KOSAMATTAM FINANCE LIMITED

Our Company was originally incorporated on March 25, 1987, as a private limited company under the provisions of the Companies Act, 1956 as Standard Shares and Loans Private Limited. Subsequently, the name of our Company was changed to Kosamattam Finance Private Limited pursuant to a fresh Certificate of Incorporation dated June 8, 2004. Our Company was converted into a public limited company with the name "Kosamattam Finance Limited" on receipt of a fresh certificate of incorporation consequent to change in status on November 22, 2013 from the Registrar of Companies, Kerala and Lakshadweep. The Corporate Identity Number of our Company is U65929KL1987PLC004729. Our Company is Registered as a Non-Banking Financial Company with the Reserve Bank of India ("**RBI**") under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934)

Registered & Corporate Office: Kosamattam Mathew K Cherian Building, M. L. Road, Market Junction, Kottayam- 686001, Kerala, India; **Tel.:** +91 481 258 6400; **Fax:** +91 481 2586500; **Website:** www.kosamattam.com.

For details of changes in Name and Registered Office, please refer to the chapter "***History and Certain Other Corporate Matters***" on page 96.

Compliance Officer and Contact Person: Mr. Sreenath P. **Tel.:** +91 481 258 6400; **Fax:** +91 481 258 6500; **E-mail:** cs@kosamattam.com.

PUBLIC ISSUE BY KOSAMATTAM FINANCE LIMITED, ("COMPANY" OR "ISSUER") OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES ("NCDs") AT PAR, AGGREGATING UP TO ₹15,000 LACS, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹15,000 LACS AGGREGATING UP TO ₹30,000 LACS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE". THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED, THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.

PROMOTERS

Mr. Mathew K. Cherian, Ms. Laila Mathew and Ms. Jilu Saju Varghese. For further details, refer to the chapter "***Our Promoters***" on page 108.

GENERAL RISKS

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

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

For details relating to Coupon Rate, Coupon Payment Frequency, Maturity Date and Maturity Amount of the NCDs, see chapter titled "***Terms of the Issue***" starting on page 138 of this Draft Prospectus. For details relating to eligible investors please see "***The Issue***" on page 41.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this 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 this 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 this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated 'IND BBB-': Outlook Stable, by India Rating & Research Private Limited ("**India Ratings**") for an amount up to ₹30,000 lacs, vide its letter dated November 8, 2016. The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to page 254 for the rationale for the above rating.

LISTING

The NCDs offered through this Draft Prospectus are proposed to be listed on the BSE Limited ("**BSE**"). Our Company has obtained 'in-principle' approval for the Issue from BSE *vide* their letter dated [•], 2016. BSE shall be the Designated Stock Exchange for this Issue.

PUBLIC COMMENTS

This Draft Prospectus was filed with BSE pursuant to the Regulation 6(2) of the SEBI Debt Regulations for public comments for a period of 7 (seven) Working Days i.e. until 5 p.m. on December 15, 2016. All comments on this Draft Prospectus are to be forwarded to the attention of Compliance Officer and Contact Person at the following address: Mr. Sreenath P, Compliance Officer, Kosamattam Mathew K Cherian Building, M. L. Road, Market Junction, Kottayam - 686001, Tel.: +91 481 258 6400; Fax: +91 481 258 6500; E-mail: cs@kosamattam.com. All comments must be received by the Issuer within 7 Working Days of hosting this Draft Prospectus on the website of the Designated Stock Exchange. Comments by post, fax and mail shall be accepted, however please note that all comments by post must be received by the Issuer by 5 p.m. on the 7th Working Day from the date on which this Draft Prospectus is hosted on the website of the Designated Stock Exchange.

LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE**	REGISTRAR TO THE ISSUE
VIVRO FINANCIAL SERVICES PRIVATE LIMITED 607/608 Marathon Icon, Opp. Peninsula Corporate Park, Off. Ganpatrao Kadam Marg, Veer Santaji Lane, Lower Parel, Mumbai- 400013, Maharashtra, India **Tel.:** +91 22 6666 8040 **Fax:** +91 22 6666 8047 **Email**: kfl@vivro.net **Investor Grievance Email**: investors@vivro.net **Website**: www.vivro.net **Contact Person**: Mr. Harish Patel/Ms Mili Khamar **Compliance Officer**: Mr. Jayesh Vithlani **SEBI Registration No.**: INM000010122 **CIN**: U67120GJ1996PTC029182	**VISTRA ITCL (INDIA) LIMITED** The IL&FS Financial Center Plot No. C – 22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 **Tel**: +91 22 2659 3333 **Fax**: +91 22 2653 3297 **Email**: itclcomplianceofficer@vistra.com **Website**: www.vistraitcl.com **Investor Grievance Email**: investorgrievancesitcl@vistra.com **Contact Person**: Mr. Narendra Joshi **SEBI Registration Number**: IND000000578	**KARVY COMPUTERSHARE PRIVATE LIMITED** Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, **Tel:** +91 40 6716 2222; **Fax**: +91 40 2343 1551 **Email:** einward.ris@karvy.com **Investor Grievance Email**: kosamattam.ncdipo9@karvy.com **Website**: www.karisma.karvy.com **Contact Person**: Mr. M Murali Krishna **Compliance Officer**: Mr. Rakesh Santhalia **SEBI Registration Number**: INR000000221 **CIN:** U72400TG2003PTC041636

ISSUE SCHEDULE

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

*The subscription list for the Issue shall remain open for subscription up to 5 p.m., with an option for early closure, up to a period of 30 days from the date of opening of the Issue, as may be decided at the discretion of the Board authorised committee of our Company subject to necessary approvals. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given as the case may be on or before such early date of closure or the initial Closing Date through advertisement/s in a leading national daily newspaper. For further details, please refer to "***General Information – Issue Programme***" on page 35.

Vistra ITCL (India) Limited, by its letter dated October 28, 2016, has 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 Debenture issued pursuant to this Issue. For further details, please refer to *"General Information** – **Debenture Trustee**"* on page 32.

A copy of the Prospectus and written consents of our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Auditor, the Lead Manager, the Registrar to the Issue, Escrow Collection Bank(s), Refund Bank, Credit Rating Agencies, the legal advisor, the Bankers to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities shall be filed with the Registrar of Companies, Kerala and Lakshadweep, in terms of Section 26 of the Companies Act, 2013 along with the requisite endorsed/certified copies of all requisite documents. For further details, please refer to the chapter titled "***Material Contracts and Documents for Inspection***" beginning on page 249.

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

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

All references to "Issuer", "we", and "us", "our" and "our Company" are to Kosamattam Finance Limited

Company Related Terms

Term	Description
"Issuer", "the Company" and "our Company"	Kosamattam Finance Limited having its registered office at Kosamattam Mathew K Cherian Building, M. L. Road, Market Junction, Kottayam- 686 001, Kerala, India
AoA/Articles/Articles of Association	Articles of Association of our Company, as amended
Board/Board of Directors/BoD	The Board of Directors of our Company and includes any Committee thereof
Compulsorily Convertible Preference Shares	Preference Shares of face value of ₹1,000 each of our Company, in the nature of a compulsorily convertible cumulative preference shares
Corporate Office & Registered Office	Kosamattam Mathew K Cherian Building, M. L. Road, Market Junction, Kottayam - 686001, Kerala, India
Debenture Committee	The committee re-constituted by the Board of Directors of our Company by a board resolution dated February 15, 2014
Equity Shares	Equity shares of face value of ₹1,000 each of our Company
Kosamattam Group	Entities that are ultimately promoted and controlled by Mr. Mathew K Cherian, Ms. Laila Mathew or Ms. Jilu Saju Varghese including: Kosamattam MKC Financiers (P) Limited, Kosamattam Ventures (P) Limited, M/s Kosamattam Security Systems, Kosamattam Enterprises LLP, M/s Kosamattam Builders Private Limited, Kosamattam Builders (Partnership firm) and Kosamattam Housing Finance Private Limited.
Limited Review Financial Statements	The unaudited financial results of our Company for the six-month period ended September 30, 2016 on which the Statutory Auditors, Cheeran Varghese & Co, Chartered Accountants, have issued a Limited Review Report.
Limited Review Report	Report by the Statutory Auditors on the unaudited financials of our Company for the six-month period ending on September 30, 2016 dated October 26, 2016
Loan Assets	Assets under financing activities
Memorandum/MoA/Memorandum of Association	Memorandum of Association of our Company, as amended
Net Loan Assets	Assets under financing activities net of Provision for non-performing assets
Promoters	Mr. Mathew K. Cherian, Ms. Laila Mathew and Ms. Jilu Saju Varghese
Reformatted Financial Statements	The statement of reformatted audited assets and liabilities of our Company, and the related statement of reformatted statement of profit and loss of our Company and the related statement of reformatted cash flow of our Company for the Financial Years ending March 31, 2016, 2015, 2014, 2013 and 2012, extracted from the audited financial statements for the Financial Years ending March 31, 2016, 2015, 2014, 2013 and 2012 and the notes thereto, as examined by our Company's Statutory Auditors, Cheeran Varghese & Co, Chartered Accountants
RoC	The Registrar of Companies, Kerala and Lakshadweep
Statutory Auditor(s)/Auditor(s)	M/s. Cheeran Varghese & Co, 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	Unless the context otherwise requires, the allotment of the NCDs pursuant to the Issue to the Allottees
Allottee	The successful Applicant to whom the NCDs are being/have been Allotted pursuant to the Issue
Applicant/Investor	Any prospective applicant who makes an Application pursuant to the Draft Prospectus and the Application Form. For more information on eligibility of the prospective applicant please refer to the chapter titled "***Issue Procedure***" beginning on page 143.
Application	An application to subscribe to NCDs offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the Draft Prospectus.
Application Amount	Shall mean the amount of money that is paid by the Applicant while making the Application in the Issue by way of a cheque or demand draft or the amount blocked in the ASBA Account
Application Form	The form used by an Applicant to apply for NCDs being issued through the Prospectus
Application Supported by Blocked Amount/ASBA, ASBA Application	Shall mean the Application (whether physical or electronic) used by an investor to make an Application authorising the SCSB to block the amount payable on Application in its specified bank account;
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form made in ASBA mode.
Bankers to the Issue/Escrow Collection Banks	The banks which are clearing and registered with SEBI as Bankers to the Issue, with whom the Escrow Accounts and/or Public Issue Accounts and/or Refund Accounts will be opened as disclosed in the chapter "***General Information***" on page 30.
Base Issue	Public Issue of NCDs by our Company aggregating up to ₹15,000 lacs
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in "***Issue Procedure – Basis of Allotment for NCDs***" on page 164.
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.
CARE	Credit Analysis and Research Limited
CRISIL	CRISIL Limited
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated October 28, 2016 entered into between our Company and the Debenture Trustee.
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the NCDs issued under the Issue.
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date as may be determined by the Board or a duly constituted committee thereof, and notified to the Exchange. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable.
Depositories Act	The Depositories Act, 1996
Depository(ies)	National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL)
DP/Depository Participant	A depository participant as defined under the Depositories Act

Term	Description
Designated Stock Exchange/DSE	BSE Limited
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other web-link as may be prescribed by SEBI from time to time
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account or the amount blocked by the SCSBs is transferred from the ASBA Accounts specified by the ASBA Applicants to the Public Issue Account, as the case may be, following which the Board of Directors/or duly authorised Committee of Directors approves the Allotment of the NCDs
Draft Prospectus/Draft Offer Document	The draft prospectus dated December 6, 2016, filed with the Designated Stock Exchange on December 6, 2016, for receiving public comments in accordance with Regulation 6(2) of the SEBI Debt Regulations
Escrow Agreement	Agreement dated [•], entered into amongst our Company, the Registrar, the Escrow Collection Bank and Lead Manager for collection of the Application Amount and for remitting refunds, if any, of the amounts collected, to the applicants (excluding the ASBA Applicants) on the terms and conditions contained thereof
Escrow Account	Accounts opened in connection with the Issue with the Escrow Collection Bank(s) and in whose favour the applicant will issue cheques or bank drafts in respect of the Application Amount while submitting the Application
Existing Secured Creditors	Dhanlaxmi Bank Limited, South Indian Bank Limited, State Bank of India, State Bank of Travancore, debenture holders of the privately placed secured non-convertible debentures and debenture holders of the secured public issue of non-convertible debentures
India Ratings	India Ratings and Research Private Limited, a Fitch Group Company
Institutional Portion	Portion of Applications received from Category I of persons eligible to apply for the issue which includes Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs, Provident Funds of minimum corpus of ₹2,500 lacs, Pension Funds of minimum corpus of ₹2,500 lacs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs, Venture Capital funds and/or Alternative Investment Funds registered with SEBI; Insurance Companies registered with the IRDA, National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India), Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India Mutual Funds, registered with SEBI.
Issue	Public issue by our Company of NCDs aggregating up to ₹15,000 lacs with an option to retain over-subscription up to ₹15,000 lacs aggregating up to ₹30,000 lacs, on the terms and in the manner set forth herein; Base Issue Size being ₹15,000 lacs.
Issue Opening Date	[•]
Issue Closing Date	[•]
Lead Manager	Vivro Financial Services Private Limited
Market Lot	One NCD
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date
Members of Syndicate	Members of syndicate include Vivro Financial Services Private Limited
NCDs	Non-convertible debentures offered under this Issue which are redeemable and are secured by a charge on the assets of our Company, namely the NCDs issued under Option I, Option II, Option III, Option IV, Option V and Option VI, Option VII and Option VIII as detailed in this Draft Prospectus.

Term	Description
NCD Holder/Debenture Holder	Any debenture holder who holds the NCDs issued in this Issue and whose name appears on the beneficial owners list provided by the Depositories (in case of NCDs held in dematerialised form) or whose name appears in the Register of Debenture Holders maintained by our Company/Registrar (in case of NCDs held in physical form).
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs, Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorized to invest in the NCDs, Trust Including Public/private charitable/religious trusts which are authorised to invest in the NCDs, Association of Persons, Scientific and/or industrial research organisations, which are authorised to invest in the NCDs, Partnership firms in the name of the partners, Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lacs.
Prospectus/Offer Document	The Prospectus dated [•], 2016 to be filed with the RoC in accordance with the SEBI Debt Regulations, containing inter alia the coupon rate for the NCDs and certain other information.
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account(s) and from ASBA Accounts with the SCSBs on the Designated Date.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 10 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when stock exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Refund Account	The account opened with the Escrow Banks, from which refunds, if any, of the whole or part of the Application Amount (excluding the ASBA Applicant) shall be made
Refund Bank	The Banker to the Issue, with whom the Refund Account(s) will be opened, which shall be specified in the Prospectus.
Registrar to the Issue/Registrar	Karvy Computershare Private Limited
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised- Intermediaries or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Manager, Members of the Syndicate or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other web-link as may be prescribed by SEBI from time to time
Security	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with the Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal

Term	Description
	to the value of one time of the NCDs outstanding plus interest accrued thereon and first ranking *pari passu* charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. No.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. meters.
SEBI Debt Regulations/Debt Regulations/SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time.
SEBI Listing Regulations/Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
Stock Exchange	BSE Limited
Subordinated Debt	Subordinated Debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument shall be subjected to discounting as provided hereunder: Remaining maturity of the instruments rate of discount (a) up to one year 100% (b) more than one year but up to two years 80% (c) more than two years but up to three years 60% (d) more than three years but up to four years 40% (e) more than four years but up to five years 20% to the extent such discounted value does not exceed fifty percent of Tier I capital.
Syndicate ASBA	An application submitted by an ASBA Applicant through the Members of Syndicate and Trading Members of the Stock Exchange(s) at the Syndicate ASBA Application Locations.
Syndicate ASBA Application Locations	Application centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the Members of the Syndicate shall accept ASBA Applications.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on 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.
Trading Member(s)	Individuals or companies registered with SEBI as "trading member(s)" under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges whose list is available on stock exchanges.
Tripartite Agreement(s)	Agreements as entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company
Trustees/Debenture Trustee	Trustees for the holders of the NCDs, in this case being Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited)
Transaction Registration Slip/TRS	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of upload of the Application on the application platform of the Stock Exchange.
Wilful Defaulter	An issuer who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes an issuer whose director or promoter is categorised as such.
Working Days	All days, other than 2nd and 4th Saturday of the month, Sunday or a public

Term	Description
	holiday on which commercial banks are open for business, provided however, with reference to Issue Period, "Working Days" shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.

Business/Industry Related Terms

Term	Description
ALM	Asset Liability Management
ALCO	Asset Liability Committee
AMFI	Association of Mutual Funds in India
ATS	Average Ticket Size
Average Cost of Borrowing	Amount that is calculated by dividing the interest paid during the period by average of the monthly outstanding
CCPS	Compulsorily Convertible Preference Shares
CRAR	Capital to Risk Weighted Assets Ratio
DPN	Demand Promissory Note
DSA	Direct Sales Agent
FIR	First Information Report
Gross Spread	Yield on the average minus the cost of funds
HFC	Housing Finance Company
IND AS	Indian Accounting Standards
KYC/KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
LC	Loan Company
Loan Book	Outstanding loans net of provisions made for NPAs
LTV	Loan to value
NAV	Net Asset Value
Non-Deposit Accepting NBFC Directions	Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 issued vide RBI Master Circular No. DNBR (PD) CC. No. 043 / 03.10.119 / 2015-16 dated July 1, 2015.
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systemically Important NBFC-ND
NOF	Net Owned Fund
NPA	Non-Performing Asset
Prudential Norms	Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
Secured Loan Book	Secured loan given against hypothecation of asset
SME	Small and Medium Enterprises
Tier I Capital	Tier I Capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiary and companies in the same group exceeding, in aggregate, ten percent of the owned fund and perpetual debt instruments issued by a Systemically important non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty-five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable

Term	Description
	potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and (f) perpetual debt instruments issued by a systemically important non- deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital. To the extent the aggregate does not exceed Tier I capital.

Conventional and General Terms or Abbreviations

Term	Description
Companies Act/Companies Act 2013	The Companies Act, 2013 (to the extent notified) read with rules framed by the Government of India from time to time
Companies Act, 1956	The Companies Act, 1956 to the extent in force
AGM	Annual General Meeting
AML	Anti-Money Laundering
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI Policy	FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy
FEMA	Foreign Exchange Management Act, 1999
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time
FFMC	Full Fledged Money Changer
FPI	Foreign Institutional Investors defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as repealed by Foreign Portfolio Investors defines under the SEBI (Foreign Portfolio Investors) Regulations, 2014
Financial Year/FY	Financial Year ending March 31
GDP	Gross Domestic Product
GoI	Government of India
G-Sec	Government Securities
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Indian GAAP	Generally Accepted Accounting Principles in India
IRDA	Insurance Regulatory and Development Authority
IT Act	The Income Tax Act, 1961
IT	Information Technology
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MIS	Management Information System
MoU	Memorandum of Understanding
NA	Not Applicable
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NII(s)	Non-Institutional Investor(s)
NIM	Net Interest Margin

Term	Description
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
PDI	Perpetual Debt Instrument
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
RM	Relationship Manager
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992
TDS	Tax Deducted at Source
WDM	Wholesale Debt Market

Notwithstanding the foregoing:

1. In the chapter titled "***Summary of Main Provisions of the Articles of Association***" beginning on page 209, defined terms have the meaning given to such terms in that section.

2. In the chapter titled "***Financial Statements***" beginning on page 111, defined terms have the meaning given to such terms in that chapter.

3. In the paragraphs titled "***Disclaimer Clause of BSE***" on page 186 in the chapter "***Other Regulatory and Statutory Disclosures***" beginning on page 185 defined terms shall have the meaning given to such terms in those paragraphs.

4. In the chapter titled "***Statement of Possible Tax Benefits available to the Debenture Holders***" beginning on page 60, defined terms have the meaning given to such terms in that chapter.

5. In the chapter titled "***Key Regulations and Policies***" beginning on page 195, defined terms have the meaning given to such terms in that chapter.

6. In the chapter titled "***Our Business***" beginning on page 79, defined terms have the meaning given to such terms in that chapter.

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

Certain Conventions

In this Draft Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to "Kosamattam", "Issuer", "we", "us", "our" and "our Company" are to Kosamattam Finance Limited.

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

Financial Data

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

The Reformatted Financial Statements and the Limited Review Report are included in this Draft Prospectus, as issued by our Company's Statutory Auditors, Cheeran Varghese & Co, Chartered Accountants in the chapter titled *"**Financial Statements**"* beginning at page 111. Unless stated otherwise, the financial data in this Draft Prospectus is derived from (i) our audited financial statements, prepared in accordance with Indian GAAP, the applicable provisions of Companies Act, 1956 and the Companies Act 2013 for the financial years ended on March 31, 2016, 2015, 2014, 2013 and 2012; and (ii) the limited review of the unaudited financial results of our Company for the six-month period ended September 30, 2016.

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

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

Currency and units of Presentation

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

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

Industry and Market Data

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

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

FORWARD LOOKING STATEMENTS

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

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

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

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

1. Any increase in the levels of non-performing assets ("**NPA**") on our loan portfolio, for any reason whatsoever, would adversely affect our business and results of operations;

2. Any volatility in interest rates which could cause our Gross Spreads to decline and consequently affect our profitability;

3. Changes in the value of Rupee and other currency changes;

4. Unanticipated turbulence in interest rates or other rates or prices; the performance of the financial and capital markets in India and globally;

5. Changes in political conditions in India;

6. The rate of growth of our Loan Assets;

7. The outcome of any legal or regulatory proceedings we are or may become a party to;

8. Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;

9. Any changes in connection with policies, statutory provisions, regulations and/or RBI directions in connection with NBFCs, including laws that impact our lending rates and our ability to enforce our collateral;

10. Emergence of new competitors;

11. Performance of the Indian debt and equity markets;

12. Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;

13. The performance of the financial markets in India and globally; and

14. Other factors discussed in this Draft Prospectus, including under the chapter titled "***Risk Factors***" beginning on page 12.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the chapter titled "***Risk Factors***" and chapters titled "***Industry Overview***" and "***Our Business***" beginning on pages 12, 70 and 79, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as on the date of this Draft Prospectus. The forward-looking statements contained in this Draft Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. Neither our Company or the Lead Manager, nor any of its affiliates have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION II - RISK FACTORS

*An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Draft Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled "**Our Business**" on page 79 and "**Financial Statements**" on page 111 before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialises, may in the future have a material adverse effect on our business, financial condition and results of operations. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.*

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Draft Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with the Audited Reformatted Financial Statements for the Financial Year ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, in each case prepared in accordance with Indian GAAP, including the annexure and notes thereto.

Internal Risk Factors

1. ***We have been subject to RBI inspection and any adverse action taken could affect our business and operations.***

   Our Company was subjected to RBI's inspection under section 45N of the RBI Act, 1934 for the financial position as on March 31, 2016. Subsequently RBI vide its letter dated September 8, 2016, bearing reference number DNBS(T) No. 282/02.19.002/2015-16 observed certain supervisory concerns/issues which *inter alia* include (i) deficiencies and irregularities with respect to the private placement of NCDs, such as facilitation the retention of matured debenture amount by paying broken period interest and redeeming the debentures post their maturity on demand basis, maintenance of proper records and data pertain to privately placed NCDs and subordinated debt, some instances of premature closure of NCDs, without having put or call option, accepting investments in cash for an amount exceeding ₹1 lac without the details of PAN and KYC being taken on record, lack of interest rate being mentioned in the information memorandum, failure to carry out asset classification and the lack of devising the asset classification norms and discrepancies found in the loan against debenture list as compared to the secured debenture list. The RBI advised our Company to refrain from further raising any money through private placement, till all applications, forms and corresponding KYC documents are provided to RBI; (ii) violation of extant RBI Regulations, by incorporation of a restrictive clause in the offer document of privately placed subordinated debt, in the form of unsecured NCDs, thereby treating subordinated debt as perpetual debt and thereby our Company's' asset liability management was found to be deficient. The RBI directed our Company to remove all restrictive clauses under the put call option and to inform all the subordinated debt customers that both principal and interest would be paid on maturity date; (iii) RBI directed our Company to ensure that the CCPS issued during 2015-2016 should be duly converted to equity shares after a period of three years; (iv) shortfall in maintenance of the debenture redemption reserve for outstanding debentures as on March 31, 2016. The RBI directed our Company to undertake further public issue only after obtaining concurrence from the MCA or the RoC regarding the adequacy of debenture redemption reserve; (v) lack of review of loan policy in light of regulatory changes where asset classification norms have been made more stringent. RBI recommended our Company to remove a clause from the loan policy which would enable our Company to increase the interest rate on directions from RBI; (vi) recommendation to bring the loan to its director under the ambit of prudential norms on asset classification and to structure the loan scheme accordingly; (vii) non-adherence to prudential norms on asset classification and provisioning; (viii) recommendation to account for interest on NPA on cash basis and not on accrual basis; (ix) recommendation to conduct the affairs and governance in a professional manner, including functioning of the board level committees; (x) non-compliance with earlier RBI inspection report and violation of extant RBI guidelines with respect to premature closure of debentures, maintenance of required debenture redemption reserve, setting up of adequate IT systems, etc.; (xi) failure

to provide adequate explanation for ₹2.21 crore profit out of deferred tax during 2015-2016 (xii) recommendation to continue regulatory reporting without provisional numbers (xiii) failure to maintain adequate IT systems and MIS (xiv) incorrect reporting of asset liability maturity pattern in the Annual Report 2015-2016 (xv) failure to make a provision in respect of cases of fraud (xvi) failure of the Grievance Redressal Officer to address the complaints received by the Company (xvii) failure to adhere to fair practice code guidelines, KYC and AML guidelines; (xviii) discrepancies and irregularities with regards to conducting auctions and (xix) failure to maintain separate branches and clear demarcation with Kosamattam MKC Financiers Limited.

Our Company addressed RBI's inspection letter and replied vide a letter dated October 5, 2016, *inter alia* categorically responding to all the observations made by the RBI, and accounting for the various measures undertaken for redressing the non-compliances such as stopping the practice of allowing broken period interest; reassurance of preservation of all KYC documents; a description of exceptions for allowing premature closure of the NCDs; undertaking to ensure that future private placements shall include the scheme with details of interest in the application form; to address discrepancy between the loan against debenture against the secured debenture list and CBS access under audit mode being sought from the software vendor; assurance of our Company having made provisions for repayment of subordinated debts along with interest for securities maturing in the next year; explanation justifying the shortfall in the maintenance of the debenture redemption reserve on account of the debentures; review of the loan policy by the Board of Directors in their meeting held on September 29, 2016 in accordance with the recommendation of the RBI; removal of the restrictive clause from loan documentation for loans against property; explanation of calculation of NPA based on renewal date and interest on such NPA being accounted on cash basis; observations of RBI in relation to corporate governance being taken on record and undertaking to strictly adhere to the same, including with functioning of the board level committees; justification of profit from deferred tax for the year 2015-2016; undertaking to periodically frame a resource planning policy; mitigation of deficiencies in the IT systems with updation in progress; undertaking to upload provisional and final figures in relation to regulatory reporting; undertaking to provide details of fraud reporting along with the financials for September 30, 2016; informed of completion of FIU-IND registration as required and undertaking to adhere to all private placement norms and fair practices code; and justification and details of auctions conducted in the year. Further, details with regards to the proposed merger between Kosamattam MKC Financiers Private Limited and our Company were shared with the RBI.

Subsequently, RBI replied vide its letter dated November 8, 2016, advising our Company to submit further compliances in respect of certain observations in the inspection report as the corresponding replies were not found to be satisfactory. The compliance in relation to the other observations were accepted by RBI and our Company was advised to ensure that compliance is sustained on a regular basis. In response to RBI's letter, our Company vide its letter dated December 5, 2016, made further submissions regarding compliance actions undertaken.

While we have attempted to address all the concerns raised by the RBI in its inspection report, any adverse action taken by RBI with regard to such inspections could adversely affect our business and operations.

2. We may be subject to regulatory action with regards to adequacy of our debenture redemption reserve.

The RBI vide its letter dated September 8, 2016, in relation to its inspection under section 45N of the RBI Act, 1934 of the financial position of our Company as on March 31, 2016, observed that as on March 31, 2016 the total outstanding debentures issued by way of public issues was ₹81,304 lacs approximately and that our Company was required to maintain a sum of approximately ₹20,326 lacs in our debenture redemption reserve. Further, RBI observed that our Company had maintained a sum of ₹5,397 lacs in our debenture redemption reserve, which the RBI concluded to be falling short of the requirement laid down by the GOI Circular No. 04/2013 issued by the Ministry of Corporate Affairs, dated February 11, 2013. Consequently, the RBI directed our Company to proceed with its next public issue of debentures only after obtaining concurrence from either the Ministry of Corporate Affairs or the Registrar of Companies, on the adequacy of the sum maintained in the debenture redemption reserve.

Our Company responded to RBI's letter vide its letter dated October 5, 2016, and submitted detailed compliance with RBI's observation, to which RBI replied vide its letter dated November 8, 2016, wherein it reiterated that our Company should maintain adequate debenture redemption reserve and should obtain concurrence from the Ministry of Corporate Affairs or the Registrar of Companies on the adequacy of the debenture redemption reserve. Thereafter, our Company made a detailed representation to the RBI, vide its

letter dated November 11, 2016, wherein, it clarified to the RBI that the debenture redemption reserve is required to be created and maintained out of profits of the Company available for payment of divided and since in the previous financial years our Company did not have adequate profits, the debenture redemption reserve was created from the available profits in accordance with the requirements. Further, our Company submitted that it had maintained 25% of the value of the debentures maturing in the financial year 2017, in its debenture redemption reserve. Subsequently, the RBI vide its letter dated, November 24, 2016, informed our Company that the observation contained in its inspection report dated September 8, 2016, requiring our Company to obtain concurrence from the Ministry of Corporate Affairs or the Registrar of Companies on the adequacy of the debenture redemption reserve may be treated as withdrawn and that the proposed public issue of debentures should be undertaken in full compliance with the applicable norms and directions of Companies Act, DCA, SEBI, RBI, etc. While the RBI has withdrawn its observation, we can neither assure you that similar observations will not be made by any other statutory or regulatory authority, or that such authority will agree with the interpretation of the provisions or the treatment given/effected in respect of the debenture redemption reserve by our Company, nor can we assure you that our Company will not be subject to any regulatory action by such authority, in respect of the debenture redemption reserve.

