non Institutional Portion
 - (iii) Institutional Portion
- (c) For each Portion, all Applications uploaded into the electronic system of the Stock Exchanges in the same day would be treated at par with each other. Allotment within a day would be on proportionate basis, where NCDs applied for exceeds NCDs to be allotted for each Portion respectively.
- (d) 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 a proportionate basis in each Portion, determined based on the date of upload of each Application into the electronic system of the Stock Exchanges i.e. full allotment of NCDs to the Applicants on a first come first serve basis up to the date falling 1 day prior to the date of oversubscription and proportionate allotment of NCDs to the Applicants on the date of oversubscription. The method of proportionate allotment is as described below:
 - (i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.
 - (ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.
 - (iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.
- (e) Applicant applying for more than one Series of NCDs: If an Applicant has applied for more than one Series of NCDs and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Series - wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each Series of NCDs, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and the Designated Stock Exchange.

In cases of odd proportion for allotment made for applications received on the date of oversubscription and proportion is equal among various Series selected by the Applicant, the Company in consultation with the Lead Manager will allot the differential one NCD in the order:

- (i) Secured NCDs: (a) first with monthly interest payment in decreasing order of tenor; (b) followed by annual interest payment in decreasing order of tenor; and (c) further followed by payment on maturity options in decreasing order of tenor; and
- (ii) Unsecured NCDs: (a) first with monthly interest payment; (b) followed by payment on maturity option.

Hence, using the above procedure the order of allotment for the differential one NCD will be: III, II, I, VII, VI, V, X, IX, VIII, IV and XI.

Minimum allotment of ten NCDs and in multiples of one NCD thereafter would be made in case of each valid Application, subject to Basis of Allotment as mentioned above.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of the Prospectus.

The Company would allot Series [●] Secured NCDs to all valid Applications, wherein the Applicants have selected only Secured NCDs, but have not indicated their choice of the relevant Series of the Secured NCDs.

The Company would allot Series [●] Unsecured NCDs to all valid Applications, wherein the Applicants have selected only Unsecured NCDs, but have not indicated their choice of the relevant Series of Unsecured NCDs.

The Company would allot Series [●] Secured NCDs to all valid Applications, wherein the Applicants have neither selected Secured NCDs nor Unsecured NCDs.

The Company has the discretion to close the Issue irrespective of whether any of the Portion(s) are fully subscribed or not.

PAYMENT INSTRUCTIONS

The entire Application Amount is payable at the time of submitting the Application Form. In case of ASBA Applicants, the entire Application Amount will be blocked in the ASBA Account. In case of Allotment of a lesser number of NCDs than applied for, the Company will refund the excess amount paid on Application to the Applicant (or the excess amount shall be unblocked in the ASBA Account, as the case may be).

Payment mechanism for ASBA Applicants

ASBA Applicants are required to specify the ASBA Account number in the Application Form. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will be uploaded onto the electronic system of the Stock Exchanges and deposited with the relevant branch of the SCSB at the specified city named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). The relevant branch of the SCSB will perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB will block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system. 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 ASBA Applications, the SCSBs, will block Application Amount only against/in a funded deposit account and ensure that clear demarcated funds are available for ASBA Applications and no lien shall be marked against credit limits/overdraft facility of account holders for ASBA Application, in accordance with SEBI circular CIR/CFD/DIL/12/2012 dated September 13, 2012.

ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Members of the Syndicate or Trading Members of the Stock

Exchanges, as the case may be, at the Specified Cities or to the Designated Branches of SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount to the Public Issue Account(s), or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue will send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to NCDs allocable to the successful ASBA Applicants to the Public Issue Account(s). In case of withdrawal/failure of the Issue/refund, the blocked amount will be unblocked on receipt of such information from the Registrar to the Issue.

Escrow Mechanism for Applicants other than ASBA Applicants

The Company will open Escrow Account(s) with each of the Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) will make out the cheque or demand draft in respect of their Application.

Cheques or demand drafts received for the full Application Amount from Applicants/payments received through the online payment facility offered by Stock Exchanges would be deposited in the Escrow Account(s). All cheques/bank drafts accompanying the Application should be crossed "A/c Payee only" and made payable to "[●] – Escrow Account".

Application Amounts paid through the online payment facility of the Stock Exchanges will also be deposited in the Escrow Account(s).

The Escrow Collection Bank(s) will maintain the monies in the Escrow Account(s) until documents for creation of Security for the NCDs are executed. Such security shall in any event be created within one month of the Issue Closing Date. The Escrow Collection Bank(s) will not exercise any lien whatsoever over the monies deposited therein and will hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Bank(s) will transfer the funds represented by Allotment of NCDs (other than in respect of Allotment to successful ASBA Applicants) from the Escrow Account(s), according to the terms of the Escrow Agreement into the Public Issue Account(s), provided that the Company will have access to such funds only after receipt of final listing and trading approvals from the Stock Exchanges and execution of the Secured Debenture Trust Deed and Security Documents. The balance amount after transfer to the Public Issue Account(s) will be transferred to the Refund Account. Payments of refund to the relevant Applicants will be made from the Refund Account according to the terms of the Escrow Agreement and the Prospectus.

Neither the Company, nor the Lead Managers or Escrow Collection Banks shall be liable for any delay in clearance of CTS 2010 and non-CTS 2010 cheques pursuant to the Standard Operating Procedure (Multi Session for Processing CTS 2010 non CTS 2010 instruments) issued by the RBI on December 16, 2013 (effective from January 1, 2014), in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD. No. /133/04.07.05/2013-14 dated July 16, 2013, which stipulates the procedure for processing of CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations (Chennai, Mumbai and New Delhi).

Payment into Escrow Account

Each Applicant will draw a cheque or demand draft or remit the funds electronically through the mechanisms for the Application Amount according to the following terms:

- (a) All Applicants would be required to pay the full Application Amount for the number of NCDs applied for, at the time of the submission of the Application Form.
- (b) The Applicants will, with the submission of the Application Form, draw a cheque/demand draft for the full Application Amount in favour of the Escrow Account and submit the same to Escrow Collection Bank(s). **If the payment is not made favouring the Escrow Account with the Application Form, the Application is liable to be rejected. Application Forms accompanied by cash, stock invest, money order or postal order will not be accepted.**

- (c) The cheque/demand draft for payment into the Escrow Account should be drawn in favour of “[●] – Escrow Account”.
- (d) Payments should be made by cheque or demand draft drawn on any bank (including a cooperative bank) which is situated at and is a member of or sub-member of the bankers’ clearing house located at the centre where the Application Form is submitted. **Outstation cheques, post-dated cheques and cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted. Cheques without the nine digit MICR code are liable to be rejected.**
- (e) Applicants are advised to provide the number of the Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Application Form.
- (f) The monies deposited in the Escrow Accounts will be held for the benefit of the Applicants (other than ASBA Applicants) till the Designated Date.
- (g) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts according to the terms of the Escrow Agreement into the Public Issue Account(s) with the Bankers to the Issue and the refund amount shall be transferred to the Refund Account.

Payment by cash/stockinvest/money order

Payment through cash/stockinvest/money order will not be accepted in the Issue.

Payment mechanism for Direct Online Applicants

Applicants making Direct Online Applications through the online platform must make payment using the online payment facility offered by the Stock Exchanges. Such online payments will be deposited in the Escrow Account(s) to be opened by the Company. See “*Issue Procedure - Escrow Mechanism for Applicants other than ASBA Applicants*” on page 257. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to Direct Online Applications and online payment facility have been sought from the Stock Exchanges and the Company will appropriately notify and/or intimate Investors in connection with the availability of Direct Online Applications facility either through disclosures in the Prospectus and/or by way of a public announcement or advertisement.

SUBMISSION OF DULY 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 Members of the Syndicate or Trading Members of the Stock Exchanges only at the Specified Cities (“ Syndicate ASBA ”), or (b) to the Designated Branches of SCSBs where the ASBA Account is maintained; or (ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.
Non-ASBA Applications (other than Direct Online Applications)	The Members of the Syndicate or Trading Members of the Stock Exchanges. Note: Applications for Allotment in physical form can be made only by using non-ASBA Applications (other than Direct Online Applications).

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
Direct Online Applications	Online submission through the online platform and online payment facility offered by the Stock Exchanges.

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Lead Manager/Lead Brokers/ Trading Members of Stock Exchanges will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as a duplicate Application Form for the records of the Applicant.

Syndicate ASBA Applicants must ensure that their ASBA Applications are submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges only at the Specified Cities. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For information on the Issue programme and timings for submission of Application Forms, see “*Terms of the Issue – Issue Period*” on page 223.

Applicants other than ASBA Applicants are advised not to submit Application Forms directly to Escrow Collection Bank(s); and the same are liable to be rejected and the Applicants will not be entitled to any compensation whatsoever.

Submission of ASBA Applications

Please refer “*Issue Procedure – Submission of ASBA Applications*” on page 244.

Submission of Non-ASBA Applications (other than Direct Online Applications)

Please refer “*Issue Procedure – Submission of Non-ASBA Applications (other than Direct Online Applications)*” on page 246.

Submission of Non- ASBA Applications for Allotment of the NCDs in physical form

Please refer “– *Submission of Non-ASBA Applications for Allotment of the NCDs in physical form*” on page 244.

Submission of Direct Online Applications

Please refer “– *Submission of Direct Online Applications*” on page 246.

REJECTION OF APPLICATIONS

The Company 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. Applications would be liable to be rejected on one or more technical grounds, including but not restricted to the following:

- Applications where a registered address in India is not provided for the Applicant.
- Applications by persons who are not eligible to acquire NCDs of the Company in terms of applicable laws, rules, regulations, guidelines and approvals, including Applications by persons not competent to contract under the Indian Contract Act, 1872 (including a minor without a guardian name) and Applications by OCBs.
- In case of Applications under power of attorney or by corporates, trusts, etc., relevant documents are not submitted.
- Applications accompanied by Stockinvest/money order/postal order/cash.

- SCSB making an ASBA 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, which ASBA Account is not utilised for the purpose of applying in public issue.
- Applications for an amount below the minimum Application size.
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations and applicable law.
- Applications without payment of the entire Application Amount. However, the Company may Allot NCDs up to the value of Application Amounts paid, if such Application Amounts exceed the minimum Application size prescribed hereunder.
- Application Amount paid not tallying with the number of NCDs applied for. However, the Company may Allot NCDs up to the value of Application Amounts paid, if such Application Amounts exceed the minimum Application size prescribed hereunder.
- Applications for a number of NCDs which is not in a multiple of one.
- Submission of more than five ASBA Applications per ASBA Account.
- 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 Applicants residing in the State of Sikkim, provided such claims have been verified by the DPs.
- GIR number furnished instead of PAN.
- DP ID and Client ID not mentioned in the Application Form, in case of Allotment in dematerialised form.
- ASBA Applications not having details of the ASBA Account to be blocked.
- Authorisation to the SCSB for blocking funds in the ASBA Account not provided.
- Signature of sole and/or joint Applicants missing. In case of joint Applicants, the Application Forms not being signed by each of the joint Applicants (in the same sequence as they appear in the records of the Depository).
- ASBA Application Forms not signed by the ASBA Account holder, if the ASBA Account holder is different from the Applicant.
- Application Forms submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges does not bear the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be. ASBA Applications submitted directly to the Designated Branches of SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or Member of the Syndicate or Trading Members of the Stock Exchanges, as the case may be.
- In case of Allotment in dematerialised form, no corresponding record is available with the Depositories that matches three parameters, namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database.
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds.
- With respect to non-ASBA Applicants, Applications where clear funds are not available in Applicants Accounts according to final certificates from Escrow Collection Bank(s).

- Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- Applications not uploaded on the terminals of the Stock Exchanges.
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable.
- Applications by Applicants whose beneficiary accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010.
- Where PAN details in the Application Form and as entered into the electronic systems of the Stock Exchanges, are not as per the records of the Depositories.
- ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collection Bank (assuming that such bank is not a SCSB), to the Company or the Registrar to the Issue.
- Application Forms not delivered by the Applicant within the time prescribed according to the Application Form, Prospectus and according to the instructions in the Application Form, and the Prospectus.
- Application Form accompanied with more than one cheque.
- Date of Birth for first/sole Applicant for persons applying for Allotment of NCDs in physical form not mentioned in the Application Form.
- Applications by persons/entities that have been debarred from accessing the capital markets by SEBI.

ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

For information on certain procedures to be carried out by the Registrar to the Issue for finalisation of the Basis of Allotment, see "*Issue Procedure - Information for Applicants*" on page 264. For information on payment of refunds, see "*Terms of the Issue - Payment of Refunds*" on page 225.

ELECTRONIC REGISTRATION OF APPLICATIONS

- (a) The Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs, as the case may be, will register Applications using the online facilities of the Stock Exchanges. There will be at least one online connection in each city where Applications are being accepted. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchanges. **The Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s) and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to: (i) Applications accepted by the SCSBs, (ii) Applications uploaded by the SCSBs, (iii) Applications accepted but not uploaded within the time permitted by the Stock Exchanges by the SCSBs, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (v) Applications accepted by the Trading Members of the Stock Exchanges, or (v) any Online Direct Applications.**
- (b) In case of apparent data entry error by the Lead Manager, Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s) or Designated Branches of 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.

- (c) The Stock Exchanges will offer an electronic facility for registering Applications, which will be available during the Issue Period on the terminals of the Lead Brokers and sub-brokers, Trading Members of the Stock Exchanges and the SCSBs. The Members of the Syndicate and Trading Members of the Stock Exchanges can also set up facilities for offline electronic registration of Applications subject to the condition that they will subsequently upload the offline data file into the online facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will upload Applications until such time as may be permitted by the Stock Exchanges. This information will be available with the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs on a regular basis. **A high inflow of Applications on the Issue Closing Date may lead to some Applications received on such day not being uploaded; such Applications will not be considered for allocation. Applicants are therefore advised to submit their Applications well in advance of the closing time of acceptance of Applications on the Issue Closing Date.** For further information on the Issue programme, see “*Terms of the Issue – Issue Period*” on page 223.
- (d) At the time of registering each Application, other than ASBA Applications and Direct Online Applications, the Members of the Syndicate or Trading Members of the Stock Exchanges will enter the requisite details of the Applicants in the online system including:
- Application Form number
 - PAN of the sole/first Applicant
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of NCDs applied for
 - Number of NCDs applied for in each Series of NCD
 - Price per NCD
 - Application amount
 - Cheque number
- (e) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches will enter the requisite details of the Applicants in the online system including:
- Application Form number
 - PAN of the sole/first Applicant
 - Investor category and sub-category
 - DP ID
 - Client ID

- Series of NCDs applied for
 - Number of NCDs applied for in each Series of NCD
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Application amount
- (f) With respect to ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities, at the time of registering each Application, the requisite details of the Applicants will be entered in the online system including:
- Application Form number
 - PAN of the sole/first Applicant
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of NCDs applied for
 - Number of NCDs applied for in each Series of NCD
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Location of Specified City
 - Bank account number
 - Application amount
- (g) A system generated acknowledgement slip will be issued to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement slip stamped with date and time from the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of the SCSBs, as the case may be. Registration of the Application by the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs, as the case may be, does not guarantee that NCDs will be allocated/Allotted by the Company. The acknowledgement slip will be non-negotiable and by itself will not create any obligation of any kind.**
- (h) Applications can be rejected on the technical grounds listed on page 259 or if all required information is not provided or the Application Form is incomplete in any respect.
- (i) The permission granted by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or

other soundness of the Company, the management or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.

- (j) Only Applications that are uploaded on the online system of the Stock Exchanges will be considered for allocation/Allotment. The Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will capture all data relevant for the purposes of finalising the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchanges. In order that the data so captured does not match with the Depository details, the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will have 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 to the Issue for reconciliation with the data available with the NSDL and CDSL.

PAYMENT OF REFUNDS

Please refer “*Terms of the Issue – Payment of Refunds*” on page 225.

ALLOTMENT OF NCDs AND ISSUANCE OF ALLOTMENT ADVICE

The Company reserves, in its absolute and unqualified discretion and without assigning any reason therefor, the right to reject any Application in whole or in part. The unutilised portion of the Application Amount(s) will be refunded to the Applicant by an account payee cheque/demand draft. In case the cheque payable at par facility is not available, the Company reserves the right to adopt any other suitable mode of payment.

The Company will use best efforts to ensure that all steps for completion of the necessary formalities for Allotment, listing and commencement of trading at the Stock Exchanges where the NCDs are proposed to be listed are taken within 12 Working Days of the Issue Closing Date. The Company will ensure dispatch of Allotment Advice/refund orders within 12 Working Days of the Issue Closing Date and/or issue instructions for credit of NCDs to the respective beneficiary accounts with DPs for successful Applicants who have been Allotted NCDs in dematerialised form within 12 Working Days of the Issue Closing Date. Allotment Advice for successful Applicants who have been Allotted NCDs in dematerialised form will be mailed to their addresses (in India) according to the Demographic Details received from the Depositories.

The Company will credit the Allotted NCDs to the respective beneficiary accounts/dispatch the Allotment Advice/refund orders, as the case may be, by speed/registered/ordinary post at the Applicant’s sole risk within 12 Working Days of the Issue Closing Date.

Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund orders have not been dispatched to the Applicants within 12 Working Days from the Issue Closing Date, for the delay beyond 12 Working Days. The Company will provide adequate funds required for dispatch of refund orders and Allotment Advice, as applicable, to the Registrar to the Issue.

OTHER INFORMATION

Information for Applicants

In case of ASBA Applications submitted to the SCSBs, in terms of SEBI circular dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchanges and all SCSBs, and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed according to the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of ASBA Applicants submitted to the Members of the Syndicate and Trading Members of the Stock

Exchanges at the Specified Cities, the Basis of Allotment will be based on the validation by the Registrar to the Issue of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of SEBI circular dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed according to the Depository records or treat such ASBA Application as rejected.

In case of non-ASBA Applications and Direct Online Applications, the Basis of Allotment will be based on the validation by the Registrar to the Issue of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Bank(s) with the electronic details in terms of SEBI circular dated April 22, 2010 and SEBI circular dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Manager, the Registrar to the Issue, reserves the right to proceed according to the Depository records or treat such Applications as rejected.

Based on the information provided by the Depositories, the Company will 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.

Withdrawal of Applications during the Issue Period

Withdrawal of ASBA Applications

ASBA Applicants may withdraw their ASBA Applications during the Issue Period by submitting a request to a Member of the Syndicate, Trading Member of the Stock Exchanges or a Designated Branch of an SCSB, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities, on receipt of the request for withdrawal from the ASBA Applicant, the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchanges. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, on receipt of the request for withdrawal from the ASBA Applicant, the relevant Designated Branch will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchanges and unblocking funds in the ASBA Account directly.

Withdrawal of Non-ASBA Applications (other than Direct Online Applications)

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, through whom the Application had been made. On receipt of the request for withdrawal from the Applicant, the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchanges.

Withdrawal of Direct Online Applications

Direct Online Applications would be withdrawn in accordance with the procedure prescribed by the Stock Exchange.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of Allotment. The Registrar to the Issue will delete the withdrawn Application from the electronic file provide by the Stock Exchanges and issue instruction to the SCSB for unblocking the ASBA Account (in case of ASBA Applications).

Revision of Applications

Applicants may revise/modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchanges, by submitting a written request to a Member of the Syndicate/Trading Member of the Stock Exchanges/Designated Branch of an SCSB, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. **Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date.**

Depository Arrangements for Applicants Applying for Allotment in Dematerialised Form

The Company has made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. Tripartite Agreements have been executed between the Company, the Registrar to the Issue and both the Depositories. As per the Depositories Act, NCDs issued by us can be held in a dematerialised form. In this context:

- (i) The Company has entered into Tripartite Agreements dated October 6, 2009 with the Registrar to the Issue and NSDL and dated May 3, 2011 with the Registrar to the Issue and CDSL, respectively for offering depository option to the Applicants.
- (ii) An Applicant must have at least one beneficiary account with any of the 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) Applications can be in single or joint names (not exceeding two names). If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names.
- (vi) Non-transferable Allotment Advice/refund orders will be directly sent to the Applicant by the Registrar to the Issue.
- (vii) It may be noted that NCDs in electronic form can be traded only on Stock Exchanges having electronic connectivity with NSDL or CDSL. BSE has connectivity with NSDL and CDSL.
- (viii) Interest or other benefits with respect to NCDs held in dematerialised form will be paid to those NCD Holders whose names appear on the list of beneficial owners provided 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, the Company would keep in abeyance the payment of interest or other benefits, until such time that the beneficial owner is identified by the Depository and conveyed to the Company, whereon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (ix) Trading of the NCDs on the floor of the Stock Exchanges will be in dematerialised form only.

See "**Issue Procedure - Instructions for filling up the Application Form - Applicant's Beneficiary Account and Bank Account Details**" on page 248.

The NCDs will cease to trade from the Record Date prior to the Maturity Date.

Trading of NCDs on the floor of the Stock Exchanges will be in dematerialised form only in multiples of one NCD.

Allottees will have the option to re-materialise the NCDs Allotted in the Issue in accordance with the Companies Act and the Depositories Act.

Interest in case of Delay

The Company undertakes to pay interest in connection with any delay in Allotment, dematerialised credit and refunds, beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under applicable statutory and/or regulatory requirements.

Impersonation

Please refer “*Terms of the Issue – Impersonation*” on page 234.

Pre-closure/ Extension

The Company, in consultation with the Lead Manager, reserves the right to close the Issue at any time prior to the Issue Closing Date. In the event of such early closure or extension of the Issue Period, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in at least one leading national daily newspaper with wide circulation. The Company will Allot NCDs with respect to the Applications received at/until the time of such pre-closure in accordance with the Basis of Allotment as described in “*Issue Procedure - Basis of Allotment*” on page 254.

Filing of the Prospectus with the ROC

A copy of the Prospectus will be filed with the ROC, in terms of Section 26 of the Companies Act 2013.

Communications

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant’s DP ID, Client ID and PAN, number of NCDs applied for, date of the Application Form, name and address of the Member of the Syndicate, Trading Member of the Stock Exchanges or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque/draft number and issuing bank thereof, or with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked.

Applicants may contact the Compliance Officer and Company Secretary and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on Application Amount or credit of NCDs in the respective beneficiary accounts, as the case may be.

Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB. Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

SECTION VII : MAIN PROVISIONS OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Memorandum of Association

III.A The main objects of the Company to be pursued by the company on its incorporation are:

1. To carry on the business of a loan company as per RBI guidelines and to carry on and undertake financing by way of giving loans and/or advances and financing otherwise of the activities of others and to receive money on deposits at interest or otherwise for fixed periods as prescribed from time to time by RBI.
2. To carry on the business of money lending in accordance with the RBI guidelines and other applicable laws in force and also giving loans and advances to the weaker sections of society at preferential rate of interest subject to the ceiling fixed from time to time as prescribed by RBI, but the company shall not carry on the business of banking as defined in the Banking Regulations Act, 1949.
3. To carry on the business as Authorized Dealer, Money Changer, Offshore Banker or any other person for the time being 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 RBI.
4. To take over as going concern, the business of the Partnership firms, Muthoot Bankers with their assets and liabilities, manage their affairs and dissolve the firms after the takeover.