3. ***We have received a letter dated February 10, 2014 from the RBI ("RBI Letter") inter-alia alleging non-compliance with RBI circular DNBS (T) No. 983/02.03.057/2013-14 dated October 29, 2008 ("RBI Circular"). Further, we have also received a letter dated July 29, 2016 from the RBI, pursuant to an inspection under Section 12(1) of the FEMA, relating to our money changing business ("RBI Inspection Letter"). Any adverse order by RBI could adversely affect our ability to conduct business, which would in turn result in material adverse effect on our business and results of operations.***

Our Company has received the RBI Letter inter-alia alleging that the PDI issued by our Company are not in full compliance with the RBI Circular as our Company was allowing a fixed maturity period of 10 years and the reporting requirements were also not adhered to. Our Company has replied vide letter dated March 21, 2014 to the RBI Letter amongst others submitting the requisite documents to RBI.

Further, the interest payable on the PDI outstanding was also classified by us as cumulative, which is not in accordance with the RBI Circular. Subsequently, the Company has dispensed with its liability pertaining to the accrued interests on the PDIs and have remitted the amount vide cheques to the respective investors. Also, the RBI was intimated of the said payment, vide a letter dated March 18, 2016. In case RBI passes an adverse order, it may adversely affect our ability to conduct business, which would in turn result in material adverse effect on our business and results of operations. The RBI vide a letter dated March 28, 2016, advised our Company on payment to PDI holders on a non-cumulative basis and sought confirmations from our statutory auditor with regard to clearing of the cheques.

Additionally, our Company has also received the RBI Inspection Letter wherein the RBI has observed certain irregularities and deficiencies in relation to our money changing business, such as unavailability of the declaration by the Directors on 'fit and proper criteria' as on March 31, 2016; failure to submit the annual statement showing foreign currency as written-off as on March 31, 2016; non-conformity of application cum declaration format used for sale for foreign exchange with instructions issued by the RBI; unavailability of statutory auditor's certificate on compliance with KYC/AML/CFT guidelines; and non-submission of audited balance sheet and Net Owned Funds certificate as on March 31, 2016. Consequently, our Company has been directed by the RBI to take necessary action and rectification and to submit a compliance within a period of 30 days from the date of receipt of the RBI Inspection Letter. Our Company has responded to the RBI vide a letter dated August 12, 2016, wherein our Company has categorically addressed the concerns raised by the RBI, such as with a declaration of fit and proper person criteria, submission of annual statement with details of foreign currency being written off, changes carried out in the application cum declaration form, compliance with KYC/AML/CFT guidelines in relation to money changing activities and submission of audited balance sheet and net owned funds certificate as on March 31, 2016.

Any adverse action taken by RBI with regard to such inspections could adversely affect our business and operations.

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

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. We

have been assigned a 'CARE BB+' [Double B Plus] rating by CARE, for our long-term bank facilities of ₹25,000 lacs; and for our Non-Convertible Debenture issues aggregating to ₹2,707 lacs, ₹5,765 lacs, ₹6,428 lacs, ₹16,461 lacs, ₹20,000 lacs, ₹19,988 lacs, ₹23,451 lacs and ₹17,500 lacs. For our Subordinated Debt issues aggregating to ₹2,500 lacs, ₹1,000 lacs, ₹3,000 lacs and ₹2,479 lacs, CARE has assigned a rating of 'CARE BB' [Double B]. Further, India Ratings vide their letter dated November 8, 2016 have rated our long-term bank facilities of ₹10,000 lacs as 'IND BBB-': Outlook Stable and also the NCDs proposed to be issued under this Issue have been rated 'IND BBB-': Outlook Stable by for an amount of up to ₹30,000 lacs. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to debt and bank lending markets and, thus, would adversely affect our business. In addition, downgrading of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements. For details regarding ratings received by our Company, please refer to "***Our Business-Our Borrowings and Credit Ratings***" on page 93.

5. ***Our Company, two of our Promoter Directors and one of our Group Company are subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business, financial condition and results of operations.***

We, two of our Promoter Directors and one of our Group Companies are subject to certain legal proceedings including civil suits, consumer litigations, tax litigations, trademark infringement suits etc. We incur substantial cost in defending these proceedings before a court of law. Further our Company received an order from the Office of the Commissioner of Central Excise and Customs, Cochin dated March 18, 2016 on May 19, 2016, whereby the authority has confirmed the demand of the outstanding tax liability of ₹9,72,89,472 along with levying a total penalty of ₹97,38,000 with regards to SCN dated September 30, 2014 and confirmed the demand of the outstanding tax liability of ₹5,41,96,943 along with imposing a penalty of ₹5,42,06,943 on our Company with regards to SCN dated April 21, 2015. Moreover, we are unable to assure you that we or our Promoter Directors or our Group Company shall be successful in any or all of these actions. In the event, we or our Promoter Directors suffer any adverse order, our reputation may suffer and may have an adverse impact on our business and results of operations. We cannot assure that an adverse order by any statutory or governmental authority would not have a negative impact on our profit and financial condition. For further details of the legal proceedings that we are subject to, please refer to the chapter titled "***Outstanding Litigations***" on page 168.

6. ***One of our Group Companies is enabled by its memorandum of association to undertake activities similar to the activities conducted by our Company which may be a potential source of conflict of interest for us and which may have an adverse effect on our operations.***

Our Promoter Directors are the sole shareholders and directors on the board of our Group Company, Kosamattam Mathew K Cherian Financiers Private Limited. Our Promoter Directors devote some of their time and resources to Kosamattam Mathew K Cherian Financiers Private Limited. There can be no assurance that our Promoter Directors' role in the Group Company does not present any conflicts of interest or potential conflicts of interest.

Further, Kosamattam Mathew K Cherian Financiers Private Limited is registered as a non-banking financial institution and could offer services that are related to our business, which could lead to potential conflicts of interest. Further there is no non-compete agreement between our Company and Kosamattam Mathew K Cherian Financiers Private Limited. The memorandum of association of Kosamattam Mathew K Cherian Financiers Private Limited entitles it to undertake and carry out businesses that are similar or related to our business. There can be no assurance that Kosamattam Mathew K Cherian Financiers Private Limited will not provide comparable services, expand their presence or acquire interests in competing ventures in the locations in which we operate. As a result, a conflict of interest may occur between our business and the business of Kosamattam Mathew K Cherian Financiers Private Limited which could have an adverse effect on our operations.

Pursuant to a board resolution dated December 8, 2015, the Board of Directors of our Company decided to merge Kosamattam Mathew K Cherian Financiers Private Limited with our Company, subject to the receipt of an in-principle approval from the RBI. The RBI vide a letter dated May 4, 2016 sought relevant information pertaining to the merger, to which our Company responded vide a detailed reply dated May 6, 2016. Subsequently, the RBI sought additional information vide a letter dated June 2, 2016 which were addressed by our Company vide a reply dated June 14, 2016. Subsequently, the Board of Directors of our

Company in their meeting held on August 6, 2016, approved the merger of Kosamattam Mathew K. Cherian Financiers Private Limited with our Company by adopting the draft scheme of merger subject to the approval from the shareholders of our Company and the creditors, respectively and also for due submission to the High Court of Kerala and the RBI. The RBI vide its letter dated October 4, 2016 has accorded its in-principle approval to the proposed merger, subject to approval from the High Court of Kerala. Our Company is in the process of filing the draft of the scheme before the High Court of Kerala.

There can be no guarantee that the High Court of Kerala shall approve the proposed scheme of merger. In case our Company is unable to secure the requisite approvals, the proposed scheme may not be effectuated and may potentially affect our long-term operations.

7. ***Our Company was unable to trace certain secretarial records, including records pertaining to the allotment of Equity Shares acquired by our past shareholders prior to August 2004.***

We have been unable to locate the copies of certain of our secretarial records, i.e. prescribed forms filed by us with the Registrar of Companies, including, among others, in respect of the allotment of Equity Shares from incorporation until August 2004. While we believe that these forms were duly filed on a timely basis, we have not been able to obtain copies of these documents, including from the Registrar of Companies. We cannot assure you that we will not be subject to any adverse action by a competent regulatory authority in this regard.

8. ***A major part of our branch network is concentrated in southern India and we derive majority of our revenue from southern India. Any breakdown of services in these areas could have a material and adverse effect on our results of operations and financial conditions.***

We derive majority of our revenue from our 939 branches situated in southern India out of 958 of our total branches. As a result, we are exposed to risks including any change in policies relating to these states, any localised social unrest, any natural disaster and any event or development which could make business in such states less economically beneficial. Any such risk, if materialises, could have a material adverse effect on the business, financial position and results of operations of our Company. For further details of our branch network within India, please refer to the chapter titled "***Our Business - Branch Network***" on page 88.

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

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

Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition.

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

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

should be within the internal limits fixed by banks for their aggregate exposure to all NBFCs taken together.

The RBI *vide* its circular RBI/2014-15/475 DNBR (PD) CC No.021/03.10.001/2014-15 dated February 20, 2015 issued certain guidelines with respect to raising money through private placement by NBFCs in the form of non-convertible debentures. These guidelines include restrictions on the minimum subscription amount for a single investor at ₹20,000, the issuance of private placement of NCDs shall be in two separate categories, those with a maximum subscription of less than ₹1 crore and those with a minimum subscription of ₹1 crore and above, the restriction of number of investors in an issue to 200 investors for a maximum subscription of less than ₹1 crore which shall be fully secured, there is no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹1 crore and above while the option to create security in favour of subscribers will be with the issuers and such unsecured debentures shall not be treated as public deposits, restriction on NBFCs for issuing debentures only for deployment of funds on its own balance sheet and not to facilitate resource requests of group entities/parent company/associates, prohibition on providing loan against its own debentures, etc. This has resulted in limiting the Company's ability to raise fresh debentures on private placement basis.

A significant portion of our debt matures each year. Out of the total amount of our outstanding NCDs, ₹1,38,642.61 lacs, issued by our Company as of October 31, 2016, NCDs amounting to ₹39,136.46 lacs will mature during the next 12 months. In order to retire these instruments, we either will need to refinance this debt, which could be difficult in the event of volatility in the credit markets, or raise equity capital or generate sufficient cash to retire the debt.

Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. As an NBFC, we also face certain restrictions on our ability to raise money from international markets, which may further constrain our ability to raise funds at attractive rates.

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

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

Our results of operations are substantially dependent upon the level of our Net Interest Margins. Income from operations is the largest component of our total income, and constituted 98.90%, 99.54% and 99.84% of our total income for Financial Years 2016, 2015 and 2014, respectively. Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors.

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

Our policy is to attempt to balance the proportion of our interest earning assets, which bear fixed interest rates, with interest bearing liabilities. A significant portion of our liabilities, such as our NCDs carry fixed rates of interest. Moreover, we do not hedge our exposure to interest rate changes. We cannot assure you that we can adequately manage our interest rate risk in the future or can effectively balance the proportion of our fixed rate loan assets and liabilities. Further, changes in interest rates could affect the interest rates charged on interest earning assets and the interest rates paid on interest bearing liabilities in different ways. Thus, our results of operations could be affected by changes in interest rates and the timing of any re-pricing of our liabilities compared with the re-pricing of our assets.

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

11. We have had negative net cash flows from our operating, investing and financing activities in the recent fiscal years. Any negative cash flows in the future may adversely affect our results of operations and financial condition.

We have had negative net cash flows from our operating, investing and financing activities in the last three fiscal years, the details of which are summarised below:

(In ₹lacs)

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
Net cash generated from/(used in) operating activities	5,216.20	(192.37)	2,671.09
Net cash generated from/(used in) investing activities	7,828.09	(16,356.59)	(2,535.31)
Net cash generated from/(used in) financing activities	(24,396.54)	26,214.00	(1,141.17)

Any negative cash flows in the future may adversely affect our results of operations and financial condition. For further details, please see the sections titled "***Financial Statements***" on page 111.

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

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

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

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

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

We extend loans secured mostly by household gold jewellery. A sustained decrease in the market price of gold could cause a decrease in new Gold Loans in our loan portfolio and, as a result, our interest income. In addition, customers may not repay their loans and the gold jewellery securing the loans may have decreased significantly in value, resulting in losses which we may not be able to support. The impact on our financial position and results of operations of a hypothetical decrease in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not pre-determinable.

14. We may not be able to realise the full value of our pledged gold, which exposes us to potential loss.

We may not be able to realise the full value of our pledged gold, due to, among other things, defects in the quality of gold or wastage that may occur when melting gold jewellery into gold bars. We have in place an

extensive internal policy on determining the quality of gold prior to disbursement of the Gold Loan. However, we cannot assure that methods followed by us are fool proof and the impurity levels in the gold can be accurately assessed.

In the case of a default, amongst others we may auction the pledged gold in accordance with our auction policy. We cannot assure you that we will be able to auction such pledged gold jewellery at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with the auction process or other processes undertaken by us to recover the amount due to us. Any such failure to recover the expected value of pledged gold could expose us to a potential loss and which could adversely affect our financial condition and results of operations.

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

We have expanded our operations in the last three years from 740 branches as on October 31, 2013 to 958 branches as on October 31, 2016. We have experienced considerable growth in terms of our loan portfolio from ₹68,618.82 lacs as on March 31, 2012 to ₹1,47,240.42 lacs as on March 31, 2016. Our income from operations increased from ₹15,574.66 lacs in the Financial Year ended March 31, 2012 to ₹34,191.10 lacs in the Financial Year ended March 31, 2016 thereby achieving compounded annual growth rate ("**CAGR**") of 21.72%. In this same period, the loan book increased from ₹68,618.82 lacs for the Financial Year ended March 31, 2012 to ₹1,47,240.42 lacs for the Financial Year ended March 31, 2016 at a CAGR of 21.03%. Our income from operations and loan book for financial year ended March 31, 2016 is ₹34,191.10 lacs and ₹1,47,240.42 lacs, respectively.

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

Further principal component of our strategy is to continue to grow by expanding the size and geographical scope of our businesses. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. It also includes undertaking permission from various authorities, including RBI and various regulatory compliances. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure.

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

We may not be successful in our efforts to improve collections and/or enforce the security interest on the gold collateral on existing as well as future non-performing assets. Moreover, as our loan portfolio increases, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control our level of non-performing assets, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected. Our gross NPAs as of the six-month period ended September 30, 2016 and for the years ended March 31, 2016, 2015, 2014, 2013 and 2012 were ₹892.19 lacs, ₹666.98 lacs, ₹631.97 lacs, ₹172.15 lacs, ₹305.83 lacs and ₹249.96 lacs, respectively.

The Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ("**Prudential Norms**") prescribe the provisioning required in respect of our outstanding loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our non-performing assets. Furthermore, although we believe that our total provision will be adequate to cover all known losses in our asset portfolio, our current provisions may not be adequate when compared to the loan portfolios of other financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross non-performing assets or

otherwise, or that the percentage of non-performing assets that we will be able to recover will be similar to our past experience of recoveries of non-performing assets. In the event of any further increase in our non-performing asset portfolio, there could be an even greater, adverse impact on our results of operations.

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

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

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

18. We are subject to certain restrictive covenants in our loan documents, which may restrict our operations and ability to grow and may adversely affect our business.

There are restrictive covenants in the agreements we have entered into with our lender. These restrictive covenants require us to seek the prior permission of these banks/financial institutions for various activities, including, amongst others, to declare dividend, for any change in the management/constitution, takeovers/mergers etc. or any expansion, new project/investment/acquiring assets under lease/enter into borrowing arrangements, to undertake any new project, or diversification, modernisation, amend or modify its Memorandum and Articles of Association/Bye Laws/Trust Deeds etc. For details of these restrictive covenants, see the chapter titled "***Financial Indebtedness***" beginning on page 114.

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

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance. The RBI in its notification bearing reference RBI/2014-15/299 DNBR (PD) CC. No.002/03.10.001/2014-15 dated November 10, 2014, along with RBI/2014-15/520 DNBR (PD) CC. No. 024/ 03.10.001/ 2014-15 dated March 27, 2015 has amended the regulatory framework governing NBFCs to address concerns pertaining to risks, regulatory gaps and arbitrage arising from differential regulations and aims to harmonise and simplify regulations to facilitate a smoother compliance culture among NBFCs. As per this amendment, the requirement of minimum NOF has been amended to the following milestones (a) ₹100 lacs before April 1, 2016 and (b) ₹200 lacs before April 1, 2017. Any failure to achieve the prescribed ceiling within the stipulated time period shall result in cancellation of certificate of registration. Moreover, under the amendment, the threshold for defining systemic significance for NBFCs-ND has been revised in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹50,000 lacs and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹50,000 lacs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. We cannot assure you that this notification and its applicability to us will not have a material and adverse effect on our future financial conditions and results of operations.

RBI has also in its circular dated May 27, 2013 restricted NBFCs to finance purchasing gold and jewellery. We cannot assure you that this notification and its applicability to us will not have a material and adverse effect on our future financial conditions and results of operations.

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

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

RBI guidelines prescribe the provisioning required in respect of our outstanding loan portfolio. These provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. The RBI in its notification (RBI/2014-15/299 DNBR (PD) CC. No. 024/ 03.10.001/ 2014-15) dated March 27, 2015 has amended the regulatory framework governing NBFCs pertaining to provision for standard assets. The requirement to make a provision for standard assets has been increased from 0.25% to 0.40% of the outstanding, in a phased manner over a period of next three years, i.e., 0.30% by the end of March 2016, 0.35% by the end of March 2017 and 0.40% by the end of March 2018.

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

The level of our provisions may not be adequate to cover further increases in the amount of our nonperforming assets or a decrease in the value of the underlying gold collateral. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, or if we are required to increase our provisions, this could have an adverse effect on our financial condition, liquidity and results of operations and may require us to raise additional capital.

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

Under RBI Master Circular DBR.BP.BC.No.5/21.04.172/2015-16 on bank finance to NBFCs issued on July 1, 2015, the exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC engaged in lending against collateral of gold jewellery (i.e. such loans comprising 50% or more of its financial assets) should not exceed 7.5%, of its capital funds. Banks may, however, assume exposures on a single NBFC up to 12.5%, of their capital funds, provided the exposure in excess of 7.5% is on account of funds on-lent by the NBFC to the infrastructure sector. Further, banks may also consider fixing internal limits for their aggregate exposure to all NBFCs put together and should include internal sub-limit to all NBFCs providing Gold Loans (i.e. such loans comprising 50% or more of their financial assets), including us. This limits the exposure that banks may have on NBFCs such as us, which may restrict our ability to borrow from such banks and may increase our cost of borrowing, which could adversely impact our growth, business and financial condition.

22. Our Gold Loans are due within one year of disbursement, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income.

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

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

The accurate appraisal of pledged gold is a significant factor in the successful operation of our business and such appraisal requires a skilled and reliable workforce. Inaccurate appraisal of gold by our workforce may result in gold being overvalued and pledged for a loan that is higher in value than the gold's actual value, which could adversely affect our reputation and business. Further, we are subject to the risk that our gold appraisers may engage in fraud regarding their estimation of the value of pledged gold. Any such inaccuracies or fraud in relation to our appraisal of gold may adversely affect our reputation, business and financial condition.

24. Exchange rate fluctuations may adversely affect our results of operations.

We provide foreign exchange services to our customers. Accordingly, we are exposed to risks associated with foreign exchange fluctuation. Any adverse fluctuation in foreign exchange rates could affect our results of operations.

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

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

26. The insurance coverage taken by us may not be adequate to protect against certain business risks. This may adversely affect our financial condition and result of operations.

Operating and managing a Gold Loan business involves many risks that may adversely affect our operations and the availability of insurance is therefore important to our operations. We believe that our insurance coverage is adequate to cover us. However, to the extent that any uninsured risks materialise or if it fails to effectively cover any risks, we could be exposed to substantial costs and losses that would adversely affect our financial condition. In addition, we cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims or that our insurers will not disclaim coverage as to any particular claim or claims. Occurrence of any such situation could adversely affect our financial condition and results of operations.

27. Our entire customer base comprises individual borrowers, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers.

A majority of our customer base belongs to the low to medium income group. Furthermore, unlike many developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about individuals, particularly our focus customer segment of the low to medium income group. It is therefore difficult to carry out precise credit risk analyses on our customers. While we follow certain procedures to evaluate the credit profile of our customers before we sanction a loan, we generally rely on the quality of the pledged gold rather than on a stringent analysis of the credit profile of our customers. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect our loan portfolio, which could in turn have an adverse effect on our financial condition, cash flows and results of operations.

28. We strive to attract, retain and motivate key employees, and our failure to do so could adversely affect our business. Failure to hire key executives or employees could have a significant impact on our operations.

While we strive to attract, train, motivate and retain highly skilled employees, especially branch managers and gold assessment technical personnel, any inability on our part to hire additional personnel or retain existing qualified personnel may impair our ability to expand our business could lead to a decline of our revenue. Hiring and retaining qualified and skilled managers and sales representatives are critical to our future, and competition for experienced employees in the gold loan industry is intense. In addition, we may not be able to hire and retain enough skilled and experienced employees to replace those who leave, or may not be able to re-deploy and retain our employees to keep pace with continuing changes in technology, evolving standards and changing customer preferences. The failure to hire key executives or employees or the loss of executives and key employees could have a significant impact on our operations.

29. We are subject to the risk of fraud by our employees and customers.

We are exposed to the risk of fraud and other misconduct by employees and customers. While we carefully recruit all of our employees and screen all our employees who are responsible for disbursement of Gold Loans and custody of gold, there could be instances of fraud with respect to Gold Loans and cash related misappropriation by our employees. We are required to report cases of internal fraud to the RBI, which may take appropriate action. Our Company has registered an FIR against the branch manager of our Gudallur branch for fraud and misappropriation. We have also filed police complaints alleging fraud and misappropriation of gold by our employees in the past. We cannot guarantee you that such acts of fraud will not be committed in the future, and any such occurrence of fraud would adversely affect our reputation, business and results of operations**.**

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

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

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

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Through our information technology systems, we manage our operations, market to our target customers, and monitor and control risks. We are dependent upon the IT software for effective monitoring & management, and any failure in our IT systems or loss of connectivity or any loss of data arising from such failure can impact our business and results of operations.

32. We have entered into, and will continue to enter into, related party transactions.

We have entered into transactions with several related parties, including our Promoters Directors and Group Companies. We cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Furthermore, it is likely that we will enter into related party transactions in the future. The transactions we have entered into and any future transactions with our related parties could potentially involve conflicts of interest. For example, the Company has entered into an agreement with Mathew K. Cherian, Managing Director of the Company, for purchase of landed property amounting to ₹2,600 lacs based on the valuation report dated June 10, 2014 received from a bank approved valuer. As required under Companies Act, Company has passed a special resolution before the purchase of landed property from Mr. Mathew K. Cherian. For details in relation to transactions with related parties as per Accounting Standard 18 issued under the Companies Accounting Standard Rules entered into by us, see

chapter titled "***Transactions with Related Parties - Financial Information***" on page F-36 of this Draft Prospectus.

33. 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 relating to our customers and the 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.

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

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

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

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

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

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

As on October 31, 2016, we had 958 branches in eight states and one union territory. Except three branches which are owned by us, the remaining are located on leased premises. If any of the owners of these premises does not renew an agreement under which we occupy the premises, attempts to evict us or seeks to renew an agreement on terms and conditions non-acceptable to us, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

37. We are venturing into new business areas and the sustainability, effective management and failure of growth strategy could adversely affect our business and result of operations.

We are entering new businesses as part of our growth strategy. For example, we have received a corporate insurance agency license from IRDA under the Insurance Act, 1938 for acting as a corporate agent for the Life Insurance Corporation of India, which will enable us to market their life insurance plans. Further, our Company has also begun offering loans against collateral of commercial or residential property. Additionally, our Company successfully obtained registration as an AMFI Registered Mutual Fund Advisor

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

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

This Draft Prospectus includes certain unaudited financial information in relation to our Company, for the six-month period ended September 30, 2016 in respect of which the Statutory Auditors of our Company have issued the Limited Review Report. As this financial information, has been subject only to limited review as required under Regulation 52 (2) (a) of the Listing Regulations, and as described in the Standard on Review Engagements ("**SRE**") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India, and not to an audit, any reliance by prospective investors on such unaudited financial information should accordingly, be limited. Moreover, our financial results for any given fiscal quarter or period, including the six-month period ended September 30, 2016, may not be directly comparable with our financial results for any full fiscal or for any other fiscal quarter or period. Accordingly, prospective investors to the Issue are advised to read such unaudited financial information in conjunction with the audited financial information provided elsewhere in this Draft Prospectus.

RISKS PERTAINING TO THIS ISSUE

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

Regulation 16 of the SEBI Debt Regulations and Section 71 of the Companies Act 2013 states that any company that intends to issue debentures must create a debenture redemption reserve out of the profits of the company available for payment of dividend until the redemption of the debentures. Further, the Companies (Share Capital and Debentures) Rules, 2014 states that the Company shall create Debenture Redemption Reserve and 'the adequacy' of debenture redemption reserve will be 25% of the value of outstanding debentures issued through public issue as per present SEBI Debt Regulations. Accordingly, if we are unable to generate adequate profits, the debenture redemption reserve created by us may not be adequate to meet the 25% of the value of the outstanding NCDs, which may have a bearing on the timely redemption of the NCDs by our Company.

Further, our company is also required to create a debenture redemption reserve on or before the 30th day of April in each year, and invest or deposit, as the case may be, a sum which shall not be less than fifteen percent, of the amount of the debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the following methods, namely:(i) in deposits with any scheduled bank, free from any charge or lien;(ii) in unencumbered securities of the Central Government or of any State Government; (iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (iv) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of Section 20 of the Indian Trusts Act, 1882; (v) the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above, provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen percent of the amount of the debentures maturing during the year ending on the 31st day of March of that year. If we do not generate adequate profits, we may not be able to maintain an adequate amount in this respect, for the NCDs issued pursuant to this Draft Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.

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

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e., when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

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

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

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

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

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

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

Our Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. Our Company is free to decide the nature of security that may be provided for future borrowings. In such a scenario, the Debenture Holders holding the NCDs will rank *pari passu* with other creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation.

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

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to the NCDs have been paid as per Section 327 of

the Companies Act, 2013. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts, due on the NCDs.

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

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending and for repayment of interest and principal of existing loans and also for general corporate purposes. For further details, please refer to the "***Objects of the Issue***" at page 68. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

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

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

48. We rely significantly on our management team, our key managerial personnel and our ability to attract and retain talent. Loss of any member from our management team or that of our key managerial personnel may adversely affect our business and results of operation.

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

49. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Gold Loan 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 have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the Gold Loan industry. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics, the same have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled "***Industry Overview***" beginning on page 70. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

EXTERNAL RISK FACTORS

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

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate

in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks, NBFCs and HFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

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

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

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

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

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

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

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

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

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

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalisation policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalisation. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

55. ***As notified under Companies Act, 2013, public companies falling under specific categories, are required to prepare financial statements under the new accounting standards namely IND AS with effect from financial year 2016-17. While this is applicable for accounting periods beginning on or after April 1, 2018, for NBFCs such as our Company, we may be negatively affected by this transition.***

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

PROMINENT NOTES

1. This is a public issue of NCDs by our Company aggregating up to ₹15,000 lacs with an option to retain over-subscription up to ₹15,000 lacs, aggregating to a total of ₹30,000 lacs.

2. For details on the interest of our Company's Directors, please refer to the sections titled "**Our *Management***" and "***Capital Structure***" beginning on pages 98 and 46, respectively.

3. Our Company has entered into certain related party transactions, within the meaning of AS 18, as notified under the Companies (Accounting Standards) Rules, 2006 and disclosed in the chapter titled "***Financial Statements***" beginning on page 111.

4. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.

5. Investors may contact the Registrar to the Issue, Compliance Officer and Lead Manager for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue. All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the respective Stock Exchange.

6. In the event of oversubscription to the Issue, allocation of NCDs will be as per the "***Basis of Allotment***" set out in the chapter "***Issue Procedure***" on page 164.

7. Our Equity Shares are currently unlisted.

8. Our previous public issues of secured and unsecured redeemable non-convertible debentures are currently listed on BSE.

9. Our Company has had contingent liabilities amounting to ₹2,722.91 lacs as of September 30, 2016.

10. For further information, relating to certain significant legal proceedings that we are involved in, please refer to the chapter "***Outstanding Litigations***" on page 168.

SECTION III - INTRODUCTION

GENERAL INFORMATION

Kosamattam Finance Limited

Our Company was originally incorporated on March 25, 1987 as a Private Limited Company under the provisions of the Companies Act, 1956 as Standard Shares and Loans Private Limited. Subsequently, the name of our Company was changed to Kosamattam Finance Private Limited pursuant to a fresh Certificate of Incorporation dated June 08, 2004. Our Company was subsequently converted into a Public Limited Company with the name Kosamattam Finance Limited on receipt of a fresh certificate of incorporation consequent upon change of name on conversion to Public Limited Company dated November 22, 2013 from the Registrar of Companies, Kerala and Lakshadweep.

NBFC Registration

Our Company has obtained a certificate of registration dated December 19, 2013 bearing registration no. B-16.00117 issued by the RBI to commence/carry on business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration, under section 45 IA of the RBI Act.

FFMC Registration

Our Company has obtained a full-fledged money changers license bearing license number FE. CHN.FFMC.40/2006 dated February 7, 2006 issued by the RBI which is valid up to February 28, 2017.

Depository Participant Registration

Our Company holds a Certificate of Registration dated May 28, 2014 bearing registration number IN–DP–CDSL–717-2014 issued by the SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996. The registration is valid up to May 27, 2019.

Corporate Insurance Agency Registration

Our company hold a Certificate of Registration dated March 30, 2016 bearing registration number - CA0179 issued by IRDA to commence/carry business in the capacity of a Corporate Agent (Composite) under the Insurance Regulatory and Development Authority Act, 1999. The registration is valid up to March 31, 2019.

Mutual Fund Advisor Registration

Our Company obtained registration as an AMFI Registered Mutual Fund Advisor (ARMFA), and was allotted a unique code-AMFI Registration Number (ARN) - 116785.

Registration

Corporate Identity Number issued by the RoC: U65929KL1987PLC004729.

Registered & Corporate Office

Kosamattam Mathew K. Cherian Building,
Market Junction, M. L. Road,
Kottayam – 686 001,
Kerala, India
Email: cs@kosamattam.com
Tel.: +91 481 258 6400
Fax: +91 481 258 6500
Website: www.kosamattam.com

Chief Financial Officer

Ms. Annamma Varghese C.
Kosamattam Finance Limited
Kosamattam MKC Building,
Market Junction, M. L. Road,
Kottayam – 686 001,
Kerala, India
Tel.: +91 481 258 6457
Fax: +91 481 258 6500
E-mail: ca@kosamattam.com

Company Secretary and Compliance Officer:

Mr. Sreenath P.
Kosamattam Finance Limited
Kosamattam MKC Building,
M. L. Road, Market Junction,
Kottayam – 686 001,
Tel.: +91 481 258 6506
Fax: +91 481 258 6500
E-mail: cs@kosamattam.com

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

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

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

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

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

Registrar of Companies, Kerala and Lakshadweep

1st Floor, Company Law Bhavan,
BMC Road, Thrikkakara,
Kochi – 682 021
Kerala, India

Board of Directors

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

Name, Designation and DIN	Age (in number of years)	Address
Mr. Mathew K. Cherian **Designation:** Chairman and Managing Director **DIN:** 1286073	60	354A, Kosamattam House, Manganam P.O., Kottayam – 686 018, Kerala, India
Ms. Laila Mathew **Designation:** Whole Time Director **DIN:** 1286176	58	354A, Kosamattam House, Manganam P.O., Kottayam – 686 018, Kerala, India
Ms. Jilu Saju Varghese **Designation:** Non-Executive Director **DIN:** 3621643	35	Parayil House, West Othera P.O. Via Thiruvalla, Pathanamthithitta– 689 551, Kerala, India
Mr. Narayanaswamy Chidambara Iyer **Designation:** Independent Director **DIN:** 06805313	49	VI/100, Karukanchery Madom, Thiruvarppu, P. O. Kottayam – 686 033, Kerala, India
Mr. Thomas John **Designation:** Independent Director **DIN:** 02541626	71	Chirappurath House, Kollad P.O., Kottayam -686029, Kerala, India

For further details of Directors of our Company, please refer to chapter titled "***Our Management***" beginning on page 98 of this Draft Prospectus.

Lead Manager to the Issue

Vivro Financial Services Private Limited
607/608 Marathon Icon,
Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai- 400013, Maharashtra, India
Tel.: +91 22 6666 8040
Fax: +91 22 6666 8047
Email: kfl@vivro.net
Investor Grievance Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Mr. Harish Patel/Ms Mili Khamar
Compliance Officer: Mr. Jayesh Vithlani
SEBI Registration No.: INM000010122
CIN: U67120GJ1996PTC029182

Debenture Trustee

Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited)
The IL&FS Financial Center,
Plot No. C – 22, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
Tel: +91 22 2659 3333
Fax: +91 22 2653 3297
Email: itclcomplianceofficer@vistra.com
Website: www.vistraitcl.com
Investor Grievance Email: investorgrievancesitcl@vistra.com
Contact Person: Mr. Narendra Joshi
SEBI Registration Number: IND000000578

Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited) has by its letter dated October 28, 2016, 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 to be sent to the holders of the NCDs issued pursuant to this Issue.

Registrar to the Issue

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032,
Tel: +91 40 6716 2222;
Fax: +91 40 2343 1551
Email: einward.ris@karvy.com
Investor Grievance Email: kosamattam.ncdipo9@karvy.com
Website: www.karisma.karvy.com
Contact Person: Mr. M. Murali Krishna
Compliance Officer: Mr. Rakesh Santhalia
SEBI Registration Number: INR000000221
CIN: U72400TG2003PTC041636

Credit Rating Agency

India Ratings and Research Private Limited
Wockhardt Towers, 4th Floor,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
Tel: +91 22 4000 1700
Fax: +91 22 4000 1701
Email: shrikant.dev@indiaratings.co.in
Contact Person: Mr. Shrikant Dev, Compliance Officer
Website: www. indiaratings.co.in
SEBI Registration No: IN/CRA/002/1999
CIN: U67100MH1995FTC140049

Legal Counsel to the Issue

Khaitan & Co
One Indiabulls Centre,
13th Floor, Tower I,
841, Senapati Bapat Marg,
Elphinstone Road,
Mumbai – 400 013,
Maharashtra, India.
Tel: + 91 22 6636 5000
Fax: + 91 22 6636 5050

Statutory Auditors of our Company

Cheeran Varghese & Co.
Mundupalam 1st Cross Road
Thrissur – 680 001
Kerala, India
Tel: +91 487 2423721
Fax: +91 487 2423721
Email: vandvassociates07@yahoo.co.in
Contact Person: Vipin K. K.
Membership No: 222163
Firm Registration Number: 050061S

Bankers to the Issue/ Escrow Collection Banks

[•]

Refund Bank

[•]

Syndicate Member

[•]

Bankers to our Company

The South Indian Bank Limited
P.B. No. 124, Catholic Centre,
Central Junction,
Kottayam - 686 001
Tel: +91 481 256 6801/2566930
Fax: +91 481 256 7173
Email: br0037@sib.co.in
Contact Person: Mr. Boban V J, Assistant General Manager
Website: www.southindianbank.com

State Bank of Travancore
Changancherry Main Branch
P.B. No. 3, SBT Buildings, Vattapally
Changancherry - 686101
Tel: +91 481 2410440
Fax: +91 481 2410440
Email: changanasery@sbt.co.in
Contact Person: Mr. P G Retheesh, Chief Manager
Website: www.statebankoftravanocre.com

State Bank of India
Commercial Branch, Sree Ganesh Kripa,
Jas Hotel Road, Thycaud,
Thiruvananthapuram - 695014
Tel: +91 471 2339891/2339925
Fax: +91 471 2324158
Email: sbi.04350@sbi.co.in
Contact Person: Mr. Sankarshan Malik, Assistant General Manager
Website: www.sbi.co.in

Dhanlaxmi Bank
Industrial Finance Branch,
"Mini Enclave", Door No 40/9036
Chitoor Road, YMCA Junction,
Cochin – 682 011
Tel: +91 484 6675002/6675008
Email: dlb.ifbekm@dhanbank.co.in
Contact Person: Ramasubramanian R., Branch Head
Website: www.dhanbank.com

Self-Certified Syndicate Banks

The list of Designated Branches that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or any other link as prescribed by SEBI from time to time. For details of the Designated Branches of the SCSBs which shall collect ASBA Application Forms, please refer to the above-mentioned link.

Impersonation

As a matter of abundant precaution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013 relating to punishment for fictitious Applications.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹11,250 lacs, within 30 days from the date of Issue of the Prospectus or such other period as may be prescribed by SEBI, the entire application amounts shall be refunded to the Applicants within 12 days from the date of closure of the Issue. Failing which, our Company and our Directors who are officers in default shall be jointly and severally liable to pay that money with interest for the delayed period, at the rate of 15% per annum.

Credit Rating

The NCDs proposed to be issued under this Issue have been rated 'IND BBB-': Outlook Stable by India Ratings for an amount up to ₹30,000 lacs vide their letter dated November 8, 2016. The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. Please refer to page 254 for the rationale for the above rating.

Consents

The written consents of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, our Statutory Auditor, the Legal Advisor to the Issue, the Lead Manager, the Registrar to the Issue, Escrow Collection Bank(s), Refund Bank, Credit Rating Agency, the Bankers to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities, will be filed along with a copy of the Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery with Stock Exchange.

Utilisation of Issue proceeds

Boards of Directors of our Company certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Issue referred above shall be appropriately disclosed in the Financial statements indicating the purpose for which such monies have been utilised along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- the Issue proceeds shall be kept in the Escrow Accounts opened in terms of this Draft Prospectus and shall be available to the Company only upon execution of the documents for creation of security as stated in this Draft Prospectus; and
- the Issue proceeds shall not be utilised towards providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management as our Company.
- Application Money shall be refunded within twelve days of Closure of the Issue in case of failure of the issue because of non-receipt of Minimum Application. If there is delay in the refund of Application Amounts beyond 12 days from the Closure of the Issue our Company will pay interest for the delayed period at rate of 15% per annum for the delayed period.

Issue Programme:

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

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

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 Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange, as the case maybe, at the centres mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange, as the case maybe. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are

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

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

SUMMARY OF BUSINESS, STRENGTHS AND STRATEGIES

In this section, any reference to "we", "us" or "our" refers to Kosamattam Finance Limited. Unless stated otherwise, the financial data in this section is as per our reformatted financial statements prepared in accordance with Indian GAAP set forth elsewhere in this Draft Prospectus.

*The following information should be read together with the more detailed financial and other information included in this Draft Prospectus, including the information contained in the chapter titled "**Risk Factors**" and "**Industry**" beginning on pages 12 and 70.*

We are a systemically important non-deposit taking NBFC primarily engaged in the Gold Loan business, lending money against the pledge of household Jewellery ("***Gold Loans***") in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Delhi, Maharashtra, Gujarat and Telangana along with the Union Territory of Puducherry. Our Gold Loan portfolio as of the six-month period ending September 30, 2016 and for the financial years ending on March 2016, March 31, 2015 and March 31, 2014 comprised of 4,94,372, 4,79,540, 4,47,389 and 3,76,341 gold loan accounts, aggregating to ₹1,46,500.64 lacs, ₹1,31,224.42 lacs, ₹1,13,692.09 lacs and ₹99,207.32 lacs which is 89.99%, 89.12%, 94.89% and 96.10% of our total loans portfolio as on those dates. As on October 31, 2016 we had a network of 958 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Delhi, Maharashtra, Gujarat and Telangana along with the Union Territory of Puducherry and we employ 3,309 persons in our business operations. We belong to the Kosamattam Group led by Mr. Mathew K. Cherian. We are headquartered in Kottayam in the state of Kerala.

We are registered with RBI as a systemically important, non-deposit taking NBFC (Registration No. B-16.00117 dated December 19, 2013) under section 45 IA of the RBI Act. Further we also have a Full-Fledged Money Changers ("**FFMC**") license bearing number FE.CHN.FFMC.40/2006.

The Kosamattam group was originally founded by Mr. Chacko Varkey (also known as Mr. Nasrani Varkey). His great grandson, Mr. Mathew K. Cherian, the present Chairman and Managing Director of Kosamattam Group is a fourth-generation entrepreneur in the family. Under his able leadership, our Company is emerging as a prominent Gold Loan business company with 958 branches, as on October 31, 2016, largely spread across southern India.

Gold Loan is the most significant product in the product portfolio of our Company. Our Gold Loan customers are typically businessmen, vendors, traders, farmers, salaried individuals and families, who for reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold jewellery with us under our various gold loan schemes. These Gold Loan schemes are designed such that higher per gram rates are offered at higher interests and vice versa, subject to applicable laws. This enables our customers to choose the Gold Loan scheme best suited to their requirements. These Gold Loan schemes are revised by us, from time to time based on the rates of gold, the market conditions and regulatory requirements. Our Gold Loans are sanctioned for tenure of maximum 9 months, with an option to our customers to foreclose the Gold Loan. Our average Gold Loan amount outstanding was ₹29,634, ₹27,364, ₹25,412 and ₹26,361 per loan account, as of the six-month period ended September 30, 2016 and for the financial years ended on March 31, 2016, March 31, 2015 and March 31, 2014. For the six-month period ended September 30, 2016 and for the financial years ended March 31, 2016, March 31, 2015 and March 31, 2014, our yield on Gold Loan assets were 21.78%, 26.35%, 23.33% and 25.05%, respectively.

In addition to the core business of Gold Loan, we also offer fee based ancillary services which includes money transfer services, foreign currency exchange and air ticketing services.

For the six-month period ended September 30, 2016 and for the Financial Years 2016, 2015, 2014, 2013 and 2012 our total income was ₹16,514.28 lacs, ₹34,569.97 lacs, ₹25,754.43 lacs, ₹26,186.8 lacs, ₹23,579.87 lacs and ₹15,634.00 lacs respectively. Our profit after tax for the six-month period ended September 30, 2016 and for the Financial Years 2016, 2015, 2014, 2013 and 2012 was ₹711.87 lacs, ₹1,122.88 lacs, ₹528.15 lacs, ₹2,644.64 lacs, ₹3,928.15 lacs and ₹3,861.52 lacs, respectively. For the six-month period ended September 30, 2016 and for the Financial Years 2016, 2015, 2014, 2013 and 2012 revenues from our Gold Loan business constituted 91.56%, 93.34%, 96.43%, 96.67%, 97.52% and 97.70%, respectively, of our total income.

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

(*In ₹lacs*)

Parameters	For the six-month period ending on September 30,2016	Financial Year		
		2016	2015	2014
Net worth	23,072.80	22,360.93	19,519.04	17,381.03
Total Debt	1,85,588.70	1,56,389.33	1,60,902.60	1,19,903.13
of which				
- Non-Current Maturities of Long Term Borrowing	1,20,205.48	98,410.15	1,13,617.33	96,802.38
- Short Term Borrowing	26,665.73	14,231.14	13,291.96	9,946.99
- Current Maturities of Long Term Borrowing	38,717.49	43,748.04	33,993.31	13,153.76
Net Fixed Assets	11,988.04	12,021.89	10,074.25	6,677.78
Non-Current Assets	26,113.89	24,610.38	12,668.57	7,887.32
Cash and Cash Equivalents	25,859.70	8812.73	30,872.48	9,732.44
Current Investments	-	-	-	-
Current Assets	2,00,600.95	1,70,201.08	1,80,045.91	1,40,015.17
Current Liabilities	72,339.68	63,861.22	50,997.38	25,010.88
Assets Under Management	185,631.10	1,71,354.53	1,49,139.57	1,30,239.35
Off Balance Sheet Assets				
Interest Income	16,363.18	33,994.24	25,536.51	26,038.68
Interest Expense	10,269.07	22,350.15	14,419.02	14,883.60
Provisioning & Write-offs	255.21	215.27	549.16	47.15
PAT	711.87	1,122.88	528.15	2,644.64
Gross NPA (%)	0.55%	0.45%	0.53%	0.17%
Net NPA (%)	0.25%	0.20%	0.21%	0.14%
Tier I Capital Adequacy Ratio (%)	12.09%	12.67%	12.98%	13.72%
Tier II Capital Adequacy Ratio (%)	5.82%	5.64%	6.15%	5.48%

Debt Equity Ratio

For details of the debt-equity ratio of our Company, please refer to chapter titled "***Capital Structure***" beginning on page 46 of this Draft Prospectus.

Our Strengths

We are part of the Kosamattam Group which has a long operating history and a large customer base.

The Kosamattam Group was originally founded by Mr. Chacko Varkey. Over the years, we have been successful in expanding our customer base. Our total number of Gold Loan customers grew from 3,69,925 as of March 31, 2015 to 3,98,145 as of March 31, 2016 and to 3,99,873 as of October 31, 2016. We attribute our growth, in part, to our market penetration, particularly in areas less served by organised lending institutions and the efficient and streamlined procedural formalities which our customers need to complete in order to complete a loan transaction with us, which makes us a preferred medium of financier for our customers. We also attribute our growth to customer loyalty which in turn leads to repeat business. We believe that a large portion of our customer base returns to us to avail credit facility when they are in need of funds.

Branch network across rural and semi-urban areas in South India

We have rapidly expanded our branch network in the past, which we believe has provided us with an advantage of a wider reach. Our total number of branches grew from 740 branches in six states and one union territory as on October 31, 2013 to 958 branches, as on October 31, 2016, in eight states and one union territory. Although we have historically had most of our branches in the southern states of India, we have expanded our branch network by opening 11 branches in Delhi, five branches in Gujarat and three branches in Maharashtra. Our customers are

typically retail customers, businessmen, vendors, traders, farmers, salaried individuals and families, who for reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold jewellery with us. We believe that with such a large network, we were able to penetrate and cater to our customers across various cities and towns in south India especially in semi-urban locations. Having such a network enables us to service and support our existing customers from proximate locations which gives our customers easy access to our services and enables us to reach new customers especially potential rural customers. We believe we can leverage on this existing network for further expansion and for fulfilling our customer requirements.

Organised and efficient IT Infrastructure

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. All our branches are computerised. We believe that through our existing information technology systems, we are able to effectively, manage our operations, market to our target customers, and monitor and control risks. We believe that this system has improved customer service by reducing transaction time and has allowed us to comply with regulatory record-keeping and reporting requirements. Further, in order to manage our expanding operations as well as our increased customer base, we have entered into an arrangement for the development of software for our product offerings and other allied functions. Accordingly, the new software was introduced for operational efficiency.

Effective risk management system including appraisal, internal audit and inspections.

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 system is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We have an internal audit system which consists of audit and inspection, for risk assessment and internal controls. The audit system comprises of accounts audit and gold appraisal. In accordance with our internal audit policy, all of our branches are subject to surprise gold audit every month and accounts audit once in very four months. Further the staffs are strictly advised to make the acid test, sound test etc., at the time of making the pledge for checking whether the ornament is of acceptable quality or not.

Experienced management team and skilled personnel

Our Company is a professionally managed NBFC. Our management team comprises of our Promoter Director, Mr. Mathew K Cherian, who has over 36 years of experience in finance business. The management team possesses the required skill, expertise and vision to continue and to expand the business of our Company. Our management team has an in-depth understanding of the gold loan business and under their direction and guidance our Company has grown organically.

Strategy

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

Expansion of business activity by opening new branches in rural and semi urban areas to tap potential market for gold loans

We intend to continue to grow our loan portfolio by expanding our branch network by opening new branches. A good reach to customers is very important in our business. Increased revenue, profitability and visibility are the factors that drive the branch network. Currently, we are present in key locations which are predominantly in South India for sourcing business. Our strategy for branch expansion includes further strengthening our presence in south Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in southern India. We have added 218 branches in the last three years and expect this growth trend to continue in the future. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base in rural and semi-urban markets where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all. A typical Gold Loan customer expects high loan-to-value ratios, rapid and accurate appraisals, easy access, quick approval and disbursement and safekeeping of their pledged gold jewellery. We believe that we meet these criteria when compared to other unregulated money lenders, and thus our focus is to expand our Gold Loan business.

Expansion of business into metros and select Tier 1 cities across India

In addition to our continuing focus on rural and semi-urban markets in the states that we are present, we are also focusing on opening branches in metros and select Tier 1 cities where we believe our business has high growth potential. We carefully assess the market, location and proximity to target customers when selecting branch sites to ensure that our branches are set up close to our target customers. We believe our customers appreciate this convenience and it enables us to reach new customers.

Increase visibility of Kosamattam Brand to attract new customers

Our brand is key to the growth of our business. We started focusing on brand building exercise in 2013. Our logo was re-designed and the tag- line '***Trust grows with time'*** was introduced. We believe that we have built a recognisable brand in the rural and semi-urban markets of India, particularly in the southern states of Kerala, Tamil Nadu and Karnataka. We intend to continue to build our brand through advertisements and public relations campaigns and undertaking other marketing efforts on radio, television and outdoor advertising.

Diversifying into new business initiatives by leveraging our branch network and customer base.

Gold Loan as on September 30, 2016 accounted for 89.99% of total loans of our Company. To reduce the risk of revenue volatility and with a view to expand our fee based income, we are in the process of diversifying our business to venture into the business of generators and distributors of electricity by using wind and/or other renewable energy. Further, we have received a license dated May 28, 2014 from SEBI to become a depository participant. Our Company intends to capitalise the large branch network to offer the additional products and services.

Minimise concentration risk by diversifying the Product Portfolio and expanding our customer base.

We intend to further improve the diversity of our product portfolio to cater to the various financial needs of our customers and increase the share of income derived from sale of financial products and services.

Beyond our existing Gold Loan product, we intend to leverage our brand and office network, develop complementary business lines and become the preferred provider of financial products – 'a one-stop shop for customers' financial needs. We have recently forayed into SME financing and mortgage loans.

Our diverse revenue stream will reduce our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business, geography or customer segment. Offering a wide range of products helps us attract more customers thereby increasing our scale of operations.

We expect that complementary business lines will allow us to offer new products to existing customers while attracting new customers as well. We expect that our knowledge of local markets will allow us to diversify into products desired by our customers, differentiating us from our competitors.

Further strengthen our risk management, loan appraisal and technology systems

We believe risk management is a crucial element for further expansion of our Gold Loan business. We therefore continually focus on improving our integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal risk, custodial risk, market risk and operational risk. We plan to continue to adapt our risk management procedures, to take account of trends we have identified. We believe that prudent risk management policies and development of tailored credit procedures will allow us to expand our Gold Loan financing business without significantly increasing our non-performing assets. Since we plan to expand our geographic reach as well as our scale of operations, we intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. We are focused on improving our comprehensive knowledge base and customer profile and support systems, which in turn will assist us in the expansion of our business.

THE ISSUE

*The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled "**Terms of the Issue**" beginning on page 138 of this Draft Prospectus.*

Common Terms of NCDs

Issuer	Kosamattam Finance Limited
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited)
Registrar to the Issue	Karvy Computershare Private Limited
Type and nature of Instrument	Secured redeemable non-convertible debentures
Face Value of NCDs (₹/NCD)	₹1,000
Issue Price (₹/NCD)	₹1,000
Minimum Application	10 NCDs i.e., ₹10,000 (across all options of NCDs)
In multiples, of	One NCD after the minimum application
Seniority	Senior (the claims of the Debenture Holders holding the NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The NCDs would constitute secured obligations of our Company and shall rank *pari passu* with the Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value 1 time of the debentures outstanding plus interest accrued thereon and first ranking *pari passu* charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. NO.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. met., Tamil Nadu.
Mode of Issue	Public Issue
Minimum Subscription	If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹11,250 lacs, within 30 days from the date of the Prospectus or such other period as may be prescribed by SEBI, the entire application amounts shall be refunded to the Applicants within 12 days from the date of closure of the Issue. Failing which, our Company and our Directors who are officers in default shall be jointly and severally liable to pay that money with interest for the delayed period, at the rate of 15% per annum.
Issue	Public Issue by our Company of NCDs aggregating up to ₹15,000 lacs with an option to retain over-subscription up to ₹15,000 lacs aggregating up to ₹30,000 lacs, on the terms and in the manner set forth herein; Base Issue Size being ₹15,000 lacs.
Stock Exchange proposed for listing of the NCDs	BSE Limited ("**BSE**"), the Designated Stock Exchange ("**DSE**")
Listing and timeline for Listing	The NCDs shall be listed within 12 Working Days of Issue Closing Date
Depositories	NSDL and CDSL
Security	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with the existing secured creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both. present and future of our Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon and first ranking *pari passu* charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. NO.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. met.
Security Cover	Our Company shall maintain a minimum 100 percent security cover on the outstanding

	balance of the NCDs plus accrued interest thereon.
Who can apply	**Category I** • Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, • Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs; • Provident Funds of minimum corpus of ₹2,500 lacs, Pension Funds of minimum corpus of ₹2,500 lacs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; • Venture Capital funds and/or Alternative Investment Funds registered with SEBI; • Insurance Companies registered with the IRDA; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); • Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India • Mutual Funds, registered with SEBI; **Category II** • Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs; • Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs; • Association of Persons • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; and • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lacs; **Category III*** • Resident Indian individuals; and • Hindu undivided families through the Karta; ** applications aggregating to a value not more than ₹5 lacs.*

Credit Rating

Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated	Rating definition
India Ratings	Proposed Non-Convertible Debenture Issue	'IND BBB-': Outlook Stable	November 8, 2016	₹30,000 lacs	The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such

	instruments carry moderate credit risk.
Issue Size	Public Issue by our Company of NCDs aggregating up to ₹15,000 lacs with an option to retain over-subscription up to ₹15,000 lacs aggregating up to ₹30,000 lacs, on the terms and in the manner set forth herein; Base Issue Size being ₹15,000 lacs.
Pay-in date	Three (3) Business Days from the date of upload of application in the book building system of the Exchanges or the date of realisation of the cheques/demand drafts, whichever is later. Interest on Application Money shall start on the Pay-in date and shall be payable up to one day prior to the date of Allotment.
Application money	The entire Application Amount is payable on submitting the application.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 10 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Issue Schedule	The Issue shall be open from [•] to [•] with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closer date/date of closure up to maximum 30 days from the date of opening of the issue.
Objects of the Issue	Please refer to the chapter titled "***Objects of the Issue***" on page 68.
Put/Call Option	None
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled "***Objects of the Issue***" on page 68.
Coupon rate and redemption premium	Please refer to the chapter titled "***Issue Structure – Terms and Conditions in connection with the NCDs***" on page 125.
Working Days convention/Day count convention/Effect of holidays on payment	Actual/ Actual All days other than 2nd and 4th Saturday of the month, Sunday or a public holiday in Mumbai and/or Kottayam, or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in Mumbai and/or Kottayam, or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs for Options I, III, V, VI and VIII which have tenors on cumulative basis. For Options II, IV and VII the interest shall be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs. However, if period from the Deemed Date of Allotment/anniversary date of Allotment till one day prior to the next anniversary/redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs. Pursuant to SEBI Circular No. CIR/IMD/DF-1/22/2016 dated November 11, 2016, if the date of payment of coupon does not fall on a Working Day, then the succeeding Working Day (which shall be a day when the money market is functioning in Mumbai) will be considered as the effective date for such payment of interest (the "**Effective Date**") however the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. Coupon will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date, interest for period between actual interest payment date and the Effective Date will be adjusted in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act or

	any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the payment will be made on the previous Working Day, without any interest for the period outstanding.
Issue Opening Date	[•]
Issue Closing Date	[•]
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed.
Interest on Application Money	Please refer to the chapter titled "***Issue Structure- Interest on Application Money***" on page 137.
Deemed Date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
Transaction documents	The Draft Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trusteeship Agreement, the Escrow Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. Refer to chapter titled "***Material Contracts and Documents for Inspection***" on page 249.
Affirmative and Negative covenants precedent and subsequent to the Issue	The covenants precedent and subsequent to the Issue will be finalised upon execution of the Debenture Trust Deed which shall be executed within three months of closure of the Issue as per Regulation 15 of SEBI Debt Regulations.
Events of default	Please refer to the chapter titled "***Issue Structure- Events of Default***" on page 136.
Cross Default	Please refer to the chapter titled "***Issue Structure- Events of Default***" on page 136.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled "***Issue Structure- Debenture Trustees for the NCD holders***" on page 136.
Settlement Mode	Please refer to the chapter titled "***Issue Structure - Payment on Redemption***" on page 134.
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Kottayam.

The specific terms of each instrument are set out below:

Tenure	**400 days**	**18 months**		**36 months**		**50 months**	**60 months**	**84 months**
Nature	**Secured**							
Options	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**
Frequency of Interest Payment	Cumulative	Monthly	Cumulative	Monthly	Cumulative	Cumulative	Monthly	Cumulative
Minimum Application	10 NCDs (₹10,000) (across all options of NCDs)							
In multiples, of	1 NCD after the minimum application							
Face Value of NCDs (₹/NCD)	₹1,000							
Issue Price (₹/NCD)	₹1,000							
Mode of Interest Payment/ Redemption	Through Various options available							
Coupon (%) per annum in Category I, II and III	NA	[•]	NA	[•]	NA	NA	[•]	NA
Coupon Type	Fixed							
Redemption Amount (₹/NCD) for NCD	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

Tenure	400 days	18 months		36 months		50 months	60 months	84 months
Nature	**Secured**							
Options	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**
Holders in Category I, II and III								
Effective Yield (per annum) – Category I, II and III	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Put and Call Option	Not Applicable							
Deemed Date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.							

For details of category wise eligibility and allotment in the Issue please refer to "***Issue Procedure – Who can apply***", "***Issue Procedure - How to apply***" and "***Issue Procedure – Basis of allotment***", on pages 144, 145 and 164, respectively.