IV. The liability of the Members is limited.

V. The Authorised Share Capital of the Company is 200,00,00,000/- (Rupees two hundred crores only) consisting of 200,00,00,000/- (Rupees two hundred crores only) as equity share capital divided into 20,00,00,000/- (twenty crores) Equity shares of 10/- (Rupees ten only) each, with the power to increase, reduce, consolidate or subdivide the capital of the Company. and the capital for the time being into other classes and to attach thereto respectively such preferential, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by Articles of Association of the Company.

We the several persons, whose names and addresses are subscribed below, are desirous of being formed into a company, in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:-

Sr. No.	Name, Address, description and occupation of each Subscriber	Number of Equity shares taken by each Subscriber
1.	Thomas John, S/o Mr. Matthew M. Thomas, Muthoot House, Kaudiar P.O., Trivandrum	100
2.	Matthew M. Thomas, S/o Mr. Ninan Mathai, Muthoot House, Kozhencherry	100
3.	Janamma Thomas W/o Mr. Matthew M. Thomas, Muthoot House, Kozhencherry	100
4.	Thomas George S/o Mr. Matthew M. Thomas,	100

Sr. No.	Name, Address, description and occupation of each Subscriber	Number of Equity shares taken by each Subscriber
	Muthoot Towers, Ernakulam	
5.	Thomas Muthoot S/o Mr. Matthew M. Thomas, Muthoot Towers, Ernakulam	100
6.	Preethi John W/o Mr. Thomas John, Muthoot House, Kaudiar P.O., Trivandrum	100
7.	Neena George, W/o Mr. Thomas George, Muthoot Towers, Ernakulam	100
8.	Remy Thomas, W/o Thomas Muthoot, Muthoot Towers, Ernakulam	100

The main provisions of the Articles of Association relating to the issue and allotment of debentures and matters incidental thereto have been summarised below. Please note that the each provision herein below is numbered according to the corresponding article number in the Articles of Association. Any reference to the term “Article” hereunder means the corresponding article contained in the Articles of Association.

Article 7 provides that the Company may exercise the powers of paying commission conferred by Section 76 of the Companies Act, 1956, and in such case shall comply with the requirements of the section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

Article 40 provides that a fee not exceeding ₹ 2/- may be charged for the registration of grant of probate, grant of administration, certificate of death or marriage, power-of-attorney or other instrument and shall, if required by the Board of Directors, be paid before the registration thereof. No fee will be charged for registration of transfers of shares and debentures.

Article 55 provides that the Board of Directors may, from time to time, at its discretion, raise or borrow and secure the payment of any sum or sums of money for the purpose of the Company.

Article 56 provides that the Board of Directors may raise or secure the repayment of such sum or sums (referred to in Article 55) in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds perpetual or redeemable debentures stock, or any mortgage 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.

Article 57 provides that any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, appointment of directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same be issued, provided that debentures with the right to allotment of or conversion into shares shall not be issued except in conformity with the provisions of Section 81(3) of the Companies Act, 1956.

Article 58 provides that save as provided in Section 108 of the Companies Act, 1956, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

Article 59 provides that if the Board of Directors refuses to register the transfer of any debentures the Company shall within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

Article 91 provides that subject to the provisions of Section 297 of the Companies Act, 1956, a Director shall not be disqualified from contracting with the Company either as a vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Directors or relative as a partner or with any other partner in such firm or with a private company of which such Director is a member or director be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.

Clause (a) of Article 99 provides that subject to the provisions of the Companies Act, 1956, and notwithstanding anything to the contrary contained in the Articles of Association, so long as any moneys remain with the Company either in the form of share capital or loan originally invested by any financing company or body or financial corporation or bank or any insurance corporation (each such financing company or body or financial corporation, credit corporation or bank or any insurance corporation is hereinafter referred to as “Financial Institution”) in the Company or so long as the Financial Institution continues to hold debentures in the Company by direct subscription or private placement or so long as the Financial Institution holds share in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of the guarantee furnished by the Financial Institution on behalf of the Company remains outstanding, the Financial Institution shall have a right to appoint from time to time, its nominee/s as a Director or Director/s, which Director or Directors is/are hereinafter referred to as “Nominee Director/s” on the Board of Directors of the Company and to remove from such office the Nominee Director/s so appointed and at the time of such removal and also in the case of death or resignation of the Nominee Director/s so appointed at any time appoint any other which may occur as a result of such Director/s ceasing to hold office for any reasons whatsoever; such appointment or removal shall be made in writing on behalf of the Financial Institution appointing such Nominee Director/s and shall be delivered to the Company at its registered office.

Clause (c) of Article 99 provides that the Nominee Director/s so appointed shall hold the office only so long as any moneys remain with the Company either in the form of share capital or loan originally invested by the Financial Institution or so long as the Financial Institution holds debentures in the Company as a result of direct subscription or private placement or so long as the Financial Institution holds shares in the Company as a result of underwriting or direct subscription or liability of the Company arising out of any guarantee, is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office, immediately the moneys owing by the Company to the Financial Institutions is paid of or on the Financial Institution ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Financial Institution.

Article 149 provides that on any sale of the undertaking of the Company, the Board of Directors or the liquidator on a winding-up may, if authorised by a special resolution accept fully paid-up shares, debentures or securities of any other company, whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board of Directors (if the profits of the Company permit) or the liquidators (in a winding-up) may distribute such shares or securities or any other property of the Company amongst the members without realisation, or vest the same in trustees for them, and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property otherwise than in accordance with the strict legal rights of the members or contributors of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation of distribution so authorised, and waive all rights in relation, thereto save only in case the Company is proposed to be or in the course of being wound up, such statutory rights, if any, under Section 494 of the Companies Act, 1956, as are incapable of being varied or excluded by the Articles of Association.

Article 152 provides that every Director, manager, secretary, trustee for the Company, its members or debenture holders, members of a committee, officer, servant, agent, accountant or other person employed in or about the business of the Company shall, if so required by the Board of Directors before entering upon his duties sign a declaration pledging himself not to reveal any of the matters which may come to his knowledge in the discharge of

his duties except when required so to do by the Board of Directors or by any general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions of the Articles of Association.

SECTION VIII : OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of the Company situated at Muthoot Centre, Punnen Road, Trivandrum 695 034, India, from 10.00 a.m. to 4.00 p.m., from the date of the Draft Prospectus until the date of closure of the Issue.

A. Material Contracts

1. Issue Agreement dated August 21, 2014 between the Company and the Lead Manager.
2. Registrar Agreement dated August 23, 2014 between the Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated August 23, 2014 between the Company and the Debenture Trustee for the NCD Holders.
4. Memorandum of Understanding dated [●] between the Company and the Lead Brokers.
5. Escrow Agreement dated [●] between the Company, the Lead Manager, the Registrar to the Issue and the Escrow Collection Bank(s).
6. Tripartite Agreement dated May 3, 2011, between CDSL, the Company and the Registrar to the Issue.
7. Tripartite Agreement dated October 6, 2009, between NSDL, the Company and the Registrar to the Issue.

B. Material Documents

1. Certificate of incorporation of the Company dated June 10, 1997, issued by the ROC.
2. Certificate of incorporation dated March 19, 2002, issued by the ROC.
3. Certificate of commencement of business dated June 10, 1997.
4. Memorandum and Articles of Association of the Company.
5. The certificate of registration No. 16.00170 dated July 23, 2002 issued by the RBI under Section 45 IA of the RBI Act.
6. CRISIL letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014, letter no. RM/FIN/MUFILT/AUG14/113512 dated August 25, 2014 and letter no. RM/FIN/MUFILT/2014-15/946 dated August 26, 2014 assigning a rating of “CRISIL A/Stable” to the NCDs.
7. Board resolution dated August 19, 2014 approving the Issue and related matters including authorised signatories.
8. Shareholders’ resolution dated June 3, 2014 pursuant to Section 180 of the Companies Act 2013.
9. Consents of each of the Directors, Compliance Officer, Lead Manager, Legal Advisors to the Issue, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Bankers to the Company, the Debenture Trustee, Registrar to the Issue and the Credit Rating Agency to act in their respective capacities.
10. Consent of the Statutory Auditors, for inclusion of their name as the Statutory Auditors of the Company and reports on the financial statements including the annexures and notes thereto, in the form and context in which they appear in the Draft Prospectus and their statement on tax benefits

mentioned herein.

11. Consent of the MHFCL Auditors, MMFL Auditors and MPTL Auditors for inclusion of their name as the auditors of MHFCL, MMFL and MPTL respectively and reports on the financial statements including the annexures and notes thereto, in the form and context in which they appear in the Draft Prospectus.
12. The statement of tax benefits report dated August 14, 2014, prepared by the Statutory Auditors.
13. The report dated August 14, 2014 issued by the Statutory Auditors in relation to the Reformatted Unconsolidated Summary Financial Statements included herein.
14. The report dated August 21, 2014 issued by the MHFCL Auditors in relation to the Reformatted MHFCL Unconsolidated Summary Financial Statements included herein.
15. The report dated August 22, 2014 issued by the MMFL Auditors in relation to the Reformatted MMFL Unconsolidated Summary Financial Statements included herein.
16. The report dated August 23, 2014 issued by the MPTL Auditors in relation to the Reformatted MPTL Unconsolidated Summary Financial Statements included herein.
17. Annual Reports of the Company for the five Fiscals 2007-08 to 2012-13.
18. In-principle listing approval from BSE, through letter no. [●] dated [●].
19. Due Diligence Certificate dated [●] filed by the Lead Manager with SEBI.
20. Due Diligence Certificate dated [●] from the Debenture Trustee.

DECLARATION

We, the Directors of the Company, certify that all applicable legal requirements in connection with the Issue, including under the Companies Act, the SEBI Debt Regulations, and all relevant guidelines issued by SEBI, GoI and any other competent authority in this behalf, have been duly complied with and that no statement made in the Draft Prospectus contravenes such applicable legal requirements. We further certify that the Draft Prospectus does 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 all statements in the Draft Prospectus are true and correct.

Yours faithfully

Signed by all the Directors of the Company:



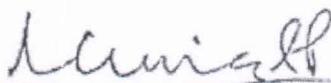
MR. THOMAS JOHN MUTHOOT
Chairman & Managing Director



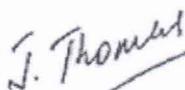
MR. THOMAS MUTHOOT
Executive Director



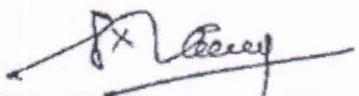
MR. THOMAS GEORGE MUTHOOT
Director



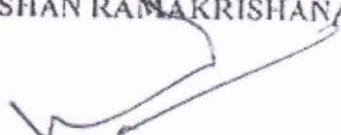
MR. ARRATTUKKULAM PETER KURIAN
Director



MS. JANAMMA THOMAS
Director



MR. KAMALASHAN RAMAKRISHANA NAIR
Director



MR. VIKRAMAN AMPALAKKAT
Director

Place: Trivandrum, Kerala

Date: 26th August, 2014

Annexure - A

A CHERIAN & ASSOCIATES
Chartered Accountants

Puthuparampil ,
Manganam P.O.,
Kottayam - 686018.
☎ 0481-2575155; Mobile : 9847063828.
email : abrahamcherian06@yahoo.com

Report of Independent Auditor on the Reformatted Standalone Statements of Muthoot Fincorp Limited

The Board of Directors
Muthoot Fincorp Limited
Muthoot Centre,
Punnen Road,
Trivandrum,Kerala - 695034.

Dear Sirs,

We have examined the reformatted financial statements of Muthoot Fincorp Limited (the “Company”) (“**Reformatted Standalone Statements**”) as at and for the years ended 31.03.2014, 31.03.2013, 31.03.2012, 31.03.2011 and 31.03.2010 annexed to this report for the purposes of inclusion in the offer document prepared by the Company in connection with its proposed public issue of debt securities. Such financial statement, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:

- a) Section 26(1)(b)(i) of the Companies Act, 2013 read with rule 4(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014.
- b) The Securities & Exchange Board of India (Issue and Listing of Debt Securities)Regulations (2008, as amended (the “Regulations”) vide regulation 5(2)(a) issued by the Securities and Exchange Board of India (“SEBI”), as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

The preparation of the Reformatted Standalone Statements is the responsibility of the Company’s management. Our responsibility is to report on such statements based on our procedures.

1. The Reformatted Standalone Statements have been extracted by the management from the audited financial statements of the Company as at 31.03.2014, 31.03.2013, 31.03.2012, 31.03.2011 & 31.03.2010 and from the books of account underlying such financial statements of the Company, which were approved by the Board of Directors on 07.05.2014, 29.05.2013, 28.04.2012, 21.07.2011, and 27.06.2010 respectively. We have audited the accounts for these years, in respect of which we have issued audit opinions vide our Reports dated 08.05.2014, 29.05.2013, 28.04.2012, 21.07.2011, and 27.06.2010.
2. We have examined such reformatted financial information taking into consideration:
 - a) the terms of reference received from the Company requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed public issue of debt securities; and
 - b) the Guidance Note (Revised) on Reports in Company Prospectus issued by the Institute of Chartered Accountants of India.
3. In accordance with the requirements of requirements of section 26(1)(b)(i) of the Companies Act, 2013 read with rule 4(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the terms of our engagement agreed with you, we further report that:

The reformatted standalone statement of assets and liabilities and schedules forming part thereof, the reformatted standalone statement of profits and losses and schedules forming part thereof and the reformatted standalone statement of cash flows of the Company, including as at and for the years ended 31.03.2014, 31.03.2013, 31.03.2012, 31.03.2011 & 31.03.2010 examined by us are set out in Annexure I to VI to this report.

4. Based on our examination as above, we further report that:
 - a) the Reformatted Standalone Statements have to be read in conjunction with the notes to Accounts for the respective years.
 - b) the figures of earlier periods have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to confirm primarily to the requirements of Revised Schedule VI of the Companies Act, 1956;
 - c) there are no extraordinary items which need to be disclosed separately in the attached Reformatted Summary Statements; and
 - d) in the preparation and presentation of Reformatted Standalone Statements based on audited financial statements as referred to in paragraph 2 and 3 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 1 above.

5. As stated in our audit reports referred to in paragraph 1 above, we have conducted our audit in accordance with the auditing standards generally accepted in India to enable us to issue an opinion on the general purpose financial statements. Those standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. Our audits referred to in paragraph 1 above were carried out for the purpose of certifying the general purpose financial statements taken as a whole. For none of the periods referred to in paragraph 1 above, did we perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.
7. We have not audited any financial statements of the Company as of any date or for any period subsequent to March, 31, 2014. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2014.
8. We have examined the following financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company as at and for the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010:
 - a) Reformatted Summary Statement of Assets and Liabilities -- Annexure I.
 - b) Reformatted Summary Statement of Profit and Loss -- Annexure II.
 - c) Reformatted Summary Statement of Cash Flows. -- Annexure III.
 - d) Notes to Reformatted Summary Statement of Assets and Liabilities -- Annexure IV.
 - e) Notes to Reformatted Summary Statement of Profit and Loss -- Annexure V..
 - f) Schedule of Fixed Assets -- Annexure VI.
9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this 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. This report is intended solely for your information and for inclusion in the Offer Document prepared in connection with the proposed public issue of debt securities of Muthoot Fincorp Limited and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For A Cherian & Associates
Chartered Accountants
Firm Regn. No. 011456S

Abraham Cherian
Proprietor
Membership No.202759

Place: Thiruvananthapuram
Date: 14.08.2014

MUTHOOT FINCORP LIMITED
ANNEXURE I: REFORMATTED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

Rs. In Lakhs

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
<u>EQUITY AND LIABILITIES</u>					
Share Holder's Funds:					
Share Capital	5,500.00	6,250.00	18,656.27	18,656.27	18,656.27
Reserves And Surplus	21,110.67	46,212.99	78,961.97	1,00,002.13	1,06,328.97
Share Application money pending allotment	-	-	-	-	-
Non Current Liabilities					
Long Term Borrowings	33,808.71	57,533.08	1,12,667.56	2,17,618.10	1,86,783.26
Deferred Tax Liabilities(Net)	1,420.40	1,840.88	1,230.73	-	-
Current Liabilities					-
Short Term Borrowings	1,11,145.87	3,04,547.21	5,20,458.05	6,94,801.19	5,27,596.72
Trade Payables	229.93	1,665.75	3,145.63	4,106.41	2,030.17
Other Current Liabilities	6,349.50	3,284.88	13,323.53	18,723.01	1,85,551.38
Short Term Provisions	408.04	1,265.42	2,553.80	13,462.01	7,484.35
TOTAL	1,79,973.12	4,22,600.20	7,50,997.53	10,67,369.12	10,34,431.12
<u>ASSETS</u>					
Non Current assets					
Fixed Assets	11,493.84	21,663.37	33,359.98	52,575.42	53,366.90
Non Current Investments	1,545.86	4,395.62	2,455.75	5,073.94	5,949.45
Deferred Tax Assets (net)	-	-	-	557.68	782.93
Long Term Loans and Advances	1,640.23	5,682.34	6,639.59	7,947.42	8,508.78
Current Assets					
Current Investments	-	-	3,404.80	1,642.47	627.10
Inventories	-	-	-	-	-
Trade Receivables	486.50	730.41	1,612.79	2,417.24	1,690.09
Cash and Cash Equivalents	28,140.42	23,490.95	40,766.23	42,109.83	31,863.56
Short Term Loans and Advances	1,27,105.88	3,46,876.40	6,23,539.06	8,22,554.60	8,00,127.17
Other Current Assets	9,560.38	19,761.11	39,219.33	1,32,490.52	1,31,515.14
TOTAL	1,79,973.12	4,22,600.20	7,50,997.53	10,67,369.12	10,34,431.12

As per our report dtd 14/08/2014
For A Cherian & Associates
Chartered Accountants
FRN :011456S

For and on behalf of Board of Directors

Abraham Cherian
Proprietor
Mem No 202759

Thomas John Muthoot
Chairman and Managing Director

Trivandrum
14/08/2014

MUTHOOT FINCORP LIMITED
ANNEXURE II: REFORMATTED SUMMARY STATEMENT OF PROFIT AND LOSS

Rs. In Lakhs

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
INCOME					
Revenue from Operations	41,408.50	74,336.35	1,48,202.41	2,04,858.09	1,86,564.50
Other Income	1,458.54	1,539.72	2,512.38	2,951.35	10,967.20
Total Revenue	42,867.04	75,876.07	1,50,714.79	2,07,809.44	1,97,531.70
EXPENSES					
Employee Benefits Expense	3,933.19	6,700.32	12,411.78	26,154.59	35,267.69
Finance Cost	15,370.89	23,766.52	65,358.42	96,912.87	1,15,305.36
Depreciation and Amortization Expense	1,634.39	2,409.42	5,040.57	8,881.39	7,420.11
Other Expenses	5,537.64	11,829.72	23,800.48	41,555.02	33,104.96
Total Expenses	26,476.11	44,705.99	1,06,611.25	1,73,503.88	1,91,098.12
Profit Before Exceptional and Extra Ordinary Items and Tax	16,390.93	31,170.09	44,103.54	34,305.56	6,433.58
Exceptional Items	-	-	-	-	-
Profit Before Extra Ordinary Items and Tax	16,390.93	31,170.09	44,103.54	34,305.56	6,433.58
Extra Ordinary Items	-	-	-	560.29	-
Profit Before Tax	16,390.93	31,170.09	44,103.54	34,865.85	6,433.58
Tax Expenses:					
Current Tax	5,881.83	9,897.29	14,763.14	15,614.10	331.99
Deferred Tax	176.52	420.48	610.15	1,788.41	-225.25
Profit for the Period from Continuing Operations	10,685.61	20,852.31	29,950.55	21,040.16	6,326.84
Profit/(Loss) from Discontinuing Operations	-	-	-	-	-
Tax Expense of Discontinuing Operation	-	-	-	-	-
Profit/(Loss) from Discontinuing Operations(after tax)	-	-	-	-	-
Profit for the Period	10,685.61	20,852.31	29,950.54	21,040.16	6,326.84
Earnings per Equity Share (in Rs.)					
i. Basic	19.43	36.26	17.48	11.28	3.39
ii. Diluted	19.43	36.26	17.48	11.28	3.39

As per our report dtd 14/08/2014
For A Cherian & Associates
Chartered Accountants
FRN :011456S

For and on behalf of Board of Directors

Abraham Cherian
Proprietor
Mem No 202759

Thomas John Muthoot
Chairman and Managing Director

Trivandrum
14/08/2014

MUTHOOT FINCORP LIMITED
ANNEXURE III: REFORMATTED SUMMARY STATEMENT OF CASH FLOW

Rs. In Lakhs

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before taxation and extraordinary items	16,390.93	31,170.09	44,103.54	34,305.53	6,433.58
Non cash adjustments to reconcile profit before tax to net cash flows:					
Depreciation & Amortization	1,634.39	2,409.42	5,040.57	8,881.39	7,420.11
Provisions	314.16	1,042.86	1,288.38	11,089.09	-5,702.17
Dividend income	0.00	0.00	0.00	-179.90	-48.15
Profit/(loss) on sale of fixed assets	0.00	0.00	0.00	-2.69	-10.98
Operating profit before working capital changes	18,339.48	34,622.37	50,432.49	54,093.42	8,092.39
Movement in Working Capital					
(Increase) / decrease in long term loans and advances	-887.16	-4,042.11	-992.44	-1,272.64	23,895.85
(Increase) / decrease in other current assets	-72,566.01	-2,32,675.70	-3,11,192.03	-2,97,883.89	1,702.53
Increase / (decrease) in other current liabilities	-8,685.06	-2,116.15	12,810.40	7,170.45	35,132.62
Cash generated from Operation	-63,798.74	-2,04,211.58	-2,48,941.59	-2,37,892.66	68,823.39
Direct taxes paid (net of refund)	-5,612.99	-10,031.67	-13,595.05	-15,985.68	-4,197.27
Extraordinary income	0.00	0.00	0.00	560.29	
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	-69,411.73	-2,14,243.25	-2,62,536.64	-2,53,318.05	64,626.12
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed and tangible assets	-2,202.87	-10,169.51	-11,696.61	-19,215.44	-8,257.84
Purchase of investments	-1,179.58	-2,849.76	1,939.87	-2,618.18	139.85
Investment in subsidiary company	0.00	0.00	0.00	-2,981.00	1,560.00
Profit/(loss) on sale of fixed assets	0.00	0.00	0.00	2.69	57.23
Dividend received	0.00	0.00	0.00	179.90	48.15
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)	-3,382.46	-13,019.27	-9,756.74	-24,632.03	-6,452.61
CASH FLOW FROM FINANCING ACTIVITIES					
(Increase) / decrease of short term borrowings	77,215.39	1,93,401.34	2,15,910.84	1,74,343.14	-37,584.95
(Increase) / decrease of long term borrowings	8,188.27	24,211.71	53,032.41	1,04,950.55	-30,834.83
Proceeds from Issue of Share Capital	0.00	5,000.00	20,625.40	0.00	0.00
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)	85,403.66	2,22,613.05	2,89,568.65	2,79,293.69	-68,419.78
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	12,609.47	-4,649.47	17,275.28	1,343.60	-10,246.27
Cash and cash equivalents at the beginning of the year	15,530.95	28,140.42	23,490.95	40,766.23	42,109.83
Cash and cash equivalents at the end of the year	28,140.42	23,490.95	40,766.23	42,109.83	31,863.56