CAPITAL STRUCTURE

Details of share capital

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

Share Capital	In ₹
Authorised Share Capital	
18,00,000 Equity Shares of ₹1,000 each	1,80,00,00,000
5,00,000 Preference Shares of ₹1,000 each	50,00,00,000
Total Authorised Share Capital	**2,30,00,00,000**
Issued, subscribed and paid up share capital	
13,80,000 Equity Shares of ₹1,000 each	1,38,00,00,000
1,76,749 Preference Shares of ₹1,000 each	17,67,49,000
Total Subscribed and paid up share capital	**1,55,67,49,000**

Details of change in authorised share capital of our company, as on the date of this Draft Prospectus, for last five years is set forth below:

Date of approval	Authorised Share Capital (in ₹)	Particulars
March 11, 2011 (EGM)	50,00,00,000	Authorised Share Capital was increased from ₹25,00,00,000 divided into 2,50,000 Equity Shares of ₹1,000 each to ₹50,00,00,000 divided into 5,00,000 Equity Shares of ₹1,000 each
November 21, 2011 (EGM)	1,00,00,00,000	Authorised Share Capital was increased from ₹50,00,00,000 divided into 5,00,000 Equity Shares of ₹1,000 each to ₹1,00,00,00,000 divided into 10,00,000 Equity Shares of ₹1,000 each
December 30, 2013 (EGM)	1,50,00,00,000	Authorised Share Capital was increased from ₹1,00,00,00,000 divided into 10,00,000 Equity Shares of ₹1,000 each to ₹1,50,00,00,000 divided into 15,00,000 Equity Shares of ₹1,000 each
February 25, 2016 (EGM)	2,00,00,00,000	Authorised Share Capital was increased from ₹1,50,00,00,000 divided into 15,00,000 Equity Shares of ₹1,000 each to ₹2,00,00,00,000 divided into 18,00,000 Equity Shares of ₹1,000 each and 2,00,000 Preference Shares of ₹1,000 each
November 22, 2016 (EGM)	2,30,00,00,000	Authorised Share Capital was increased from ₹2,00,00,00,000 divided into 18,00,000 Equity Shares of ₹1,000 each and 2,00,000 Preference Shares of ₹1,000 each to ₹2,30,00,00,000 divided into 18,00,000 Equity Shares of ₹1,000 each and 5,00,000 Preference Shares of ₹1,000 each

Equity Share capital history of our Company for the last five years from the date of the Draft Prospectus is set forth below:

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
March 25, 2011	62,583	1,000	1,000	Cash	Preferential Allotment[1]	1,89,083	18,90,83,000	NIL
March 25, 2011	1,72,200	1,000	-	Bonus Issue	Bonus Issue[2]	3,61,283	36,12,83,000	NIL
March 30, 2011	77,417	1,000	1,000	Cash	Preferential Allotment[3]	4,38,700	43,87,00,000	NIL
October 01, 2011	1	1,000	1,000	Cash	Preferential Allotment[4]	4,38,701	43,87,01,000	NIL

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
March 30, 2012	56,555	1,000	1,000	Cash	Preferential Allotment[5]	4,95,256	49,52,56,000	NIL
March 20, 2013	99,051	1,000	-	Bonus Issue	Bonus Issue[6]	5,94,307	59,43,07,000	NIL
March 26, 2013	30,000	1,000	1,000	Cash	Preferential Allotment[7]	6,24,307	62,43,07,000	NIL
March 30, 2013	3,75,693	1,000	-	Bonus Issue	Bonus Issue[8]	10,00,000	1,00,00,00,000	NIL
December 31, 2013	30,000	1,000	1,000	Cash	Preferential Allotment[9]	10,30,000	1,03,00,00,000	NIL
May 31, 2014	2,00,000	1,000	1,000	Cash	Rights Issue[10]	12,30,000	1,23,00,00,000	NIL
July 31, 2015	1,50,000	1,000	1,000	Cash	Rights Issue[11]	13,80,000	1,38,00,00,000	NIL
Total						**13,80,000**	**1,38,00,00,000**	**NIL**

1. *Preferential allotment of 50,066 Equity Shares to Mr. Mathew K Cherian and 12,517 Equity Shares to Ms. Laila Mathew*
2. *Bonus Issue of 1,37,760 Equity Shares to Mr. Mathew K Cherian and 34,440 Equity Shares to Ms. Laila Mathew in the ratio of 8:2*
3. *Preferential allotment of 61,934 Equity Shares to Mr. Mathew K. Cherian and 15,483 Equity shares to Ms. Laila Mathew.*
4. *Preferential allotment of 1 Equity Share to Ms. Jilu Saju Varghese*
5. *Preferential allotment of 45,244 Equity Shares to Mr. Mathew K Cherian and 11,311 Equity Shares to Ms. Laila Mathew*
6. *Bonus Issue of 79,241 Equity Shares to Mr. Mathew K Cherian and 19,810 Equity Shares to Ms. Laila Mathew in the ratio of 1:5*
7. *Preferential allotment of 30,000 Equity Shares to Mr. Mathew K Cherian*
8. *Bonus Issue of 3,04,164 Equity Shares to Mr. Mathew K Cherian, 71,528 Equity Shares to Ms. Laila Mathew and 1 Equity Share to Ms. Jilu Saju Varghese in the ratio of 1:1.66.*
9. *Preferential allotment of 24,000 Equity Share to Mr. Mathew K Cherian and 6,000 Equity Shares to Ms. Laila Mathew.*
10. *Rights Issue of 2,00,000 Equity Shares to Mr. Mathew K Cherian.*
11. *Rights Issue of 22,400 Equity Shares to Mr. Mathew K Cherian, 27,600 Equity Shares to Ms. Laila Mathew and 1,00,000 Equity Shares to M/s Kosamattam Ventures (P) Limited.*

Details of allotment for consideration other than cash in the last two years

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
March 20, 2013	99,051	1000	-	Bonus Issue	Bonus Issue[1]	5,94,307	59,43,07,000	NIL
March 30, 2013	3,75,693	1000	-	Bonus Issue	Bonus Issue[2]	10,00,000	1,00,00,00,000	NIL

1. *Bonus Issue of 79,241 Equity Shares to Mr. Mathew K Cherian and 19,810 Equity Shares to Ms. Laila Mathew in the ratio of 1:5*
2. *Bonus Issue of 3,04,164 Equity Shares to Mr. Mathew K Cherian, 71,528 Equity Shares to Ms. Laila Mathew and 1 Equity Share to Ms. Jilu Saju Varghese in the ratio of 1:1.66*

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

Pursuant to Regulation 31 of the Listing Regulations, the holding of specified securities is divided into the following three categories:

(a) Promoter and Promoter Group;
(b) Public; and
(c) Non-Promoter – Non-Public.

The following are the statements representing the shareholding pattern of our Company:

(a) Statement showing shareholding pattern of the Promoter and Promoter Group

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a% of total shares held	No (a)	As a% of total shares held	
								Class X	Class Y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI) = (VII) + (X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
(1)	**Indian**																	
(a)	Individuals/ Hindu Undivided Family	12																
1	Mr. Mathew K. Cherian		10,16,004	NIL	NIL	10,16,004	73.62	73.62				NIL	NA	NA		NIL		NIL
2	Ms. Laila Mathew		2,63,985	NIL	NIL	2,63,985	19.12	19.12				NIL	NA	NA		NIL		NIL
3	Ms. Jilu Saju Varghese		2	NIL	NIL	2	Negligible	Negligible				NIL	NA	NA		NIL		NIL
4	Ms. Milu Mathew		1	NIL	NIL	1	Negligible	Negligible				NIL	NA	NA		NIL		NIL
6	Mr. George Thomas		1	NIL	NIL	1	Negligible	Negligible				NIL	NA	NA		NIL		NIL
5	Mr. Saju Varghese		1	NIL	NIL	1	Negligible	Negligible				NIL	NA	NA		NIL		NIL

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a% of total shares held	No (a)	As a% of total shares held	
								Class X	Class Y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI) = (VII) + (X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
7	Ms. Bala Mathew		1	NIL	NIL	1	Negligible	Negligible				NIL	NA	NA		NIL		NIL
8	Ms. Manjsree S.		1	NIL	NIL	1	Negligible	Negligible				NIL	NA	NA		NIL		NIL
9	Ms. Mithu Thomas		1	NIL	NIL	1	Negligible	Negligible				NIL	NA	NA		NIL		NIL
10	Ms. Sindhu Krishnakumar		1	NIL	NIL	1	Negligible	Negligible				NIL	NA	NA		NIL		NIL
11	Mr. Sam Cherian		1	NIL	NIL	1	Negligible	Negligible				NIL	NA	NA		NIL		NIL
12	Mr. Mathew Kurian		1	NIL	NIL	1	Negligible	Negligible				NIL	NA	NA		NIL		NIL
(b)	Central Government / State Governments																	
(c)	Financial Institutions/ Banks																	
(d)	Any Other (specify)	1																
	Kosamattam Ventures Private Limited		1,00,000	NIL	NIL	1,00,000	7.2	7.2				NIL	NA	NA		NIL		NIL
	Sub-total (A)(1)	**13**	**13,80,000**	**NIL**	**NIL**	**13,80,000**	**100.00**	**100.00**				**NIL**	**NA**	**NA**		**NIL**		**NIL**
(2)	**Foreign**																	

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a% of total shares held	No (a)	As a% of total shares held	
								Class X	Class Y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI) = (VII) + (X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
(a)	Individuals (Non-resident individuals/ Foreign Individuals)																	
(b)	Government																	
(c)	Institutions																	
(d)	Foreign Portfolio Investor																	
(e)	Any Other (specify)																	
	Sub Total (A) (2)																	
	Total Shareholding of Promoter and Promoter Group (A) (1) + (A) (2)	**13**	**13,80,000**	**NIL**	**NIL**	**13,80,000**	**100.00**	**100.00**				**NIL**	**NA**	**NA**		**NIL**		**NIL**

(b) Statement showing shareholding pattern of the Public shareholder

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of shares underlying outstanding convertible securities (including warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a% of total shares held (b)	No (Not applicable) (a)	As a% of total shares held (Not applicable)	
								Class X	Class Y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	**Institutions**															**NA**		
(a)	Mutual Funds/															**NA**		
(b)	Venture Capital Funds															**NA**		
(c)	Alternate Investment Funds															**NA**		
(d)	Foreign Venture Capital Investors															**NA**		
(e)	Foreign Portfolio Investors															**NA**		
(f)	Financial Institutions Banks															**NA**		
(g)	Insurance Companies															**NA**		
(h)	Provident Funds/ Pension Funds															**NA**		
(i)	Any Other (Specify)															**NA**		
	Sub-Total (B)(1)															**NA**		

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of shares underlying outstanding convertible securities (including warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a% of total shares held (b)	No (Not applicable) (a)	As a% of total shares held (Not applicable)	
								Class X	Class Y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(2)	**Central Government/ State Government/ President of India**															**NA**		
	Sub-Total (B)(2)															**NA**		
(3)	**Non-institutions**															**NA**		
(a)	Individuals – i. Individual shareholders holding nominal share capital up to ₹2 lacs, ii. Individual shareholders holding nominal share capital in excess of ₹2 lacs															**NA**		
(b)	NBFCs registered with RBI															**NA**		

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of shares underlying outstanding convertible securities (including warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a% of total shares held (b)	No (Not applicable) (a)	As a% of total shares held (Not applicable)	
	(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	Class X	Class Y	Total	(IX)	(X)	(XI)	(XII)		(XIII)		(XIV)
(c)	Employee Trusts															NA		
(d)	Overseas Depositories (holding DRs) (balancing figure)															NA		
(e)	Any Other (specify)															NA		
	Sub-Total (B)(3)															NA		
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	**NIL**														**NA**		

(c) Statement showing shareholding pattern of the Non-Promoter – Non-Public shareholder

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form (Not Applicable)
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a% of total shares held (b)	No (Not applicable) (a)	As a% of total shares held (Not applicable)	
	(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
								Class X	Class Y	Total								
(1)	**Custodian/ DR Holder**															**NA**		
(a)	Name of DR Holders (if available)															**NA**		
(2)	**Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)**															**NA**		
	Total Non-Promoter-Non Public Shareholding (C) = (C)(1)+(C)(2)															**NA**		

Statement of the aggregate number of securities of the Issuer purchased or sold by the promoter group and by the directors of the company which is a promoter of the Issuer and by the Directors of the Issuer and their relatives within six-months immediately preceding the date of filing this Draft Prospectus:

Except as disclosed below, none of the Directors of the Company including their relatives as defined under Section 2(77) of the Companies Act, 2013 and the Promoter/Promoter Group of the Company have undertaken purchase and/or sale of the securities of our Company during the preceding 6 (six) months from the date of the Draft Prospectus.

Sr. No.	Name of holder	Position held	Date of purchase/ sale/transfer	Number of securities held	Nature of security	Amount (In ₹)
1.	George Thomas	Chief Executive Officer (son in law of Mr. Mathew K Cherian and Ms. Laila Mathew)	June 9, 2016	150	Non-convertible debentures issued vide public issue	1,50,000
2.	Mathew K. Cherian*	Promoter/Director	November 11, 2016	3	Equity Shares	3,000
3.	Laila Mathew*	Promoter/Director	November 11, 2016	2	Equity Shares	2,000

*****_Transfer of securities by way of gift._

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

Sr. No.	Name of Shareholders	Address	Number of Equity Shares held
1.	Mathew K. Cherian	354A, Kosamattam, 15, Manganam West, Vijayapuram, Kottayam, 686018, Kerala,	10,16,004
2.	Laila Mathew	354A, Kosamattam, 15, Manganam West, Vijayapuram, Kottayam, 686018, Kerala	2,63,985
3.	Kosamattam Ventures (P) Limited	Kosamattam Healthcare & Speciality Centre, K.K Rd, Behind Kanjikuzhy Traffic Island, Muttambalam P.O, Kottayam, Kerala - 686004	1,00,000
4.	Jilu Saju Varghese	Parayil House, West Othera P.O, Via Thiruvalla, Pathanamthitta - 689551, Kerala	2
5.	Milu Mathew	Enchakattu House, C N I Hills, Kottayam, 686001, Kerala	1
6.	George Thomas	Enchakattu House, C N I Hills, Kottayam, 686001, Kerala	1
7.	Saju Varghese	Parayil House, West Othera P.O, Via Thiruvalla, Pathanamthitta, 689551, Kerala	1
8.	Bala Mathew	354A, Kosamattam, 15, Manganam West, Vijayapuram, Kottayam, 686018, Kerala	1
9.	Manjusree S	Madathil House, Kooroppada, Lakkattoor, Kottayam, Kerala- 686502	1
10.	Mithu Thomas	Kulangara, Kurchy, Sachivothampuram, Kottayam-686532	1
Total			**13,79,997**

List of top ten holders of Preference Shares of our Company as on the date of this Draft Prospectus is as below:

Sr. No.	Name of Shareholders	Address	Number of Equity Shares held
1.	Rinsel Technologies (India) Private Limited	Shop No. 3, Narayan Ramji Niwas, Carter Road No. 2, Near Municipal School, Borivali (East), Mumbai – 400 066	93,000
2.	Raj Lakshmi Auto Finance Private Limited	Level 6, Constantia Building, 11- Dr. U. N. Brahmachary Road, Kolkata – 700 017	27,000

3.	Joy Paul	Pulleli House Muringoor P O Thrissur – 680 316	4,500
4.	Suja John	Alappattu House, Thodupuzha P O, Idukki – 685 584	2,200
5.	Jose John Chungath	TMC 15/1287, Chungath House, By-Pass Junction, Mannuthy P.O., Thrissur – 680 651	2,000
6.	Shirly Mary Shibu	Puthur House, Parappur, Thrissur – 680 552	1,900
7.	Kochumary Chummar	Kuriyedath House, Malayattoor, Eranamkulam – 683 587	1,800
8.	Kukku Tresa Mathew	Chempothra Kochuparambil, Pathanamthitta - 689 645	1,519
9.	Elsa Chummar	Kuriyedath House, Malayattoor, Ernakulam – 683 587	1,400
10.	Beena Shaji	Alinchuvattil House Kunnappilly Peruva P O, Kottayam District - 686 610	1,000
Total			**1,36,319**

List of top ten debenture holders of our Company as on October 31, 2016.

(a) Unlisted privately placed secured redeemable non-convertible debentures:

Sr. No.	Name of holders	Address	Number of instruments held	Face Value per debenture (In ₹)	Amount (In ₹)
1.	Homi Farrok Kaka	Avabai Manison, 15-Henry Road, Tajmahal, Colaba, Mumbai	28,000	100	28,00,000
2.	Joseph Thomas	Cherukunnel H, Ramapuram Bazar	6,400	1,000	64,00,000
3.	A I Koshy	Ayanthiyel Ebanezer, Mannanthala, Thivandrum	45,000	100	45,00,000
4.	Krishnakumari M L	Elamkulam Palace,Kadavanthara,Cochin	26,000	100	26,00,000
5.	Rosamma Thomas	Purayidathil House,101 Junction, Athirampuzha	25,880	100	25,88,000
6.	Saramma Benjamin	Memadathil (H),Manganam	2,500	1,000	25,00,000
7.	Renu S	Steelex House, Nalumukku Pettah	25,000	100	25,00,000
8.	Rajan P Ghevarghese	Kenkayil Raj Bhavan, Market Road, Adoor	2,500	1,000	25,00,000
9.	K G Jacob	GRA-607, Kochukaleekal, Gourisapattom, Pattom	25,000	100	25,00,000
10.	Lilly Hormis	Kurisungal House, Thevara	25,000	100	25,00,000

(b) Listed secured non-convertible debentures, issued vide public issue:

Sr. No.	Name of the holder	Address	Number of instruments held	Face value of debentures (In ₹)	Amount (In ₹)
1.	Aleyamma Jacob	Chennakattu, Kalangamari, Kadayiruppu, Kolencherry - 682 311	56,500	1,000	5,65,00,000
2.	Chennakattukalangamaril Varkey Jacob	Chennakattu, Kalangamari, Kadayiruppu, Kolencherry - 682 311	52,500	1,000	5,25,00,000
3.	Unnikrishnan Sukumaran	102 Homespace Opp.Bharath Petroleum, Falnir Road, Falnir, Mangalore, Karnataka – 575 002	10,000	1,000	1,00,00,000
4.	Molly Kurian	TC4/2003, MC 15 Iran Villa, Kowdiar P. O., Trivandrum -	8,000	1,000	80,00,000

Sr. No.	Name of the holder	Address	Number of instruments held	Face value of debentures (In ₹)	Amount (In ₹)
		695 003			
5.	Gomathy Viswambaran	Punthilethu (H), Vallikunnam p o, Mavelikara, Alappuzha - 690 501	6,500	1,000	65,00,000
6.	Chandrapal Parameswaran Pillai	TC 9/143/6, 2A, Shyla Manor Jawahar Nagar, Kowdiar, Trivandrum – 695 003	6,200	1,000	62,00,000
7.	J K Thomas	Malankara Buildings, Kodimatha, Kottayam - 686 039	6,000	1,000	60,00,000
8.	Enil Thomas	Nedumthuruthil House, Kallara South P. O., Kottayam-686 611	5,500	1,000	55,00,000
9.	Daniel Pylo	Kolasseril (H), Kaitha North, Chettikulangara p o, Mavelikara, Kerala - 690 106	5,500	1,000	55,00,000
10.	Sudhakaran Devaswomparambil Vittappa	56/754/, Devaswomparambil, Kaloor Kadavanthra Road, Ernakulam, Kochi – 682 017	5,000	1,000	50,00,000

(c) List of top ten unsecured, privately placed, non-convertible debenture holders of our Company as on October 31, 2016.

Perpetual Debt Instrument

Sr. No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Amount (In ₹)
1	Flossy Reji Alex	Grace Villa, Kallimel, Mavelikkara, Alappuzha	4	5,00,000	20,00,000
2	P M Unnikrishnan Nair	Gokulam, Parumala, Thiruvalla, Alappuzha	3	5,00,000	15,00,000
3	Aleyamma Kadampachira	Kadampachira (H), Kurianad, Kuravilangad, Kottayam	2	5,00,000	10,00,000
4	Aleyamma Joseph	Kondadampadavil House, Areekara, Veliyannoor, Kottayam	2	5,00,000	10,00,000
5	Amminikutty Philip	Alencherry, Malakunnam, Changanacherry	2	5,00,000	10,00,000
6	K C Joseph	Kondadampadavil House, Areekara, Veliyannoor, Kottayam	2	5,00,000	10,00,000
7	Soly M Vadakel	Vadakel house, Paittakulam, Oliyapuram, Vadakara, Koothattukulam	2	5,00,000	10,00,000
8	Koshy Abraham	HN-237, Kunnumpurathu, Bapuji Nagar, Pongummoodu, Thivandrum	2	5,00,000	10,00,000
9	Chacko Joseph	Vattaparambil House,Vadakummury, Karimkunnam, Idukki	2	5,00,000	10,00,000
10	Elizabeth Aji	Parumala House, Paranthal, Pandalam, Pathanamthitta	2	5,00,000	10,00,000

Subordinated Debt

Sr. No.	Name of holders	Address	Number of instruments held	Face value per debenture (In ₹)	Amount (In ₹)
1	Joseph Rubans	Reena Cottage, Valia Veli, Trivandrum	1,50,000	100	1,50,00,000
2	Roggy George	Vettathetu New Villa, Nariyapuram, Pathanamthitta	25,000	100	25,00,000
3	Soji Roggy George	Vettathetu New Villa, Nariyapuram, Pathanamthitta	25,000	100	25,00,000
4	Alex Thomas	Thekkethil House, Othera	18,900	100	18,90,000
5	Eugene Simon	Vikesh TC 4/698, Toll Junction, Kowdiar, Trivandrum	15,000	100	15,00,000
6	Mary Eugene	Vikesh TC 4/698, Toll Junction, Kowdiar, Trivandrum	15,000	100	15,00,000
7	Chacko Abraham	Thanuvelil House, Ramamangalam, Ernakulam	15,000	100	15,00,000
8	Mathews Kenny Varkey	Kavumnadayil House, Maramon, Pathanamthitta	15,000	100	15,00,000
9	K Radhamma	Padma Bhavanam, Mangalam, Alappuzha	15,000	100	15,00,000
10	Ajit Mathew	Mullackal House, Muttambalam, Kottayam	15,000	100	15,00,000

(d) Listed unsecured subordinated non-convertible debentures, issued vide public issue:

Sr. No.	Name of the holder	Address	Number of instruments held	Face value of debentures (In ₹)	Amount (In ₹)
1.	Simon Kurudamannil Simon	No 12 J P Nagar, Mathoor P O, Thiruvalla, Pathanamthitta, Kerala-689 107	6,000	1,000	60,00,000
2.	Santhosh Kumar M	Mavath House, Achikovval, Pilikode P. O., Kasaragod – 671 310	4,900	1,000	49,00,000
3.	Vidyasagaran Pillai	Archana West Fort, Mavellikara, Alappuzha - 690 101	4,725	1,000	47,25,000
4.	Mariamma Rajan	Cheruvazhathadathil, Kaippattoor p o, Pathanamthitta – 689 648	4,000	1,000	40,00,000
5.	Jaya Sam	Mukalil Edayile Veedu, Kadika, Kaithaparambu P. O., Enathu - 691 526	3,650	1,000	36,50,000
6.	Shibu R	R S Nivas, Krishnankunnu, Madavoor, Pallickal P. O., Trivandram – 695 602	3,300	1,000	33,00,000
7.	Sam Mathew	Mukalil Edayile Veedu, Kadika, Kaithaparambu P. O., Enathu - 691 526	2,400	1,000	24,00,000
8.	Linse K A	Kolenchery House, Malapallipuram, Thrissur – 680 732	2,300	1,000	23,00,000
9.	Sheeba Shibu	Konnavila Puthenveedu, Edavanassery, Mynagappally - 690 519	2,100	1,000	21,00,000
10.	Elizabeth Abraham	TC10/87(2), House No.2, Liz Cottage, Devigarden, Gurunager, Mannanthala P. O., Trivandrum – 695 015	2,000	1,000	20,00,000

Debt - equity ratio:

The debt equity ratio of our Company, prior to this Issue is based on a total outstanding debt of ₹1,85,588.70 lacs and shareholder funds amounting to ₹18,415.86 lacs as on September 30, 2016:

	As at September 30, 2016	
Particulars	**Pre-Issue**	**Post-Issue**
Debt		
Long Term Debt (in ₹lacs)	1,58,922.97	1,88,922.97
Short Term Debt (in ₹lacs)	26,665.73	26,665.73
Total Debt (in ₹lac)	**1,85,588.70**	**2,15,588.70**
Shareholders' funds		
Equity Share Capital (in ₹lacs)	13,800	13,800
Cumulative Convertible Preference Shares (in ₹lac)	567.49	567.49
Reserves and Surplus		
Capital Reserve	6.85	6.85
Statutory Reserve	2,920.65	2,920.65
Revaluation Reserve	2.86	2.86
General Reserve	106.17	106.17
Surplus in Profit and Loss A/c	1,011.84	1,011.84
Total Shareholders' funds (in ₹lac)	**18,415.86**	**18,415.86**
Long Term Debt to Equity Ratio (Number of times)	**8.63**	**10.26**
Debt to Equity Ratio (Number of times)	**10.08**	**11.71**

Notes:

(1) Short term debts represent debts which are due within twelve months from September 30, 2016.

(2) Long term debts represent debts other than short term debts, as defined above.

(3) The figures disclosed above are based on the Unaudited Financial Statements of the Company as on September 30, 2016.

(4) Long Term Debts / Equity = Long Term Debts / Shareholders' Funds.

(5) *The debt-equity ratio post the Issue is indicative and is on account of assumed inflow of ₹30,000 lacs from the proposed Issue.*

(6) *Issue of Cumulative Convertible Preference Shares on November 30, 2016 amounting to ₹1,200 lakhs has not been considered for the calculation of the Debt Equity Ratio.*

For details on the total outstanding debt of our Company, please refer to the chapter titled *"**Financial Indebtedness**"* beginning on page 114.

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

Our Company has not made any reorganisation or reconstruction in the last one year.

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

Employee Stock Option Scheme:

Our Company does not have any employee stock option scheme.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

The Board of Directors
Kosamattam Finance Limited
Kosamattam MKC Building,
Marketing Junction,
ML Road,
Kottayam-686001,
Kerala

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

A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ("I.T. ACT")

(i) To the Resident Debenture Holder

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

   (a) In case the payment of interest on debentures to a resident individual or a Hindu undivided family ("**HUF**") Debenture Holder does not or is not likely to exceed ₹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 dematerialised form and is listed on recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under (with effect from June 1, 2008).

   (c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.

   (d) (i) When the resident Debenture Holder with Permanent Account Number ("**PAN**") (not being a company or a firm) submits a declaration as per the provisions of Section 197A (1A) of the I.T. Act in the prescribed form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under Section 197A (1B) of the I.T. Act, "form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in Section 194 of the I.T. Act, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

   To illustrate for the Financial Year 2016-17, the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is ₹250,000/-; in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial Year (Senior Citizen) is ₹300,000/-; and in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial Year (Super Senior Citizen) is ₹5,00,000/-.

   Further, section 87A of the I.T. Act provides a rebate of 100% of income-tax or an amount of ₹5,000/- whichever is less to a resident individual whose total income does not exceed ₹500,000/-.

(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 under Section 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. As per Section 2(29A) of the I.T. Act, read with Section 2 (42A) of the I.T. Act, a listed debenture is treated as a long-term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. Under Section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition / indexed cost of acquisition of the debentures from the sale consideration.

   If transfer takes place after July 10,2014, the above concessional rate of 10 percent will not be available in the case of long-term capital gain which arises on transfer of debt oriented mutual fund units.

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

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

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

5. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising there from are generally treated as capital gains or business income, as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

(ii) To the Non-Resident Debenture Holder

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:

   (a) As per Section 115E of the I.T. Act, interest income from Debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of

acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

(b) As per Section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein. To avail the benefit the conditions as stipulated in the provision the section 115F of the Act should be complied with.

(c) As per Section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file are turn 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) Investment income and short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.

(c) Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per Section 115E, and at the normal rates for Short Term Capital Gains if the payee Debenture Holder is a Non-Resident Indian.

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

(a) In the case of non-resident Indian surcharge at the rate of 15 % 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/-

(b) In the case of non-domestic company, at the rate of 2% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds ₹10,000,000/- but does not exceed ₹ 100,000,000/-

(c) In the case of non-domestic company, at the rate of 5% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹100,000,000/-

Further 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 ('CBDT'), 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 ('TCA') is a mandatory condition for availing benefits under any DTAA. In terms of Chapter XA of the Income Tax Act General Anti Avoidance Rule may be invoked not withstanding anything contained in the Act. By this Rule any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be inter-alia denial of tax benefit, applicable w.e.f.01-04-2016

6. Alternatively, to ensure non-deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under Section 197(1) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of Section 206AA.

7. 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. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income, as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

(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 of the I.T. Act.

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 01, 2013 and June 01, 2017 provided such rate does not exceed the rate as may be notified by the Government.

4. In accordance with and subject to the provisions of Section 196D (2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs.

5. The provisions at paragraph II (4, 5,6 and 7) above would also apply to FIIs.

(iv) To the Other Eligible Institutions

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

(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 debenture holders on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the

amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. However, the exemption is subject to a limit of investment of ₹5,000,000/- during any financial year in the notified bonds. Where the benefit of Section 54EC of the I.T. Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under Section 80C of the I.T. Act.

With effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent years, 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.

2. As per the provisions of Section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

   This exemption is available, subject to the condition that the debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Debenture Holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

   With effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent years, the exemption is available if the investment is made in purchase or construction of one residential house situated in India.

3. 54EE has been proposed in the Finance Bill 2016 where by (1) Where the capital gain arises from the transfer of a long-term capital asset (herein in this section referred to as the original asset) and the assessee has, at any time within a period of six months after the date of such transfer, invested the whole or any part of capital gains in the long-term specified asset, the capital gain shall be dealt with in accordance with the following provisions of this section, namely:

   (a) if the cost of the long-term specified asset is not less than the capital gain arising from the transfer of the original asset, the whole of such capital gain shall not be charged under section 45;

   (b) if the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the long-term specified asset bears to the whole of the capital gain, shall not be charged under section 45:

   Provided that the investment made on or after the 1st day of April, 2016, in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees:
   Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from the 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.

   (2) Where the long-term specified asset is transferred by the assessee at any time within a period of three years from the date of its acquisition, the amount of capital gains arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such long-term specified asset as provided in clause (a) or, as the case may be, clause (b) of sub-section (1) shall be deemed to be the income chargeable under the head

"Capital gains" relating to long-term capital asset of the previous year in which the long-term specified asset is transferred.

Explanation 1. - In a case where the original asset is transferred and the assessee invests the whole or any part of the capital gain received or accrued as a result of transfer of the original asset in any long-term specified asset and such assessee takes any loan or advance on the security of such specified asset, he shall be deemed to have transferred such specified asset on the date on which such loan or advance is taken.

Explanation 2— for the purposes of this section, -

(a) "cost", in relation to any long-term specified asset, means the amount invested in such specified asset out of capital gains received or accruing as a result of the transfer of the original asset;

(b) "long-term specified asset" means a unit or units, issued before the 1st day of April, 2019, of such fund as may be notified by the Central Government in this behalf.'

(vi) Requirement to furnish PAN under the I.T. Act

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

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

2. **Section 206AA:**

(a) Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIB ('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.

(b) A declaration under Sections 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 paragraph(a) above in such a case.

(c) Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and paragraph (a) above will apply.

(d) As per the Finance Act 2016, with effect from June 1 2016, the provisions of this section shall not apply to a non-resident, not being a company, or to a foreign company, in respect of—
(i) Payment of interest on long-term bonds as referred to in section 194LC; and
(ii) Any other payment subject to such conditions as may be prescribed.

(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 HUF receives debentures from any person on or after October 01, 2009:

(a) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;

(b) for a consideration, which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration shall be taxable as the income of the recipient at the normal rates of tax

However, this provision would not apply to any receipt:

(a) from any relative; or

(b) on the occasion of the marriage of the individual; or

(c) under a will or by way of inheritance; or

(d) in contemplation of death of the payer or donor, as the case may be; or

(e) from any local authority as defined in Section 10(20) of the I.T Act; or

(f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C); or

(g) from any trust or institution registered under Section 12AA.

With effect from April 1, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent years, any sum of money received as an advance or otherwise in the course of negotiations for transfer of a capital asset, shall be chargeable to income-tax under the head "Income from other sources" if -

a. Such sum is forfeited; and
b. The negotiations do not result in transfer of such capital assets

(viii) Where the Debenture Holder is, a person located in a Notified Jurisdictional Area ('NJA') under section 94A of the I.T. Act

Where the Debenture Holder is, a person located in a NJA [at present, Cyprus has been notified as [NJA], as per the provisions of section 94A of the I.T. Act -

- All parties to such transactions shall be treated as associated enterprises under section 92A of the I.T. Act and the transaction shall be treated as an international transaction resulting in application of transfer pricing regulations including maintenance of documentations, benchmarking, etc.
- No deduction in respect of any payment made to any financial institution in a NJA shall be allowed under the I.T. Act unless the assessee furnishes an authorisation in the prescribed form authorising the CBDT or any other income-tax authority acting on its behalf to seek relevant information from the said financial institution [Section 94A (3) (a) read with Rule 21AC and Form 10FC].
- No deduction in respect of any expenditure or allowance (including depreciation) arising from the transaction with a person located in a NJA shall be allowed under the I. T. Act unless the assessee maintains such documents and furnishes such information as may be prescribed [Section 94A(3)(b) read with Rule 21AC].
- If any assessee receives any sum from any person located in a NJA, then the onus is on the assessee to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the assessee [Section 94A(4)].
- Any sum payable to a person located in a NJA shall be liable for withholding tax at the highest of the following rates:
- (i) at the rate or rates in force;
- (ii) at the rate specified in the relevant provision of the I.T. Act; or

B. IMPLICATIONS UNDER THE WEALTH TAX ACT, 1957

Wealth-tax has been abolished from Financial Year 2015-16 and hence the same will not be applicable.

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 debentures/bonds.

2. The above statement covers only certain relevant benefits under the Income Tax Act, 1961 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 Financial Year 2016-17. Several of these benefits are dependent on the debenture holder fulfilling the conditions prescribed under the relevant provisions.

4. This statement is intended only to provide general information to the Debenture Holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.

5. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.

7. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.

8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

9. Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of section 194A of the I.T. Act.

For CHEERAN VARGHESE & CO
CHARTERED ACCOUNTANTS
Firm Registration No.: 050061S

VIPIN K.K.
PARTNER
MEMBERSHIP NO. 222163

PLACE: THRISSUR
DATE: October 27, 2016

OBJECTS OF THE ISSUE

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

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("**Net Proceeds**"), estimated to be approximately ₹30,000 lacs, towards funding the following objects (collectively, referred to herein as the "**Objects**"):

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

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

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

(in ₹ lacs)

Sr. No.	Description	Amount
1.	Gross proceeds of the Issue	30,000
2.	(less) Issue related expenses	[•]
3.	Net Proceeds	[•]

Requirement of funds and Utilisation of Net Proceeds

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

Sr. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	Onward lending and for repayment of interest and principal of existing loans	at least **75%**
2.	General Corporate Purposes*	up to **25%**
	Total	**100%**

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

For further details of our Company's outstanding indebtedness, please see chapter titled "***Financial Indebtedness***" on page 114.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Interim Use of Proceeds

Our Management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in

investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Monitoring of Utilisation of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board shall monitor the utilisation of the proceeds of the Issue. For the relevant Financial Years commencing from Fiscal 2016, our Company will disclose in our financial statements, the utilisation of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue.

Other Confirmation

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

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

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

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

SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The following information includes extracts from publicly available information, data and statistics derived from reports prepared by third party consultants, including the Report by CRISIL Research, NBFC – Gold Loan, March, 2016, private publications, and industry reports prepared by various trade associations, as well as other sources, which have not been prepared or independently verified by the Company, the Lead Managers or any of their respective affiliates or advisors. Such information, data and statistics may be approximations or may use rounded numbers. Certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data/Report and is not responsible for any errors or omissions or for the results obtained from the use of Data/Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

Normal monsoons to push up growth in 2016-17

CRISIL Research expects the economy to get a kicker from a good monsoon this fiscal - coming after three consecutive weather shocks (two bad monsoons and a spell of unseasonal downpour in early 2015). Decent rains is expected to give agriculture a one-time growth kicker, particularly given the low-base effect of the two previous years. That should lift sagging rural demand, and by extension, overall GDP growth.

We expect GDP to grow 7.9% in fiscal 2017 compared with 7.6% in fiscal 2016, as monsoon has been better than last 2 years. The International Monetary Fund (IMF), the World Bank and the Organisation for Economic Co-operation and Development (OECD) have already lowered their global growth forecasts for 2016 by 20, 50 and 30 basis points (bps), respectively. So far, the Indian economy's modest recovery has been shaped by good luck on crude oil and commodities, and a supportive domestic policy environment.

Consumer price inflation (CPI), we believe, will stay soft at 5%, though a tad higher than 4.9% in fiscal 2016. Although oil and commodity prices have nosed up of late, a normal monsoon augurs well for food prices and should cap upside to inflation from higher salaries and pensions, and an expected push to rural incomes.
Accordingly, we expect the Reserve Bank of India (RBI) to continue its accommodative monetary stance. The yield on the 10-year benchmark government security, we believe, will ease to 7.2% by March 31, 2017, from 7.5% as of March 31, 2016. This would be supported by the government's focus on fiscal consolidation and the RBI's efforts to manage liquidity conditions for better transmission of reduction in policy rate to other market-determined interest rates.

Given the sharp fall in CAD, we now expect it to be lower at 1% of GDP in fiscal 2017, down from 1.3% in fiscal 2016. Exports will remain tepid but low imports (benign oil prices and weak gold imports given domestic policy restrictions) will anchor the CAD. Core (non-oil non-gold) imports to pick up with uptick in domestic GDP growth towards the fiscal end.

CRISIL's projections

	FY14	FY15	FY16	FY17F
GDP (%)	6.9	7.2	7.6	7.9
CPI (%, average)	9.2	6.0	4.9	5.0
CAD (% GDP)	1.7	1.3	1.1	1.0
Fiscal deficit (% GDP)	4.4	4.1	3.9	3.5**
Rs-$ exchange rate (March-end)	60.1	62.6	66.3	66.5
G-sec yield (%, March-end)	8.8	7.7	7.5	7.2

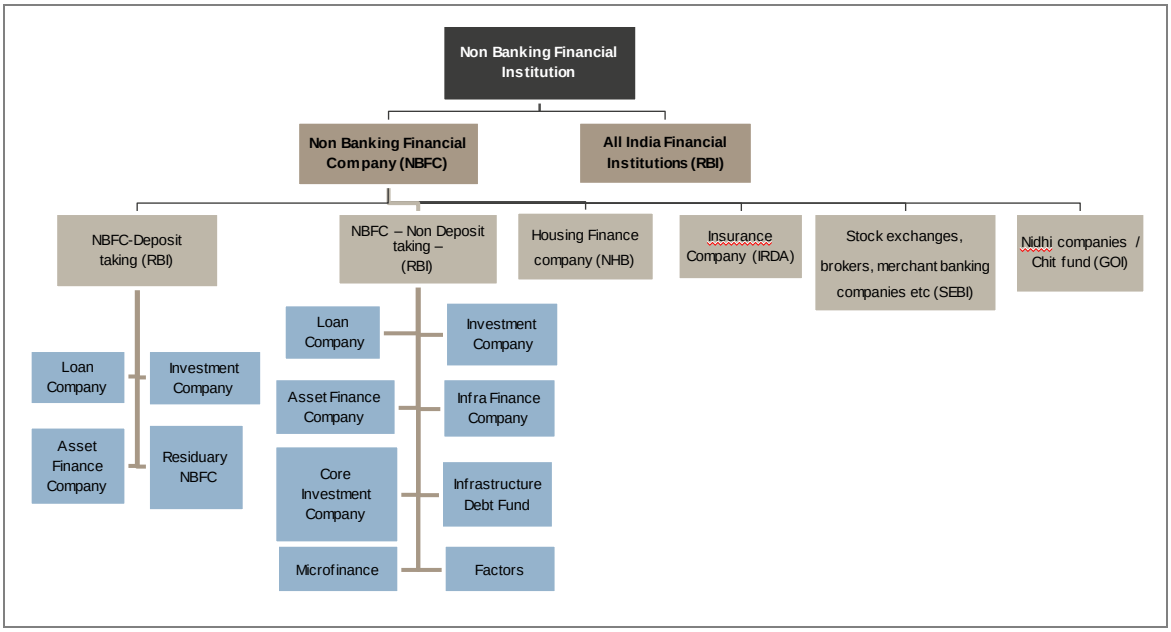
***Budget estimate, F=Forecast*
Source: CSO, RBI, Budget documents, Ministry of Finance, CRISIL Research

Going forward, the medium-term outlook will be shaped by progress on initiatives such as cleaning up of bank balance sheets, successful implementation of the Goods & Services Tax, the Insolvency & Bankruptcy Code, financial inclusion through initiatives like the Jan-Dhan and Digitalisation, which can potentially have a transformative impact on economic growth in India. However, without addressing core physical infrastructure issues such as seamless availability of electricity and creation of road network, and social infrastructure issues such as health and education, sustaining any growth kick-up can be a challenge.

Non-Banking Financial Institutions' structure in India

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

Structure of Non-banking financial institutions in India



Note: The regulatory authority for the respective institution is indicated within the brackets
All India Financial Institutions includes NABARD, SIDBI, EXIM Bank
Source: RBI, CRISIL Research

NBFCs: an important part of the credit system

Financing needs in India have risen in sync with the notable growth recorded by the economy over the past decade. Non-banking financial companies (NBFCs) have played a major role in meeting this need, complementing banks and other financial institutions.

NBFCs help fill gaps in the availability of financial services with respect to products as well as customer and geographic segments. A strong linkage at the grassroots level makes them a critical cog in the financial machine. They cater to the unbanked masses in rural and semi-urban reaches and lend to the informal sector and people without credit histories, thereby enabling the government and regulators to realise the mission of financial inclusion. The outstanding loans of NBFCs grew at ~20% between fiscals 2012 and 2016. As of March 2016, they accounted for 15% of the overall systemic credit.

Classification of NBFCs

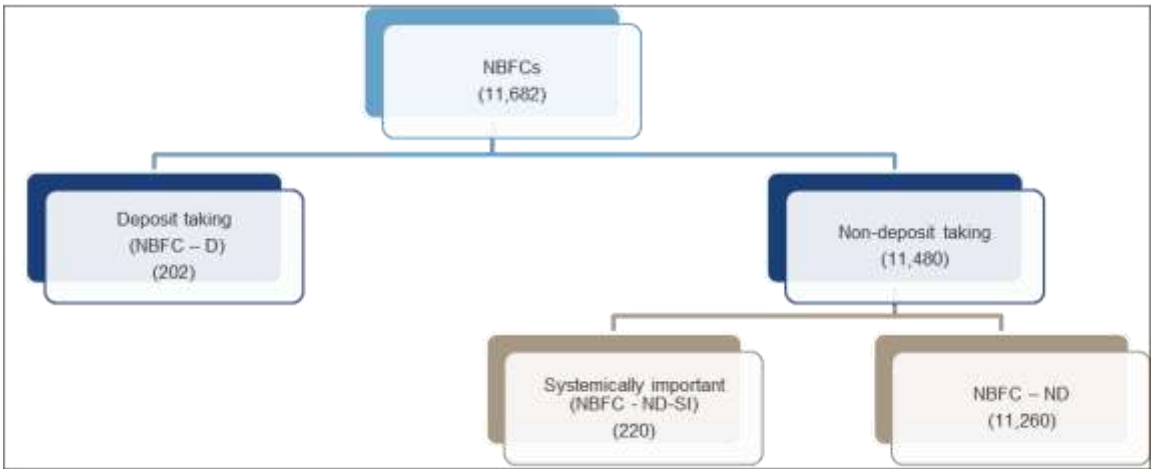
NBFCs have been classified on the basis of kind of liabilities they access, type of activities they pursue and their perceived systemic importance.

Liabilities-based classification

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

Further, in 2015, non-deposit taking NBFCs with asset size of ₹ 5 billion and above were labelled as 'systemically important non-deposit taking NBFCs' (NBFC – ND – SI) and separate prudential regulations were made applicable to them.

Classification of NBFCs based on liabilities



Note: Figures in brackets represent number of entities registered with RBI as per "Financial Stability Report June 2016" of RBI.
Source: RBI, CRISIL Research

Activity based classification

I. Asset Finance Company (AFC)

Asset finance company (AFC) is a financial institution carrying on as its principal business, financing of physical assets supporting productive/economic activity such as automobiles, tractors, lathe machines, generator sets, earth-moving and material-handling equipment, and general purpose industrial machines. An AFC's principal business is financing physical assets to support economic activity; income arising therefrom is not less than 60% of its total income. Its assets from financing physical assets amount to not less than 60% of its total assets.

II. Investment Company (IC):

Investment company is a financial institution carrying on acquisition of securities as its principal business.

III. Loan Company (LC):

Loan company means a financial institution carrying on as its principal business, providing of finance, whether by making loans or advances or otherwise for any activity other than its own -- does not include an AFC.

IV. Infrastructure Finance Company (IFC):

Infrastructure finance company (IFC) is a non-banking finance company, which deploys at least 75% of its total assets in infrastructure loans, and has minimum net owned funds of ₹ 300 crore, minimum credit rating of 'A 'or equivalent and 15% CRAR.

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

CIC-ND-SI is an NBFC in the business of acquisition of shares and securities and satisfying following conditions:

a. Holds not less than 90% of its total assets in the form of investment in equity shares, preference shares, debt or loans in group companies.
b. Investments in equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitute not less than 60% of its total assets.
c. Does not trade in its investments in shares, debt or loans in group companies except through block sale for dilution or disinvestment.
d. Does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of RBI Act, 1934, except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
e. Asset size is ₹ 500 crore or above.
f. Accepts public funds.

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

IDF-NBFC is a company registered as NBFC to facilitate flow of long-term debt into infrastructure projects. IDF-NBFC raises resources through issue of rupee or dollar-denominated bonds of minimum five-year maturity. Only IFCs can sponsor IDF-NBFCs.

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

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

a. NBFC-MFI can disburse loans to borrowers with rural household annual income not exceeding ₹100,000 or with urban and semi-urban household income not exceeding ₹ 1,60,000.
b. Loan amount does not exceed ₹ 60,000 in the first cycle and ₹ 1,00,000 in subsequent cycles.
c. Total indebtedness of the borrower does not exceed ₹ 1,00,000.
d. Loan tenure to not be less than 24 months for loan amount in excess of ₹ 30,000 with prepayment without penalty
e. Loan to be extended without collateral
f. Aggregate amount of loans, given for income generation, is not less than 50% of total loans given by MFIs.
g. Loan is repayable on weekly, fortnightly or monthly instalments as per borrower's choice.

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

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

IX. Mortgage Guarantee Companies (MGC)

MGC are financial institutions for which at least 90 per cent of the business turnover is mortgage guarantee business or at least 90 per cent of the gross income is from mortgage guarantee business and net owned fund is ₹100 crores.

X. NBFC- Non-Operative Financial Holding Company (NOFHC)

NOFHC is a financial institution through which promoter / promoter groups will be permitted to set up a new bank. It's a wholly-owned Non-Operative Financial Holding Company (NOFHC) which will hold the bank as well as all other financial services companies regulated by RBI or other financial sector regulators, to the extent permissible under the applicable regulatory prescriptions.

Key regulations pertaining to NBFCs

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

Regulatory distinction between banks and NBFCs

		NBFC - ND - SI	NBFC - D	Banks* (Basel - III)
Minimum net owned funds		₹ 20 million	₹ 20 million	₹ 5 billion
Capital adequacy		15.0%	15.0%	9.0%
Tier - I capital	Mar-15	7.5%#	7.5%#	7.0%
	Mar-16	8.5%	8.5%	7.0%
	Mar-17	10%	10%	7.0%
GNPA recognition	Mar-15	180 days	180 days	90 days
	Mar-16	150 days	150 days	90 days
	Mar-17	120 days	120 days	90 days
	Mar-18	90 days	90 days	90 days
Cash Reserve Ratio (CRR)		N. A	N. A	4.0%
Statutory liquidity ratio (SLR)		N. A	15.0%	21.0%
Priority sector		N. A	N. A	40% of advances
SARFAESI eligibility		Yes*	Yes*	Yes
Exposure norms		Single borrower: 15% (+10% for IFC) Group of borrowers: 25% (+15% for IFC)	Single borrower: 15% Group of borrowers: 25%	Single borrower: 15% (+5% for infrastructure projects) Group of borrowers: 40% (+10% for infrastructure projects)
Standard asset provisioning	Mar-15	0.25%	0.25%	0.40%
	Mar-16	0.30%	0.30%	0.40%
	Mar-17	0.35%	0.35%	0.40%
	Mar-18	0.40%	0.40%	0.40%

Note: n.a: not applicable
Minimum net owned funds for NBFC-MFI and NBFC- Factors is ₹50 million
#currently 10% for Infrastructure finance companies and proposed to be increased to10% for all NBFCs except - gold loan NBFCs who will have to maintain 12% under phase-wise implementation of Basel III by March 2018; numbers are excluding capital conservation buffer of 2.5%
*Union budget 2015-16 allowed NBFCs to use SARFAESI act, NBFCs with asset base of ₹500 crores or above, in respect of loans ₹1 crore or above
Source: RBI, CRISIL Research

Gold loan Industry

Gold is synonymous with prosperity in India, and its possession, considered a certain hedge against inflation. Farmers and peasants buy gold in the form of jewellery and ornaments in good times. They pledge them to local money lenders or pawn brokers in times of need, or to tide over financial crises, such as crop failure and medical exigencies. Gold is also purchased as bars or coins and its high liquidity makes it a readily acceptable collateral. Most of the gold in India is held by people in rural areas. Rural residents and low income groups are the major customers of gold loans, as gold is usually the only asset they possess, in some quantity. They also typically lack access to banking facilities. Thus, gold loan has emerged as one of the most reliable credit sources for these categories of customers. Unlike microfinance institution loans, gold loans can be availed for just about any reason: medical expenses, education, repair of household assets etc.

Regulatory tweaks restore shine for NBFCs

Gold loans are typically small ticket, short duration, convenient and instant credit. Though moneylenders and pawn brokers understand the psyche of local borrowers and offer immediate liquidity without any documentation

formalities, customers are left vulnerable to exploitation, due to the absence of regulatory oversight. Such players also give lower loan-to-value ratio compared with organised ones. As banks and NBFCs aggressively moved in to seize this vast untapped market, they cornered a significant market share from unorganised lenders, growing at a compounded annual growth rate (CAGR) of 76% between fiscals 2009 and 2012. Sustained increase in gold price till 2012 saw the gold loan business boom in India. In such a scenario, customers could be offered higher and higher loan amounts on their gold, while lenders would benefit by price increases acting as a natural hedge, in the event of default.

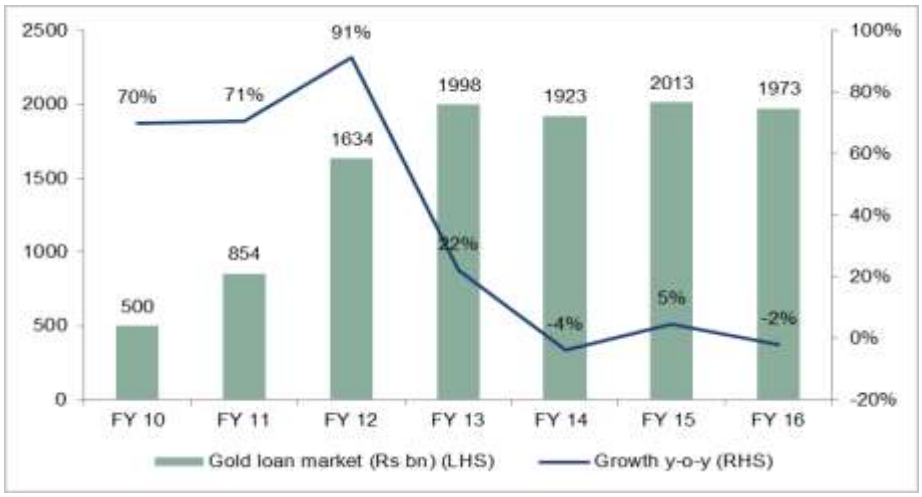
The unrestrained growth in the NBFCs' gold loan offtake alarmed the Reserve Bank of India (RBI), given the significant amount of public funds (deposits) borrowed by the NBFCs and the high concentration of gold loans in their books (gold loans accounted for 90% of the loan book at the end of FY 2012).

The RBI moved to tighten regulations on gold loans through several measures including: 1) withdrawal of priority sector benefit on gold loans; 2) capping the loan-to-value (LTV) ratio; 3) issuing guidelines on fair practice codes; 4) stipulating stringent norms for conducting gold auctions and 5) imposing curbs on lending against bullion or gold coins. These measures, along with a dip in gold prices, led to a slowdown in the overall gold loan book which expanded by just 22% in 2012-13 compared to 71% during 2010-11 and 91% during 2011-12. Thereafter, growth was driven by banks, who were looking for secured lending avenues in a scenario of slowdown in corporate credit. In September 2013, the RBI issued new norms for NBFCs, which included: adoption of a uniform valuation methodology, prior approval for any expansion exceeding 1,000 branches, and stipulation to disburse loans exceeding ₹ 0.1 million and above only through cheques.

The tighter regulatory environment between 2012 and 2014 debilitated the specialised gold loan NBFCs, who lost ground to banks and the unorganised market. However, in the long term, the intervention strengthened the sector's ability to withstand price risk, improve customer care and standardise processes related to security valuation. It compelled NBFCs to reconsider their strategies. The LTV ratio was also reduced, thereby de-risking the business. There was focus on regular, monthly collection of interest, to preserve lending margin against the backdrop of volatile gold prices. Some also pursued diversification into new areas like home and commercial vehicle loans, small and medium enterprises lending and microfinance as part of risk mitigation.

The fiscal 2015 saw some stability restored to the NBFC sector. The RBI had raised the permissible LTV ratio up to 75% in January 2014, from 60% earlier. Now, banks were also asked to cap the LTV ratio at 75% and standardise procedures for valuing collateral. Thus, a major demand of the gold loan NBFCs, of a level playing field versus banks, was conceded.

Growth in gold loan AUMs of organised lenders



Note: Includes agriculture lending by banks with gold as collateral
Source: Company reports, CRISIL Research

The regulatory changes also reflected in the organised sector's AUMs. A 3% fall in gold price along with RBI's restrictions in fiscal 2014 led to a 4% dip in gold loan AUMs; mainly on account of the steep fall in NBFC AUMs by 18%. However, despite a 6% decline in gold prices in fiscal 2015, gold loan AUMs grew 5% and NBFC AUMs recovered 9%, driven by greater demand. This trend has continued in fiscal 2016 too: despite an average decline

of 7-8% in gold prices, NBFC AUMs are estimated to have grown 6%. Industry AUMs, on the other hand, has recorded a 2% decline. Successive failure of monsoons has severely hurt cash inflows in the predominantly agrarian rural economy and hampered the gold loan business growth.

NBFCs retain edge over banks

Amongst organised players, specialised gold loan NBFCs have witnessed exceptional growth driven by aggressive branch expansion, heavy marketing spends and rapid customer acquisition.

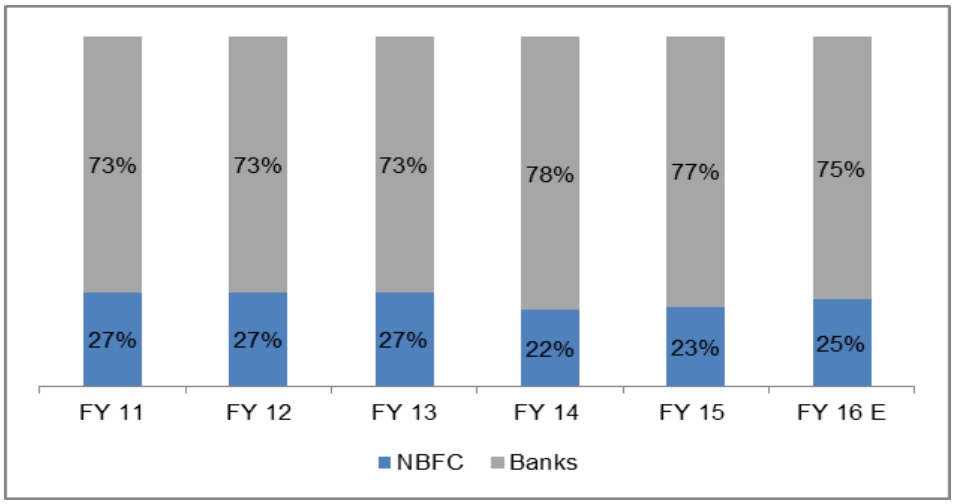
NBFCs and banks approach the gold loan market differently, reflected in their interest rates, ticket sizes and loan tenures. NBFCs focus more single-mindedly on the gold loans business and have, accordingly, built their service offerings by investing significantly in manpower, systems, processes and branch expansion. This has helped them attract and serve more customers. Some of their advantages are:

- Less documentation enabling faster turnaround
- Adequate systems to ensure quick disbursals. For example, NBFCs have dedicated personnel to value the gold jewels at the branches.
- Flexible repayment options.
- Greater accessibility due to better penetration, ability to serve non-bankable customers.
- Single product focus on gold loans enabling them to develop strong appraisal and valuation expertise, resulting in faster and better customer service.

Banks, on the other hand, have a more vigilant approach. They view gold loans as a safer means to meet their priority sector lending targets, especially agricultural loans. Even in the case of non-agricultural gold loans, they mostly target the organised segment or their existing customers as they are unable to offer flexible and rapid disbursals. It is only a few south-based banks which have a higher share in non-agricultural gold loan disbursements, given the region's proclivity for gold loans.

For the above discussed reasons, NBFCs are preferred by customers over banks, and specialised NBFCs enjoy higher profitability. With the RBI's curbs on this sector easing, and changes in regulations providing a level playing field for both classes of lenders, NBFCs have gradually recovered market share in fiscal 2015, a trend that CRISIL Research estimates has continued in fiscal 2016 as well.