As per our report dtd 14/08/2014
For A Cherian & Associates
Chartered Accountants
FRN :011456S

For and on behalf of Board of Directors

Abraham Cherian
Proprietor
Mem No 202759

Thomas John Muthoot
Chairman and Managing Director

Trivandrum
14/08/2014

MUTHOOT FINCORP LIMITED
ANNEXURE IV: NOTES TO REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Rs in Lakhs

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
SHARE CAPITAL					
AUTHORISED:	5,500.00	7,500.00	20,000.00	20,000.00	20,000.00
ISSUED,SUBSCRIBED AND PAIDUP:	5,500.00	6,250.00	18,656.27	18,656.27	18,656.27
TOTAL	5,500.00	6,250.00	18,656.27	18,656.27	18,656.27
RESERVES & SURPLUS					
STATUTORY RESERVE	5,765.73	10,978.81	18,466.45	23,726.49	25,308.20
PROFIT & LOSS ACCOUNT	12,278.94	25,832.94	30,505.16	44,181.26	48,293.71
SHARE PREMIUM	2,000.00	6,250.00	23,844.13	23,844.13	23,844.13
SPECIAL CONTINGENCY RESERVE	1,066.00	3,151.23	6,146.23	8,250.25	8,882.93
TOTAL	21,110.67	46,212.99	78,961.97	1,00,002.13	1,06,328.97
LONG TERM BORROWINGS					
TERM LOAN FROM BANKS	6,722.70	13,564.11	9,665.31	19,226.01	17,257.16
TERM LOAN FROM OTHERS	-	-	40,044.22	40,058.29	49.40
SUBORDINATE DEBT - TIER - II	-	8,500.00	8,500.00	49,669.44	1,02,138.03
PERPETUAL DEBT INSTRUMENT - TIER - I	13,000.00	14,400.00	14,400.00	14,400.00	14,400.00
INTER CORPORATE DEPOSIT	-	-	2,450.00	50.00	50.00
SECURED DEBENTURES	14,086.01	21,068.97	37,608.03	94,214.35	52,888.68
TOTAL	33,808.71	57,533.08	1,12,667.56	2,17,618.10	1,86,783.26
DEFERRED TAX					
DEFERRED TAX	1,420.40	1,840.88	1,230.73	-557.68	-782.93
TOTAL	1,420.40	1,840.88	1,230.73	-557.68	-782.93
SHORT TERM BORROWINGS					
FROM DIRECTORS	11,688.17	12,883.88	17,509.76	126.05	120.97
WORKING CAPITAL LOANS	91,917.70	2,76,609.95	4,70,681.63	5,51,048.61	5,27,475.75
TERM LOAN - CURRENT PORTION	-	-	5,041.11	7,897.26	-
SD MATURING WITHIN ONE YEAR	-	-	24,722.56	1,21,722.26	-
LOAN AGAINST DEPOSIT	40.00	53.38	1,502.99	7.01	-
COMMERCIAL PAPER	7,500.00	15,000.00	1,000.00	14,000.00	-
TOTAL	1,11,145.87	3,04,547.21	5,20,458.05	6,94,801.19	5,27,596.72
TRADE PAYABLES					
SUNDRY CREDITORS	229.93	1,665.75	3,145.63	4,106.41	2,030.17
TOTAL	229.93	1,665.75	3,145.63	4,106.41	2,030.17

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
OTHER CURRENT LIABILITIES					
EXPENSES PAYABLE	299.51	816.82	1,203.73	3,265.50	1,546.03
INTEREST PAYABLE	1,614.71	2,102.05	2,351.72	13,146.36	25,107.58
OTHER CURRENT LAIBILITIES	4,435.28	366.00	8,957.89	2,311.16	1,897.16
PROVISION FOR TAXATION	-	-	810.19	-	-
TERM LOAN - CURRENT PORTION	-	-	-	-	7,356.63
SD MATURING WITHIN ONE YEAR	-	-	-	-	1,49,643.98
TOTAL	6,349.50	3,284.88	13,323.53	18,723.01	1,85,551.38
SHORT TERM PROVISIONS					
PROVISION FOR TAXATION	134.38	-	-	192.51	338.62
PROVISION FOR NPA	273.66	447.19	1,004.79	3,251.33	3,495.57
PROVISION FOR STANDARD ASSETS TIER - II	-	818.23	1,549.00	2,125.08	2,556.74
PROVISION FOR INV RATE FLUCTUATION	-	-	-	192.82	60.75
PROVISION FOR GRATUITY	-	-	-	635.76	855.25
PROV. FOR GOLD PRICE FLUCTUATION	-	-	-	7,000.00	-
PROVISION FOR EARNED LEAVE ENCASHMT	-	-	-	64.52	177.42
TOTAL	408.04	1,265.42	2,553.80	13,462.01	7,484.35
NON CURRENT INVESTMENTS					
SBI MF SCR INVESTMENT	340.48	445.78	-	-	-
HDFC MF - SCR INVESTMENT	740.56	2,203.35	-	-	-
ICICI PRUDENTIAL MF SCR INVESTMENTS	-	105.74	-	-	-
FRANKLIN INDIA BLUE CHIP	6.00	6.00	6.00	6.00	-
KOTAK WORLD INFRASTRUCTURE FUND	-	-	-	-	-
DSP MERRIL LYNCH WORLD	5.00	5.00	5.00	5.00	-
JM BASIC FUND	-	-	-	-	-
JP MORGAN INDIA SMALLER COMPANIES FUND	-	-	-	-	-
FRANKLIN INDIA OPP. FUND	75.00	75.00	87.81	91.74	-
HDFC INFRASTRUCTURE FUND	10.00	10.00	10.00	10.00	-
HDFC-ASSET MANAGEMENT CO. LTD	321.84	430.73	362.43	260.62	182.81
FRANKLIN PRIMA FUND	6.00	6.00	6.00	6.00	-
KOTAK MAHINDRA MUTUAL FUND	-	118.00	123.05	-	-
BHAVISHYA NIRMAN BOND (NABARD)	4.99	4.99	4.99	4.99	4.99
AIG WORLD GOLD FUND	10.00	10.00	10.00	10.00	-
MOTILAL OSWAL SECURIRIES LTD- PMS	26.00	26.00	26.00	26.00	-
EDELWEISS ASSET RECONSTRUCTION CO LTD	-	693.96	1,376.95	1,232.18	939.50
MUTHOOT HOUSING FINANCE CO LTD	-	100.00	281.15	2,784.15	4,291.15
EQUITY INTELLIGENCE FUND	-	150.08	151.37	154.26	-
INV IN PANCHRETNA SECURITIES LTD	-	-	-	470.00	520.00
HDFC DEBT FUND FOR CC	-	5.00	5.00	5.00	-
INV IN MUTHOOT PAPPACHAN CHITS (P)	-	-	-	8.00	8.00
INV IN MUTHOOT PAPPACHAN TECHNOLOGIES	-	-	-	-	3.00
TOTAL	1,545.86	4,395.62	2,455.75	5,073.94	5,949.45

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
LONG TERM LOANS & ADVANCES					
BUILDING DEPOSITS	1,640.23	5,682.34	6,639.59	7,947.42	8,508.78
TOTAL	1,640.23	5,682.34	6,639.59	7,947.42	8,508.78
CURRENT INVESTMENTS					
INV IN DP A/C WITH MOS	-	-	3,404.80	1,642.47	627.10
TOTAL			3,404.80	1,642.47	627.10
TRADE RECEIVABLES					
SUNDRY DEBTORS :					
MORE THAN 180 DAYS	-	257.42	813.88	850.96	-
OTHER DEBTS	486.50	472.98	798.91	1,566.29	1,690.09
TOTAL	486.50	730.41	1,612.79	2,417.24	1,690.09
CURRENT ASSETS, LOANS AND ADVANCES					
A. CURRENT ASSETS:	-				
CASH IN HAND	3,748.73	6,011.59	8,209.89	13,462.53	12,700.91
FOREX BALANCE	175.32	88.93	55.98	197.40	456.15
CASH WITH SCHEDULED BANKS IN CURRENT ACCOUNT	17,588.90	12,343.74	23,287.80	22,493.79	14,851.62
CASH WITH SCHEDULED BANKS IN DEPOSIT ACCOUNT	6,627.48	5,046.70	9,212.56	5,956.11	3,854.88
TOTAL	28,140.42	23,490.95	40,766.23	42,109.83	31,863.56
B. LOANS & ADVANCES					
RETAIL LOANS RECEIVABLES					
SECURED AND CONSIDERED GOOD	1,19,587.19	3,27,290.47	5,95,015.53	7,41,665.02	6,61,048.31
CONSIDERED DOUBTFUL	1,635.47	3,912.40	3,937.81	18,591.23	16,387.10
OTHER LOANS:	-	-	-	-	-
SECURED AND CONSIDERED GOOD	322.65	614.31	1,404.44	7,698.51	11,621.95
CONSIDERED DOUBTFUL	-	-	-	-	-
UNSECURED BUT CONSIDERED GOOD	2,049.12	9,630.34	17,402.60	54,440.39	1,06,679.70
ADVANCES:	-	-	-	-	-
(RECEIVABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED)	-	-	-	-	-
CONSIDERED GOOD	3,511.45	5,428.88	5,778.68	159.45	4,390.11
CONSIDERED DOUBTFUL	-	-	-	-	-
ADVANCE FOR TAXES	-	-	-	-	-
TOTAL	1,27,105.88	3,46,876.40	6,23,539.06	8,22,554.60	8,00,127.17

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
OTHER CURRENT ASSETS					
DEPOSITS	-	-	-	55.37	59.96
INTEREST RECEIVABLES	9,560.38	19,761.11	39,096.73	84,337.85	79,644.65
OTHER CURRENT ASSETS	-	-	122.60	37,623.63	49,755.97
INTER CORPORATE DEPOSIT	-	-	-	10,000.00	-
ADVANCE TO SUPPLIERS	-	-	-	473.67	2,054.56
TOTAL	9,560.38	19,761.11	39,219.33	1,32,490.52	1,31,515.14

MUTHOOT FINCORP LIMITED
ANNEXURE V: NOTES TO REFORMATTED STATEMENT OF PROFIT AND LOSS

Rs. In Lakhs

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
REVENUE FROM OPERATIONS					
INTEREST ON RETAIL LOAN	40,197.35	71,006.99	1,43,017.72	1,96,283.68	1,67,500.75
INTEREST ON SWARNAVARSHAM	407.07	1,511.83	-	-	-
INTEREST ON SECURED LOAN	36.36	79.25	172.66	589.15	1,655.91
INTEREST ON CLEAN LOAN	38.03	154.02	-	-	-
INTEREST ON BUSINESS LOAN	394.24	413.29	-	-	-
INTEREST ON MUTHOOT MAHILA MITRA	-	740.09	-	-	-
INCOME FROM UNSECURED LOAN	-	-	4,059.98	7,110.52	16,078.08
INCOME FROM FOREX BUSINESS	51.21	70.09	150.37	182.49	341.85
INCOME FROM INSURANCE	284.23	360.80	59.03	140.28	114.87
INCOME FROM MONEY TRANSFER	-	-	742.65	551.97	873.04
TOTAL	41,408.50	74,336.35	1,48,202.41	2,04,858.09	1,86,564.50
OTHER INCOME					
INTEREST ON BANK DEPOSIT	440.58	476.33	396.80	785.24	382.71
MISCELLANEOUS INCOME	51.27	46.65	739.86	441.78	8,043.09
INTEREST ON ICD	-	34.55	8.22	24.66	1,021.23
INCOME FROM INVESTMENTS	33.87	101.30	289.89	363.47	454.23
INCOME FROM POWER GENERATION	932.81	880.90	1,077.61	1,336.21	1,065.94
TOTAL	1,458.54	1,539.72	2,512.38	2,951.35	10,967.20
EMPLOYEE BENEFITS EXPENSE					
REMUNERATION TO DIRECTORS	60.00	247.50	660.00	1,242.00	-
SALARIES AND ALLOWANCES	3,799.28	6,336.34	11,272.40	19,892.29	30,973.88
BONUS/EXGRATIA	24.49	24.30	43.60	138.07	215.21
PF AND ESI	49.42	92.19	238.01	842.64	1,152.86
INCENTIVE	-	-	-	3,507.67	2,615.72
STAFF WELFARE EXPENSES	-	-	197.77	531.92	310.02
TOTAL	3,933.19	6,700.32	12,411.78	26,154.59	35,267.69
FINANCE COST					
INTEREST ON SECURED DEBENTURES	1,573.34	1,774.49	3,601.53	16,048.37	27,869.64
INTEREST ON LOAN FROM BANKS	11,714.08	19,438.98	55,120.05	73,511.48	74,670.67
INTEREST ON LOAN FROM OTHERS	1,106.76	909.06	4,908.84	5,625.03	11,037.06
INTEREST ON PDI	976.70	1,644.00	1,728.00	1,728.00	1,728.00
TOTAL	15,370.89	23,766.52	65,358.42	96,912.87	1,15,305.36
OTHER EXPENSES					
RENT	1,302.80	2,794.04	4,972.45	11,427.02	12,735.58
POSTAGE & TELEGRAM	156.16	281.82	435.98	577.44	860.12
ELECTRICITY & WATER CHARGES	202.49	352.44	688.58	1,438.60	1,835.70
TRAVELLING EXPENSES	381.84	610.32	1,154.82	1,112.26	1,884.92
TELEPHONE CHARGES	198.23	320.31	553.61	989.63	1,537.92
PRINTING & STATIONERY	209.31	142.98	377.68	497.58	667.37
REPAIRS & MAINTENANCE - BUILDINGS	387.92	322.44	243.88	46.29	663.37
REPAIRS & MAINTENANCE - OTHERS	73.68	160.23	141.91	701.34	425.69
INSURANCE	53.80	62.46	61.00	63.72	178.67
OFFICE EXPENSES	131.47	150.41	342.87	506.46	294.47
SECURITY CHARGES	723.09	1,446.16	2,849.13	5,152.71	6,560.57
PROFESSIONAL CHARGES	109.56	355.31	572.57	1,025.95	739.32
MISCELLANEOUS EXPENSES	221.10	366.83	529.07	899.74	-
DONATION	26.67	14.67	89.12	177.54	198.19
SITTING FEES	1.75	1.95	1.70	5.28	7.00
COMMISSION TO DIRECTOR	163.91	155.85	297.87	260.40	-
MARKETING EXPENSES	296.39	2,048.22	6,383.25	4,461.49	1,841.92
BUSINESS PROMOTION EXPENSES	562.26	1,163.43	2,697.00	909.33	680.34
RATES & TAXES	21.05	36.99	119.62	213.18	951.04

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
PROVISIONS & WRITE OFFS	314.16	1,042.86	1,288.37	11,089.09	1,042.78
TOTAL	5,537.64	11,829.72	23,800.48	41,555.03	33,104.96
EXTRA-ORDINARY ITEMS					
INPUT CENVAT CREDIT	-	-	-	560.29	-
TOTAL				560.29	

MUTHOOT FINCORP LTD

SL	PARTICULARS	NET BLOCK (In Lakhs)				
		AS AT 31.03.2010	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2014
1	AIR CONDITIONER	67.12	152.35	384.63	605.94	585.81
2	BANK COUNTER & FIXTURES	2,476.60	6,560.99	13,799.05	22,797.42	23,069.99
3	BIO GAS PLANT	13.31	12.91	11.12	9.57	8.24
4	BUILDING	201.38	210.37	693.78	3,313.75	3,974.19
5	CALCULATOR	0.27	0.23	0.20	0.17	0.15
6	CASH COUNTING MACHING	4.75	11.01	18.19	25.66	24.28
7	CD PLAYER	0.27	0.23	0.20	0.17	0.15
8	CLOSE CIRCUIT CAMERA	3.29	2.84	2.44	2.99	2.56
9	COFFEE VENDING MACHINE	0.55	0.48	0.41	0.35	4.04
10	COMPUTER SYSTEM	589.38	858.12	1,521.79	2,217.39	2,302.92
11	CYCLE	0.08	0.09	0.07	0.06	0.05
12	ELECTRICAL EQUIPMENTS	26.72	23.50	24.57	30.85	27.30
13	ELECTRICAL FITTINGS	6.14	7.64	6.66	5.89	5.05
14	ELECTRONIC DIGITAL BOARD	4.42	3.80	3.27	2.81	2.43
15	ELECTRONIC EQUIPMENTS	12.58	18.16	21.50	22.44	42.04
16	ELECTRONIC WEIGHING BALANCE	55.48	84.62	123.93	228.31	414.18
17	EPABX	2.84	3.14	13.21	13.92	15.21
18	FAKE NOTE DETECTOR	5.79	9.14	13.97	32.44	36.28
19	FAX MACHINE	0.07	1.15	0.99	0.85	0.73
20	FIRE EXTINGUISHER	1.66	36.29	124.51	221.75	358.85
21	FIXTURES & FITTINGS	1.74	1.62	1.54	1.26	1.03
22	FURNITURE & FITTINGS	333.84	637.87	1,459.63	2,501.55	2,334.91
23	GENERATOR	0.96	0.82	0.71	0.61	7.29
24	IRON SAFE	0.78	0.74	0.70	0.66	0.64
25	LAND	746.99	1,049.01	1,149.81	2,304.98	2,314.59
26	LIBRARY	0.12	0.11	0.10	0.09	0.12
27	MOBILE PHONE	0.10	0.60	1.96	2.58	6.82
28	NEON BOARD	700.49	1,262.00	2,030.17	3,962.01	3,576.57
29	OFFICE EQUIPMENTS	-	-	-	5.17	4.78
30	PAPER SHREDDER	0.05	0.04	0.12	0.34	0.45
31	PHOTO COPY MACHINE	-	-	-	1.16	1.66
32	PROPERTY	-	-	112.90	199.50	221.46
33	SAFETY DEVICE SYSTEM	117.30	220.16	189.53	595.62	1,241.39
34	SOFTWARE	-	1.57	0.94	58.79	39.96
35	STABILIZER	-	-	-	-	-
36	STRONG ROOM	1,476.11	1,973.06	3,386.02	4,989.98	4,993.81
37	TELEVISION	0.53	0.88	0.76	0.65	23.26
38	TOOLS & SPARES	0.23	0.19	0.15	0.12	0.11
39	UPS	284.19	561.30	1,338.76	2,556.09	2,826.14
40	VEHICLES	99.52	111.10	278.22	236.45	134.41
41	WATER PURIFIER	0.47	1.41	1.21	1.04	1.15
42	WEIGHING BALANCE	1.43	1.49	2.18	1.88	1.61
43	WIND ELECTRIC GENERATOR	4,256.32	7,842.32	6,640.08	5,622.16	4,760.28
	Total	11,493.84	21,663.37	33,359.98	52,575.42	53,366.90

Report of Auditors on the reformatted financial statements of Muthoot Microfin Limited as at and for each of the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011, and March 31, 2010.

The Board of Directors
Muthoot Microfin Ltd.
Parinee Crescenzo,
Bandra Kurla Complex
Bandra East, Mumbai

Dear Sirs,

We have examined the reformatted financial statements of Muthoot Microfin Limited (the "Company") as at and for the years ended 31.03.2014, 31.03.2013, 31.03.2012, 31.03.2011, and 31.03.2010 annexed to this report for the purposes of inclusion in the offer document prepared by Muthoot Fincorp Limited (Holding Company) in connection with its proposed public issue of debt securities. Such financial statement, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:

- a) clause (b) of Sub – section (1) of Section 26 of the Companies Act, 2013 ("the Act") to the extent applicable to the accounts of subsidiary; and
- b) the Securities & Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008, as amended (the "Regulations") vide regulation 5(2)(a) issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 to the extent applicable to the accounts of subsidiary.

The preparation of such reformatted statements is the responsibility of the Company's management. Our responsibility is to report on such statements based on our procedures.

1. The reformatted financial statements has been extracted by the management from the audited financial statements of the Company as at 31.03.2014, 31.03.2013, 31.03.2012, 31.03.2011, & 31.03.2010 and from the books of account underlying such financial statements of the Company, which were approved by the Board of Directors on 28.04.2014, 18.05.2013, 05.06.2012, 14.07.2011, and 01.05.2010 respectively. We have audited the accounts for the year ended 31.03.2014, 31.03.2013, & 31.03.2012, in respect of which we have issued Audit Reports dated on 28.04.2014, 18.05.2013 & 05.06.2012. The audit of accounts for the year ended 31.03.2011 & 31.03.2010 was carried out by Deepak Ashar & Associates, Chartered Accountants and in respect of which they have issued Audit Reports dated 14.07.2011 and 01.05.2010 on which we have placed our reliance.

2. We have examined such reformatted financial information taking into consideration:
 - a) the terms of reference received from the Company requesting us to carry out work on such financial information, proposed to be included in the offer document of the Holding Company in connection with its proposed public issue of debt securities; and
 - b) the Guidance Note (Revised) on Reports in Company Prospectus issued by the Institute of Chartered Accountants of India.

3. In accordance with the requirements of clause (b) of Sub – section (1) of Section 26 of the Act, the Regulations and the terms of our engagement agreed with you, we further report that:

The reformatted summary statement of assets and liabilities and schedules forming part thereof, the reformatted summary statement of profits and losses and schedules forming part thereof and the reformatted summary statement of cash flows (together referred to as “Reformatted Summary Statements”) of the Company, including as at and for the years ended 31.03.2014, 31.03.2013, 31.03.2012, 31.03.2011 & 31.03.2010 examined by us are set out in Annexure I to V to this report.

4. Based on our examination as above, we further report that:
 - a) The Reformatted Summary Statements have to be read in conjunction with the notes given in Annexure VI
 - b) the figures of earlier periods have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to confirm to the classification adopted for the Reformatted Summary Statements as at and for the year ended March 31, 2014;
 - c) there are no extraordinary items which need to be disclosed separately in the attached Reformatted Summary Statements; and
 - d) in the preparation and presentation of reformatted statements based on audited financial statements as referred to in paragraph 2 and 3 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 1 above.