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



Note: 1) E-estimated, 2) Includes agriculture lending by banks with gold as collateral
Source: CRISIL Research

South-based NBFCs dominate the gold loan NBFC market

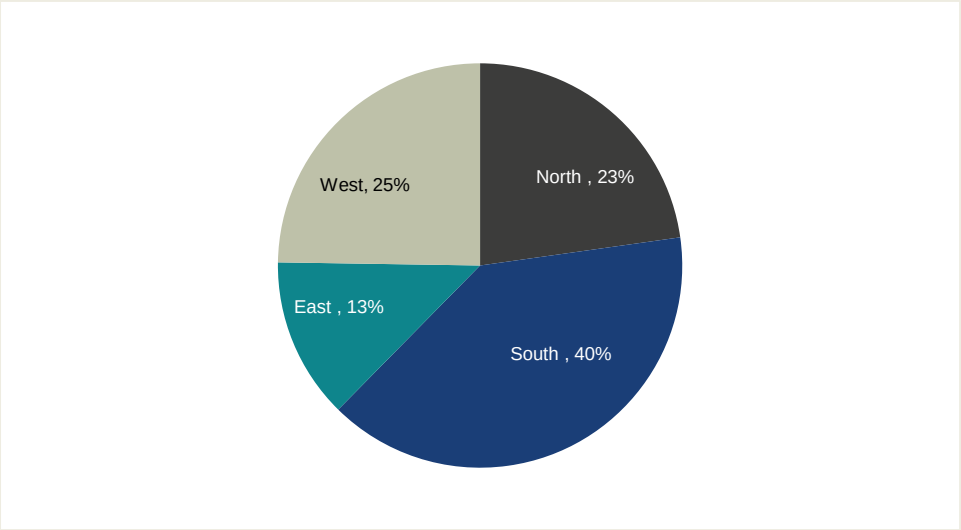
India's top three gold loan NBFCs are based in the south and controlled over 80% of the market (in terms of AUMs), as of March 31, 2016. This is an obvious consequence of a more evolved gold loan market in the region.

However, many smaller NBFCs have reduced focus on the business, given the RBI's stringent norms and the fall in gold prices.

South remains key market; even as other regions emerge

Demand for gold is skewed towards the southern states, as households here account for the largest share of accumulated gold stock in the form of ornaments, coins, bars, etc.

Regional gold demand

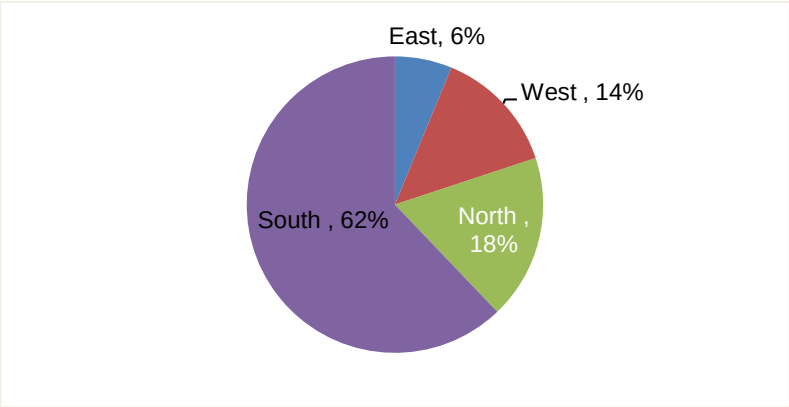


Source: CRISIL Research

Moreover, holders in the south are more open to pledging gold to raise funds than people in other regions. Tamil Nadu, Kerala, Andhra Pradesh, Karnataka and Pondicherry together accounted for about 62% of AUMs of top four gold loan NBFCs as of March 31, 2015. Although attempts by NBFCs to expand in certain pockets of northern and western India have lowered the share of southern markets from 71% couple of years back, it still remains a stronghold.

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

South accounts for major share of NBFC AUMs



Aggregate includes region-wise AUM split of Muthoot Finance, Manappuram Finance, Muthoottu Mini and Muthoot Fincorp
Shares are based on AUMs as of 2015-16
Source: CRISIL Research

Though the south will continue to dominate, other underpenetrated regions in northern and western India are likely to emerge as growth centres. This will also be aided by changing consumer perception about gold loans and rising funding requirements.

The glitter is back in NBFCs' profits

Profitability of NBFCs has bounced back, after declining in the aftermath of tighter RBI regulations. Spreads and profitability improved sharply in fiscal 2016, as increased collection efficiency boosted interest income and operating costs remained under control. One of the leading players also made exceptional profit from gold auctions held during the last quarter of 2015-16 due to upward movement of gold prices.

CRISIL Research expects the industry to continue to perform well in the medium term. Gold prices have surged upward this fiscal, with its status as a safe hedge reinforced in the aftermath of Brexit (Britain's decision to leave the European Union) and increasing global uncertainty. Average domestic price in fiscal 2017 is likely to be about 10 to 12% higher on-year. A decline in delinquencies as gold prices rise will lower credit costs, despite a shift towards tighter non-performing assets (NPAs) recognition norms. Stable-to-higher gold prices bode well for gold loan NBFCs as it reduces the possibility of default and the consequent increase in NPAs. Even in the event of default, financiers will be able to recover most of the bad loans through auction sale proceeds.

Higher domestic economy growth, a stable regulatory environment, presence of under penetrated markets, easing of competitive intensity for the specialised gold loan players and introduction of innovative products like online gold loans will help players' record growth in profits from their gold loan business in the future.

Profitability of gold loan NBFCs

	FY13	FY14	FY15	FY16
Yield on funds	19.7%	19.1%	18.0%	19.6%
Cost of funds	10.4%	10.0%	8.6%	8.8%
Gross spread	9.3%	9.1%	9.4%	10.8%
Operating expenses	4.2%	4.9%	5.3%	5.4%
Fee income	0.2%	0.3%	0.2%	0.2%
Credit costs	0.5%	0.5%	0.2%	0.6%
Tax	1.6%	1.5%	1.4%	1.9%
RoMA	3.2%	2.6%	2.7%	3.1%

Aggregate includes Muthoot Finance and Manappuram Finance
RoMA : Return on managed assets
Managed assets: AUM (on-book and off-book) + cash and bank balances + investment
Source: Company reports, CRISIL Research

Asset quality to improve with recovery in gold prices

Average gross NPAs for the industry increased by about 50 bps in fiscal 2016, as top players extended repayment time to their customers, rather than go for auction. GNPAs also rose on account of shifting to 150-day NPAs recognition. It is expected to decline about 30 bps in fiscal 2017, despite a shift towards 120-day recognition, as the likely rise in domestic gold prices will limit default.

OUR BUSINESS

In this section, any reference to "we", "us" or "our" refers to Kosamattam Finance Limited. Unless stated otherwise, the financial data in this section is as per our reformatted financial statements prepared in accordance with Indian GAAP set forth elsewhere in this Draft Prospectus.

*The following information should be read together with the more detailed financial and other information included in this Draft Prospectus, including the information contained in the chapter titled "**Risk Factors**" and "**Industry**" beginning on pages 12 and 70.*

We are a systemically important non-deposit taking NBFC primarily engaged in the Gold Loan business, lending money against the pledge of household Jewellery ("***Gold Loans***") in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Delhi, Maharashtra, Gujarat and Telangana along with the Union Territory of Puducherry. Our Gold Loan portfolio as of the six-month period ending September 30, 2016 and for the financial years ending on March 2016, March 31, 2015 and March 31, 2014 comprised of 4,94,372, 4,79,540, 4,47,389 and 3,76,341 gold loan accounts, aggregating to ₹1,46,500.64 lacs, ₹1,31,224.42 lacs, ₹1,13,692.09 lacs and ₹99,207.32 lacs which is 89.99%, 89.12%, 94.89% and 96.10% of our total loans portfolio as on those dates. As on October 31, 2016 we had a network of 958 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Delhi, Maharashtra, Gujarat and Telangana along with the Union Territory of Puducherry and we employ 3,309 persons in our business operations. We belong to the Kosamattam Group led by Mr. Mathew K. Cherian. We are headquartered in Kottayam in the state of Kerala.

We are registered with RBI as a systemically important, non-deposit taking NBFC (Registration No. B-16.00117 dated December 19, 2013) under section 45 IA of the RBI Act. Further we also have a Full-Fledged Money Changers ("**FFMC**") license bearing number FE.CHN.FFMC.40/2006.

The Kosamattam group was originally founded by Mr. Chacko Varkey (also known as Mr. Nasrani Varkey). His great grandson, Mr. Mathew K. Cherian, the present Chairman and Managing Director of Kosamattam Group is a fourth-generation entrepreneur in the family. Under his able leadership, our Company is emerging as a prominent Gold Loan business company with 958 branches, as on October 31, 2016, largely spread across southern India.

Gold Loan is the most significant product in the product portfolio of our Company. Our Gold Loan customers are typically businessmen, vendors, traders, farmers, salaried individuals and families, who for reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold jewellery with us under our various gold loan schemes. These Gold Loan schemes are designed such that higher per gram rates are offered at higher interests and vice versa, subject to applicable laws. This enables our customers to choose the Gold Loan scheme best suited to their requirements. These Gold Loan schemes are revised by us, from time to time based on the rates of gold, the market conditions and regulatory requirements. Our Gold Loans are sanctioned for tenure of maximum 9 months, with an option to our customers to foreclose the Gold Loan. Our average Gold Loan amount outstanding was ₹29,634, ₹27,364, ₹25,412 and ₹26,361 per loan account, as of the six-month period ended September 30, 2016 and for the financial years ended on March 31, 2016, March 31, 2015 and March 31, 2014. For the six-month period ended September 30, 2016 and for the financial years ended March 31, 2016, March 31, 2015 and March 31, 2014, our yield on Gold Loan assets were 21.78%, 26.35%, 23.33% and 25.05%, respectively.

In addition to the core business of Gold Loan, we also offer fee based ancillary services which includes money transfer services, foreign currency exchange and air ticketing services.

For the six-month period ended September 30, 2016 and for the Financial Years 2016, 2015, 2014, 2013 and 2012 our total income was ₹16,514.28 lacs, ₹34,569.97 lacs, ₹25,754.43 lacs, ₹26,186.8 lacs, ₹23,579.87 lacs and ₹15,634.00 lacs respectively. Our profit after tax for the six-month period ended September 30, 2016 and for the Financial Years 2016, 2015, 2014, 2013 and 2012 was ₹711.87 lacs, ₹1,122.88 lacs, ₹528.15 lacs, ₹2,644.64 lacs, ₹3,928.15 lacs and ₹3,861.52 lacs, respectively. For the six-month period ended September 30, 2016 and for the Financial Years 2016, 2015, 2014, 2013 and 2012 revenues from our Gold Loan business constituted 91.56%, 93.34%, 96.43%, 96.67%, 97.52% and 97.70%, respectively, of our total income.

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

(*In ₹lacs*)

Parameters	For the six-month period ending on September 30,2016	Financial Year		
		2016	2015	2014
Net worth	23,072.80	22,360.93	19,519.04	17,381.03
Total Debt	1,85,588.70	1,56,389.33	1,60,902.60	1,19,903.13
of which				
- Non-Current Maturities of Long Term Borrowing	1,20,205.48	98,410.15	1,13,617.33	96,802.38
- Short Term Borrowing	26,665.73	14,231.14	13,291.96	9,946.99
- Current Maturities of Long Term Borrowing	38,717.49	43,748.04	33,993.31	13,153.76
Net Fixed Assets	11,988.04	12,021.89	10,074.25	6,677.78
Non-Current Assets	26,113.89	24,610.38	12,668.57	7,887.32
Cash and Cash Equivalents	25,859.70	8812.73	30,872.48	9,732.44
Current Investments	-	-	-	-
Current Assets	2,00,600.95	1,70,201.08	1,80,045.91	1,40,015.17
Current Liabilities	72,339.68	63,861.22	50,997.38	25,010.88
Assets Under Management	185,631.10	1,71,354.53	1,49,139.57	1,30,239.35
Off Balance Sheet Assets				
Interest Income	16,363.18	33,994.24	25,536.51	26,038.68
Interest Expense	10,269.07	22,350.15	14,419.02	14,883.60
Provisioning & Write-offs	255.21	215.27	549.16	47.15
PAT	711.87	1,122.88	528.15	2,644.64
Gross NPA (%)	0.55%	0.45%	0.53%	0.17%
Net NPA (%)	0.25%	0.20%	0.21%	0.14%
Tier I Capital Adequacy Ratio (%)	12.09%	12.67%	12.98%	13.72%
Tier II Capital Adequacy Ratio (%)	5.82%	5.64%	6.15%	5.48%

Debt Equity Ratio

For details of the debt-equity ratio of our Company, please refer to chapter titled "***Capital Structure***" beginning on page 46 of this Draft Prospectus.

Our Strengths

We are part of the Kosamattam Group which has a long operating history and a large customer base.

The Kosamattam Group was originally founded by Mr. Chacko Varkey. Over the years, we have been successful in expanding our customer base. Our total number of Gold Loan customers grew from 3,69,925 as of March 31, 2015 to 3,98,145 as of March 31, 2016 and to 3,99,873 as of October 31, 2016. We attribute our growth, in part, to our market penetration, particularly in areas less served by organised lending institutions and the efficient and streamlined procedural formalities which our customers need to complete in order to complete a loan transaction with us, which makes us a preferred medium of financier for our customers. We also attribute our growth to customer loyalty which in turn leads to repeat business. We believe that a large portion of our customer base returns to us to avail credit facility when they are in need of funds.

Branch network across rural and semi-urban areas in South India

We have rapidly expanded our branch network in the past, which we believe has provided us with an advantage of a wider reach. Our total number of branches grew from 740 branches in six states and one union territory as on October 31, 2013 to 958 branches, as on October 31, 2016, in eight states and one union territory. Although we have historically had most of our branches in the southern states of India, we have expanded our branch network by opening 11 branches in Delhi, five branches in Gujarat and three branches in Maharashtra. Our customers are

typically retail customers, businessmen, vendors, traders, farmers, salaried individuals and families, who for reasons of convenience, accessibility or necessity, avail of our credit facilities by pledging their gold jewellery with us. We believe that with such a large network, we were able to penetrate and cater to our customers across various cities and towns in south India especially in semi-urban locations. Having such a network enables us to service and support our existing customers from proximate locations which gives our customers easy access to our services and enables us to reach new customers especially potential rural customers. We believe we can leverage on this existing network for further expansion and for fulfilling our customer requirements.

Organised and efficient IT Infrastructure

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. All our branches are computerised. We believe that through our existing information technology systems, we are able to effectively, manage our operations, market to our target customers, and monitor and control risks. We believe that this system has improved customer service by reducing transaction time and has allowed us to comply with regulatory record-keeping and reporting requirements. Further, in order to manage our expanding operations as well as our increased customer base, we have entered into an arrangement for the development of software for our product offerings and other allied functions. Accordingly, the new software was introduced for operational efficiency.

Effective risk management system including appraisal, internal audit and inspections.

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 system is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We have an internal audit system which consists of audit and inspection, for risk assessment and internal controls. The audit system comprises of accounts audit and gold appraisal. In accordance with our internal audit policy, all of our branches are subject to surprise gold audit every month and accounts audit once in very four months. Further the staffs are strictly advised to make the acid test, sound test etc., at the time of making the pledge for checking whether the ornament is of acceptable quality or not.

Experienced management team and skilled personnel

Our Company is a professionally managed NBFC. Our management team comprises of our Promoter Director, Mr. Mathew K Cherian, who has over 36 years of experience in finance business. The management team possesses the required skill, expertise and vision to continue and to expand the business of our Company. Our management team has an in-depth understanding of the gold loan business and under their direction and guidance our Company has grown organically.

Strategy

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

Expansion of business activity by opening new branches in rural and semi urban areas to tap potential market for gold loans

We intend to continue to grow our loan portfolio by expanding our branch network by opening new branches. A good reach to customers is very important in our business. Increased revenue, profitability and visibility are the factors that drive the branch network. Currently, we are present in key locations which are predominantly in South India for sourcing business. Our strategy for branch expansion includes further strengthening our presence in south Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in southern India. We have added 218 branches in the last three years and expect this growth trend to continue in the future. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base in rural and semi-urban markets where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all. A typical Gold Loan customer expects high loan-to-value ratios, rapid and accurate appraisals, easy access, quick approval and disbursement and safekeeping of their pledged gold jewellery. We believe that we meet these criteria when compared to other unregulated money lenders, and thus our focus is to expand our Gold Loan business.

Expansion of business into metros and select Tier 1 cities across India

In addition to our continuing focus on rural and semi-urban markets in the states that we are present, we are also focusing on opening branches in metros and select Tier 1 cities where we believe our business has high growth potential. We carefully assess the market, location and proximity to target customers when selecting branch sites to ensure that our branches are set up close to our target customers. We believe our customers appreciate this convenience and it enables us to reach new customers.

Increase visibility of Kosamattam Brand to attract new customers

Our brand is key to the growth of our business. We started focusing on brand building exercise in 2013. Our logo was re-designed and the tag- line '***Trust grows with time'*** was introduced. We believe that we have built a recognisable brand in the rural and semi-urban markets of India, particularly in the southern states of Kerala, Tamil Nadu and Karnataka. We intend to continue to build our brand through advertisements and public relations campaigns and undertaking other marketing efforts on radio, television and outdoor advertising.

Diversifying into new business initiatives by leveraging our branch network and customer base.

Gold Loan as on September 30, 2016 accounted for 89.99% of total loans of our Company. To reduce the risk of revenue volatility and with a view to expand our fee based income, we are in the process of diversifying our business to venture into the business of generators and distributors of electricity by using wind and/or other renewable energy. Further, we have received a license dated May 28, 2014 from SEBI to become a depository participant. Our Company intends to capitalise the large branch network to offer the additional products and services.

Minimise concentration risk by diversifying the Product Portfolio and expanding our customer base.

We intend to further improve the diversity of our product portfolio to cater to the various financial needs of our customers and increase the share of income derived from sale of financial products and services.

Beyond our existing Gold Loan product, we intend to leverage our brand and office network, develop complementary business lines and become the preferred provider of financial products – 'a one-stop shop for customers' financial needs. We have recently forayed into SME financing and mortgage loans.

Our diverse revenue stream will reduce our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business, geography or customer segment. Offering a wide range of products helps us attract more customers thereby increasing our scale of operations.

We expect that complementary business lines will allow us to offer new products to existing customers while attracting new customers as well. We expect that our knowledge of local markets will allow us to diversify into products desired by our customers, differentiating us from our competitors.

Further strengthen our risk management, loan appraisal and technology systems

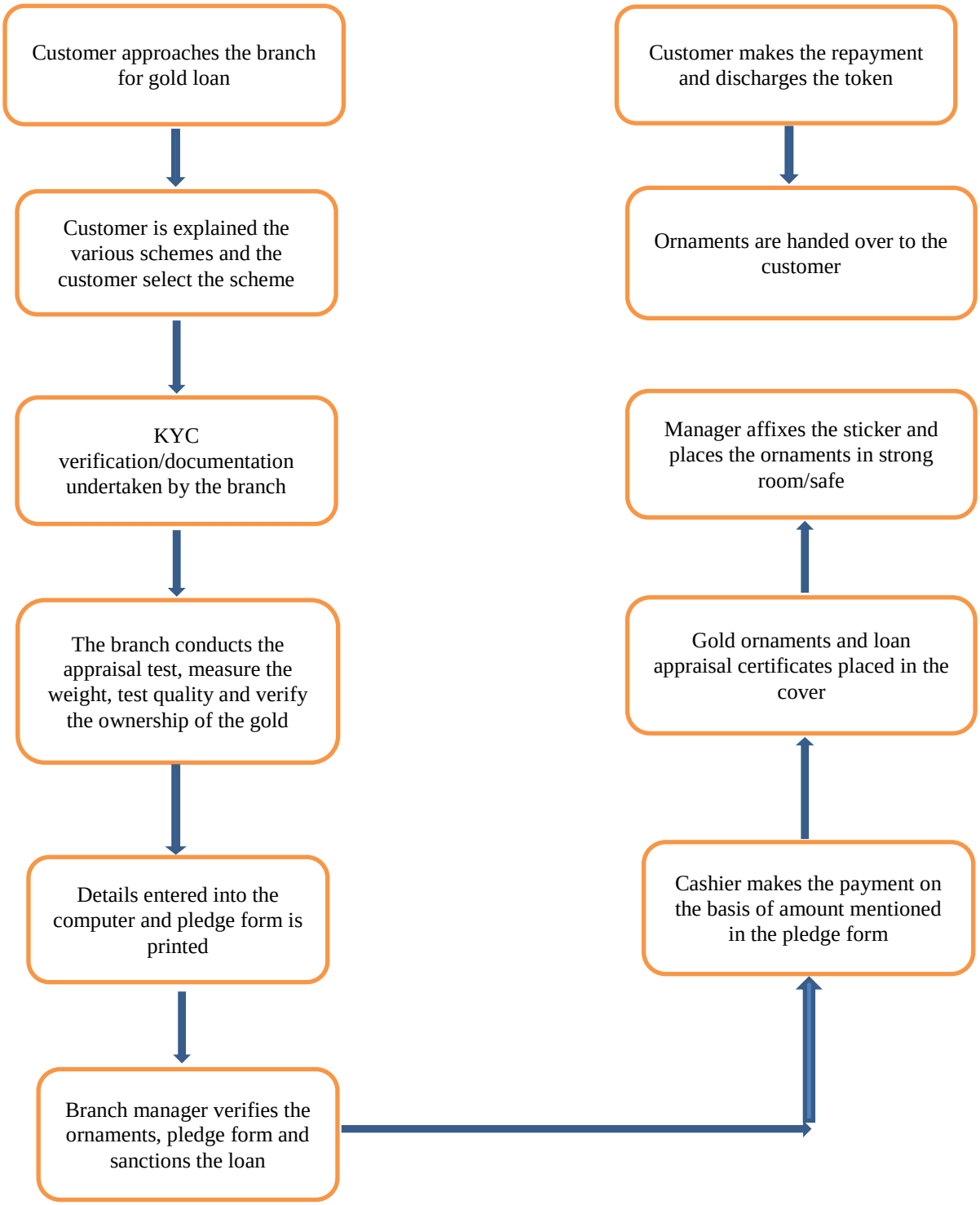
We believe risk management is a crucial element for further expansion of our Gold Loan business. We therefore continually focus on improving our integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal risk, custodial risk, market risk and operational risk. We plan to continue to adapt our risk management procedures, to take account of trends we have identified. We believe that prudent risk management policies and development of tailored credit procedures will allow us to expand our Gold Loan financing business without significantly increasing our non-performing assets. Since we plan to expand our geographic reach as well as our scale of operations, we intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. We are focused on improving our comprehensive knowledge base and customer profile and support systems, which in turn will assist us in the expansion of our business.

GOLD LOAN BUSINESS

Our lending business is primarily Gold Loans, which are typically loans against pledge of gold jewellery. As of September 30, 2016, we had approximately 4,94,372 loan accounts, representing an aggregate principal balance of ₹1,46,500.64 lacs. For the six-month period ended September 30, 2016 and for the Financial Years 2016, 2015

and 2014, our Gold Loan portfolio yield representing interest income on gold loans as a percentage of average outstanding of Gold Loans, for the same period were 21.78%, 26.35% 23.33% and 26.09%, respectively, per annum. In the six-month period ended September 30, 2016 and the Financial Years 2016, 2015 and 2014, income from interest earned on our Gold Loans constituted 91.56%, 93.34%, 96.43% and 96.67% respectively, of our total income. We offer variety of Gold Loan schemes to our customers to suit their individual needs. The schemes differ in relation to the amount advanced per gram of gold, interest rate chargeable and amount of loan.

Gold Loan disbursement process



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

It filters out spurious jewellery that may be pledged by jewellers and goldsmiths. We find that household, used jewellery is less likely to be spurious or fake.

The emotional value attached by each household to the pledged jewellery acts as a strong incentive for timely repayment of loans and revoking the pledge.

As we only accept the pledge of household jewellery, the value of the pledged gold is typically only as much as the worth of gold that is owned by an average Indian household. This prevents our exposure to large sized loans where the chances of default and subsequent losses are high.

The amount that we finance against the pledged gold jewellery is typically based on a fixed rate per gram of gold content in the jewellery. We value the gold jewellery brought by customers based on our corporate policies and guidelines. As per the policy, we grant gold loans on 22 Carat gold ornaments. However, in case the jewels that are being pledged are less than 22 carats, the branches are required to convert the carat of gold jewels to the equivalent of 22 carats. Under no-circumstances gold ornaments below 19 carats are accepted by our Company. The rates per gram is fixed by us on weekly intervals. The actual loan amount varies according to the type of jewellery pledged. While jewellery can be appraised based on a variety of factors, such as total weight, weight of gold content, production cost, style, brand and value of any gemstones, we appraise the gold jewellery solely based on its gold content. Our Gold Loans are, therefore, generally well collateralised because the actual value of the gold jewellery is higher than our appraised value of the gold jewellery when the loan is disbursed. The amount we lend against an item and the total value of the pledged gold we hold fluctuates according to the market price of gold. An increase in the price of gold will not automatically result in an increase in the value of our Gold Loan portfolio unless the rate per gram is revised by our Corporate Office. It only results in a favourable movement in the value of the security, pledged with us. Similarly, since adequate margins are built in at the time of the loan disbursement and owing to the short tenure of these loans, on average, a decrease in the price of gold generally has little impact on our interest income. However, a sustained decrease in the market price of gold could cause a decrease in the growth rate of Gold Loans in our loan portfolio.

At present our Gold Loans have a tenure that vary from six-months to 12 months, however, customers may redeem the loan at any time prior to the full tenure. As per the current policy of our Company, interest is to be paid in accordance with the scheme. In the event that a loan is not repaid on time and after providing due notice to the customer, the unredeemed pledged gold is disposed of, on behalf of the customer in satisfaction of the principal and interest charges in accordance with the applicable RBI guidelines. Any surplus arising out of the disposal of the pledged gold is refunded to the customer or is appropriated towards any other liability by the borrower. In the event that the recoverable amount is more than the realisable value of the pledged gold, the customer remains liable for the shortfall.

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

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

Pre-disbursement process

Gold Loan appraisal of a customer involves the following steps

(a) Customer identification

Gold Loans are sanctioned only to genuine borrowers. Before sanctioning the Gold Loan, the branch manager should take all precautions to ensure that the applicant, pledging the ornaments, is the owner of those ornaments and that the borrower is genuine. The branch manager should obtain ID proof and photograph of the borrower and assign a branch KYC ID No. and should also make reasonable enquiry about the residence, job, personal details, ownership of the ornaments etc. and make a note in the pledge form. We also undertake a field verification to authenticate the genuineness of the borrower in case of high value Gold Loans.

(b) KYC Documentation

The borrower should produce government issued valid photo id, with an address which is within the designated

area of the branch, as a necessary proof for KYC documentation. While processing the application, the branch ensures that the correct postal address of the borrower is entered in the computer such as name, door number, street name, name of post office, place, PIN code and the nearest land mark. Also, the borrower's telephone number is obtained. The branch also calls on the number furnished by the borrower every month, and reminds the borrower to remit the requisite interest, so that branch can know the telephone number is operational. Further if the telephone number of the borrower is not operational then the branch immediately contacts the borrower personally and obtains his new telephone number.

(c) Security appraisal

The branch manager/joint custodian and the branch staff shall appraise the gold ornaments thoroughly. Stone weight should be deducted correctly in consultation with the branch manager and staff. Low purity and spurious items should be detected and not to be accepted as pledge. Appraisal is to be done by all members at the branch and the ornament shall be accepted only if all the branch staff approve. Neither the branch manager nor the joint custodian or any staff has the authority to accept a pledge on the basis of his/her own assessment of the ornaments. It is strictly a group task and all the branch staff are equally responsible in the process. After pledging gold ornaments the same should be packed immediately. The manager and joint custodian should sign across the packet and affix the branch sticker on the cover and keep it in the safe. The safe is to be locked by all the custodians together.

(d) Documentation

For each pledge of the gold, branch appraisal certificate, application for personal loan, customer's token etc., are adequately documented and all the details pertaining to the gold, including the weight and items pledged are to be mentioned.

Post-disbursement process

The period/tenure for a Gold Loans typically varies from six-months to 12 months. Timely interest collection and closing of accounts within the specified period is vital for the successful and smooth functioning of gold loan companies like that of ours. To ensure this, the branches regularly follow up with their gold loan customers through notices served at three months (ordinary notice), six-months (registered notice), and nine months (registered notice with acknowledgement due) as well as personal contacts directly and over the phone.

Branch security and safety measures: Electronic Security System

Branches are normally equipped with security devices (alarms) which automatically alert the branch manager, regional manager as well as the nearest police station in the event of any theft attempts.

The gold pledged as security is insured with an insurance company. Our Company makes periodic analysis and revises the insurance policy as per the value/quantity of the gold.

Release of pledge

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

Our Other Business initiatives

In addition to the core business of Gold Loan, we also offer fee based ancillary services which among others include loan against property, money transfer services, depository participant services, foreign currency exchange and air ticketing services.

For the six-month period ended September 30, 2016 and for the Financial Years 2016, 2015 and 2014, revenues from our business other than Gold Loans constituted 8.44%, 6.66%, 3.57% and 3.33% respectively, of our total income.

LOAN AGAINST PROPERTY

Our Company along with its primary business of offering gold loans also engages in offering loans against property which includes loans against collateral of residential/commercial property and comprised 9.02% of our loan book as on October 31, 2016.

Loan against Property (**"LAP**") is a loan facility to customers requiring funds for business/personal purposes against mortgage of residential/commercial property. As a part of LAP lease rental discounting is also offered. The funds so raised are utilised for meeting business as well as investment needs.

Customer Evaluation, Credit Appraisal and Disbursement

Our Credit Policies

All loans are sanctioned under the credit policy approved by our Board of Directors. Emphasis is applied on demonstrated past and future assessment of income, repayment capacity and credit history prior to approving any loan. Our Company undertakes periodic update of credit policies based on portfolio performance, product profitability and market and economic development.

Loan Origination

Our Company sources all potential customers through our branches and trained sourcing teams.

Evaluation

Our Company undertakes various credit control checks and field investigations on a prospective customer which inter-alia includes an internal data de-duplication check, CIBIL database check, fraud verification, asset verification and valuation, trade credit reference checks and other legal and technical verification procedures. After having completed our internal verification procedures all documents submitted by the prospective customer are checked and verified as required and any discrepancies and/or gaps in such documentation are highlighted and sent to the prospective customer for corrections, explanations and resubmissions as required.

Our Company conducts various diligence procedures in connection with the collateral/security for such loans which include review and verification of the relevant ownership documents and obtain title reports as applicable. Reports from these checks along with detailed analysis of financial statements, tax challans, bank statements and other documents put together constitute the credit file for all customers. These files are at length reviewed by the credit managers for evaluation using credit evaluation tool. Based on the document review the credit managers conduct personal discussions with the customers at their workplace. The discussion is intended to gather information about the business model of the customer, his positioning in the value chain, dependence of suppliers and/or customers and to ascertain any business risks like export dependence, raw-material supplies, etc. which might adversely impact the business cash flows and hence diminish repayment capacity. Further, additional business documents like stock registers and books of accounts are reviewed during such visits. Based on the all the information gathered, and assessment of customer's business risks, debt servicing ability and collateral risks, the credit manager puts the transaction proposal to appropriate approving committee in the hierarchy for decision.

Credit Appraisal

Approval and Disbursement Process

Once the credit history, credentials, information and documents have been submitted by the prospective customer and verified to our satisfaction, the applications are approved at the appropriate credit approval level.

There are four progressive levels of approvals which a proposal can be put to which are based on loan product, loam amount and identified risks. All proposals require minimum of two approvals and up to four approvals for larger ticker size loans. With due sanctioning of the loan, we execute agreements in connection with the loan and creation of security in relation thereto, if any, with the customer. Margin money and other charges, if any, are collected prior to loan disbursements. The disbursing officer retains evidence of the applicant's acceptance of the terms and conditions of the loan as part of the loan documentation.

Prior to the loan disbursement, our concerned officer ensures that a Know Your Customer, ("**KYC**"), checklist is

completed by the applicant. The concerned officer verifies such information provided and includes the records in the relevant loan file. The officer is also required to ensure that the contents of the loan documents are explained in detail to the customer either in English or in the local language of the customer. The customer is provided with a copy of the loan documents executed by him. Further although our customers have the option of making payments by cash or cheque, we may require the applicant to submit post-dated cheques covering an initial period prior to any loan disbursement.

Loan administration and monitoring

The customer (and guarantor, if any) execute(s) the security creation documents and the loan agreement setting out the terms of the loan. A loan repayment schedule is attached as a schedule to the loan agreement, which generally sets out periodical repayment terms. Repayments are made in periodical instalments. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. We track loan repayment schedules of our customers on a monthly basis, based on the outstanding tenure of the loans, the number of instalments due and defaults committed, if any. This data is analysed based on the loans disbursed and location of the customer. All recovery of amounts due on loans is managed internally by us. We ensure complete focus on all stages of the collections process. We monitor the completeness of documentation, creation of security etc. through regular visits to the business outlets by our regional as well as head office executives and internal auditors. All customer accounts are reviewed on a regular basis.

Our Company believes that close monitoring of debt servicing efficiency enables us to maintain high recovery ratios and maintain satisfactory asset quality.

PORTFOLIO MANAGEMENT, COLLECTION AND RECOVERY PROCESSES

Our Company manages the portfolio management and collection processes in-house. We have on-roll collection personnel across branches to ensure timely collection of dues. As part of our collection process we have tele-calling through which calls to all customers are made before the due-dates. In-case of non-payment the team initiates collection calling for dues. We utilise our branch personnel for collection of payment. Further, for effective recovery management, all early delinquent customers are management by a dedicated team which undertakes methodical customer visits for recovery of dues. In cases where customers are unable to make payments and move to higher delinquency levels, a specified team of collection officers including branch managers, regional managers and other such officials are deployed who manage deep delinquent accounts. In addition to customer visits, this team utilises available legal tools for attachment of properties, for re-payment of dues and legal arbitration proceedings.

INSURANCE AGENCY

With a view to expand our regular fee and commission based income, we finalised a corporate agency agreement with the Life Insurance Corporation of India for marketing their life insurance plans, as a corporate agent, with effect from April 23, 2015. Further, we have entered into a distribution agreement with Religare Health Insurance Company Limited, vide an agreement dated December 21, 2015, to act as a corporate agent for providing health insurance plans to our customers. Under the terms of the agreement we are entitled to a commission and marketing support fee on sale of health insurance products facilitated by our Company. Subsequently, we have entered into a corporate agency agreement with Reliance General Insurance Company Limited, vide an agreement dated April 30, 2016, to act as a corporate agent for soliciting or procuring insurance business. Under the terms of the agreement we are entitled to a commission based on performance obligations by our Company. In furtherance to these objectives our Company had obtained a certificate of registration from the IRDA, dated March 30, 2016 to commence/carry business in the capacity of a Corporate Agent (Composite) under the Insurance Regulatory and Development Authority Act, 1999.

MONEY TRANSFER BUSINESS

Money Transfer to India is a fast, simple and convenient method to transfer money from anywhere in the world. We have entered into agreements with various companies who act as agents/representatives to companies that undertake money transfer services in India ("**Agreements**"). These agents have their country wide network of branches and sub agents in India.

Our Company, pursuant to these Agreements, acts as sub agent and provides money transfer service payments through its identified branches to the customers/beneficiaries in full without any deduction as per the transaction.

The representatives reimburse to our Company for the total payments effected. Under these Agreements, we are also entitled to receive a commission for the services provided.

MONEY CHANGING BUSINESS

Our Company holds a FFMC license and carries on money changing activities through its branches authorised by RBI. As on October 31, 2016, we had one head office and 59 authorised branches. Our currency operations include sale and purchase of foreign exchange at different authorised branches. Consequent to obtaining a FFMC license, our Company is subject to periodical inspection by the RBI. Pursuant to such an inspection carried out on April 18 and April 19, 2016, our Company received an inspection letter from the RBI, dated 29 July 2016, wherein the RBI observed certain irregularities and deficiencies in relation to our money changing business. Our Company responded to the RBI vide our rectification letter dated August 12, 2016, wherein our Company has requested RBI to complete its investigation report taking into account the rectification letter submitted by our Company.

DEPOSITORY PARTICIPANT SERVICES

Our Company secured registration from SEBI as a depository participant on May 28, 2014. On receipt of SEBI registration as a depository participant, we have entered into a MoU with a broking company, to conduct and promote brokerage business in equity, commodity and currency segments of national level stock/commodity exchanges as a broker, making use of our select branches/regional offices. Consequently, in the capacity of being a depository participant, our Company is subject to periodical inspection by the CDSL and the NSDL. Pursuant to such an inspection for the period between August 1, 2015 to June 30 2016, CDSL vide its letter dated July 28, 2016 instructed our Company to submit confirmations regarding implementations of certain procedures and rectifications of certain deviations. Our Company vide a letter dated August 24, 2016 responded to CDSL with a compliance report certified by our internal auditors, wherein our Company categorically clarified every concern raised by CDSL.

TRAVEL SERVICES

Our Company is an IATA approved agency and provides air ticketing services.

Branch Network

As on October 31, 2016, we had 958 branches in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Delhi, Gujarat and Maharashtra along with the union territory of Puducherry. The branch expansion of our company for October 31, 2016 and during the years ended March 31, 2016, 2015 and 2014, is as given below:

States/Union territory	As on October 31, 2016	As on March 31		
		2016	2015	2014
Andhra Pradesh	26	17	7	15
Telangana	8	10	8	Nil
Delhi	11	11	10	8
Karnataka	109	102	80	59
Kerala	476	492	544	535
Maharashtra	3	3	3	Nil
Gujarat	5	5	7	3
Tamil Nadu	316	290	232	167
Puducherry	4	5	4	4
Total	**958**	**935**	**895**	**791**

Marketing, Sales and Customer Care

Our Company undertakes publicity through media, both print and electronic to increase the visibility of our brand. Our media plan ensures the visibility and reach of our Kosamattam brand within the desired budget. These advertisements are carried out across various states wherever our Company has presence. This helps individual branches to target the public and thereby generate business from the locality. For the six-month period ended September 30, 2016 and for the Financial Years ended 2016, 2015 and 2014, our total advertisement expenditure was ₹202.11 lacs, ₹1,049.55 lacs, ₹635.60 lacs and ₹722.29 lacs, respectively.

In promoting our brand, our advertisement campaigns focus on "**Kosamattam Gold Loan**", to differentiate our loan products from other NBFCs and financial institutions and emphasise the convenience, accessibility and expediency of Gold Loans.

Risk Management

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 suitably. We intend to continue to improve our operating processes and risk management systems which will further enhance our ability to manage the risks inherent to our business.

Asset and Liability Management ("ALM")

Our business operations require steady flow of working capital and hence managing the day to day liquidity becomes a critical function. The ALM, amongst other functions, is concerned with risk management, providing a comprehensive as well as a dynamic framework for measuring, monitoring and managing liquidity and interest rate risk. The ALM function also alters the asset-liability portfolio in order to manage risks. The ALM also monitors interest rate sensitivity in our portfolio and takes pre-emptive steps to mitigate any potential liquidity and interest rate risks.

Credit Risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract with us. We aim to reduce the aforesaid credit risk through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy. This risk is diminished because the gold jewellery used as collateral for our loans can be readily liquidated, and there is only a remote possibility of recovering less than the amounts due to us in light of the 25 % margin retained on the value of the gold jewellery collateral. However, a sustained decrease in the market price of gold can cause a decrease in the size of our loan portfolio and our interest income.

Operational Risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to certain other external events. We have instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Although we disburse loans in a relatively short period of time, we have clearly defined appraisal methods as well as KYC compliance procedures in place to mitigate operational risks. Any loss on account of failure by employees to comply with defined appraisal mechanism is recovered out of their variable incentive. We also have detailed guidelines on movement and security measures of cash or gold. We are in the process of introducing centralised software which automates inter branch transactions, enabling branches to be monitored centrally and thus reducing the risk of un-reconciled entries. In addition, we are in the process of installing surveillance cameras across our various branches, and subscribe to insurance to cover employee theft or fraud and burglary. Our internal audit department and our centralised monitoring systems assist in the management of operational risk.

Financial Risk

Our business is cash intensive and requires substantial funds, on an ongoing basis to finance the gold loan portfolio and to grow it. Any disruption in the funding sources might have an adverse effect on our liquidity and financial condition. Our Company is proactively pursuing a system of identifying and accessing newer and cheaper sources of funds, to finance the loan book and to grow the business. Our Asset Liability Committee meets regularly and reviews the liquidity position of our Company and ensures availability of sufficient funding in advance.

Market Risk

Market risk refers to potential losses arising from the movement in market values of interest rates in our business. The objective of market risk management is to avoid excessive exposure of our earnings to loss. The majority of our borrowings, and all the loans we make, are at fixed rates of interest. Thus, presently, our interest rate risk is minimal.

Our Risk Management Policy

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

Internal Audit Department

Our internal audit department assists in the management of operational risk using our centralised monitoring systems. Separate divisions of our internal audit department are in place to handle the audit of the departments of the corporate office and those of the branch offices. The audits of our branches are divided into two categories: (i) Audit and (ii) Inspection. Branch audit is carried out quarterly with the focus on the verification of documents, accounts, performance and compliance. In addition, an incremental high value loan check is carried out by regional managers as part of their periodical branch inspection.

Vigilance Department

We have an internal vigilance department for undertaking surprise inspections of high/medium risk branches and other branches or on the basis of any report or detection of serious deviations or irregularities. The vigilance undertakes the responsibility of visiting branches to oversee the implementation of risk mitigation initiatives and improvements in customer service.

Risk Management Audit

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

ALM Organisation

The Asset - Liability Committee (ALCO) is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of our Company (on the assets and liabilities sides) in line with our Company's budget and decided risk management objectives.

The business and risk management strategy of our Company will ensure that our Company operates within the limits/parameters set by the Board. The business issues that an ALCO would consider, inter alia, includes product pricing, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc. In addition to monitoring the risk levels of our Company, the ALCO reviews the results of and progress in implementation of the decisions made in the previous meetings. The ALCO would also articulate the current interest rate view of our Company and base its decisions for future business strategy on this view.

The frequency of holding ALCO meetings will be quarterly.

Liquidity Risk Management

Our ALCO measures not only the liquidity position of our Company on an ongoing basis but also examines how liquidity requirements are likely to evolve under different assumptions. Experience shows that assets commonly considered as liquid, like Government securities and other money market instruments, could also become illiquid when the market and players are unidirectional. Therefore, liquidity has to be tracked through maturity or cash flow mismatches. For measuring and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is adopted as a standard tool. The format of the **Statement of Structural Liquidity** as prescribed by RBI may be used for this purpose.

The Maturity Profile based on ALM – II could be used for measuring the future cash flows of company in different

time buckets. The time buckets, may be distributed as under:

(i) 1 day to 14 days (One month)
(ii) 14 days to one month
(iii) Over one month and up to 2 months
(iv) Over 2 months and up to 3 months
(v) Over 3 months and up to 6 months
(vi) Over 6 months and up to 1 year
(vii) Over 1 year and up to 3 years
(viii) Over 3 years and up to 5 years
(ix) Over 5 years

The Statement of Structural Liquidity shall be prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows. A maturing liability will be a cash outflow while a maturing asset will be a cash inflow. While determining the likely cash inflows/outflows, company will have to make a number of assumptions according to their asset - liability profiles. While determining the tolerance levels, the company may take into account all relevant factors based on their asset-liability base, nature of business, future strategy, etc.

In order to enable the company to monitor their short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, company will estimate their short-term liquidity profiles on the basis of business projections and other commitments for planning purposes. An indicative format ALM – I issued by RBI for estimating **Short-term Dynamic Liquidity** will be used for the said purpose.

Interest Rate Risk (IRR)

The operational flexibility given to NBFCs in pricing most of the assets and liabilities imply the need for the financial system to hedge the Interest Rate Risk. Interest Rate Risk is the risk where changes in market interest rates might adversely affect an NBFC's financial condition. The changes in interest rates affect our Company. The immediate impact of changes in interest rates is on our Company's earnings (i.e. reported profits) by changing its Net Interest Income (NII). As such our Company is into funding of loans which are always fixed rate loans. The company manages risk on NII by pricing its loan products to customers at a rate which covers Interest Rate Risk. The risk from the earnings perspective can be measured as changes in the NII or Net Interest Margin (NIM). Measurement of such risk is done at the time of deciding rates to be offered to customers. Once interest rate risk is measured by the ALCO, lending rates are finalised. RBI has prescribed ALM – III for the purpose of Interest Rate Risk Monitoring and our Company may use the same for the purpose of measurement and monitoring of interest rate risk.

Non-performing Assets (NPA)

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

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

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

Asset Classification	Provisioning Policy
Standard Assets	0.35%
Sub-standard Assets	10.00%
Doubtful Assets	100.00% of unsecured portion + 20-50% of secured portion
Loss Assets	100.00% provided if not written off

Based on the Prudential Norms Directions for asset classification, details of the classification of our gross NPAs for significant classes of our assets for the six-month period ended on September 30, 2016 and as on the financial years ending on March 31, 2016, 2015 and 2014 are as furnished below:

(in ₹ lacs)

Asset Type	For the six-month period ended on September 30, 2016	As on March 31		
		2016	2015	2014
Sub-standard	294.83	161.97	105.06	63.10
Doubtful	192.47	200.56	215.26	109.05
Loss	404.89	304.45	311.65	0.00
Gross NPA	892.19	666.98	631.97	172.15
Less Provisions	490.87	369.38	375.79	28.26
Net NPA	401.32	297.60	256.18	143.89
Net NPA % of Total Loans & Advances	0.25	0.20	0.21	0.14

Secured loans are classified or provided for, as per management estimates, subject to the minimum provision required as per Prudential Norms Directions. We have written off ₹75.31 lacs, ₹88.76 lacs and ₹35.92 lacs in the Financial Years ended March 31 2016, March 31, 2015 and March 31, 2014, respectively and no amount has been written of in the six-month period ended on September 30, 2016.

NPA Management Policy

Our Company has put in place a gold loan monitoring, follow-up and disposal mechanism. All new gold loans are sanctioned for a period of 9 months. However, our Company has previously given gold loans for a tenure of 12 months. In the case of non-repayment, i.e., within a period of 9 or 12 months, as applicable, from the date of pledging, the asset will be disposed of by our Company after the expiry of either nine or twelve months and 15 days of grace, by sale through public auction. Our Company may also consider settlement of loan dues by way of concessions in interest as a one –time settlement on a case to case basis only with the approval of corporate office. The auction procedure shall be transparent. And prior notice will be given to customer by Registered Post/Courier informing about the auction. The auction shall be announced to the public by issuing advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper, describing the date of auction, venue of auction, and the details of gold etc. Auction will be conducted by an approved auctioneer appointed by the Board of Directors of our Company. The amount due to our Company by the customer, being the aggregate of the principal and up to the date of interest as well as other expenses like expenses for conducting auction, will be adjusted against the sale proceeds, whereas the surplus, if any available, will be refunded to the customer, and deficit if any shall have to be paid by him/her. Our Company or its associate concerns will not participate in the auction.

Appointment of an Auctioneer

As per the revised RBI guidelines, our Company or its Promoters cannot participate in the auction. Qualified and experienced auctioneers are to be appointed by our Company to carry out the auction on behalf of the company.

Capital Adequacy Ratio

As per the Prudential Norms Directions, every non-deposit taking systemically important NBFC is subject to capital adequacy requirements. Currently, such NBFCs are required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on

balance sheet and of risk adjusted value of off-balance sheet items. Further, we need to maintain a Tier I capital of minimum 12%. Also, the total of Tier II capital, at any point of time, shall not exceed one hundred percent of Tier I capital. Additionally, we are required to transfer up to 20% of our annual profit to a reserve fund and make provisions for NPAs. We had a capital adequacy ratio of 17.92%, 18.31%, 19.13% and 19.20% on September 30, 2016, March 31, 2016, March 2015, March 31 and 2014, respectively.

We have satisfied the minimum capital adequacy ratios prescribed by the RBI for the financial year ended March 31, 2016.

Technology

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. We believe that through our information systems which are currently in place, we are able to manage our operations efficiently, market effectively to our target customers, and effectively monitor and control risks. We believe that this system has improved customer service by reducing transaction time and has allowed us to manage loan collection efforts better and to comply with regulatory record-keeping and reporting requirements. All our branches are computerised. A need was felt for a centralised IT platform for our continued aggressive growth along with risk management. Accordingly, we are in the process of introducing new software to improve the operational efficiency.

Our Borrowings and Credit Ratings

Source of funding

Please refer to sections titled "***Financial Statements***" and "***Financial Indebtedness***" on pages 111 and 114.

We have depended on working capital limits from bank and issuance of secured and unsecured non-convertible debentures through private placement as primary source of funding. We have also made public issue of secured and unsecured non-convertible debentures.

We also raise capital by issuing equity shares from time to time particularly to our Promoters.

Credit Rating:

Credit Rating Agency	Instrument	Date	Ratings	Remarks	Rated amount in ₹ lacs
CARE	Long Term Bank Facilities	August 1, 2016	'CARE BB+' [Double B Plus]	Reaffirmed	25,000.00
India Ratings	Bank loan	November 8, 2016	'IND BBB-': Outlook Stable	Assigned	10,000.00
CARE	Non-Convertible Debentures – Issue I	August 1, 2016	'CARE BB+' [Double B Plus]	Reaffirmed	2,707.00
CARE	Non-Convertible Debentures – Issue II	August 1, 2016	'CARE BB+' [Double B Plus]	Reaffirmed	5,765.00
CARE	Non-Convertible Debenture – Issue III	August 1, 2016	'CARE BB+' [Double B Plus]	Reaffirmed	6,428.00
	Subordinated Debt Issue		'CARE BB' [Double B]		2,500.00
CARE	Non-Convertible Debentures – Issue IV	August 1, 2016	'CARE BB+' [Double B Plus]	Reaffirmed	16,461.00
	Subordinated Debt Issue		'CARE BB' [Double B]		1,000.00
CARE	Non-Convertible Debentures – Issue V	August 1, 2016	'CARE BB+' [Double B Plus]	Reaffirmed	20,000.00

Credit Rating Agency	Instrument	Date	Ratings	Remarks	Rated amount in ₹ lacs
	Subordinated Debt Issue		'CARE BB' [Double B]		3,000.00
CARE	Non-Convertible Debenture -Issue VI	August 1, 2016	'CARE BB+' [Double B Plus]	Assigned	19,988.00
CARE	Non-Convertible Debenture -Issue VII	August 1, 2016	'CARE BB+' [Double B Plus]	Assigned	23,451.00
CARE	Non-Convertible Debentures – Issue VIII	August 1, 2016	'CARE BB+' [Double B Plus]	Assigned	17,500.00
	Proposed Subordinated Debt Issue		'CARE BB' [Double B]		2,500
India Ratings	Proposed Non-Convertible Debenture - Issue IX	November 8, 2016	'IND BBB-': Outlook Stable	Assigned	30,000

Security threats and measures taken to mitigate them

The principal security risks to our operations are robbery and employee theft or fraud. We have extensive security and surveillance systems and dedicated security personnel to counter external security threats. To mitigate internal threats, we undertake careful pre-employment screening, including obtaining references before appointment. We also started installing surveillance cameras across our branches. To protect against robbery, all branch employees work behind wooden, glass and steel counters, and the back office, strong room/safe and computer areas are locked and closed to customers. We also keep the pledged gold in joint custody. While we provide around the clock armed security guards for risk prone branches, the majority of our branches do not require security guards as the gold jewellery are stored securely in strong rooms. Since we handle high volumes of cash and gold jewellery at our locations, daily monitoring, spot audits and immediate responses to irregularities are critical to our operations. We have an internal auditing program that includes unannounced branch audits and cash counts at randomly selected branches.

Competition

We face competition from banks, NBFCs and other unregulated/unorganised money lenders. Our Board believes that we can achieve economies of scale and increased operating efficiencies by increasing the number of branches under operation and proven operating methods. We believe that the primary elements of competition are the quality of customer service and relationship management, branch location and the ability to lend competitive amounts at competitive rates. In addition, we believe the ability to compete effectively will be based increasingly on strong management, regional market focus, automated management information systems and access to capital.

Property

Our registered and corporate office is located in Kottayam, Kerala and is owned by us.

Intellectual Property

Our Company is using the following trade mark/logo for commercial purpose:

Sr. No.	Trade Mark/Logo
1.	KOSAMATTAM FINANCE

2.	KOSAMATTAM CHITTY FUND
3.	KOSAMATTAM FINANCE PRIVATE LIMITED
4	Kosamattam Finance Trust grows with time

Employees

As on October 31, 2016 we had 3,309 employees.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Our Company was originally incorporated on March 25, 1987 as a private limited company under the provisions of the Companies Act, 1956 as Standard Shares and Loans Private Limited. Subsequently, the name of our Company was changed to Kosamattam Finance Private Limited pursuant to a fresh certificate of incorporation dated June 08, 2004. Our Company was subsequently converted into a public limited company with the name Kosamattam Finance Limited on receipt of a fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated November 22, 2013 from the Registrar of Companies, Kerala and Lakshadweep.

Our Company has originally obtained a certificate of registration dated August 24, 2000 bearing Registration no B-16.00117 issued by RBI to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the said certificate of registration, under section 45 IA of the RBI Act. As on date, our Company has a valid certificate of registration dated December 19, 2013 bearing registration no. B-16.00117 issued by the RBI to commence/carry on business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration, under section 45 IA of the RBI Act.

Our Company has obtained a full-fledged money changers license bearing license number FE. CHN.FFMC.40/2006 dated February 7, 2006 issued by the RBI which is valid up to February 28, 2017.

Our Company holds a Certificate of Registration dated May 28, 2014 bearing Registration Number IN–DP–CDSL–717-2014 issued by the SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996. The registration is valid up to May 27, 2019.

Our company hold a Certificate of Registration dated March 30, 2016 bearing Registration Number - CA0179 issued by IRDA to commence/carry business in the capacity of a Corporate Agent (Composite) under the Insurance Regulatory and Development Authority Act, 1999. The registration is valid up to March 31, 2019.

Our Company holds registration as an AMFI Registered Mutual Fund Advisor (ARMFA), and was allotted a unique code-AMFI Registration Number (ARN) - 116785.

Our Company does not have any subsidiaries.

Registered office of our Company

The registered office of our Company is located at Kosamattam Mathew K Cherian Building, Market Junction, M. L. Road, Kottayam - 686 001, Kerala, India.

Main objects of our Company

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

1. To carry on business as a non-banking financial company as defined under Section 45 I A of the RBI Act.

2. To engage in the business of a depository participant.

3. To engage in the business of agriculture by acquiring land on freehold basis or leasehold basis.

4. To act as composite corporate agent of insurance companies in India in accordance with the terms and conditions prescribed by RBI vide its circular DNBS (PD) C.C. No. 35/10.24/2003-04 of February 10, 2004, and any amendment thereto from time to time.

5. To act as mutual fund distributor and commission agent

Key milestones and major events

Financial Year	Particulars
2004-2005	Mr. Mathew K Cherian & Ms. Laila Mathew acquired the entire share capital of Standard Shares & Loans Private Limited.
2006-2007	Our Company received FFMC license for money changing activities.
2007-2008	Our Company's branch network crossed 100 branches.
2009-2010	Our Company was designated as a Systemically Important NBFC (NBFC – ND- SI).
2010-2011	Our Company opened 178 branches in a year and its asset under management crossed ₹30,000 lacs.
2011-2012	Our Companies asset under management crosses ₹50,000 lacs.
2012-2013	Our Companies asset under management crosses ₹1,00,000 lacs.
2014-2015	Our Company received Depository Participant License.
2014-2015	Public Issue of secured, redeemable, non-convertible debentures amounting to ₹10,000 lacs.
2014-2015	Public issue of secured, redeemable, non-convertible debentures amounting to ₹15,000 lacs.
2014-2015	Public issue of secured and unsecured, redeemable, non-convertible debentures amounting to ₹20,000 lacs.
2014-2015	Public issue of secured and unsecured, redeemable, non-convertible debentures amounting to ₹20,000 lacs.
2015-2016	Our Company became corporate agent of Life Insurance Corporation.
2015-2016	Public issue of secured and unsecured, redeemable, non-convertible debentures amounting to ₹23,000 lacs.
2015-2016	Public issue of secured, redeemable, non-convertible debentures amounting to ₹20,000 lacs.
2015-2016	Our Company entered into a distribution agreement and became a corporate agent of Religare Health Insurance Private Limited.
2015-2016	Our Company was issued a certificate of registration by IRDA to commence business in the capacity of a corporate agent (composite).
2016-2017	Public issue of secured, redeemable, non-convertible debentures amounting to ₹25,000 lacs
2016-2017	Our Company entered into a distribution agreement with Reliance General Insurance Company Limited.
2016-2017	Public issue of secured and unsecured, redeemable, non-convertible debentures amounting to ₹20,000 lacs

Key Agreements

Memorandum of Understanding dated May 07, 2004 between Mr. Mathew K Cherian (representative of the "buyers") and Mr. Thomas Porathur (representative of the "sellers") ("MoU")

Pursuant to the MoU, Mr. Mathew K Cherian and Ms. Laila Mathew ('our Promoters') acquired the entire paid up share capital of Standard Shares and Loans Private Limited comprising of ₹42,00,000 divided into 4,200 equity shares of ₹1,000 each. The consideration for the sale was the par value of the equity shares as credited as paid up capital in the balance sheet as at March 31, 2004.

OUR MANAGEMENT

The Articles of Association of our Company require us to have not less than three and not more than 12 Directors. As on the date of this Draft Prospectus, we have five Directors on the Board which include two Executive Directors, two Independent Directors and one Non-Executive Director.

Board of Directors

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

Details relating to Directors

Name, Designation, Nationality, DIN and Address	Age (years)	Date of Appointment	Other Directorships
Mr. Mathew K. Cherian **Designation:** Chairman and Managing Director **DIN:** 1286073 **Nationality:** Indian **Occupation:** Business **Term:** 5 years from December 01, 2013 **Address:** 354A, Kosamattam House, Manganam P.O., Kottayam - 686 018 Kerala, India.	60	May 07, 2004	1. Kosamattam Housing Finance Private Limited; 2. Kosamattam Mathew K Cherian Financiers Private Limited; and 3. Kosamattam Ventures Private Limited.
Ms. Laila Mathew **Designation:** Whole Time Director **DIN:** 1286176 **Nationality:** Indian **Occupation:** Business **Term:** 5 years from December 01, 2013 **Address:** 354A, Kosamattam (H), Manganam P.O., Kottayam – 686 018 Kerala, India.	58	May 07, 2004	1. Kosamattam Housing Finance Private Limited; 2. Kosamattam Mathew K Cherian Financiers Private Limited; and 3. Kosamattam Ventures Private Limited.
Ms. Jilu Saju Varghese **Designation:** Non-Executive Director **DIN:** 03621643 **Nationality:** Indian **Occupation:** Business	35	October 01, 2011	1. Kosamattam Builders Private Limited; and 2. Kosamattam Mathew K Cherian Financiers Private Limited.