5. As stated in our audit reports referred to in paragraph 1 above, we have conducted our audit in accordance with the auditing standards generally accepted in India to enable us to issue an opinion on the general purpose financial statements. Those standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. Our audits referred to in paragraph 1 above were carried out for the purpose of certifying the general purpose financial statements taken as a whole. For none of the periods referred to in paragraph 1 above, did we perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.
7. We have not audited any financial statements of the Company as of any date or for any period subsequent to March, 31, 2014. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2014.
8. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or audit report of any other auditor in which we have placed our reliance nor should this be construed as a new opinion on any of the financial statements referred to herein.
9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10. This report is intended solely for your information and for inclusion in the Offer Document prepared in connection with the proposed public issue of debt securities of the Muthoot Fincorp Limited, the holding company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For JVR & Associates
Chartered Accountants
(F.R.No.011121S)**

**Shawn Jeff Christopher
Partner M.No.216926**

Place: Kochi -16

Date: 22.08.2014

MUTHOOT MICROFIN LTD

Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai

ANNEXURE I RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Lakhs)

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Equity and Liabilities					
Share Holder's Funds:					
Share Capital	30.00	30.00	30.00	500.00	550.00
Reserves And Surplus	1.24	2.26	3.08	(0.33)	(7.01)
Share Application money pending allotment	-	-	-	-	-
Non Current Liabilities					
Long Term Borrowings	-	-	-	-	-
Deferred Tax Liabilities(Net)	-	-	-	-	-
Other Long Term Liabilities	-	-	-	-	-
Long Term Provisions	0.00	0.00	0.00	0.19	0.00
Current Liabilities					
Short Term Borrowings	0.00	0.00	0.05	15.05	0.00
Trade Payables	0.15	0.15	0.50	8.82	9.65
Other Current Liabilities	0.00	0.00	0.00	0.73	0.16
Short Term Provisions	0.00	0.55	0.39	2.85	0.00
TOTAL	31.39	32.96	34.02	527.31	552.80
ASSETS					
Non Current assets					
Fixed Assets	0.00	0.00	0.00	0.68	0.43
Non Current Investments	0.00	0.00	0.00	0.00	0.00
Deferred Tax Assets (net)	0.00	0.00	0.00	0.55	3.54
Long Term Loans and Advances	0.00	0.00	0.00	0.00	0.00
Current Assets					
Current Investments	0.00	0.00	0.00	0.00	0.00
Inventories	-	-	-	-	-
Trade Receivables	0.00	0.00	0.00	0.00	0.00
Cash and Cash Equivalentts	30.26	31.78	33.57	179.67	535.88
Short Term Loans and Advances	1.13	1.18	0.45	345.29	4.14
Other Current Assets	0.00	0.00	0.00	1.12	8.81
TOTAL	31.39	32.96	34.02	527.31	552.80

As per our report of even date
For JVR & Associates
Chartered Accountant

For and on behalf of Board of Directors

Shawn Jeff Christopher
Partner

George Lamannil
Director

Palce : Kochi
Date : 22.08.2014

MUTHOOT MICROFIN LTD

Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai

ANNEXURE II RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES

(Rs. in Lakhs)

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
INCOME					
Revenue from Operations	0.00	0.00	0.00	42.72	22.82
Other Income	0.43	1.77	3.17	10.84	24.05
Total Revenue	0.43	1.77	3.17	53.56	46.87
EXPENSES					
Employee Benefits Expense	0.00	0.00	0.00	32.24	30.81
Finance Cost	0.00	0.00	0.00	0.00	2.57
Depreciation and Amortization Expense	0.00	0.00	0.00	0.19	0.25
Administrative & General Expenses	0.42	0.20	1.96	22.23	25.76
Marketing Expenses	0.00	0.00	0.00	0.00	0.00
Other Expenses	0.00	0.00	0.00	2.85	-2.85
Total Expenses	0.42	0.20	1.96	57.51	56.54
Profit Before Exceptional and Extra Ordinary Items and Tax	0.01	1.57	1.21	-3.95	-9.67
Exceptional Items	-	-	-	-	-
Profit Before Extra Ordinary Items and Tax	0.01	1.57	1.21	-3.95	-9.67
Extra Ordinary Items	-	-	-	-	-
Profit Before Tax	0.01	1.57	1.21	-3.95	-9.67
Tax Expenses:					
Current Tax	0.02	0.55	0.39		
Deferred Tax				-0.55	-2.99
Profit for the Period from Continuing Operations	-0.01	1.02	0.82	-3.40	-6.68
Profit/(Loss) from Discontinuing Operations	-	-	-	-	-
Tax Expense of Discontinuing Operation	-	-	-	-	-
Profit/(Loss) from Discontinuing Operations(after tax)	-	-	-	-	-
Profit for the Period	-0.01	1.02	0.82	-3.40	-6.68
Earnings per Equity Share (in Rs.)					
i. Basic	-0.004	0.34	0.27	-0.13	-0.13
ii. Diluted	0.00	0.00	0.00	0.00	0.00

As per our report of even date
For JVR & Associates
Chartered Accountant

For and on behalf of Board of Directors

Shawn Jeff Christopher
Partner

George Lamannil
Director

Palce : Kochi
Date : 22.08.2014

MUTHOOT MICROFIN LTD

Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai

ANNEXURE III RESTATED STATEMENT OF CASH FLOW

(Rs. in Lakhs)

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Cash flow from operating activities					
Net profit before taxation and extraordinary items	0.01	1.57	1.21	(3.95)	(9.67)
Adjustment for:					
Depreciation & amortization	-	-	-	0.19	0.25
Provision for Income Generating Loans	-	-	-	2.85	(2.85)
Other Provisions	-	-	0.50	9.00	9.46
Interest on Bank Deposit	-	-	-	(10.84)	(24.05)
Interest on Other Deposits	-	(1.77)	(3.17)	-	-
Interest Paid	-	-	-	-	2.57
Accrued Interest	-	-	-	(1.12)	-
Dividend income	-	-	-	-	-
Profit/(loss) on sale of fixed assets	-	-	-	-	-
Operating profit before working capital changes	0.01	(0.20)	(1.46)	(3.87)	(24.29)
Movement in Working Capital					
(Increase) / decrease loans and advances	-	-	-	(285.68)	285.68
(Increase) / decrease in trade & other receivables	25.05	(0.05)	0.73	(59.16)	47.77
Increase / (decrease) in other current liabilities	-	-	(0.31)	(0.16)	(9.38)
Cash generated from operation	25.06	(0.25)	(1.04)	(348.87)	299.78
Direct taxes paid (net of refund)	-	-	(0.39)	-	-
Extraordinary income	-	-	-	-	-
Net cash flow from / (used in) operating activities (A)	25.06	(0.25)	(1.43)	(348.87)	299.78
Cash flow from investing activities					
Purchase of fixed and tangible assets	-	-	-	(0.87)	-
Investment in subsidiary company	-	-	-	-	-
Interest received on current and long term investments	-	-	-	-	-
Interest on Bank deposits	-	-	-	10.84	24.05
Interest on Other Deposits	-	1.77	3.17	-	-
Profit/(loss) on sale of fixed assets	-	-	-	-	-
Dividend received	-	-	-	-	-
Net cash flow from / (used in) investing activities (B)	-	1.77	3.17	9.97	24.05
Cash flow from financing activities					
(Increase) / decrease of short term borrowings	-	-	0.05	15.00	(15.05)
(Increase) / decrease of long term borrowings	-	-	-	-	-
Proceeds from Issue of Share Capital	-	-	-	470.00	50.00
Interest Paid	-	-	-	-	(2.57)
Net cash flow from / (used in) financing activities (C)	-	-	0.05	485.00	32.38
Net increase / (decrease) in cash and cash equivalents (A + B + C)	25.06	1.52	1.79	146.10	356.21
Cash and cash equivalents at the beginning of the year	5.20	30.26	31.78	33.57	179.67
Cash and cash equivalents at the end of the year	30.26	31.78	33.57	179.67	535.88

As per our report of even date
For JVR & Associates
Chartered Accountant

For and on behalf of Board of Directors

Shawn Jeff Christopher
Partner

George Lamannil
Director

Palce : Kochi
Date : 22.08.2014

MUTHOOT MICROFIN LTD

ANNEXURE IV NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

	(Rs. in Lakhs)				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
SHARE CAPITAL					
AUTHORISED:	350.00	350.00	350.00	1,000.00	1,000.00
3500000 Equity shares of 10 each	3500000 Equity shares of 10 each	3500000 Equity shares of 10 each	3500000 Equity shares of 10 each	10000000 Equity shares of 10 each	10000000 Equity shares of 10 each
ISSUED,SUBSCRIBED AND PAIDUP:	30.00	30.00	30.00	500.00	550.00
TOTAL	30.00	30.00	30.00	500.00	550.00
RESERVES & SURPLUS					
STATUTORY RESERVE	0.09	0.29	0.46	0.46	0.46
PROFIT & LOSS ACCOUNT	1.15	1.97	2.62	(0.79)	(7.47)
SHARE PREMIUM					
SPECIAL CONTINGENCY RESERVE					
TOTAL	1.24	2.26	3.08	(0.33)	(7.01)
LONG TERM PROVISIONS					
PROVISION FOR GRATUITY				0.19	-
TOTAL	-	-	-	0.19	-
SHORT TERM BORROWINGS					
FROM DIRECTORS			0.05	15.05	-
WORKING CAPITAL LOANS					
TERM LOAN - CURRENT PORTION					
SD MATURING WITHIN ONE YEAR					
LOAN AGAINST DEPOSIT					
COMMERCIAL PAPER					
TOTAL	-	-	0.05	15.05	-
TRADE PAYABLES					
SUNDRY CREDITORS					
CREDITORS FOR EXPENSES	0.15	0.15	0.50	8.82	9.65
TOTAL	0.15	0.15	0.50	8.82	9.65
OTHER CURRENT LAIBILITIES					
OTHER CURRENT LAIBILITIES				0.73	0.16
TOTAL	-	-	-	0.73	0.16
SHORT TERM PROVISIONS					
PROVISION FOR TAXATION		0.55	0.39		-
PROVISION FOR INCOME GENERATING LOANS				2.85	-
PROVISION FOR STANDARD ASSETS TIER - II					
PROVISION FOR INV RATE FLUCTUATION					
PROV. FOR GOLD PRICE FLUCTUATION					
PROVISION FOR EARNED LEAVE ENCASHMT					
TOTAL	-	0.55	0.39	2.85	-
DEFERRED TAX					
DEFERRED TAX				0.55	3.54
TOTAL	-	-	-	0.55	3.54
TRADE RECEIVABLES					
SUNDRY DEBTORS :					
MORE THAN 180 DAYS					
OTHER DEBTS					
TOTAL	-	-	-	-	-

CASH AND CASH EQUIVALENTS

CASH IN HAND	0.32	0.08			
FOREX BALANCE					
CASH WITH SCHEDULED BANKS IN CURRENT ACCOUNT	29.94	31.70	33.57	29.67	87.83
CASH WITH SCHEDULED BANKS IN DEPOSIT ACCOUNT				150.00	448.05
TOTAL	30.26	31.78	33.57	179.67	535.88

LOANS & ADVANCES**RETAIL LOANS RECEIVABLES**

SECURED AND CONSIDERED GOOD

CONSIDERED DOUBTFUL

UNSECURED BUT CONSIDERED GOOD

285.68

OTHER LOANS:

SECURED AND CONSIDERED GOOD

CONSIDERED DOUBTFUL

UNSECURED BUT CONSIDERED GOOD

1.00

0.65

ADVANCES:

(RECEIVABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED)

CONSIDERED GOOD

1.00

1.00

0.25

58.61

3.49

CONSIDERED DOUBTFUL

ADVANCE FOR TAXES

0.13

0.18

0.20

OTHER CURRENT ASSETS

DEPOSITS

INTEREST RECEIVABLES

1.12

8.81

OTHER CURRENT ASSETS

INTER CORPORATE DEPOSIT

ADVANCE TO SUPPLIERS

FIXED ASSETS

SL	PARTICULARS	(Rs. in Lakhs)				
		31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
1	AIR CONDITIONER					
2	BANK COUNTER & FIXTURES					
3	BIO GAS PLANT					
4	BUILDING					
5	CALCULATOR					
6	CASH COUNTING MACHING					
7	CD PLAYER					
8	CLOSE CIRCUIT CAMERA					
9	COFFEE VENDING MACHINE					
10	COMPUTER SYSTEM				0.61	0.36
11	CYCLE					
12	ELECTRICAL EQUIPMENTS					
13	ELECTRICAL FITTINGS					
14	ELECTRONIC DIGITAL BOARD					
15	ELECTRONIC EQUIPMENTS					
16	ELECTRONIC WEIGHING BALANCE					
17	EPABX					
18	FAKE NOTE DETECTOR					
19	FAX MACHINE					
20	FIRE EXTINGUISHER					
21	FIXTURES & FITTINGS					
22	FURNITURE & FITTINGS					
23	GENERATOR					
24	IRON SAFE					
25	LAND					
26	LIBRARY					
27	MOBILE PHONE					
28	NEON BOARD					
29	OFFICE EQUIPMENTS				0.08	0.07
30	PAPER SHREDDER					
31	PHOTO COPY MACHINE					
32	PROPERTY					
33	SAFETY DEVICE SYSTEM					
34	SOFTWARE					
35	STABILIZER					
36	STRONG ROOM					
37	TELEVISION					
38	TOOLS & SPARES					
39	UPS					
40	VEHICLES					
41	WATER PURIFIER					
42	WEIGHING BALANCE					
43	WIND ELECTRIC GENERATOR					
	Total	-	-	-	0.68	0.43

MUTHOOT MICROFIN LTD

ANNEXURE V NOTES TO RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES

	(Rs. in Lakhs)				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
INCOME FROM OPERATION					
INTEREST ON RETAIL LOAN					
INTEREST ON SWARNAVARSHAM					
INTEREST ON SECURED LOAN					
INTEREST ON CLEAN LOAN					
INTEREST ON BUSINESS LOAN				42.72	22.82
INTEREST ON MUTHOOT MAHILA MITRA					
INCOME FROM UNSECURED LOAN					
INCOME FROM FOREX BUSINESS					
INCOME FROM INSURANCE					
INCOME FROM MONEY TRANSFER					
TOTAL	-	-	-	42.72	22.82
OTHER INCOME					
INTEREST ON BANK DEPOSIT				10.84	24.05
MISCELLANEOUS INCOME	0.43				
INTEREST ON OTHER DEPOSITS		1.77	3.17		
INCOME FROM INVESTMENTS					
INCOME FROM POWER GENERATION					
TOTAL	0.43	1.77	3.17	10.84	24.05
FINANCIAL EXPENSES					
INTEREST ON SECURED DEBENTURES					
INTEREST ON LOAN FROM BANKS					
INTEREST ON LOAN FROM OTHERS					2.57
INTEREST ON PDI					
TOTAL	-	-	-	-	2.57
EMPLOYEE BENEFITS					
REMUNERATION TO DIRECTORS					
SALARY & ALLOWANCES				28.65	27.87
ADMINISTRATIVE EXPENSE TO MPCMS					
REIMBURSEMENT OF :					
1) SALARY/STIPEND/HONARARIUM TO MPCMS					
2) BONUS/EXGRATIA					
3) PF AND ESI				3.59	2.94
INCENTIVE					
STAFF WELFARE EXPENSES					
TOTAL	-	-	-	32.24	30.81
DEPRECIATION AND AMORTISATION					
DEPRECIATIO OF TANGIBLE ASSETS				0.19	0.25
TOTAL	-	-	-	0.19	0.25
ADMINISTRATIVE & GENERAL EXPENSES					
RENT				11.33	8.46
POSTAGE & TELEGRAM					
ELECTRICITY& WATER CHARGES					
TRAVELLING EXPENSES				7.59	5.58
TELEPHONE CHARGES					
PRINTING & STATIONERY					
REPAIRS & MAINTENANCE - BULIDINGS					
REPAIRS & MAINTENANCE - OTHERS					
INSURANCE					
BANK CHARGES				0.03	
OFFICE EXPENSES					
SECURITY CHARGES					

AUDIT FEES:					
FOR STATUTORY AUDIT	0.05	0.05	0.25	0.56	0.56
FOR TAXATION	0.05	0.05			
FOR COMPANY LAW MATTERS					
FOR OTHER SERVICES				0.20	0.31
PROFESSIONAL CHARGES		0.05	0.46	0.97	0.32
MISCELLANEOUS EXPENSES	0.32	0.05	1.25	1.55	10.53
AUCTION EXPENSES					
DATA PROCESSING CHARGES					
VEHICLE MAINTENANCE					
DONATION					
SITTING FEES					
MEMBERSHIP FEES					
INTERNET CHARGES					
SERVICE TAX					
CONSULTANCY FESS					
RATING EXPENSES					
MANAGEMENT FEES - PMS					
EXPENSES FOR MBL					
COMMISSION TO DIRECTOR					
TOTAL	0.42	0.20	1.96	22.23	25.76
MARKETING EXPENSES					
ADVERTISEMENT					
MARKETING EXPENSES					
INAGURATION EXPENSES					
BUSINESS PROMOTION EXPENSES					
TOTAL	-	-	-	-	-
OTHER EXPESNSE					
FILING FEES					
RATES & TAXES					
PROFESSION TAX					
PROVISIONS & WRITE OFFS				2.85	-2.85
TOTAL	-	-	-	2.85	2.85
EXTRA-ORDINARY ITEMS					
INPUT CENVAT CREDIT					
TOTAL				-	-
TAX EXPENSES					
CURRENT TAX	0.02	0.55	0.39		
DEFERRED TAX				-0.55	-2.99
TOTAL	0.02	0.55	0.39	0.55	2.99

MUTHOOT MICROFIN LTD
STATEMENT OF CONTINGENT LIABILITY

	(Rs. in Lakhs)				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
(A) Claim against the Company not acknowledge as debt	NIL	NIL	NIL	NIL	NIL
(B) Guarantees-Counter Guarantees provided to banks	NIL	NIL	NIL	NIL	NIL
(C) Other Money for which company is contingently liable	NIL	NIL	NIL	NIL	NIL
(D) Commitments	NIL	NIL	NIL	NIL	NIL

MUTHOOT MICROFIN LTD

STATEMENT OF TAX SHELTERS

(Rs. in Lakhs)

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Profits/(Losses) before Current and Restated taxes as per books (A)	0.01	1.57	1.21	-3.95	-9.67
Income Tax Rates (including surcharge and education cess) applicable (B)	30.90%	30.90%	30.90%	30.90%	30.90%
Tax at notional rates (C)	0.00	0.49	0.38	0.00	0.00
Permanent Differences					
Income Tax Charged in the Profit and Loss account	-0.01	0.00	0.04	0.00	0.00
Disallowance u/s 36 (i) (v)	0.00	0.00	0.00	2.18	0.00
Total Permanent Differences (D)	-0.01	0.00	0.04	2.18	0.00
Timing Differences					
Difference between book depreciation and tax depreciation	0.00	0.00	0.00	-0.22	0.01
Provision for Gratuity	0.00	0.00	0.00	0.19	-0.19
Total Timing Differences (E)	0.00	0.00	0.00	-0.03	-0.18
Net Adjustments (F) = (D)+(E)	-0.01	0.00	0.04	2.15	-0.18
Tax impact on Adjustments (G) = (F)*(B)	-0.00	0.00	0.01	0.66	0.00
Taxable Income (H) = (A)+(F)	0.01	1.57	1.25	-1.80	-9.86
Tax Provision based on taxable income (I)=(H)*(B)	0.00	0.49	0.39	0.00	0.00
Error in provisioning		0.06	0.00		
Excess provision in the previous year	0.02				
Total Tax provision for the current year (J)	0.02	0.55	0.39	0.00	0.00
Deferred tax charges/(Credit) on difference between book depreciation under the Income Tax Act, 1961 (K)	0.00	0.00	0.00	0.07	0.00
Deferred tax charges/(Credit) on provision for Gratuity (L)	0.00	0.00	0.00	-0.06	0.06
Deferred tax charges/(Credit) on Unabsorbed Depreciation (M)	0.00	0.00	0.00	-0.13	-0.08
Deferred tax charges/(Credit) on Unabsorbed Business Loss (N)	0.00	0.00	0.00	-0.43	-2.97
Total Tax expense/(credit) during the year (O)=(J+K+L+M+N)	0.02	0.55	0.39	-0.55	-2.98

MUTHOOT MICROFIN LTD

DETAILS OF THE LIST OF RELATED PARTIES AND THE NATURE OF RELATIONSHIPS

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
A. Key Management Personnel (With whom transactions are taken place)					
NIL	NIL		Thomas George Muthoot (Director)	Thomas George Muthoot (Director) Thomas John Muthoot (Director) Thomas Muthoot (Director)	Thomas George Muthoot (Erstwhile Director) Thomas John Muthoot (Erstwhile Director) Thomas Muthoot (Erstwhile Director)
B. Relatives of Key Management Personnel (With whom transactions are taken place)					
	NIL	NIL	NIL	NIL	NIL
C. Holding Company					
	NIL	NIL	NIL	Muthoot Fincorp Limited	Muthoot Fincorp Limited

MUTHOOT MICROFIN LTD**TRANSACTIONS WITH RELATED PARTIES**

(Rs. in Lakhs)

	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Key Management Personnel					
A. Transaction during the year					
1. Rent paid	-	-	-	3.33	5.13
2. Loan from Directors	-	-	0.05	15.00	-15.05
3. Interest paid on loans	-	-	-	-	2.57
B. Net amount receivable/(Due) as at the end of the year					
1. Expense payables	-	-	-	-3.33	-8.46
2. Unsecured Loans and advances	-	-	-0.05	-15.05	-
Relatives of Key Management Personnel					
A. Transaction during the year					
	NIL	NIL	NIL	NIL	NIL
B. Net amount receivable/(Due) as at the end of the year					
	NIL	NIL	NIL	NIL	NIL
Holding Company					
A. Transaction during the year					
1. Rent paid	-	-	-	2.40	1.30
2. Transactions as per Cash Management agreement (Net)	-	-	-	239.65	(309.28)
3. Receipts/(Payments) as per Cash Management agreement	-	-	-	(297.18)	355.56
4. Service Charge on Cash Management agreement	-	-	-	-	0.21
5. Interest paid on loans	-	-	-	-	7.33
B. Net amount receivable/(Due) as at the end of the year					
1. Expense payables	-	-	-	(2.40)	-
2. Unsecured Loans and advances	-	-	-	57.53	-

ANNEXURE VI – NOTES ON REFORMATTED SUMMARY STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

1. Muthoot Microfin Limited formerly known as Pancharatna Securities Ltd. was incorporated on 06.04.1992 and the name was changed on 06.11.2012. The company is primarily engaged in the business of microfinance services and providing credit facilities to its clients.
2. The reformatted summary statement of assets and liabilities of the Company as at March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011, and March 31, 2010 and the related reformatted summary statement of profits and losses and cash flows for the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011, and March 31, 2010 (hereinafter collectively referred to as “Reformatted Summary Statements”) relate to Muthoot Microfin Limited (“the Company”) and have been prepared specifically for inclusion in the Prospectus to be filed Muthoot Fincorp Limited, its holding company in connection with its proposed public issue of secured, redeemable, non-convertible bonds in the nature of debentures.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY IN THE PREPARATION OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31 2014.

GENERAL

The financial statements are prepared under historical cost convention. These statements have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of The Companies Act, 1956.

REVENUE RECOGNITION

Revenue from Interest Income is recognised on a time proportion basis.

FIXED ASSETS

Fixed Assets are stated at historical cost less accumulated depreciation.

DEPRECIATION

Depreciation has been provided on fixed assets under Written Down Value at the rates and in the manner given under Schedule XIV to The Companies Act, 1956.

EMPLOYEE BENEFITS

- a. Short term employee benefits such as salaries, wages, bonus and incentives which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the profit and loss account.
- b. Defined Contribution Plan: Contributions made to the Recognised Provident Fund & Employee State Insurance Corporation are expensed to the Profit & Loss Account.
- c. Defined Benefit Plan: The Company is not statutorily required to make such contribution.

TAXES ON INCOME

Income tax expense comprises current tax and deferred tax charge or credit. The current tax is determined as the amount of tax payable in respect of the estimated taxable income of the period. The deferred tax charge or credit is recognised using prevailing enacted or substantively enacted tax rates. Where there are unabsorbed depreciation or carry forward losses, deferred tax asset is recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets are reviewed at each Balance Sheet date based on the developments during the year and available case laws, to reassess realisation/liabilities.

IMPAIRMENT OF 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 will be recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing the value in use; the estimated future cash flows are discounted to the present value using the weighted average cost of capital.

PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

The company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

SEGMENT REPORTING

In the absence of more than one distinguishable business/ geographical segment, segment information is not given.

**As per our report of even date
For JVR & Associates
Chartered Accountant**

**Shawn Jeff Christopher
Partner**

Palce : Kochi
Date : 22.08.2014

For and on behalf of Board of Directors

**George Lamannil
Director**

Report of Auditors on the reformatted financial statements of Muthoot Pappachan Technologies Limited as at and for each of the years ended March 31, 2014 and March 31, 2013.

The Board of Directors
Muthoot Pappachan Technologies Ltd.
14th Floor, Leela Infopark,
Technopark Campus, Trivandrum,
Kerala-695 581

Dear Sirs,

We have examined the reformatted financial statements of Muthoot Pappachan Technologies Limited (the "Company") as at and for the years ended 31.03.2014 and 31.03.2013 annexed to this report for the purposes of inclusion in the offer document prepared by Muthoot Fincorp Limited (Holding Company) in connection with its proposed public issue of debt securities. Such financial statement, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:

- a) clause (b) of Sub – section (1) of Section 26 of the Companies Act, 2013 ("the Act") to the extent applicable to the accounts of subsidiary; and
- b) the Securities & Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008, as amended (the "Regulations") vide regulation 5(2) (a) issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 to the extent applicable to the accounts of subsidiary.

The preparation of such reformatted statements is the responsibility of the Company's management. Our responsibility is to report on such statements based on our procedures.

1. The reformatted financial statements has been extracted by the management from the audited financial statements of the Company as at 31.03.2014 and 31.03.2013 and from the books of account underlying such financial statements of the Company, which were approved by the Board of Directors on 28.05.2014 and 03.08.2013 respectively. We have audited the accounts for the year ended 31.03.2014 and 31.03.2013 in respect of which we have issued Audit Reports dated on 28.05.2014 and 03.08.2013.
2. We have examined such reformatted financial information taking into consideration:
 - a) The terms of reference received from the Company requesting us to carry out work on such financial information, proposed to be included in the offer document of the Holding Company in connection with its proposed public issue of debt securities; and

- b) The Guidance Note (Revised) on Reports in Company Prospectus issued by the Institute of Chartered Accountants of India.
3. In accordance with the requirements of clause (b) of Sub – section (1) of Section 26 of the Act, the Regulations and the terms of our engagement agreed with you, we further report that:

The reformatted summary statement of assets and liabilities and schedules forming part thereof, the reformatted summary statement of profits and losses and schedules forming part thereof and the reformatted summary statement of cash flows (together referred to as “Reformatted Summary Statements”) of the Company, including as at and for the years ended 31.03.2014 and 31.03.2013 examined by us and annexed to this report.

4. Based on our examination as above, we further report that:
- a) The Reformatted Summary Statements have to be read in conjunction with the notes given in Annexure VI on reformatted summary statements and significant accounting policies annexed to this report.
- b) The figures of earlier periods have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to confirm to the classification adopted for the Reformatted Summary Statements as at and for the year ended March 31, 2014.
- c) there are no extraordinary items which need to be disclosed separately in the attached Reformatted Summary Statements; and
- d) in the preparation and presentation of reformatted statements based on audited financial statements as referred to in paragraph 2 and 3 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 1 above.
5. As stated in our audit reports referred to in paragraph 1 above, we have conducted our audit in accordance with the auditing standards generally accepted in India to enable us to issue an opinion on the general purpose financial statements. Those standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting

policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

6. Our audits referred to in paragraph 1 above were carried out for the purpose of certifying the general purpose financial statements taken as a whole. For none of the periods referred to in paragraph 1 above, did we perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.
7. We have not audited any financial statements of the Company as of any date or for any period subsequent to March, 31, 2014. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2014.
8. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or audit report of any other auditor in which we have placed our reliance nor should this be construed as a new opinion on any of the financial statements referred to herein.
9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
10. This report is intended solely for your information and for inclusion in the Offer Document prepared in connection with the proposed public issue of debt securities of the Muthoot Fincorp Limited, the holding company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.Suresh Kumar & Associates
Chartered Accountants
(F.R.No.011121S)

S.Suresh Kumar FCA
Member No.219403

Place: Trivandrum

Date: 23.08.2014

**Report of the Independent Auditor
on the Reformatted Summary Statements of Muthoot Pappachan Technologies
Limited as required by Part II of Schedule II of the Companies Act, 1956**

To,
The Board of Directors
Muthoot Pappachan Technologies Limited,
14th Floor, Leela Infopark,
Technopark Campus, Trivandrum,
Kerala-695 581

Dear Sirs,

1. We have examined the financial information of Muthoot Pappachan Technologies Limited ("the Company") for the purpose of its inclusion in the consolidated financial information of Muthoot Fincorp Limited ("Parent Company") for its inclusion in Draft Prospectus ("Draft Prospectus") prepared by the Parent Company in connection with parent company's proposed issue of secured, redeemable, non-convertible debentures in the nature of subordinated debt (the "NCD") up to Rs. 150 crores with an option to retain over subscription up to Rs. 150 crores, aggregating to Rs. 300 crores. Such financial information comprises of (A) Financial Information as per Summary Statements and (B) Other Financial Information which have been approved by the Board of Directors of the Company and prepared in accordance with the requirement of:

- (a) Paragraph B (1) of Part II of Schedule II of the Indian Companies Act, 1956 ("the Act"); and
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended. ("SEBI Regulations").

2. We have examined such financial information with regards to:

- a. the terms of reference agreed with the Company vide engagement letter dated 23rd August 2014 relating to work to be performed on such financial information, proposed to be included in the draft prospectus of the parent company in connection with proposed issue as mentioned above; and
- b. the Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.

3. Financial Information

The financial information referred to above, relating to profit and losses, assets and liabilities and cash flows of the Company 1S contained in the following annexures to this report:

- a) Annexure I containing the Summary Statement of Assets and Liabilities as at March 31 2014, and 2013.
- b) Annexure II containing the Summary Statement of Profit and Loss for the years ended March 31 2014 and 2013.
- c) Annexure III containing the Summary Statement of Cash Flows for the years ended March 31 2014 and 2013.

Collectively referred to as the "Summary Statements"

The aforesaid statements have been extracted by the Management from the audited financial statements of the Company for those years. We expressed audit opinion on the audited financial statements of the Company for the years ended March 31, 2014 and 2013.

4. The Summary Statements do not contain all the disclosures required by the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 applied in the preparation of the audited financial statements of the Company. Reading the Financial Statements, therefore IS no: a substitute for reading the audited financial statements of the Company.

5. Management Responsibility on the Summary Statements and other financial statements

Management is responsible for the preparation of summary statements and other financial information relating to the Company in accordance with Part II of Schedule II of the Act and the SEBI Regulations.

6. Auditors' Responsibility

Our responsibility is to express an opinion on the summary statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagement to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

7. Opinion

In our opinion, the summary financial statements, as mentioned in paragraph 3 above, are consistent, in all material respects, with the audited financial statements, In accordance with the Part II of Schedule II of the Act and the SEBI Regulations.

8. The figures included in the summary statements and other financial information do not reflect the events that occurred subsequent to the date of our reports on the respective periods referred to above.

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

10. We did not perform audit tests for the purposes of expressing an opinion on individual balances or summaries of selected transactions, and accordingly, we express no such opinion thereon.

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

12. This report is intended solely for your information and for Inclusion in the draft prospectus In connection with the proposed issue of the parent company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For S.Suresh Kumar & Associates
Chartered Accountants
Firm No.012111S**

**S.Suresh Kumar FCA
Member No.219403**

Place: Trivandrum
Date: 23.08.2014

Muthoot pappachan Technologies Limited
Reformatted Summary Statement of Assets & Liabilities

Particulars	Note	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Equity and Liabilities						
Share Holder's Funds:						
Share Capital	2.1	-	-	-	1.00	5.00
Reserves And Surplus	2.2	-	-	-	(22.88)	(83.64)
Share Application money pending allotment						
Non Current Liabilities						
Long Term Borrowings	2.3	-	-	-	52.05	685.68
Deferred Tax Liabilities(Net)		-	-	-	0.16	-
Other Long Term Liabilities		-	-	-	-	-
Long Term Provisions		-	-	-	-	-
Current Liabilities						
Short Term Borrowings		-	-	-	-	-
Trade Payables		-	-	-	-	-
Other Current Liabilities	2.4	-	-	-	2.84	38.76
Short Term Provisions		-	-	-	-	-
TOTAL		-	-	-	33.16	645.80
ASSETS						
Non Current assets						
Fixed Assets	2.15	-	-	-	11.98	373.71
Non Current Investments		-	-	-	-	-
Deferred Tax Assets (net)		-	-	-	-	37.65
Long Term Loans and Advances	2.6.2	-	-	-	6.80	35.87
Current Assets						
Current Investments		-	-	-	-	-
Inventories		-	-	-	-	-
Trade Receivables		-	-	-	-	-
Cash and Cash Equivalents	2.5	-	-	-	13.16	16.80
Short Term Loans and Advances	2.6.1	-	-	-	1.22	181.78
Other Current Assets		-	-	-	-	-
TOTAL		-	-	-	33.16	645.80

The Notes referred to above form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Board of Directors

For M/s S.SURESH KUMAR & ASSOCIATES
 CHARTERED ACCOUNTANTS
 Firm Registration No. 012111S

Mr. Thomas John Muthoot
 Director

C.A.S.SURESH KUMAR
 Chartered Accountant Director
 Membership No . 219403

Place:Trivandrum
 Date. 23/08/2014

Muthoot pappachan Technologies Limited
Reformatted Summary Statement of Profit & Loss

Particulars	Notes	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
INCOME						
Revenue from Operations	2.7	-	-	-	-	29.89
Other Income		-	-	-	-	-
Total Revenue		-	-	-	-	29.89
EXPENSES						
Employee Benefits Expense	2.8	-	-	-	-	24.56
Finance Cost		-	-	-	-	11.40
Depreciation and Amortization Expense		-	-	-	0.14	3.18
Administrative & General Expenses		-	-	-	-	-
Marketing Expenses		-	-	-	-	-
Other Expenses	2.9	-	-	-	22.58	89.31
Total Expenses		-	-	-	22.73	128.45
Profit Before Exceptional and Extra Ordinary Items and Tax		-	-	-	(22.73)	(98.56)
Exceptional Items		-	-	-	-	-
Profit Before Extra Ordinary Items and Tax		-	-	-	(22.73)	(98.56)
Extra Ordinary Items		-	-	-	-	-
Profit Before Tax		-	-	-	(22.73)	(98.56)
Tax Expenses:						
Current Tax		-	-	-	-	-
Deferred Tax		-	-	-	0.16	(30.78)
Profit for the Period from Continuing Operations		-	-	-	(22.88)	(67.78)
Profit/(Loss) from Discontinuing Operations		-	-	-	-	-
Tax Expense of Discontinuing Operation		-	-	-	-	-
Profit/(Loss) from Discontinuing Operations(after tax)		-	-	-	-	-
Profit for the Period		-	-	-	(22.88)	(67.78)
Earnings per Equity Share (in Rs.)						
i. Basic		-	-	-	(614.15)	(155.30)
ii. Diluted		-	-	-	(614.15)	(155.30)

The Notes referred to above form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Board of Directors

For M/s S.SURESH KUMAR & ASSOCIATES
 CHARTERED ACCOUNTANTS
 Firm Registration No. 012111S

Mr. Thomas John Muthoot
 Director

CA.S.SURESH KUMAR
 Chartered Accountant Director
 Membership No . 219403

Place:Trivandrum
 Date. 23/08/2014

Muthoot Pappachan Technologies Limited

Reformatted Summary Statement of Cash Flow Statement

Particulars	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Cash flow from operating activities					
Net profit before taxation and extraordinary items	-	-	-	(22.73)	(98.56)
Non cash adjustments to reconcile profit before tax to net cash flows:	-	-	-	-	-
Depreciation & amortization	-	-	-	0.14	3.18
Operating profit before working capital changes	-	-	-	(22.58)	(95.38)
Movement in Working Capital					
(Increase) / decrease in short term loans and advances	-	-	-	(1.22)	(91.82)
(Increase) / decrease in other current assets	-	-	-	-	-
Increase / (decrease) in other current liabilities	-	-	-	2.84	35.92
	-	-	-	-	-
Cash generated from operation				(20.97)	(151.28)
Direct taxes paid	-	-	-	-	-
Net cash flow from / (used in) operating activities (A)	-	-	-	(20.97)	(151.28)
Cash flow from investing activities					
Purchase of fixed assets	-	-	-	(12.12)	(2.84)
Intangibles under development	-	-	-	-	(350.05)
Tangible asset under development	-	-	-	-	(12.02)
Building Deposit	-	-	-	(6.80)	(29.07)
Advance for Fixed Assets	-	-	-	-	(88.73)
Net cash flow from / (used in) investing activities (B)	-	-	-	(18.92)	(482.71)
Cash flow from financing activities					
Loan from Directors	-	-	-	52.05	633.63
Proceeds from Issue of Share Capital	-	-	-	1.00	4.00
Net cash flow from / (used in) financing activities (C)	-	-	-	53.05	637.63
Net increase / (decrease) in cash and cash equivalents (A + B + C)	-	-	-	13.16	3.64
Cash and cash equivalents at the beginning of the year	-	-	-	-	13.16
Cash and cash equivalents at the end of the year	-	-	-	13.16	16.80

The Notes referred to above form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Board of Directors

For M/s S.SURESH KUMAR & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. 012111S

Mr. Thomas John Muthoot

Director

C.A.S.SURESH KUMAR

Chartered Accountant Director

Membership No . 219403

Place:Trivandrum

Date: 23/08/2014

ANNEXURE VI – NOTES ON REFORMATTED SUMMARY STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

1. Muthoot Pappachan Technologies Ltd was formed on 5th July 2013 after conversion of Muthoot Pappachan Technologies P Ltd into a public limited company. The company provide consulting-led integrated portfolio of information technology (IT) and IT-enabled services. The Company's full services portfolio consists of opening & operation of call centres & to engage in all kinds of business outsourcing & knowledge processing outsourcing services including data entry, data mining, designing of websites & its hosting, content writing, e-marketing & imparting technical education & training to individuals & corporate through online as well as offline means in networking, network management & data centre management & to provide consultancy in relation thereto
2. The reformatted summary statement of assets and liabilities of the Company as at March 31, 2014 and March 31, 2013 and the related reformatted summary statement of profits and losses and cash flows for the years ended March 31, 2014 and ,March 31, 2013 (hereinafter collectively referred to as "Reformatted Summary Statements") relate to Muthoot Pappachan Technologies Limited ("the Company") and have been prepared specifically for inclusion in the Prospectus to be filed Muthoot Fincorp Limited, its holding company in connection with its proposed public issue of secured, redeemable, non-convertible bonds in the nature of debentures.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY IN THE PREPARATION OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31ST 2014, MARCH 31ST 2013.

1.1 Basis of Accounting

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets. Accounting estimates could

change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Revenue Recognition

Revenue is primarily derived from software support services and from software development. Arrangements with customers for software development and related services are either on a fixed-price, fixed-time frame or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as there related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues .Revenue from fixed-price and fixed-time frame contracts, where there is noun certainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion method. When there is uncertainty as to measurement or ultimate collect ability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue .Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized rateably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion method. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

1.4 Fixed assets and depreciation

- A) Fixed assets (gross block) are stated at their original cost of acquisition including freight, incidental expense and other non-refundable taxes or levies related to acquisition and installation of the concerned assets. Depreciation on asset is provided on written down value method at the rates and in the manner prescribed in schedule IV to the Companies Act, 1956
- B) The Fixed Assets of the company are adequately depreciated every year. Hence in the opinion of the directors there is no impairment to any asset that requires to be provided for as required in AS 28.

1.5. Preliminary Expenses:

Preliminary Expenses have been fully written off in the first year of operation

1.6. Events occurring after the Balance Sheet date:

No significant events which could affect the financial position as on 31.3.2014 to a material extent have been reported by the assessee after the balance sheet date till the signing date of report.

1.7. Overall Valuation Policy:

The accounts have been prepared on historical cost basis and in going concern assumption.

1.8. Contingent liabilities:

Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter. However no such liability has been reported during this period.

1.9. Income Tax:

Income taxes comprises of current & deferred taxes. Current taxes are measured at the amount expected to be paid to the income tax authorities in accordance with the Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.10. Foreign Currency Transactions:

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

1.11 Employees' Retirement and other benefits.

The Company has not engaged the required number of employees so as to attract various employee retirement benefit schemes.

1.12 Borrowing Cost

Borrowing costs whether specific or general, utilized for acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets till the activities necessary for its intended use are complete All other borrowing costs are charged in statement of Profit & Loss of the year in which incurred.

**For S.Suresh Kumar & Associates
Chartered Accountants
Firm No.012111S**

**S. Suresh Kumar FCA
Member No.219403**

**Place: Trivandrum
Date: 23.08.2014**

MUTHOOT PAPPACHAN TECHNOLOGIES LIMITED
14th Floor, Leela Infopark, Technopark campus, Trivandrum

2. Notes to Reformatted Summary Statement of Assets & Liabilities and Profit & Loss

2.1 Share Capital

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Authorised					
Equity Shares of 10 each	-	-	-	1.00	5.00
Issued					
Equity Shares of 10 each	-	-	-	1.00	5.00
Subscribed & Paid up					
Equity Shares of 10 each fully paid	-	-	-	1.00	5.00
Total	-	-	-	1.00	5.00

2.2 Reserves & Surplus

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Surplus					
Opening balance	-	-	-	-	(22.88)
(+) Net Profit/(Net Loss) For the current year	-	-	-	(22.88)	(67.78)
Deferred Tax Asset for the year ended 31.3.2013	-	-	-	-	7.02
Closing Balance	-	-	-	(22.88)	(83.64)
TOTAL	-	-	-	(22.88)	(83.64)

2.3 Long-Term Borrowings

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Surplus					
Loan from Directors					
Mr. Thomas John Muthoot	-	-	-	52.05	685.68
TOTAL	-	-	-	52.05	685.68

2.4 Other Current Liabilities

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Telephone Charges payable	-	-	-	-	0.18
Repairs & Maintenance Payable	-	-	-	0.30	-
Security Charges Payable	-	-	-	0.16	0.40
Electricity & water Charges Payable	-	-	-	0.83	0.73
TDS Payable	-	-	-	0.45	10.26
WCT Payable	-	-	-	0.04	0.63
Interest on Loan Payable	-	-	-	0.83	25.93
Audit fee Payable	-	-	-	0.25	0.25
Internet Expenses	-	-	-	-	0.21
Travelling Expense Payable	-	-	-	-	0.08
Expense payable	-	-	-	-	0.08
TOTAL	-	-	-	2.86	38.76

2.5 Cash and cash equivalents

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
a. Balances with banks	-	-	-	13.16	16.77
b. Cash on hand	-	-	-	-	0.02
TOTAL	-	-	-	13.16	16.80

2.4 Other Current Liabilities

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Advance to Ernst & Young	-	-	-	0.90	-
TDS	-	-	-	-	3.11
CENVAT Credit	-	-	-	-	47.74
Advances	-	-	-	-	88.73
Repairs & Maintenance	-	-	-	0.32	-
Prepaid Internet Charges	-	-	-	-	0.21
Income Receivable	-	-	-	-	20.47
Prepaid Expenses	-	-	-	-	20.99
Electricity Deposits	-	-	-	-	0.27
Prepaid Insurance	-	-	-	-	0.26
TOTAL	-	-	-	1.22	181.78

2.6.2 Long-term loans and advances

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Building Deposits	-	-	-	6.80	35.87
TOTAL	-	-	-	6.80	35.87

2.7 Revenue from operation

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Consultation Fee	-	-	-	-	29.89
TOTAL	-	-	-	-	29.89

2.8 Employee benefit expense

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Salaries & Allowance	-	-	-	-	23.89
Staff Welfare Expense	-	-	-	-	0.67
TOTAL	-	-	-	-	24.56

2.9 Other Expense

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Power & Water Charges	-	-	-	2.48	7.44
Telephone Charges	-	-	-	-	1.57
Travelling Expense	-	-	-	-	5.36
Bank Charges	-	-	-	-	0.06
Repairs & Maintenance	-	-	-	2.23	0.35
Printing & Stationery	-	-	-	0.04	0.24
Preliminary Expense	-	-	-	0.22	-
Rent	-	-	-	15.28	59.67
Auditors Fee	-	-	-	0.25	0.25
Office Maintenance	-	-	-	0.15	2.60
Filing Fees	-	-	-	-	0.40
Interest on Loan	-	-	-	0.92	-
Security Charges	-	-	-	0.58	2.45
Internet charges	-	-	-	-	2.53
Insurance	-	-	-	-	0.01
Rates & Taxes	-	-	-	-	0.35
Vehicle Maintenance	-	-	-	-	0.35
Software licence payment	-	-	-	-	5.69
Inauguration Expense	-	-	-	0.42	-
TOTAL	-	-	-	22.58	89.31

2.10.2 Transaction with Related Party

Transactions with - Key Managerial Person					Amount in Lakhs	
Particulars	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	
Interest paid	-	-	-	0.92	28.81	
Loan from Directors	-	-	-	52.05	633.63	
TOTAL	-	-	-	52.97	662.44	

Transactions with other Companies					Amount in Lakhs	
Particulars	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	
Consulting Fees	-	-	-	-	29.89	
TOTAL	-	-	-	-	29.89	

2.8 Employee benefit expense

					Amount in Lakhs	
Particulars	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	
Claims against the company, not acknowledged	-	-	-	-	-	
Guarantees	-	-	-	-	-	
Other mony for which the company is contingen	-	-	-	-	-	
Commitments	-	-	-	-	-	
TOTAL	-	-	-	-	-	

2.12 Statement of Tax Shelters

					Amount in Lakhs	
Particulars	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	
Profit for the period as per books	-	-	-	(22.73)	(98.56)	
Income Tax Rates	-	-	-	-	-	
Adjustments for Tax computation	-	-	-	-	-	
Depreciation as per books	-	-	-	(0.14)	(3.18)	
Donation	-	-	-	-	-	
Provisions	-	-	-	-	-	
Depreciation as per Income Tax Act	-	-	-	0.83	2.08	
Exempted Income (Dividend)	-	-	-	-	-	
Donation Sec 35AC	-	-	-	-	-	
Profit on sale of asset	-	-	-	-	-	
Share capital enhancement fee	-	-	-	-	-	
Admissable Gratuity Expense	-	-	-	-	-	
Deduction U/s 80IA	-	-	-	-	-	
Total Income	-	-	-	(23.42)	(97.46)	
Tax on Total Income	-	-	-	-	-	
Interest on Tax	-	-	-	-	-	
Total Tax	-	-	-	-	-	
Deferred Tax	-	-	-	0.16	(30.78)	
Total Tax Expense	-	-	-	0.99	(30.78)	

2.10.1 Related Party Disclosure

A Key Managerial Personnel

Sl.No:	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
1	Nil	Nil	Nil	Thomas John Muthoot, Director	Thomas John Muthoot, Director
2	Nil	Nil	Nil	Thomas George Muthoot, Director	Thomas George Muthoot, Director
3	Nil	Nil	Nil	Thomas Muthoot, Director	Thomas Muthoot, Director

B Relatives of Key Managerial Personnel

Sl.No:	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
1	Nil	Nil	Nil	Janamma Thomas, Mother of Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot	Janamma Thomas, Mother of Thomas John Muthoot, Thomas George Muthoot and Thomas Muthoot
2	Nil	Nil	Nil	Preethi John, W/o Thomas John Muthoot	Preethi John, W/o Thomas John Muthoot
3	Nil	Nil	Nil	Thomas M John, S/o Thomas John Muthoot	Thomas M John, S/o Thomas John Muthoot
4	Nil	Nil	Nil	Susan John Muthoot, D/o Thomas John Muthoot	Susan John Muthoot, D/o Thomas John Muthoot
5	Nil	Nil	Nil	Nina George, W/o Thomas George Muthoot	Nina George, W/o Thomas George Muthoot
6	Nil	Nil	Nil	Tina Suzanne George, D/o Thomas George Muthoot	Tina Suzanne George, D/o Thomas George Muthoot
7	Nil	Nil	Nil	Ritu Elizabeth George, D/o Thomas George Muthoot	Ritu Elizabeth George, D/o Thomas George Muthoot
8	Nil	Nil	Nil	Swetha Ann George, D/o Thomas George Muthoot	Swetha Ann George, D/o Thomas George Muthoot
9	Nil	Nil	Nil	Remy Thomas, W/o Thomas Muthoot	Remy Thomas, W/o Thomas Muthoot
10	Nil	Nil	Nil	Suzannah Muthoot, D/o Thomas George Muthoot	Suzannah Muthoot, D/o Thomas George Muthoot
11	Nil	Nil	Nil	Hannah Muthoot, D/o Thomas George Muthoot	Hannah Muthoot, D/o Thomas George Muthoot

C		Company				
Sl.No:	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	
1	Nil	Nil	Nil	ALASKA AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	ALASKA AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	
2	Nil	Nil	Nil	BAMBOO AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	BAMBOO AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	
3	Nil	Nil	Nil	BUTTERCUP AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	BUTTERCUP AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	
4	Nil	Nil	Nil	CALYPSO AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	CALYPSO AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	
5	Nil	Nil	Nil	CINNAMON AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	CINNAMON AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	
6	Nil	Nil	Nil	DOUBLE TAILS AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	DOUBLE TAILS AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	
7	Nil	Nil	Nil	EL TORO AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	EL TORO AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	
8	Nil	Nil	Nil	EMMEL REALTORS AND DEVELOPERS PRIVATE LIMITED	EMMEL REALTORS AND DEVELOPERS PRIVATE LIMITED	
9	Nil	Nil	Nil	FIREWORKS AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	FIREWORKS AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	
10	Nil	Nil	Nil	FLAME AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	FLAME AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	
11	Nil	Nil	Nil	FOX BUSH AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	FOX BUSH AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	
12	Nil	Nil	Nil	GOBLIN AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	GOBLIN AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	

13	Nil	Nil	Nil	JUNGLE CAT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	JUNGLE CAT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
14	Nil	Nil	Nil	L.M REALTORS PRIVATE LIMITED	L.M REALTORS PRIVATE LIMITED
15	Nil	Nil	Nil	LINDEN AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED	LINDEN AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
16	Nil	Nil	Nil	MANDARIN AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED	MANDARIN AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
17	Nil	Nil	Nil	MARIPOSA AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED	MARIPOSA AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
18	Nil	Nil	Nil	MPG HOTELS AND INFRASTRUCTURE VENTURES PRIVATE LIMITED	MPG SPORTS ACADEMY PRIVATE LIMITED
19	Nil	Nil	Nil	MUSK AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED	MPG HOTELS AND INFRASTRUCTURE VENTURES PRIVATE LIMITED
20	Nil	Nil	Nil	MUTHOOT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED	MUSK AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
21	Nil	Nil	Nil	MUTHOOT AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED	MUTHOOT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
22	Nil	Nil	Nil	MUTHOOT AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED	MUTHOOT AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
23	Nil	Nil	Nil	MUTHOOT APT CERAMICS LIMITED	MUTHOOT AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
24	Nil	Nil	Nil	MUTHOOT AUTOMOTIVE (INDIA) PRIVATE LIMITED	MUTHOOT APT CERAMICS LIMITED
25	Nil	Nil	Nil	MUTHOOT AUTOMOBILE SOLUTIONS PRIVATE LIMITED	MUTHOOT AUTOMOTIVE (INDIA) PRIVATE LIMITED
26	Nil	Nil	Nil	MUTHOOT BUILDTECH (INDIA) PRIVATE LIMITED	MUTHOOT AUTOMOBILE SOLUTIONS PRIVATE LIMITED
27	Nil	Nil	Nil	MUTHOOT CAPITAL SERVICES LIMITED	MUTHOOT BUILDTECH (INDIA) PRIVATE LIMITED
28	Nil	Nil	Nil	MUTHOOT EQUITIES LIMITED	MUTHOOT CAPITAL SERVICES LIMITED

29	Nil	Nil	Nil	MUTHOOT HOLDINGS PRIVATE LIMITED	MUTHOOT EQUITIES LIMITED
30	Nil	Nil	Nil	MUTHOOT HOTELS PRIVATE LIMITED	MUTHOOT HOLDINGS PRIVATE LIMITED
31	Nil	Nil	Nil	MUTHOOT HOUSING FINANCE COMPANY LIMITED	MUTHOOT HOTELS PRIVATE LIMITED
32	Nil	Nil	Nil	MUTHOOT INFRASTRUCTURE PRIVATE LIMITED	MUTHOOT HOUSING FINANCE COMPANY LIMITED
33	Nil	Nil	Nil	MUTHOOT LAND AND ESTATES PRIVATE LIMITED	MUTHOOT INFRASTRUCTURE PRIVATE LIMITED
34	Nil	Nil	Nil	MUTHOOT MOTORS PRIVATE LIMITED	MUTHOOT LAND AND ESTATES PRIVATE LIMITED
35	Nil	Nil	Nil	MUTHOOT MICROFIN LIMITED	MUTHOOT MOTORS PRIVATE LIMITED
36	Nil	Nil	Nil	MUTHOOT PAPPACHAN MEDICARE PRIVATE LIMITED	MUTHOOT MICROFIN LIMITED
37	Nil	Nil	Nil	MUTHOOT FINCORP LIMITED	MUTHOOT PAPPACHAN MEDICARE PRIVATE LIMITED
38	Nil	Nil	Nil	MUTHOOT PROPERTIES (INDIA) PRIVATE LIMITED	MUTHOOT FINCORP LIMITED
39	Nil	Nil	Nil	MUTHOOT RISK INSURANCE AND BROKING SERVICES PRIVATE LIMITED	MUTHOOT PROPERTIES (INDIA) PRIVATE LIMITED
40	Nil	Nil	Nil	PALAKKAD INFRASTRUCTURE PRIVATE LIMITED	MUTHOOT RISK INSURANCE AND BROKING SERVICES PRIVATE LIMITED
41	Nil	Nil	Nil	PINE PINK AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED	PALAKKAD INFRASTRUCTURE PRIVATE LIMITED
42	Nil	Nil	Nil	THE RIGHT AMBIENT RESORTS PRIVATE LIMITED	PINE PINK AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
43	Nil	Nil	Nil	MUTHOOT PAPPACHAN CHITS (INDIA) PRIVATE LIMITED	THE RIGHT AMBIENT RESORTS PRIVATE LIMITED
44	Nil	Nil	Nil	MUTHOOT EXIM PRIVATE LIMITED	MUTHOOT PAPPACHAN CHITS (INDIA) PRIVATE LIMITED
45	Nil	Nil	Nil	MUTHOOT KURIES PRIVATE LIMITED	MUTHOOT EXIM PRIVATE LIMITED
46	Nil	Nil	Nil	MUTHOOT BANKERS	MUTHOOT KURIES PRIVATE LIMITED
47	Nil	Nil	Nil	MUTHOOT CINE ENTERPRISE	MUTHOOT BANKERS
48	Nil	Nil	Nil	MUTHOOT ESTATE INVESTMENTS	MUTHOOT CINE ENTERPRISE

49	Nil	Nil	Nil	MUTHOOT FINANCE COMPANY	MUTHOOT ESTATE INVESTMENTS
50	Nil	Nil	Nil	MUTHOOT INSURANCE SERVICES	MUTHOOT FINANCE COMPANY
51	Nil	Nil	Nil	MUTHOOT MOTORS (COCHIN)	MUTHOOT INSURANCE SERVICES
52	Nil	Nil	Nil	MPG AIR CATERING LLP	MUTHOOT MOTORS (COCHIN)
53	Nil	Nil	Nil	MPG APEX MANAGEMENT LLP	MPG AIR CATERING LLP
54	Nil	Nil	Nil	MPG ASSET MANAGEMENT LLP	MPG APEX MANAGEMENT LLP
55	Nil	Nil	Nil	MPG AUTOMOBILES LLP	MPG ASSET MANAGEMENT LLP
56	Nil	Nil	Nil	MPG HOSPITALITY LLP	MPG AUTOMOBILES LLP
57	Nil	Nil	Nil	MPG LAND AND ESTATE LLP	MPG HOSPITALITY LLP
58	Nil	Nil	Nil	MPG LAND DEVELOPERS LLP	MPG LAND AND ESTATE LLP
59	Nil	Nil	Nil	MPG REAL ESTATE LLP	MPG LAND DEVELOPERS LLP
60	Nil	Nil	Nil		MPG REAL ESTATE LLP

2.13 Value of Tangible Assets as per Companies Act, 1956

Particulars	Amount in Lakhs				
	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
TANGIBLE ASSETS	-	-	-	-	-
<u>Freehold Furniture & Fixtures</u>					
Furniture & Furnitures	-	-	-	3.00	2.84
<u>Freehold Office Equipment</u>					
Electrical Equipments	-	-	-	0.45	2.20
<u>Vehicles</u>					
Tata Winger(Vehicle)	-	-	-	8.53	6.32
Data Processing Equipment	-	-	-	-	0.28
TOTAL	-	-	-	11.98	11.64

Report of the Independent Auditor on the Summary Statements of Muthoot Housing Finance Company Limited

To,
The Board of Directors
Muthoot Housing Finance Company Limited,
Muthoot Centre,
Punned Road,
Trivandrum,
Kerala-695034

Dear Sirs,

1. We have examined the financial information of Muthoot Housing Finance Company Limited (“the Company”) for the purpose of its inclusion in the consolidation financial information of Muthoot Fincorp Limited (“Parent Company”) for its inclusion in Draft Prospectus (“Draft Prospectus”) prepared by the Parent Company in connection with parent company’s proposed issue of secured, redeemable, non-convertible debentures and unsecured, redeemable, non-convertible debentures in the nature of subordinated debt (the “NCD”) up to Rs. 150 crores with an option to retain over subscription up to Rs. 150 crores, aggregating to Rs. 300 crores. Such financial information comprises of (A) Financial Information as per Summary Statements and (B) Other Financial Information which have been approved by the Board of Directors of the Company and prepared in accordance with the requirement of:
 - (a) Section 26(1)(b) of the Companies Act 2013 (“the Act”) to the extent applicable; and
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended. (“SEBI Regulations”).
2. We have examined such financial information with regard to:
 - a. the terms of reference agreed with the Company vide engagement letter dated August 13, 2014 relating to work to be performed on such financial information, proposed to be included in the draft prospectus of the parent company in connection with proposed issue as mentioned above; and
 - b. the Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.
3. **Financial Information**

The financial information referred to above, relating to profit and losses, assets and liabilities and cash flows of the Company is contained in the following annexures to this report:

 - a) **Annexure I** containing the Summary Statement of Assets and Liabilities as at March 31 2014, 2013, 2012 and 2011.
 - b) **Annexure II** containing the Summary Statement of Profit and Loss for the years ended March 31 2014, 2013, 2012 and the period from March 5, 2010 to March 31, 2011.
 - c) **Annexure III** containing the Summary Statement of Cash Flows for the years ended March 31 2014, 2013, 2012 and the period from March 5, 2010 to March 31, 2011.

collectively referred to as the “Summary Statements”

The aforesaid statements have been extracted by the Management from the audited financial statements of the Company for those years. We expressed audit opinions on the audited financial statements of the Company for the years ended March 31, 2014, 2013 and 2012 vide our reports dated May 14, 2014, May 3, 2013 and June 29, 2012 respectively.

Audit of the financial statements for the period from March 5, 2010 to March 31, 2011, were carried out by M/s. A. Cherian & Associates, Chartered Accountants, being the auditor of the Company for that year, and accordingly reliance has been placed on the financial statements audited and reported upon by them for the above mentioned year.

4. The Summary Statements do not contain all the disclosures required by the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 applied in the preparation of the audited financial statements of the Company. Reading the Financial Statements, therefore is not a substitute for reading the audited financial statements of the Company.

5. **Management Responsibility on the Summary Statements and other financial statements**

Management is responsible for the preparation of summary statements and other financial information relating to the Company in accordance with Section 26(1)(b) of the Act and the SEBI Regulations.

6. **Auditors' Responsibility**

Our responsibility is to express an opinion on the summary statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagement to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

7. **Opinion**

In our opinion, the summary financial statements, as mentioned in paragraph 3 above, are consistent, in all material respects, with the audited financial statements, in accordance with the Section 26(1)(b) of the Act and the SEBI Regulations.

Further, in our audit report dated June 29, 2012 on the financial statements for the year ended March 31, 2012, we expressed a qualified opinion with respect to "*non provisioning of gratuity liability as per actuarial valuation as specified by Accounting Standard-15 on "Employee Benefits" referred to in subsection (3C) of Section 211 of the Companies Act, 1956. In the absence of actuarial valuation report, the impact of it cannot be quantified*".

8. The figures included in the summary statements and other financial information do not reflect the events that occurred subsequent to the date of our reports on the respective periods referred to above.
9. This report should not in any way be construed as a reissuance or redating of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.
10. We did not perform audit tests for the purposes of expressing an opinion on individual balances or summaries of selected transactions, and accordingly, we express no such opinion thereon.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. This report is intended solely for your information and for inclusion in the draft prospectus in connection with the proposed issue of the parent company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Haribhakti & Co. LLP,
Chartered Accountants
ICAI Firm Registration No.103523W

Sumant Sakhardande
Partner
Membership No.034828

Place: Mumbai
Date: August 21, 2014

MUTHOOT HOUSING FINANCE COMPANY LIMITED
CASH FLOW STATEMENT

Particulars	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Cash Flow From Operating Activities				
Profit/(Loss) before taxation	-	-3,83,12,038	-1,21,84,645	1,18,59,393
Non cash adjustments to reconcile profit before tax to net cash flows:				
Depreciation & amortization	-	97,248	5,87,048	20,50,099
Loss on assets written off	-	20,621	-	19,503
Contingent Provisions on Standard assets	-	3,81,031	39,82,329	71,46,199
Provisions on Sub Standard assets	-	-	-	34,17,343
Profit/(Loss) before working capital changes	-	-3,78,13,138	-76,15,269	2,44,92,538
Movement in Working Capital				
1) (Increase)/Decrease In Short Term Loans & Advances	-	-20,71,679	-2,92,46,011	-6,80,33,618
2) (Increase)/Decrease In Long Term Loans & Advances	-2,96,432	-9,40,54,148	-96,63,03,527	-1,74,29,26,038
3) (Increase)/Decrease In Other Non Current Assets	-54,34,403	54,34,403	-1,43,00,000	-2,40,00,000
4) Increase/(Decrease) in Other Current Liabilities	16,91,128	56,34,292	3,98,85,590	22,21,23,057
5) Increase/(Decrease) in Short Term Provision	-	43,88,577	22,67,946	51,34,197
6) Increase/(Decrease) in long term provisions	-	3,74,718	1,60,309	-32,52,426
7) Increase/(Decrease) in long term borrowings	51,43,003	7,01,72,260	68,05,85,990	1,60,44,32,982
8) Increase/(Decrease) in Short term borrowings	-	-	2,05,42,615	-1,72,82,480
9) (Increase)/Decrease in other current assets	-	-	-33,35,766	-1,92,62,107
Cash generated from operation	11,03,296	-4,79,34,715	-27,73,58,122	-1,85,73,895
Direct taxes paid (net of refund)	-	-	-	-
Net cash flow from/(used in) operating activities (A)	11,03,296	-4,79,34,715	-27,73,58,122	-1,85,73,895
Cash flow from investing activities				
Purchase of fixed and tangible assets	-1,98,482	-1,48,267	-24,48,561	-85,54,793
(Increase) / Decrease in Intangible Assets under development	-	-19,95,000	-17,13,420	37,08,420
Purchase of investments				
Investment in subsidiary company				
Interest received on current and long term investments and interest on fixed deposits				
Profit/(loss) on sale of fixed assets				
Dividend received				
Net cash flow from/(used in) investing activities (B)	-1,98,482	-21,43,267	-41,61,981	-48,46,373
Cash flow from financing activities				
Receipts of Share Premium on issue of Shares	-	-	8,94,00,000	8,22,00,000
Proceeds from Issue of Share Capital	3,00,00,000	5,43,50,000	23,37,00,000	6,85,00,000
Net cash flow from/(used in) financing activities (C)	3,00,00,000	5,43,50,000	32,31,00,000	15,07,00,000
Net increase / (decrease) in cash and cash equivalents (A + B + C)	3,09,04,814	42,72,019	4,15,79,897	12,72,79,732
Cash and cash equivalents at the beginning of the year	-	3,09,04,814	3,51,76,833	7,67,56,728
Cash and cash equivalents at the end of the year	3,09,04,814	3,51,76,833	7,67,56,729	20,40,36,460

As per our attached report of even date
For Haribhakti & Co.
Chartered Accountants

For and on behalf of the Board of
Muthoot Housing Finance Company Limited

Sumant Sakhardande
Partner

Thomas Muthoot
Managing Director

Thomas John Muthoot
Director

S. Sumesh
Company Secretary

Place : Mumbai
Date : 21st August 2014

Place : Trivandrum
Date : 16th August 2014

MUTHOOT HOUSING FINANCE COMPANY LIMITED
BALANCE SHEET

Particulars	NOTES	31.03.2011	31.03.2012	31.03.2013	31.03.2014
(I) EQUITY & LIABILITIES					
(1) Shareholders' Funds					
(A) Share Capital	1	3,00,00,000	8,43,50,000	31,80,50,000	38,65,50,000
(B) Reserves & Surplus	2	-	-3,72,55,792	4,03,12,791	13,53,92,903
(2) Non-Current Liabilities					
(A) Long Term Borrowings	3	51,43,003	7,53,15,263	75,59,01,253	2,36,03,34,235
(B) Long Term Provisions	4	-	3,74,717	45,64,517	1,18,75,634
(3) Current Liabilities					
(A) Short Term Borrowings	5	-	-	2,05,42,615	32,60,135
(B) Other Current Liabilities	6	16,91,128	82,07,684	4,88,27,710	27,09,50,767
(C) Short Term Provisions	7	-	35,06,314	49,92,662	1,01,26,859
TOTAL		3,68,34,131	13,44,98,186	1,19,31,91,548	3,17,84,90,533
(II) ASSETS					
(1) Non-Current Assets					
(A) Fixed Assets (Tangible & Intangible)		1,98,482	2,28,879	20,90,392	85,75,585
(B) Intangible Assets Under Development		-	19,95,000	37,08,420	-
(C) Deferred Tax Assets (net)	8	-	10,56,246	14,09,476	24,30,193
(D) Long Term Loans and Advances	9	2,96,432	9,43,01,328	1,07,21,93,646	2,81,51,19,686
(E) Other Non Current Assets	10	54,34,403	-	1,43,00,000	3,83,00,000
(2) Current Assets					
(A) Cash and Bank Balance	11	3,09,04,814	3,51,76,833	7,67,56,728	20,40,36,460
(B) Short Term Loans and Advances	12	-	17,05,185	1,93,62,405	8,73,96,021
(C) Other Current Assets	13	-	34,715	33,70,481	2,26,32,588
TOTAL		3,68,34,131	13,44,98,186	1,19,31,91,549	3,17,84,90,533

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

For and on behalf of the Board of
Muthoot Housing Finance Company Limited

Sumant Sakhardande
Partner

Thomas Muthoot Thomas John Muthoot
Managing Director Director

S. Sumesh
Company Secretary

Place : Mumbai
Date : 21st August 2014

Place : Trivandrum
Date : 16th August 2014

MUTHOOT HOUSING FINANCE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENT

	31.03.2011	31.03.2012	31.03.2013	31.03.2014
NOTE 1 - SHARE CAPITAL				
Authorised:	50,00,00,000	50,00,00,000	50,00,00,000	50,00,00,000
Issued, Subscribed and Paid Up:	3,00,00,000	8,43,50,000	31,80,50,000	38,65,50,000
TOTAL	3,00,00,000	8,43,50,000	31,80,50,000	38,65,50,000
NOTE 2 - Reserves & Surplus				
Share Premium	-	-	8,94,00,000	17,16,00,000
Statutory Reserve Account	-	-	-	25,76,022
Profit & Loss Account	-	-3,72,55,792	-4,90,87,209	-3,87,83,119
TOTAL	-	-3,72,55,792	4,03,12,791	13,53,92,903
NOTE 3 - Long Term Borrowings				
Secured				
Term Loans from Banks	-	-	35,55,01,253	1,52,22,48,043
Term Loans from other Financial Institution	-	-	-	19,83,86,192
Unsecured				
Loans and Advances from Related Parties	51,43,003	7,53,15,263	40,04,00,000	63,97,00,000
TOTAL	51,43,003	7,53,15,263	75,59,01,253	2,36,03,34,235
NOTE 4 - Long term provisions				
a) Provision for Employee Benefits :				
- Gratuity	-		2,77,423	6,19,486
b) Other Provisions:				
Contingent provision against standard assets				
- For Housing Loan	-	3,71,946	41,84,055	1,09,54,199
- For Non - Housing Loan	-	2,771	1,03,039	3,01,949
TOTAL	-	3,74,717	45,64,517	1,18,75,634
NOTE 5 - Short Term Borrowings				
Overdraft from banks	-	-	2,05,42,615	32,60,135
TOTAL	-	-	2,05,42,615	32,60,135
NOTE 6 - Other Current Liabilities				
Current maturities of long term debt	-	-	2,44,98,747	24,56,34,160
Sundry Creditors	-	-	6,59,369	31,30,117
Premium Payable	-	1,82,740	23,27,405	43,73,707
Salary Payable	6,92,560	17,53,017	9,13,832	13,40,478
Interest Accrued but not Due on Loans	2,36,070	32,04,504	1,66,60,629	1,15,82,441
Statutory Dues Payable	5,65,278	12,43,193	20,96,028	23,20,154
Other payable	1,97,220	18,24,230	16,71,700	25,69,710
TOTAL	16,91,128	82,07,684	4,88,27,710	27,09,50,767
NOTE 7 - Short term provisions				
a) Provision for Employee Benefits:				
Gratuity	-	-	1,397	2,926
b) Other Provisions:				
Contingent provision against standard assets				
- For Housing Loan	-	6,275	74,489	2,46,913
- For Non - Housing Loan	-	39	1,776	6,498
Provision against Sub standard assets				
- For Housing Loan	-	-	-	33,09,312
- For Non - Housing Loan	-	-	-	1,08,031
Provision for Variable Pay to Employees	-	35,00,000	49,15,000	64,53,179
TOTAL	-	35,06,314	49,92,662	1,01,26,859

NOTE 8 - Deferred Tax Assets (Net)

Deferred Tax Assets

- Provision for Variable Pay	-	10,81,500	15,18,735	19,94,032
- Provision for Gratuity	-	-	-	1,92,325
- Provision for Sub Standard Assets	-	-	-	10,55,959

Deferred Tax Liability

- Written Down Value of Assets	-	-25,254	-1,09,259	-8,12,123
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TOTAL

-	10,56,246	14,09,476	24,30,193
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NOTE 9 - Long Term Loans and Advances**Secured, Considered Good****Standard Assets**

- Housing Loans	-	9,29,86,575	1,04,60,13,674	2,73,85,49,756
- Non-housing loans	-	6,92,855	2,57,59,767	7,54,87,204

Other Advances

Tax Deducted at Source	44,432	2,01,498	1,82,515	4,99,136
Other Deposits		-	1,850	1,850
Rent Deposit	2,52,000	4,20,400	2,35,840	5,81,740

TOTAL

2,96,432	9,43,01,328	1,07,21,93,646	2,81,51,19,686
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NOTE 10 - Other Non-current Assets

Fixed Deposits (original maturity of more than 12 mon (Pledged with bank as security for Term Loan)	-	-	1,43,00,000	3,83,00,000
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Preliminary Expenses	58,78,726	54,34,403	-	-
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Less: Written off During the Year	4,44,323	54,34,403	-	-
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TOTAL

54,34,403	-	1,43,00,000	3,83,00,000
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NOTE 11- Cash and Bank Balances

Cash in Hand	-	10,448	17,670	3,74,040
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Cheques in Hand	-	68,906	-	-
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Balance with Bank				
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On current accounts	6,04,923	3,01,12,539	7,67,39,058	20,36,62,420
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Fixed deposit (Maturity less than Three Months)	3,02,99,891	49,84,940	-	-
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TOTAL

3,09,04,814	3,51,76,833	7,67,56,728	20,40,36,460
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NOTE 12- Short Term Loans and Advances**- Secured, Considered Good****Standard Assets**

- Housing Loans	-	15,68,530	1,86,22,235	6,17,28,184
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- Non-housing loans	-	9,793	4,44,039	16,24,477
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Sub Standard Assets

- Housing Loans	-	-	-	2,20,62,079
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- Non-housing loans	-	-	-	7,20,209
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- Unsecured, Considered Good

Advance to Employees	-	26,862	21,961	30,250
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Other Loans and advances	-	1,00,000	1,10,000	2,16,920
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Prepaid expense	-	-	1,64,170	13,902
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Capital Advances	-	-	-	10,00,000
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TOTAL

-	17,05,185	1,93,62,405	8,73,96,021
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NOTE 13- Other Current Assets

EMI receivables	-	-	9,02,815	1,16,10,976
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Processing Fees Receivable	-	-	11,30,874	11,30,874
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Interest receivables	-	6,444	10,22,582	40,52,357
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Interest accrued but not due on Fixed Deposit	-	28,271	1,43,979	28,47,067
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Other Receivables	-	-	1,70,231	29,91,314
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TOTAL

-	34,715	33,70,481	2,26,32,588
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MUTHOOT HOUSING FINANCE COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS

Particulars	NOTES	31.03.2011	31.03.2012	31.03.2013	31.03.2014
(I) INCOME					
(A) Revenue from Operation	14	-	66,71,686	8,75,48,212	33,03,29,732
(B) Other Income	15	4,44,323	-	7,52,309	8,60,886
TOTAL		4,44,323	66,71,686	8,83,00,521	33,11,90,618
(II) EXPENSES					
(A) Finance Cost	16	-	32,98,259	2,93,89,267	20,18,35,579
(B) Employee Benefit Expenses	17	-	2,72,05,757	4,52,61,483	7,07,47,237
(C) Administrative & General Expenses	18	-	1,43,82,460	2,52,47,369	4,46,98,311
(D) Depreciation & Amortisation		-	97,248	5,87,048	20,50,099
(E) Preliminary Expenses Written Off		4,44,323	-	-	-
TOTAL		4,44,323	4,49,83,724	10,04,85,167	31,93,31,225
Profit /(Loss) Before Tax		-	-3,83,12,038	-1,21,84,645	1,18,59,393
Tax Expenses:					
Current Tax		-	-	-	-
Deferred Tax		-	10,56,246	3,53,230	10,20,717
Profit/(Loss) for the Period/Year		-	-3,72,55,792	-1,18,31,416	1,28,80,110
Earnings per Equity Share (in Rs.)					
i. Basic		-	-10.23	-0.50	0.35
ii. Diluted		-	-10.23	-0.50	0.35

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

For and on behalf of the Board of
Muthoot Housing Finance Company Limited

Sumant Sakhardande
Partner

Thomas Muthoot Thomas John Muthoot
Managing Director Director

S. Sumesh
Company Secretary

Place : Mumbai
Date : 21st August 2014

Place : Trivandrum
Date : 16th August 2014

MUTHOOT HOUSING FINANCE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENT

	31.03.2011	31.03.2012	31.03.2013	31.03.2014
NOTE 14 - Revenue from Operation				
Interest	-	35,24,945	6,69,27,341	28,96,04,454
Other Financial Services	-	31,46,741	2,06,20,871	4,07,25,278
TOTAL	-	66,71,686	8,75,48,212	33,03,29,732
NOTE 15 - Other Income				
Interest on Bank deposit	4,44,323	-	-	-
Space Sharing	-	-	7,23,651	8,54,324
Miscellaneous Income	-	-	28,658	6,562
TOTAL	4,44,323	-	7,52,309	8,60,886
NOTE 16 - Finance Cost				
a)Interest Expenses				
On Term Loans	-	-	33,27,946	12,93,97,702
On Other Loans	-	32,98,259	2,40,02,693	6,25,44,421
Other Interest	-	-	2,08,628	93,455
b)Other Borrowing Cost	-	-	-	-
Processing Fees - Banks	-	-	18,50,000	98,00,000
TOTAL	-	32,98,259	2,93,89,267	20,18,35,579
NOTE 17 - Employee Benefit Expenses				
Salaries & Bonus	-	2,72,05,757	4,48,60,928	6,80,89,285
Contribution to Provident & other Funds	-	-	-	15,02,379
Staff welfare expenses	-	-	1,21,735	8,11,981
Gratuity Expenses	-	-	2,78,820	3,43,592
TOTAL	-	2,72,05,757	4,52,61,483	7,07,47,237
NOTE 18 - Administrative & General Expenses				
Rent	-	25,31,938	47,05,888	56,09,972
Postage & Telegram	-	1,73,362	11,19,395	20,50,742
Electricity & Water Charges	-	1,112	8,02,812	7,57,915
Travelling Expenses	-	14,98,075	19,40,727	24,73,108
Telephone Charges	-	30,175	4,33,349	8,69,048
Printing & Stationery	-	3,30,270	6,24,258	6,21,315
Bank Charges	-	17,100	5,89,933	6,31,772
Office Maintenance	-	3,04,200	6,78,623	11,64,908
Office Expenses	-	54,050	5,91,861	5,67,844
Professional Charges	-	30,54,489	75,50,789	1,44,94,812
Auditor's Remuneration	-	2,50,000	4,01,292	6,62,362
Prior Period Items [(F.Y. 2012-13 Net of Income Rs. 2,	-	54,34,403	5,01,042	-
Penalty	-	-	-	34,000
MFL Referral Incentives	-	-	-	4,27,640
Marketing Expenses	-	1,39,975	2,71,576	2,22,769
Insurance Exps.	-	-	362	74,512
Rates & Taxes	-	1,33,919	69,710	16,325
Service tax	-	-	8,19,412	17,64,561
Filing Fee	-	17,740	17,990	6,500
Provision on Standard Asset	-	3,81,031	39,82,329	71,46,199
Provision on Sub Standard Asset	-	-	-	34,17,343
Bad debts	-	-	-	14,64,784
Assets written off	-	20,621	-	19,503
Other Miscellaneous Expenses	-	10,000	1,46,022	2,00,376
TOTAL	-	1,43,82,460	2,52,47,369	4,46,98,311

MUTHOOT HOUSING FINANCE COMPANY LIMITED

FIXED ASSETS NET BLOCK AS PER REVISED SCHEDULE VI OF COMPANIES ACT 1956

SL	PARTICULARS	NET BLOCK			
		AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2014
1	Computer	1,74,529	1,87,193	9,60,390	18,89,800
2	Mobile	23,953	-	-	-
3	Office Equipment	-	26,334	3,38,220	6,76,464
4	Lease Hold	-	-	70,019	18,16,319
5	Furniture & Fixtures	-	-	-	2,48,287
6	Computer Software	-	15,353	7,21,763	39,44,715
	Total	1,98,482	2,28,879	20,90,392	85,75,585

Annexure - B

CONFIDENTIAL



RM/FIN/MUFILT/AUG14/113512

August 25, 2014

Mr. Thomas John Muthoot
Managing Director
Muthoot Fincorp Limited
Muthoot Centre,
Punnen Road,
Trivandrum - 695034
Tel 0471 2331427

Dear Mr. Thomas John Muthoot,

Re: CRISIL Rating for the Rs. 3 Billion Non Convertible Debentures of Muthoot Fincorp Limited

We refer to your request for a rating for the captioned Debt instrument.

CRISIL has, after due consideration, assigned a "CRISIL A/Stable" (pronounced "CRISIL A rating with stable outlook") rating to the captioned Debt instrument. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular¹ on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

M. Ramesh
Associate Director -Financial Sector Ratings

Nivedita Shibu
Manager - CRISIL Ratings



¹ Please refer to SEBI circular (bearing reference number: CIR/MD/DF-17/2013) on Centralized Database for Corporate Bonds/ Debentures dated October 22, 2013

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site: www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 18-01-267-1301.

CRISIL Limited

Corporate Identity Number: L67120MH1987PLC042363

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RM FIN NR FILE AUG14 113512

August 25, 2014

Mr. Thomas John Muthoot
Managing Director
Muthoot Fincorp Limited
Muthoot Centre,
Punnen Road,
Trivandrum - 695034
Tel 0471 2331427

Dear Mr. Thomas John Muthoot,

Re: CRISIL Rating for the Rs. 3 Billion Subordinate Bond of Muthoot Fincorp Limited

We refer to your request for a rating for the captioned Debt instrument.

CRISIL has, after due consideration, assigned a "CRISIL A/Stable" (pronounced "CRISIL A rating with stable outlook") rating to the captioned Debt instrument. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular¹ on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

M. Ramesh
Associate Director -Financial Sector Ratings


Nivedita Shinde
Manager - CRISIL Ratings



¹ Please refer to SEBI circular (bearing reference number: CIR/MD/DF/17/2013) on Centralized Database for Corporate bonds/ Debentures dated October 22, 2013

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument. It does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site: www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

CRISIL Limited

Corporate Identity Number: L67120MH1987PLC042363

Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400 076. Phone: +91 22 3342 3000 | Fax: +91 22 3342 3050
www.crisil.com

Ref.:RM/FIN/MUFILT/2014-15/946

August 26, 2014

Mr. Thomas John Muthoot
 Managing Director
Muthoot Fincorp Limited
 Muthoot Centre,
 Punnen Road,
 Trivandrum - 695034
 Tel 0471 2331427

Dear Mr. Thomas John Muthoot,

Re: CRISIL Rating for the Rs. 3 Billion Subordinated Debt issue* of Muthoot Fincorp Limited

All ratings assigned by CRISIL are kept under continuous surveillance and review.

CRISIL has, after due consideration, reaffirmed “CRISIL A/Stable” (pronounced “CRISIL A rating with stable outlook”) rating for the captioned Debt instrument. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

As per the latest SEBI circular¹ on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Rupali Shanker
 Director -Financial Sector Ratings



M. Ramesh
 Associate Director -Financial Sector Ratings

*earlier rated as Subordinate Bond

¹ Please refer to SEBI circular (bearing reference number: CIR/IMD/DF/17/2013) on Centralized Database for Corporate bonds/ Debentures dated October 22, 2013

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

CRISIL Limited

Corporate Identity Number : L67120MH1987PLC042363

August 25, 2014
Mumbai

Muthoot Fincorp Limited

Rating outlook revised to 'Stable'; 'CRISIL A/Stable' assigned to debt issue

Total Bank Loan Facilities Rated	Rs.53310 Million
Long Term Rating	CRISIL A/Stable (Outlook revised from 'Negative' and rating reaffirmed)

(Refer to Annexure 1 for Facility-wise details)

Rs.3 Billion Subordinate Bond	CRISIL A/Stable (Assigned)
Rs.3 Billion Non Convertible Debentures	CRISIL A/Stable (Assigned)
Rs.2 Billion Non Convertible Debentures	CRISIL A/Stable (Outlook revised from 'Negative' and rating reaffirmed)
Rs.2 Billion Non Convertible Debentures	CRISIL A/Stable (Outlook revised from 'Negative' and rating reaffirmed)
Rs.1 Billion Non Convertible Debentures	CRISIL A/Stable (Outlook revised from 'Negative' and rating reaffirmed)
Rs.750 Million Subordinated Debt Bond	CRISIL A/Stable (Outlook revised from 'Negative' and rating reaffirmed)
Rs.2 Billion Short Term Debt	CRISIL A1 (Reaffirmed)

CRISIL has assigned its '**CRISIL A/Stable**' rating to the Rs.3-billion non-convertible debenture (NCD) issue and Rs.3-billion Subordinated Bond issue of Muthoot Fincorp Ltd (MFL). CRISIL has also revised its rating outlook on the long-term debt instruments and bank facilities of MFL to '**Stable**' from 'Negative' while reaffirming the rating at '**CRISIL A**'; the rating on the company's short-term debt has been reaffirmed at '**CRISIL A1**'. The outlook revision reflects the reduced pressure on MFL's profitability on account of significant decline in the delinquent portfolio (1 + days past due [dpd]) and expected improvement in its funding profile supported by public issue of NCDs.

MFL has significantly reduced its delinquent portfolio to about 15 per cent of its gold loan advances (Rs.70.8 billion) as on July 31, 2014, from about 27 per cent as on March 31, 2014. The company auctioned the gold pledged against Rs.8 billion of delinquent loans between June and mid of August 2014. Out of the balance delinquent portfolio of Rs.9 billion, most of the portfolio is expected to be recovered by October 2014. A decline in gold prices would reduce recovery from delinquent loans. As the size of delinquent portfolio has almost halved, the risk of gold price decline affecting recovery and, consequently, the profitability of MFL has reduced. However, MFL's profitability will continue to remain weak during 2014-15 (refers to financial year, April 1 to March 31) on account of two reasons—the interest loss suffered on the delinquent portfolio and the continued higher operating cost. Post clearance of the delinquent portfolio, CRISIL expects the health of the portfolio to improve substantially. The delinquent portfolio largely pertained to pools disbursed prior to April 2013 and the monthly pools disbursed post this period has recorded a healthy collection efficiency of over 90 per cent. In addition, the regulatory cap on the loan-to-value (LTV) ratio at 75 per cent will positively impact asset quality.

Post the regulatory restriction on private placement of NCDs in June 2013, MFL has managed the funding profile over the past one year mainly by switching over to sub-debt. However, the company recently completed its first tranche of public issue of NCDs. And a few more tranches are planned for this financial year. CRISIL, therefore, believes that this will provide MFL adequate flexibility to replace the privately placed NCDs as they mature as well as to support growth.

CRISIL's ratings on the bank facilities and debt programmes of MFL continue to reflect the extensive experience of the company's promoters in the loan-against-gold-jewellery business and its adequate capitalisation. These rating strengths are partially offset by the company's weak profitability, geographical concentration in its revenue profile, and its exposure to risks related to any regulatory and legislative change.

MFL's promoters have a track record of over seven decades in the business of lending against gold jewellery, with a strong reputation and brand image in South India, particularly in Kerala and Tamil Nadu. The company has adequate capitalisation, with net worth of Rs.12.5 billion and moderate gearing of 6.8 times as on March 31, 2014. While weakened profitability, its

accretion to net worth during 2013-14 was low, the promoters plan to infuse about Rs.2.5 billion of capital towards the end of 2014-15. With low asset-side risk (security of gold jewellery, which is liquid and in the lender's possession) and moderate growth outlook for the next few quarters, CRISIL believes that MFL's capitalisation will remain adequate over the medium term.

MFL's profitability weakened during 2013-14 because of high delinquencies on disbursements made in several months during 2011-12 and 2012-13, apart from increased operating cost due to rapid branch expansion. The company's return on assets for the year declined to 0.6 per cent from 2.3 per cent in 2012-13 and 4.6 per cent in 2011-12. The adverse impact of high delinquencies on profitability and the higher operating cost will continue during 2014-15. MFL's profitability is expected either to remain at the level of previous year or be marginally lower. The company also has high concentration in South India, which accounted for over 77 per cent of its total loans outstanding as on June 30, 2014.

Moreover, MFL is susceptible to any adverse impact of changes in the regulatory and legislative framework applicable to gold-loan non-banking financial companies (NBFCs). The Reserve Bank of India (RBI), since 2011, has tightened the regulations for lending against gold jewellery, primarily those related to a loan-to-value ratio, fair practice code, and other operational issues. Subsequently, in June 2013, an additional regulation was introduced for NBFCs placing restriction on raising funds from retail investors through privately placed NCDs. About 21 per cent of MFL's borrowings comprised such NCDs as on June 30, 2014. However, a couple of favourable regulatory changes announced by RBI in January 2014 are likely to result in structural improvement of the sector. It will improve competitive dynamics for gold-loan NBFCs such as MFL, especially vis-à-vis banks.

Additionally, uncertainty with respect to Muthoot Estate Investments (MEI), a partnership firm of MFL's promoters, still remains. In March 2012, RBI prohibited MEI from accepting deposits from the public. RBI had also directed MFL not to allow its premises/branches to be used by MEI for accepting deposits from the public. MFL has since October 2012 discontinued the use of its branches, infrastructure, and employees by MEI for accepting public deposits. Over the past two years MEI has repaid a part of the deposits it had collected. Currently, such deposits have reduced to less than MFL's net worth. There has been no regulatory directive on this issue after the directive issued in March 2012. In the past two years, the issue has had limited impact on the business of MFL and its other group companies. However, MFL's credit profile will remain susceptible to the risk of any pressure on redemption of these deposits within a short period of time; therefore, it will remain a key rating sensitivity factor.

Outlook: Stable

CRISIL believes that MFL will continue to benefit from the promoters' experience and capitalisation over the medium term. The outlook may be revised to positive if the company improves its earnings and competitive positioning significantly while diversifying its resource profile. Conversely, the outlook may be revised to 'Negative' in case of steep decline in profitability due to more-than-expected losses from the delinquent portfolio or inability to smoothly phase out privately placed NCDs.

About the Company

MFL, set up in 1997, is a non-deposit-taking, systemically important NBFC engaged in lending against gold. It is the flagship company of the Muthoot Pappachan group, which has diverse business interests, such as hospitality, real estate, and power generation. The company also distributes mutual funds, and general and life insurance products, and operates in the money-transfer segment. MFL had 3837 branches as on March 31, 2014. It had an advance book of Rs.80.0 billion with net worth of Rs.12.5 billion and gearing of 6.8 times as on March 31, 2014.

For 2013-14, MFL reported profit after tax (PAT) of Rs.633 million on total income of Rs.19.0 billion against PAT of Rs.2.1 billion on total income of Rs.20.8 billion for 2012-13.

For the quarter ended June 30, 2014 MFL reported PAT of Rs.74 million on total income of Rs.4.7 billion against PAT of Rs.111 million on total income of Rs.4.1 billion for the quarter ended June 30, 2013.

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Million)	Rating	Facility	Amount (Rs.Million)	Rating
Cash Credit	43270	CRISIL A/Stable	Cash Credit	43270	CRISIL A/Negative
Long Term Loan	1945	CRISIL A/Stable	Long Term Loan	1945	CRISIL A/Negative
Proposed Long Term Bank Loan Facility	6595	CRISIL A/Stable	Proposed Long Term Bank Loan Facility	6595	CRISIL A/Negative
Working Capital Demand Loan	1500	CRISIL A/Stable	Working Capital Demand Loan	1500	CRISIL A/Negative
Total	53310	--	Total	53310	--

Media Contacts	Analytical Contacts	Customer Service Helpdesk
<p>Tanuja Abhinandan Communications and Brand Management CRISIL Limited Phone: +91 22 3342 1818 Email: tanuja.abhinandan@crisil.com</p> <p>Jyoti Parmar Communications and Brand Management CRISIL Limited Phone: +91 22 3342 1835 E-mail: jyoti.parmar@crisil.com</p>	<p>Pawan Agrawal Senior Director - CRISIL Ratings Phone: +91 22 3342 3301 Email: pawan.agrawal@crisil.com</p> <p>Rupali Shanker Director - CRISIL Ratings Phone: +91 22 3342 1952 Email: rupali.shanker@crisil.com</p>	<p>Timings: 10.00 am TO 7.00 pm Toll free Number: 1800 267 1301 Email: CRISILratingdesk@crisil.com</p>

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CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

About CRISIL Ratings

CRISIL Ratings is India's leading rating agency. We pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we have a leadership position. We have rated over 75,000 entities, by far the largest number in India. We are a full-service rating agency. We rate the entire range of debt instruments: bank loans, certificates of deposit, commercial paper, non-convertible debentures, bank hybrid capital instruments, asset-backed securities, mortgage-backed securities, perpetual bonds, and partial guarantees. CRISIL sets the standards in every aspect of the credit rating business. We have instituted several innovations in India including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We pioneered a globally unique and affordable rating service for Small and Medium Enterprises (SMEs). This has significantly expanded the market for ratings and is improving SMEs' access to affordable finance. We have an active outreach programme with issuers, investors and regulators to maintain a high level of transparency regarding our rating criteria and to disseminate our analytical insights and knowledge.

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Last updated: May, 2013

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August 26, 2014
Mumbai

Muthoot Fincorp Limited

Ratings Reaffirmed

Total Bank Loan Facilities Rated	Rs.53310 Million
Long Term Rating	CRISIL A/Stable (Reaffirmed)

(Refer to Annexure 1 for Facility-wise details)

Rs.3 Billion Subordinated Debt #	CRISIL A/Stable (Reaffirmed)
Rs.3 Billion Non Convertible Debentures	CRISIL A/Stable (Reaffirmed)
Rs.2 Billion Non Convertible Debentures	CRISIL A/Stable (Reaffirmed)
Rs.2 Billion Non Convertible Debentures	CRISIL A/Stable (Reaffirmed)
Rs.1 Billion Non Convertible Debentures	CRISIL A/Stable (Reaffirmed)
Rs.750 Million Subordinated Debt Bond	CRISIL A/Stable (Reaffirmed)
Rs.2 Billion Short Term Debt	CRISIL A1 (Reaffirmed)

Earlier rated as Subordinate bond

CRISIL's ratings on the bank facilities and debt instruments of Muthoot Fincorp Ltd (MFL) continue to reflect the extensive experience of the company's promoters in the loan-against-gold-jewellery business and its adequate capitalisation. These rating strengths are partially offset by the company's weak profitability, geographical concentration in its revenue profile, and its exposure to risks related to any regulatory and legislative change.

CRISIL had revised its rating outlook on the long-term debt instruments and bank facilities of Muthoot Fincorp Ltd (MFL) to **'Stable'** from **'Negative'** while reaffirming the rating at **'CRISIL A'**; the rating on the company's short-term debt had been reaffirmed at **'CRISIL A1'**. (Refer to CRISIL's rating rationale dated August 25, 2014).

The outlook revision reflects the reduced pressure on MFL's profitability on account of significant decline in the delinquent portfolio (1 + days past due [dpd]) and expected improvement in its funding profile supported by public issue of NCDs.

MFL has significantly reduced its delinquent portfolio to about 15 per cent of its gold loan advances (Rs.70.8 billion) as on July 31, 2014, from about 27 per cent as on March 31, 2014. The company auctioned the gold pledged against Rs.8 billion of delinquent loans between June and mid of August 2014. Out of the balance delinquent portfolio of Rs.9 billion, most of the portfolio is expected to be recovered by October 2014. A decline in gold prices would reduce recovery from delinquent loans. As the size of delinquent portfolio has almost halved, the risk of gold price decline affecting recovery and, consequently, the profitability of MFL has reduced. However, MFL's profitability will continue to remain weak during 2014-15 (refers to financial year, April 1 to March 31) on account of two reasons—the interest loss suffered on the delinquent portfolio and the continued higher operating cost. Post clearance of the delinquent portfolio, CRISIL expects the health of the portfolio to improve substantially. The delinquent portfolio largely pertained to pools disbursed prior to April 2013 and the monthly pools disbursed post this period has recorded a healthy collection efficiency of over 90 per cent. In addition, the regulatory cap on the loan-to-value (LTV) ratio at 75 per cent will positively impact asset quality.

Post the regulatory restriction on private placement of NCDs in June 2013, MFL has managed the funding profile over the past one year mainly by switching over to sub-debt. However, the company recently completed its first tranche of public issue of NCDs. And a few more tranches are planned for this financial year. CRISIL, therefore, believes that this will provide MFL adequate flexibility to replace the privately placed NCDs as they mature as well as to support growth.

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MFL's profitability weakened during 2013-14 because of high delinquencies on disbursements made in several months during 2011-12 and 2012-13, apart from increased operating cost due to rapid branch expansion. The company's return on assets for the year declined to 0.6 per cent from 2.3 per cent in 2012-13 and 4.6 per cent in 2011-12. The adverse impact of high delinquencies on profitability and the higher operating cost will continue during 2014-15. MFL's profitability is expected either to remain at the level of previous year or be marginally lower. The company also has high concentration in South India, which accounted for over 77 per cent of its total loans outstanding as on June 30, 2014.

Moreover, MFL is susceptible to any adverse impact of changes in the regulatory and legislative framework applicable to gold-loan non-banking financial companies (NBFCs). The Reserve Bank of India (RBI), since 2011, has tightened the regulations for lending against gold jewellery, primarily those related to a loan-to-value ratio, fair practice code, and other operational issues. Subsequently, in June 2013, an additional regulation was introduced for NBFCs placing restriction on raising funds from retail investors through privately placed NCDs. About 21 per cent of MFL's borrowings comprised such NCDs as on June 30, 2014. However, a couple of favourable regulatory changes announced by RBI in January 2014 are likely to result in structural improvement of the sector. It will improve competitive dynamics for gold-loan NBFCs such as MFL, especially vis-à-vis banks.

Additionally, uncertainty with respect to Muthoot Estate Investments (MEI), a partnership firm of MFL's promoters, still remains. In March 2012, RBI prohibited MEI from accepting deposits from the public. RBI had also directed MFL not to allow its premises/branches to be used by MEI for accepting deposits from the public. MFL has since October 2012 discontinued the use of its branches, infrastructure, and employees by MEI for accepting public deposits. Over the past two years MEI has repaid a part of the deposits it had collected. Currently, such deposits have reduced to less than MFL's net worth. There has been no regulatory directive on this issue after the directive issued in March 2012. In the past two years, the issue has had limited impact on the business of MFL and its other group companies. However, MFL's credit profile will remain susceptible to the risk of any pressure on redemption of these deposits within a short period of time; therefore, it will remain a key rating sensitivity factor.

Outlook: Stable

CRISIL believes that MFL will continue to benefit from the promoters' experience and capitalisation over the medium term. The outlook may be revised to positive if the company improves its earnings and competitive positioning significantly while diversifying its resource profile. Conversely, the outlook may be revised to 'Negative' in case of steep decline in profitability due to more-than-expected losses from the delinquent portfolio or inability to smoothly phase out privately placed NCDs.

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For the quarter ended June 30, 2014 MFL reported PAT of Rs.74 million on total income of Rs.4.7 billion against PAT of Rs.111 million on total income of Rs.4.1 billion for the quarter ended June 30, 2013.

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Million)	Rating	Facility	Amount (Rs.Million)	Rating
Cash Credit	43270	CRISIL A/Stable	Cash Credit	43270	CRISIL A/Stable
Long Term Loan	1945	CRISIL A/Stable	Long Term Loan	1945	CRISIL A/Stable
Proposed Long Term Bank Loan Facility	6595	CRISIL A/Stable	Proposed Long Term Bank Loan Facility	6595	CRISIL A/Stable
Working Capital Demand Loan	1500	CRISIL A/Stable	Working Capital Demand Loan	1500	CRISIL A/Stable
Total	53310	--	Total	53310	--

Media Contacts	Analytical Contacts	Customer Service Helpdesk
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Last updated: May, 2013

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No. 1556/STCL/Mktg/DD/2014-15
Date: 14th August, 2014.

Muthoot Fincorp Ltd.
Punnen Road,
Trivandrum -695 034.

Attn: Mr. Nadanasabapathy.R - VP Resourcr Planning

Dear Sirs,

Proposed public issue by Muthoot Fincorp Limited (the "Company") of secured / unsecured, redeemable, non-convertible bonds in the nature of debentures (the "Bonds") up to Rs. 150 Crores with an option to retain over subscription up to Rs. 150 Crores , aggregating to Rs. 300 Crores (the "Issue")

We the undernamed, hereby give our consent to act as Debenture Trustee for the proposed captioned public issue of debentures and to include our name as Debenture Trustee in the Schedule I as per the Securities and Exchange Board of India guidelines.

We hereby authorise you to deliver this letter of consent to the stock exchange(s) or any other regulatory authority as may be required by law.

The following details with respect to us may be disclosed:

Name : SBICAP Trustee Company Limited
Address : Apeejay House, 6th floor
3, Dinshaw Wachha Road, Churchgate,
Mumbai 400 020.
Telephone No. : 022-43025555
Fax No. :022- 22040465
E-mail : corporate@sbicaptrustee.com
Website : www.sbicaptrustee.com
Contact Person : Mrs. Ajit Joshi (Company Secretary & Compliance Officer)
Tel No. 022- 43025503

SEBI Registration No.: IND000000536

We confirm that we are registered with SEBI and that such registration is valid as on date of this letter.

Yours faithfully,

Authorised Signatory

ANNEXURE D

CASH FLOWS FOR VARIOUS SERIES

Series I NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Secured, redeemable, non-convertible debentures
Face Value (per NCD)	₹ 1,000
Issue Date / Date of Allotment (tentative)*	[●]
Maturity / Redemption Date (From Deemed Date of Allotment)	400 days
Coupon Rate for Category I Investors (% per annum)	[●]%
Coupon Rate for Category II Investors (% per annum)	[●]%
Coupon Rate for Category III Investors (% per annum)	[●]%
Frequency of the interest payment with specified dates	Monthly
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon period	Amount (₹)
				Category I, II and III Investors
1 st Coupon	[●]	[●]	[●]	[●]
2 nd Coupon	[●]	[●]	[●]	[●]
3 rd Coupon	[●]	[●]	[●]	[●]
4 th Coupon	[●]	[●]	[●]	[●]
5 th Coupon	[●]	[●]	[●]	[●]
6 th Coupon	[●]	[●]	[●]	[●]
7 th Coupon	[●]	[●]	[●]	[●]
8 th Coupon	[●]	[●]	[●]	[●]
9 th Coupon	[●]	[●]	[●]	[●]
10 th Coupon	[●]	[●]	[●]	[●]
11 th Coupon	[●]	[●]	[●]	[●]
12 th Coupon	[●]	[●]	[●]	[●]
13 th Coupon	[●]	[●]	[●]	[●]
Principal / Maturity Value	[●]	[●]		1,000.00
Total				[●]

Series II NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Secured, redeemable, non-convertible debentures
Face Value (per NCD)	₹ 1,000
Issue Date / Date of Allotment (tentative)*	[●]
Maturity / Redemption Date (From Deemed Date of Allotment)	24 Months
Coupon Rate for Category I Investors (% per annum)	[●]%
Coupon Rate for Category II Investors (% per annum)	[●]%
Coupon Rate for Category III Investors (% per annum)	[●]%
Frequency of the interest payment with specified dates	Monthly
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon period	Amount (in ₹)
				Category I, II and III Investors
1 st Coupon	[●]	[●]	[●]	[●]
2 nd Coupon	[●]	[●]	[●]	[●]
3 rd Coupon	[●]	[●]	[●]	[●]
4 th Coupon	[●]	[●]	[●]	[●]
5 th Coupon	[●]	[●]	[●]	[●]
6 th Coupon	[●]	[●]	[●]	[●]
7 th Coupon	[●]	[●]	[●]	[●]
8 th Coupon	[●]	[●]	[●]	[●]
9 th Coupon	[●]	[●]	[●]	[●]
10 th Coupon	[●]	[●]	[●]	[●]
11 th Coupon	[●]	[●]	[●]	[●]
12 th Coupon	[●]	[●]	[●]	[●]
13 th Coupon	[●]	[●]	[●]	[●]
14 th Coupon	[●]	[●]	[●]	[●]
15 th Coupon	[●]	[●]	[●]	[●]
16 th Coupon	[●]	[●]	[●]	[●]
17 th Coupon	[●]	[●]	[●]	[●]
18 th Coupon	[●]	[●]	[●]	[●]
19 th Coupon	[●]	[●]	[●]	[●]
20 th Coupon	[●]	[●]	[●]	[●]
21 st Coupon	[●]	[●]	[●]	[●]
22 nd Coupon	[●]	[●]	[●]	[●]
23 rd Coupon	[●]	[●]	[●]	[●]
24 th Coupon	[●]	[●]	[●]	[●]
Principal / Maturity Value	[●]	[●]		1,000.00
Total				[●]

Series III NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Secured, redeemable, non-convertible debentures
Face Value (per NCD)	₹ 1,000
Issue Date / Date of Allotment (tentative)*	[●]
Maturity / Redemption Date (From Deemed Date of Allotment)	36 Months
Coupon Rate for Category I Investors (% per annum)	[●]%
Coupon Rate for Category II Investors (% per annum)	[●]%
Coupon Rate for Category III Investors (% per annum)	[●]%
Frequency of the interest payment with specified dates	Monthly
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon period	Amount (in ₹)
				Category I, II and III Investors
1 st Coupon	[●]	[●]	[●]	[●]
2 nd Coupon	[●]	[●]	[●]	[●]
3 rd Coupon	[●]	[●]	[●]	[●]
4 th Coupon	[●]	[●]	[●]	[●]
5 th Coupon	[●]	[●]	[●]	[●]
6 th Coupon	[●]	[●]	[●]	[●]
7 th Coupon	[●]	[●]	[●]	[●]
8 th Coupon	[●]	[●]	[●]	[●]
9 th Coupon	[●]	[●]	[●]	[●]
10 th Coupon	[●]	[●]	[●]	[●]
11 th Coupon	[●]	[●]	[●]	[●]
12 th Coupon	[●]	[●]	[●]	[●]
13 th Coupon	[●]	[●]	[●]	[●]
14 th Coupon	[●]	[●]	[●]	[●]
15 th Coupon	[●]	[●]	[●]	[●]
16 th Coupon	[●]	[●]	[●]	[●]
17 th Coupon	[●]	[●]	[●]	[●]
18 th Coupon	[●]	[●]	[●]	[●]
19 th Coupon	[●]	[●]	[●]	[●]
20 th Coupon	[●]	[●]	[●]	[●]
21 st Coupon	[●]	[●]	[●]	[●]
22 nd Coupon	[●]	[●]	[●]	[●]
23 rd Coupon	[●]	[●]	[●]	[●]
24 th Coupon	[●]	[●]	[●]	[●]
25 th Coupon	[●]	[●]	[●]	[●]
26 th Coupon	[●]	[●]	[●]	[●]
27 th Coupon	[●]	[●]	[●]	[●]
28 th Coupon	[●]	[●]	[●]	[●]
29 th Coupon	[●]	[●]	[●]	[●]
30 th Coupon	[●]	[●]	[●]	[●]
31 st Coupon	[●]	[●]	[●]	[●]

32 nd Coupon	[●]	[●]	[●]	[●]
33 rd Coupon	[●]	[●]	[●]	[●]
34 th Coupon	[●]	[●]	[●]	[●]
35 th Coupon	[●]	[●]	[●]	[●]
36 th Coupon	[●]	[●]	[●]	[●]
Principal / Maturity Value	[●]	[●]		1,000.00
Total				[●]

Series IV NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Unsecured, redeemable non-convertible debentures in the nature of Subordinated Debt
Face Value (per NCD)	₹ 1,000
Issue Date / Date of Allotment (tentative)*	[●]
Maturity / Redemption Date (From Deemed Date of Allotment)	72 Months
Coupon Rate for Category I Investors (% per annum)	[●]%
Coupon Rate for Category II Investors (% per annum)	[●]%
Coupon Rate for Category III Investors (% per annum)	[●]%
Frequency of the interest payment with specified dates	Monthly
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon period	Amount (in ₹)
				Category I, II and III Investors
1 st Coupon	[●]	[●]	[●]	[●]
2 nd Coupon	[●]	[●]	[●]	[●]
3 rd Coupon	[●]	[●]	[●]	[●]
4 th Coupon	[●]	[●]	[●]	[●]
5 th Coupon	[●]	[●]	[●]	[●]
6 th Coupon	[●]	[●]	[●]	[●]
7 th Coupon	[●]	[●]	[●]	[●]
8 th Coupon	[●]	[●]	[●]	[●]
9 th Coupon	[●]	[●]	[●]	[●]
10 th Coupon	[●]	[●]	[●]	[●]
11 th Coupon	[●]	[●]	[●]	[●]
12 th Coupon	[●]	[●]	[●]	[●]
13 th Coupon	[●]	[●]	[●]	[●]
14 th Coupon	[●]	[●]	[●]	[●]
15 th Coupon	[●]	[●]	[●]	[●]
16 th Coupon	[●]	[●]	[●]	[●]
17 th Coupon	[●]	[●]	[●]	[●]
18 th Coupon	[●]	[●]	[●]	[●]
19 th Coupon	[●]	[●]	[●]	[●]
20 th Coupon	[●]	[●]	[●]	[●]

21 st Coupon	[●]	[●]	[●]	[●]
22 nd Coupon	[●]	[●]	[●]	[●]
23 rd Coupon	[●]	[●]	[●]	[●]
24 th Coupon	[●]	[●]	[●]	[●]
25 th Coupon	[●]	[●]	[●]	[●]
26 th Coupon	[●]	[●]	[●]	[●]
27 th Coupon	[●]	[●]	[●]	[●]
28 th Coupon	[●]	[●]	[●]	[●]
29 th Coupon	[●]	[●]	[●]	[●]
30 th Coupon	[●]	[●]	[●]	[●]
31 st Coupon	[●]	[●]	[●]	[●]
32 nd Coupon	[●]	[●]	[●]	[●]
33 rd Coupon	[●]	[●]	[●]	[●]
34 th Coupon	[●]	[●]	[●]	[●]
35 th Coupon	[●]	[●]	[●]	[●]
36 th Coupon	[●]	[●]	[●]	[●]
37 th Coupon	[●]	[●]	[●]	[●]
38 th Coupon	[●]	[●]	[●]	[●]
39 th Coupon	[●]	[●]	[●]	[●]
40 th Coupon	[●]	[●]	[●]	[●]
41 st Coupon	[●]	[●]	[●]	[●]
42 nd Coupon	[●]	[●]	[●]	[●]
43 rd Coupon	[●]	[●]	[●]	[●]
44 th Coupon	[●]	[●]	[●]	[●]
45 th Coupon	[●]	[●]	[●]	[●]
46 th Coupon	[●]	[●]	[●]	[●]
47 th Coupon	[●]	[●]	[●]	[●]
48 th Coupon	[●]	[●]	[●]	[●]
49 th Coupon	[●]	[●]	[●]	[●]
50 th Coupon	[●]	[●]	[●]	[●]
51 st Coupon	[●]	[●]	[●]	[●]
52 nd Coupon	[●]	[●]	[●]	[●]
53 rd Coupon	[●]	[●]	[●]	[●]
54 th Coupon	[●]	[●]	[●]	[●]
55 th Coupon	[●]	[●]	[●]	[●]
56 th Coupon	[●]	[●]	[●]	[●]
57 th Coupon	[●]	[●]	[●]	[●]
58 th Coupon	[●]	[●]	[●]	[●]
59 th Coupon	[●]	[●]	[●]	[●]
60 th Coupon	[●]	[●]	[●]	[●]
61 st Coupon	[●]	[●]	[●]	[●]
62 nd Coupon	[●]	[●]	[●]	[●]
63 rd Coupon	[●]	[●]	[●]	[●]
64 th Coupon	[●]	[●]	[●]	[●]
65 th Coupon	[●]	[●]	[●]	[●]
66 th Coupon	[●]	[●]	[●]	[●]
67 th Coupon	[●]	[●]	[●]	[●]
68 th Coupon	[●]	[●]	[●]	[●]
69 th Coupon	[●]	[●]	[●]	[●]
70 th Coupon	[●]	[●]	[●]	[●]
71 st Coupon	[●]	[●]	[●]	[●]
72 nd Coupon	[●]	[●]	[●]	[●]
Principal / Maturity Value	[●]	[●]		1,000.00

Total				[●]
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Series V NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Secured, redeemable, non-convertible debentures
Face Value (per NCD)	₹ 1,000
Issue Date / Date of Allotment (tentative)*	[●]
Maturity / Redemption Date (From Deemed Date of Allotment)	24 Months
Coupon Rate for Category I Investors (% per annum)	[●]%
Coupon Rate for Category II Investors (% per annum)	[●]%
Coupon Rate for Category III Investors (% per annum)	[●]%
Frequency of the interest payment with specified dates	Annually
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon period	Amount (in ₹)
				Category I, II and III Investors
1 st Coupon	[●]	[●]	[●]	[●]
2 nd Coupon	[●]	[●]	[●]	[●]
Principal / Maturity Value	[●]	[●]		1,000.00
Total				[●]

Series VI NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Secured, redeemable, non-convertible debentures
Face Value (per NCD)	₹ 1000
Issue Date / Date of Allotment (tentative)*	[●]
Maturity / Redemption Date (From Deemed Date of Allotment)	36 Months
Coupon Rate for Category I Investors (% per annum)	[●]%
Coupon Rate for Category II Investors (% per annum)	[●]%
Coupon Rate for Category III Investors (% per annum)	[●]%
Frequency of the interest payment with specified dates	Annually
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon	Amount (in ₹)
				Category I, II

			period	and III Investors
1 st Coupon	[●]	[●]	[●]	[●]
2 nd Coupon	[●]	[●]	[●]	[●]
3 rd Coupon	[●]	[●]	[●]	[●]
Principal / Maturity Value	[●]	[●]		1,000.00
Total				[●]

Series VII NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Secured, redeemable, non-convertible debentures
Face Value (per NCD)	₹ 1,000
Issue Date / Date of Allotment (tentative)*	[●]
Maturity / Redemption Date (From Deemed Date of Allotment)	60 Months
Coupon Rate for Category I Investors (% per annum)	[●]%
Coupon Rate for Category II Investors (% per annum)	[●]%
Coupon Rate for Category III Investors (% per annum)	[●]%
Frequency of the interest payment with specified dates	Annually
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon period	Amount (in ₹)
				Category I, II and III Investors
1 st Coupon	[●]	[●]	[●]	[●]
2 nd Coupon	[●]	[●]	[●]	[●]
3 rd Coupon	[●]	[●]	[●]	[●]
4 th Coupon	[●]	[●]	[●]	[●]
5 th Coupon	[●]	[●]	[●]	[●]
Principal / Maturity Value	[●]	[●]		1,000.00
Total				[●]

Series VIII NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Secured, redeemable, non-convertible debentures
Face Value (per NCD)	₹ 1,000
Issue Date / Date of Allotment (tentative)*	[●]
Maturity / Redemption Date (From Deemed Date of Allotment)	400 days
Coupon Rate for Category I Investors (% per annum)	N.A.
Coupon Rate for Category II Investors (% per annum)	N.A.
Coupon Rate for Category III Investors (% per annum)	N.A.

Frequency of the interest payment with specified dates	N.A. (Cumulative)
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon period	Amount (in ₹)
				Category I, II and III Investors
Principal / Maturity Value	[•]	[•]	N.A.	[•]
Total				[•]

Series IX NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Secured, redeemable, non-convertible debentures
Face Value (per NCD)	₹ 1,000
Issue Date / Date of Allotment (tentative)*	[•]
Maturity / Redemption Date (From Deemed Date of Allotment)	24 Months
Coupon Rate for Category I Investors (% per annum)	N.A.
Coupon Rate for Category II Investors (% per annum)	N.A.
Coupon Rate for Category III Investors (% per annum)	N.A.
Frequency of the interest payment with specified dates	N.A. (Cumulative)
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon period	Amount (in ₹)
				Category I, II and III Investors
Principal / Maturity Value	[•]	[•]	N.A.	[•]
Total				[•]

Series X NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Secured, redeemable, non-convertible debentures
Face Value (per NCD)	₹ 1,000
Issue Date / Date of Allotment (tentative)*	[•]
Maturity / Redemption Date (From Deemed Date of Allotment)	36 Months
Coupon Rate for Category I Investors (% per annum)	N.A.
Coupon Rate for Category II Investors (% per annum)	N.A.
Coupon Rate for Category III Investors (% per annum)	N.A.

Frequency of the interest payment with specified dates	N.A. (Cumulative)
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon period	Amount (in ₹)
				Category I, II and III Investors
Principal / Maturity Value	[•]	[•]	N.A.	[•]
Total				[•]

Series XI NCD

Company	Muthoot Fincorp Limited
Nature of Indebtedness	Unsecured, redeemable non-convertible debentures in the nature of Subordinated Debt
Face Value (per NCD)	₹ 1,000
Issue Date / Date of Allotment (tentative)*	[•]
Maturity / Redemption Date (From Deemed Date of Allotment)	72 Months
Coupon Rate for Category I Investors (% per annum)	N.A.
Coupon Rate for Category II Investors (% per annum)	N.A.
Coupon Rate for Category III Investors (% per annum)	N.A.
Frequency of the interest payment with specified dates	N.A. (Cumulative)
Day count convention	Actual / Actual

* Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon period	Amount (in ₹)
				Category I, II and III Investors
Principal / Maturity Value	[•]	[•]	N.A.	[•]
Total				[•]