Name, Designation, Nationality, DIN and Address	Age (years)	Date of Appointment	Other Directorships
Term: Liable to retire by rotation **Address:** Parayil House West Othera P.O, Via Thiruvalla Pathanamthitta – 689 551 Kerala, India.			
Mr. Narayanaswamy Chidambara Iyer **Designation:** Independent Director **DIN:** 06805313 **Nationality:** Indian **Occupation:** Chartered Accountant **Term:** Liable to retire by rotation **Address:** VI/100 Karukancheri Madom Thiruvarppu PO Kottayam – 686 033 Kerala, India.	49	February 15, 2014	1. Co-operative Urban Bank Limited, Kottayam.
Mr. Thomas John **Designation:** Independent Director **DIN:** 02541626 **Nationality:** Indian **Occupation:** Business **Term:** For a period, up to March 25, 2020 **Address:** Chirappurath House Kollad. P.O Kottayam -686029 Kerala, India	71	August 19, 2015	1. Malankara Enterprises Limited; 2. Malankara Plantations Limited; and 3. Malankara Wood Limited.

Brief Profile of Directors

1. **Mr. Mathew K. Cherian** aged 60 years is the Chairman and Managing Director of our Company. He started the lending business through Kosamattam Bankers and has over 36 years of experience in finance business. He received the 'Gandhi Peace Foundation Award' in 2007.

2. **Ms. Laila Mathew** aged 58 years is the Whole-Time Director of our Company. She has 27 years of experience in finance business. She received the Kerala Christian Foundation, Annie Mascarene award in year 2014-2015.

3. **Ms. Jilu Saju Varghese** aged 35 years is a Non-Executive Director. She holds a bachelor's degree in commerce from Mahatma Gandhi University, Kerala. She has joined our Company as a director in the year 2011.

4. **Mr. Narayanaswamy Chidambara Iyer** aged 49 years is an Independent Director of our Company. He holds a bachelor's degree in science from the University of Calicut and is a member of the Institute of Chartered Accountants of India.

5. **Mr. Thomas John** aged 71 years is an Independent Director of our Company. He holds a bachelor's degree in science from the University of Allahabad and post-graduate diploma in management from the Indira Gandhi National Open University. He has around 44 years of experience working in the plantations industry.

Confirmations

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

None of our Directors have been identified as a 'wilful defaulter' by any financial institution or bank, or a consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI. None of our directors features in any list of defaulter by ECGC or any government/regulatory authority.

Relationship between Directors

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

Sl. No.	Name of Director	Designation	Relationship with other Directors
1.	Mr. Mathew K. Cherian	Chairman and Managing Director	Husband of Ms. Laila Mathew and father of Ms. Jilu Saju Varghese
2.	Ms. Laila Mathew	Whole-Time Director	Wife of Mr. Mathew K. Cherian and mother of Ms. Jilu Saju Varghese
3.	Ms. Jilu Saju Varghese	Non-Executive Director	Daughter of Mr. Mathew K. Cherian and Ms. Laila Mathew

Remuneration to the Directors

Chairman and Managing Director

Mr. Mathew K. Cherian was appointed for a period of 5 years, with effect from December 1, 2013 as the Chairman and Managing Director of our Company by a resolution of the Board of Directors dated December 2, 2013 and the approval of the members pursuant to an EGM held on December 30, 2013.

The remuneration to be paid to Mr. Mathew K Cherian is ₹5 lac per month plus perquisites along with commission not exceeding 4% of net profits of our Company, the quantum whereof to be determined by our Board of Directors.

Whole-time Director

Ms. Laila Mathew was appointed for a period of 5 years, with effect from December 1, 2013 as the Whole-Time Director of our Company by a resolution of the Board of Directors dated December 2, 2013 and the approval of the members pursuant to an EGM held on December 30, 2013

The remuneration to be paid to Ms. Laila Mathew is ₹3 lac per month plus perquisites along with commission not exceeding 4% of net profits of our Company, the quantum whereof to be determined by our Board of Directors.

Non-Executive/Independent Directors

The Board of Directors of our Company in their meeting held on March 25, 2015, has approved payment of ₹5,000 as sitting fees to Non-Executive/Independent Directors, for attending every meeting of the Board of Directors. As on the date of this Draft Prospectus the total amount of sitting fees paid by our Company is ₹2,40,000.

Borrowing Powers of the Board

Pursuant to the resolution passed by the shareholders of our Company at their EGM held on January 24, 2014 and in accordance with provisions of Section 180(1)(c) of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and the Articles of Association of our Company, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding ₹3,00,000 lacs.

Interest of the Directors

All the directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. Further, other than the Promoter Directors of our Company, none of the Directors have any interest in the promotion of our Company. Further, other than the purchase of land owned by our Promoter Director, Mr. Mathew K Cherian situated at Kattappana village, Kerala for an aggregate consideration of ₹2,600 lacs (excluding the registration expenses and stamp duty paid) and the purchase of land owned by Mr. Mathew K Cherian, Ms. Laila Mathew, Ms. Bala Mathew situated at Chengalam village, Kerala for an aggregate consideration of ₹208.44 lacs (excluding the registration expenses and stamp duty paid), none of our Directors have any interest in any immovable property acquired by our Company in the two years preceding the date of this Draft Prospectus or any immovable property proposed to be acquired by it.

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

All our directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Draft Prospectus and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this 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.

Mr. Mathew K Cherian (Chairman and Managing Director) and Ms. Laila Mathew (Whole-time Director) have taken loans from our Company. The loan amount outstanding as on September 30, 2016 for Mr. Mathew K. Cherian was ₹1,269.05 lacs. There was no outstanding loan amount for Ms. Laila Mathew as on September 30, 2016.

Details of remuneration paid/payable to our Directors during the financial year ended March 31, 2016, by our Company and our associates are as follows:

A. As of March 31, 2016

Sl. No.	Name of the Director	By the Company		By the Associates		Total Remuneration (₹)
		Remuneration (₹)	Nature	Remuneration	Nature	
1.	Mr. Mathew K Cherian	60,00,000 60,00,000	Managerial Remuneration Commission	Nil	Managerial Remuneration	**1,20,00,000**
2.	Ms. Laila Mathew	36,00,000 14,00,000	Managerial Remuneration Commission	Nil	Managerial Remuneration	**50,00,000**
3.	Ms. Jilu Saju Varghese	Nil	-	Nil	-	**Nil**

4.	Mr. Narayanaswamy Chidambara Iyer	2,70,000	Sitting Fees	Nil	-	**2,70,000**
5.	Mr. Venkitachala Iyer Ranganathan*	10,000	Sitting Fees	Nil	-	**10,000**
6.	Mr. Thomas John	1,00,000	Sitting Fees	Nil		**1,00,000**

**Mr. Venkitachala Iyer Ranganathan resigned from the Board of Directors of our Company, with effect from July 24, 2015.*

B. As of September 30, 2016

Sl. No.	Name of the Director	By the Company		By the Associates		Total Remuneration (₹)
		Remuneration (₹)	Nature	Remuneration	Nature	
1.	Mr. Mathew K Cherian	30,00,000 Nil	Managerial Remuneration Commission	Nil	-	**30,00,000**
2.	Ms. Laila Mathew	18,00,000 Nil	Managerial Remuneration Commission	Nil	-	**18,00,000**
3.	Ms. Jilu Saju Varghese	Nil	-	Nil	-	**Nil**
4.	Mr. Narayanaswamy Chidambara Iyer	1,25,000	Sitting Fees	Nil	-	**1,25,000**
6.	Mr. Thomas John	65,000	Sitting Fees	Nil	-	**65,000**

Appointment of any relatives of Directors to an office or place of profit

Other than Mr. George Thomas (CEO), Mr. Saju Varghese (Chief Technical Officer) and Ms. Milu Mathew (Senior Manager), none of the relatives of Directors are appointed to an office or place of profit.

Debenture holding of Directors

As on date, none of our Directors hold any debentures in our Company.

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

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

Name of Director	Date of Change	Reason
Mr. Narayanaswamy Chidambara Iyer	February 15, 2014	Appointment
Mr. Venkitachala Iyer Ranganathan	February 15, 2014	Appointment
Mr. Narayanaswamy Chidambara Iyer	June 28, 2014	Change in designation
Mr. Venkitachala Iyer Ranganathan	June 28, 2014	Change in designation
Mr. Venkitachala Iyer Ranganathan	July 24, 2015	Resignation
Mr. Thomas John	August 19, 2015	Appointment

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

As per the provisions of our MOA and AOA, Directors are not required to hold any qualification shares. Details of the Equity Shares held in our Company by our Directors, as on date, are provided in the table given below:

Sr. No.	Name of Director	Number of Equity Shares held	Percentage of the total paid-up capital (%)
1	Mr. Mathew K. Cherian	10,16,004	73.62%
2	Ms. Laila Mathew	2,63,985	19.12%
3	Ms. Jilu Saju Varghese	2	Negligible
4	Mr. Narayanaswamy Chidambara Iyer	Nil	Nil
5.	Mr. Thomas John	Nil	Nil

Shareholding of Directors in our Associates

Sr. No.	Name of Director	Name of the Company	Number of equity shares held*	Percentage of the total paid-up capital (%)
1	Mr. Mathew K. Cherian	Kosamattam Mathew K Cherian Financiers (P) Limited	750	20%
		Kosamattam Venture (P) Limited	75	75%
		Kosamattam Housing Finance (P) Limited	50	50%
2	Ms. Laila Mathew	Kosamattam Mathew K Cherian Financiers (P) Limited	2,999	79.97%
		Kosamattam Venture (P) Limited	25	25%
		Kosamattam Housing Finance (P) Limited	50	50%
3	Ms. Jilu Saju Varghese	Kosamattam Mathew K Cherian Financiers (P) Limited	1	0.03%
		Kosamattam Venture (P) Limited	NIL	NIL
		Kosamattam Builders (P) Limited	30	30%

*****Equity Shares are of face value ₹1,000*

Details of various committees of the Board

1. *Audit Committee*

The Audit Committee was constituted by the Board of Directors through its resolution dated February 27, 2012. The Audit Committee was last re-constituted on August 19, 2015, and it currently comprises the following Directors:

(i) Mr. Mathew K Cherian
(ii) Mr. Narayanaswamy Chidambara Iyer
(iii) Mr. Thomas John

The scope and functions of the Audit committee are in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations and its terms of reference are as follows:

The terms of reference of the Audit Committee includes the following:

(a) The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(b) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
(c) Examination of the financial statement and the auditors' report thereon;
(d) Approval or any subsequent modification of transactions of the company with related parties;
(e) Scrutiny of inter-corporate loans and investments;
(f) Valuation of undertakings or assets of the company, wherever it is necessary;
(g) Evaluation of internal financial controls and risk management systems;
(h) Monitoring the end use of funds raised through public offers and related matters; and
(i) To review the functioning of the Vigil Mechanism.
(j) Overview of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
(k) Recommending the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
(l) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
(m) Review, along with the management, the annual financial statements of our Company before its submission to the Board for approval, with particular reference to:
   i. matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Section 134 of the Companies Act, 2013;
   ii. changes, if any, in accounting policies and practices and reasons for the same;
   iii. major accounting entries involving estimates based on exercise of judgment by management;
   iv. significant adjustments made in the financial statements arising out of audit findings;
   v. compliance with legal requirements concerning financial statements;
   vi. disclosure of any related party transactions; and
   vii. qualifications in the draft audit report.
(n) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
(o) Review of the adequacy of internal control systems, external and internal auditors with the management;
(p) Review the adequacy of internal audit functions, including the structure of the internal audit departments, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
(q) Review the findings of any internal investigations by the internal auditors into matters wherein fraud is suspected or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
(r) Discussion with internal auditors regarding any significant findings and follow up thereon;
(s) Discussion on the nature and scope of the audit with auditors before the audit commences as well as post-audit discussion to ascertain any area of concern;
(t) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors; and
(u) To review the function of the whistle blower mechanism, if in place.

The Audit Committee is required to meet at least four times in a year under Regulation 18 (2)(a) of the Listing Regulations.

2. *Asset Liability Management Committee*

The Asset Liability Management Committee was constituted by the Board of Directors through its resolution dated July 09, 2011. The Asset Liability Management Committee was last reconstituted on February 15, 2014, and it currently comprises the following Directors:

1. Mr. Mathew K Cherian
2. Ms. Laila Mathew
3. Ms. Jilu Saju Varghese
4. Mr. Narayanaswamy Chidambara Iyer

The terms of reference of the Asset Liability Management Committee includes the following:

(a) Verifying and valuing securities on a quarterly basis; and
(b) Analysing the security cover available for the debentures issued and interest payable.

3. *Risk Management Committee*

The Risk Management Committee was constituted by the Board of Directors through its resolution dated July 09, 2011. The Risk Management Committee was last reconstituted on February 15, 2014.

The Risk Management Committee currently consists of the following persons:

(i) Mr. Mathew K. Cherian
(ii) Ms. Laila Mathew
(iii) Ms. Jilu Saju Varghese
(iv) Mr. Narayanaswamy Chidambara Iyer

The scope and functions of the Risk Management committee is in accordance with Section 135 of the Companies Act read with Regulation 21 of the Listing Regulations and its terms of reference are as follows:

The terms of reference of the Risk Management Committee includes the following:

(a) Establishing the context of risks;
(b) Identifying the risks;
(c) Assessing probability and possible consequences of the risks.
(d) Developing strategies to mitigate these risks;
(e) Monitoring and reviewing the outcomes;
(f) Communicating and consulting with the parties involved.

4. *Nomination & Remuneration Committee*

The Nomination Committee was constituted by a board resolution dated January 09, 2012. The Nomination Committee was last reconstituted on August 19, 2015 and it currently comprises the following Directors:

The Committee currently comprises:

(i) Ms. Jilu Saju Varghese
(ii) Mr. Narayanaswamy Chidambara Iyer
(iii) Mr. Thomas John

The scope and function of the Nomination and Remuneration committee is in accordance with Section 178 of the Companies Act read with Regulation 19 of the Listing Regulations and its terms of reference are as follows:

Terms of reference of the Nomination Committee includes the following:

(a) Identifying potential candidate to become Board members;
(b) Determining the composition of the Board of Directors and the sub-committees of the Board;
(c) Periodic review of Company's Corporate Governance Guidelines;
(d) Implementing policies and processes relating to corporate governance principles;
(e) Ensuring the appropriate procedures are in place to assess Board membership needs and Board effectiveness;
(f) Reviewing our Company's policies that relate to matters of Corporate Social Responsibility, including public issues of significance to our Company and its Stakeholders;
(g) Developing and recommending to the Board of Directors for its approval an annual evaluation process of the Board and its Committees;
(h) Formulating the Disclosure Policy, its review and approval of disclosures; Overseeing Disclosure Committee's functions and responsibilities;
(i) To assist the Boards overall responsibility relating to executive compensation and recommend to the Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to attract and retain the best available personnel for position of substantial responsibility with our Company;
(j) Overall responsibility of approving and evaluating the compensation plans, policies and programs for Whole-time Directors and Senior Management; and
(k) The Committee shall also make sure that our Company's compensation packages, Human Resources practices and programs are competitive and effective in motivating highly qualified personnel and

establish a suitable relationship between compensation and performance.

(l) Formulate the criteria for determining the qualifications, positive attributes etc. and independence of a Director.

(m) Formulate the remuneration policy in compliance with the Companies Act 2013, for the approval of the Board.

5. *Corporate Social Responsibility Committee*

The Corporate Social Responsibility Committee was re-constituted by way of a board resolution dated March 3, 2014. The Corporate Social Responsibility Committee comprises of the following members:

(i) Mr. Mathew K Cherian
(ii) Ms. Laila Mathew
(iii) Ms. Jilu Saju Varghese
(iv) Mr. Narayanswamy Chidambara Iyer

The terms of reference of Corporate Social Responsibility Committee includes the following:

(a) To formulate and to recommend to the Board, a corporate social responsibility policy which shall indicate the activities to be undertaken by our Company as specified in Scheduled VII;
(b) Recommend the amount of expenditure to be incurred on the activities referred to in clause 1; and
(c) Monitor the Corporate Social Responsibility policy of our Company from time to time.

6. Corporate Governance Committee

The Corporate Governance Committee was constituted by a board resolution dated January 09, 2012. The committee was last reconstituted on February 15, 2014.

The Committee currently comprises:

(i) Mr. Mathew K. Cherian
(ii) Ms. Laila Mathew
(iii) Ms. Jilu Saju Varghese
(iv) Mr. Narayanaswamy Chidambara Iyer

The terms of reference of the Corporate Governance Committee includes the following:

(a) Consideration of matters of good governance of our Company;
(b) Consideration of reports of various committees;
(c) Assessing and valuing the progress made.

7. Stakeholders Relationship Committee

The Stakeholders Relationship Committee was re-constituted by a board resolution dated April 16, 2014.

The Committee currently comprises of the following members:

1. Mr. Mathew K Cherian
2. Ms. Laila Mathew
3. Ms. Jilu Saju Varghese
4. Mr. Narayanaswamy Chidambara Iyer

The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 (6) of the Companies Act read with Regulation 20 of the Listing Regulations.

The role of the committee is to consider and resolve the grievances of the security holders of the Company.

8. *Debenture Committee*

The Debenture Committee was re-constituted by the Board of Directors through its resolution dated February 15, 2014. The Debenture Committee comprises of the following persons:

(i) Mr. Mathew K. Cherian;
(ii) Ms. Laila Mathew;

(iii) Ms. Jilu Saju Varghese;
(iv) Mr. George Thomas

The terms of reference of the Debenture Committee includes the following:

(a) To determine and approve, the terms and conditions and number of the Debentures to be issued, the timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any, etc., to approve and make changes to the Draft Prospectus, to approve the Prospectus, including any corrigendum, amendments supplements thereto, and the issue thereof and to issue and allot the Debentures and to approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilisation of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, extension of Issue and/or early closure of the Issue

Apart from the aforementioned committees formed in accordance with the Companies Act, 2013, the Listing Regulations and in relation to the Issue, our Company has also formed a Committee for Bank Operations.

Key Managerial Personnel

All the key managerial personnel are permanent employees of our Company. In addition to the Managing Director and Whole Time Director, whose details have been provided above under the chapter titled "***Our Management – Brief Profile of Directors***" on page 99, the details of the other key managerial personnel, as of date of this Draft Prospectus, are set forth below:

1. **Ms. Annamma Varghese C.** aged 57 years, is the Chief Financial Officer of our Company. Prior to being appointed as the Chief Financial Officer of our Company she was the Company Secretary of our Company. She is a member of the Institute of Company Secretaries of India. She is also an associate member of the Institute of Cost Accountants of India. She has around 19 years of work experience in corporate and secretarial practices with reputed corporates in Kerala. Prior to joining our Company, she was working with Thaqdees Hospitals Limited. She has been associated with our Company since March 2012.

2. **Mr. Sreenath P.** aged 26 years, is the Company Secretary of our Company. He holds a bachelor's degree in commerce from University of Calicut and a master's degree in commerce from Indira Gandhi National Open University. He is also a member of the Institute of Company Secretaries of India and has 2 years of work experience in corporate and secretarial functions.

Senior Management Personnel

The details of our Senior Management Personnel as of the date of this Draft Prospectus is as below:

1. **Mr. George Thomas** aged 40 years, is the Chief Executive Officer of our Company. He holds a post graduate diploma in business administration from Xavier Institute of Management and Entrepreneurship, Bangalore and from Madras Christian College and a bachelor's degree in science from Mahatma Gandhi University. He has around 15 years of experience in banking, finance and various businesses. He has been associated with our Company since July 2006. Prior to joining our Company, he was associated with ICICI Bank Limited in private banking group till 2005 and with HDFC Bank Limited private banking NRI services based out of Dubai till June 2006.

Nature of Relationship between Key Managerial Personnel, Senior Management Personnel and Directors

Except as disclosed below and in the chapter titled ***'Our Management – Relationship between Directors'*** on page 100, none of our Directors, our Key Managerial Personnel or our Senior Management Personnel are related to each other.

Sr. No.	Name of Senior Management Personnel	Designation	Relationship with other Directors
1.	Mr. George Thomas	Chief Executive Officer	Son-in-law of Mr. Mathew K Cherian and Ms. Laila Mathew

OUR PROMOTERS

The Promoters of our Company are

1. Mr. Mathew K. Cherian
2. Ms. Laila Mathew
3. Ms. Jilu Saju Varghese

Our Promoters hold more than 92% shareholding in our Company.

Profiles of our Promoters

1. **Mr. Mathew K. Cherian:** aged 60 years is the Chairman and Managing Director of our Company. He has over 36 years of experience in finance business. He received the 'Gandhi Peace Foundation Award' in 2007. He holds 10,16,004 Equity Shares, which constitutes 73.62% shareholding in our Company.

2. **Ms. Laila Mathew:** aged 58 years is the Whole-Time Director of our Company. She has 27 years of experience in finance business. She holds 2,63,985 Equity shares, which constitutes 19.12% shareholding in our Company.

3. **Ms. Jilu Saju Varghese:** aged 35 years is a Non-Executive Director. She holds a bachelor's degree in Commerce from Mahatma Gandhi University, Kerala. She has joined our Company as a director in the year 2011. She holds 2 Equity Shares in our Company.

Interest of our Promoters in our Company

Except as stated under the chapter titled "***Financial Statements***" beginning on page 111, to the extent of their shareholding in our Company and to the extent of remuneration received by them in their capacity as Executive Directors, and to the extent of loans availed from our Company, our Promoters do not have any other interest in our Company's business. Further, other than the purchase of land owned by our Promoter Director, Mr. Mathew K Cherian situated at Kattappana village, Kerala for an aggregate consideration of ₹2,600 lacs, our Promoters have no interest in any property acquired by our Company in the last two years from the date of this Draft Prospectus, or proposed to be acquired by our Company, or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Other Confirmations

Our Promoters have confirmed that they have not been identified as wilful defaulters by the RBI or any government authority.

No violations of securities laws have been committed by our Promoters in the past or are currently pending against them. Our Promoters have not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchange in India or abroad.

Promoter's shareholding in our Company as on the date of the Draft Prospectus

Sr. No.	Name of Promoter	Total number of Equity Shares	Number of shares held in dematerialised Form	Total shareholding as a % of total number of Equity Shares	Shares pledged or otherwise encumbered	% of Shares pledged with respect to shares owned
1.	Mr. Mathew K. Cherian	10,16,004	NIL	73.62	NIL	NIL
2.	Ms. Laila Mathew	2,63,985	NIL	19.12	NIL	NIL
3.	Ms. Jilu Saju Varghese	2	NIL	Negligible	NIL	NIL

Details of Promoter's Contribution in our Company:

Mr. Mathew K Cherian

Date of Allotment/Transfer	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment/Transfer	Sources
May 07, 2004	2,000	1,000	-	Cash	Transfer	Own Fund and Loan Fund
August 10, 2004	400	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 23, 2005	5,000	1,000	1,000	Cash	Preferential Allotment	Loan Fund
November 13, 2006	2,500	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 30, 2010	64,385	1,000	1,000	Cash	Preferential Allotment	Own Fund and Loan Fund
October 27, 2010	13,825	1,000	1,000	Cash	Preferential Allotment	Own Fund and Loan Fund
November 30, 2010	10,000	1,000	1,000	Cash	Preferential Allotment	Own Fund and Loan Fund
February 28, 2011	3,090	1,000	-	Cash	Transfer	
March 25, 2011	50,066	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 25, 2011	1,37,760	1,000	-	Bonus	Bonus Issue	Bonus
March 30, 2011	61,934	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 30, 2012	45,244	1,000	1,000	Cash	Preferential Allotment	Own Fund
March 20, 2013	79,241	1,000	-	Bonus	Bonus Issue	Bonus
March 26, 2013	30,000	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 30, 2013	3,04,164	1,000	-	Bonus	Bonus Issue	Bonus
November 11, 2013	(2)	1,000	-	Cash	Transfer	-
December 31, 2013	24,000	1,000	1,000	Cash	Preferential Allotment	Loan Fund
May 31, 2014	2,00,000	1,000	1,000	Cash	Rights Issue	Own Fund
May 31, 2014	(40,000)	1,000	-	Gift	Transfer	-
July 31, 2015	22,400	1,000	1,000	Cash	Rights Issue	Own Fund
November 11, 2016	(3)	1,000	-	Gift	Transfer	-
Total	**10,16,004**					

Ms. Laila Mathew

Date of Allotment/ Transfer	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment/Transfer	Sources
May 07, 2004	2,200	1,000	-	Cash	Transfer	Own Fund
August 10, 2004	400	1,000	1,000	Cash	Preferential Allotment	Own Fund
March 30, 2010	17,115	1,000	1,000	Cash	Preferential Allotment	Own Fund
October 27, 2010	3,675	1,000	1,000	Cash	Preferential Allotment	Own Fund
November 30, 2010	5,000	1,000	1,000	Cash	Preferential Allotment	Loan Fund and Own Fund
February 28, 2011	(3,090)	1,000	-	Cash	Transfer	-
March 25, 2011	12,517	1,000	1,000	Cash	Preferential Allotment	Loan fund
March 25, 2011	34,440	1,000	-	Bonus	Bonus Issue	Bonus
March 30, 2011	15,483	1,000	1,000	Cash	Preferential Allotment	Loan fund
March 30, 2012	11,311	1,000	1,000	Cash	Preferential Allotment	Loan Fund
March 20, 2013	19,810	1,000	-	Bonus	Bonus Issue	Bonus
March 30, 2013	71,528	1,000	-	Bonus	Bonus Issue	Bonus
November 11, 2013	(2)	1,000	-	Cash	Transfer	-

Date of Allotment/ Transfer	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment/Transfer	Sources
December 31, 2013	6,000	1,000	1,000	Cash	Preferential Allotment	Loan Fund
May 31, 2014	40,000	1,000	-	Gift	Transfer	-
July 31, 2015	27,600	1,000	1,000	Cash	Rights Issue	Own Fund
November 11, 2016	(2)	1,000	-	Gift	Transfer	-
Total	**2,63,985**					

Ms. Jilu Saju Varghese

Date of Allotment/ Transfer	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment/Transfer	Sources
October 01, 2011	1	1,000	1,000	Cash	Preferential Allotment	Own Fund
March 30, 2013	1	1,000	-	Bonus	Bonus Issue	-
Total	**2**					

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1.	The Limited Review report of the unaudited financials of our Company for the six-month period ending on September 30, 2016	F-1
2.	Unaudited financial information of our Company for the six-month period ending on September 30, 2016	F-2 to F-3
3.	Auditor's report on the Reformatted Financial Statements of our Company for the Financial Years ended March 31, 2016, 2015, 2014, 2013 and 2012	F-4 to F-6
4.	Financial information of our Company for the Financial Years ended March 31, 2016, 2015, 2014, 2013 and 2012	F-7 to F-37

CHEERAN VARGHESE & CO.
CHARTERED ACCOUNTANTS

"CHEERANS"
Mundupalam 1st Cross
Thrissur – 680 001, Kerala

Tele: 0487 – 2423721, 2443721, 2970566
E-mail: vandvassociates07@yahoo.co.in
: cheeranverghese@yahoo.co.in

Report on Review of Financial Statements

To

The Board of Directors
Kosamattam Finance Ltd
Kosamattam Mathew K Cherian Building,
Market Junction, ML Road,
Kottayam -686001
Kerala

We have reviewed the accompanying statement of unaudited financial results of Kosamattam Finance Limited for the period ended 30th September, 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, "Engagements to Review Financial Statements" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For CHEERAN VARGHESE & CO
CHARTERED ACCOUNTANTS
Firm Registration No: 0500615

CHEERAN VARGHESE & CO. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

Place: Thrissur
Date: October 26, 2016

VIPIN K.K
Partner
Membership No. 222163

Regd.Office: Kosamattam M.K.C Building
Market Junction,M.L. Road
Kottayam - 686 001,Kerala,India

Tel: +91 481 2586400
Email: info@kosamattam.com
www.kosamattam.com
CIN.U65929KL1987PLC004729

Kosamattam Finance Ltd.

STATEMENT OF FINANCIAL RESULTS

(₹ In Lakhs Except Face Value of Shares and EPS)

Particulars	6 Months Ended		Year Ended	
	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015
	Unaudited	Unaudited	Audited	Audited
1. Interest earned (a)+(b)+(c)+(d)	16383.27	16900.88	34228.93	25568.23
(a) interest/disc. on advances/ bills	16363.18	16817.69	33994.24	25536.51
(b) Income on investments	0.00	0.00	0.00	0.00
(c) Interest on balances with Reserve Bank of India and other inter bank funds	0.00	0.00	0.00	0.00
(d) Others	20.09	83.19	234.69	31.72
2. Other Income	131.01	117.12	341.04	186.20
3. Total Income (1+2)	16514.28	17018.00	34569.97	25754.43
4. Interest Expended	10269.07	10867.78	22241.56	14346.04
5. Operating Expenses (i)+(ii)	4911.40	5191.58	10392.37	9949.52
(i) Employees cost	2393.56	2523.41	4839.52	4770.52
(ii) Other operating expenses	2517.84	2668.17	5552.84	5179.00
Depreciation	609.72	604.83	1284.01	1432.74
Rent	714.67	655.30	1349.44	1201.09
Others	1193.45	1408.04	2919.40	2545.17
6. Total Expenditure ((4+5) excluding provisions and contingencies	15180.47	16059.36	32633.93	24295.56
7. Operating Profit before Provisions and Contingencies (3-6)	1333.81	958.64	1936.04	1458.87
8. Provisions (other than tax) and Contingencies	255.22	120.51	139.96	460.41
9. Exceptional items	0.00	-2.72	-13.29	59.22
10. Profit (+)/ Loss (-) from Ordinary Activities before tax (7-8-9)	1078.59	840.85	1809.37	939.24
11. Tax expense	366.72	290.00	687.58	411.10
12. Net Profit(+)/ Loss(-) from Ordinary Activities after tax (10-11)	711.87	550.85	1121.78	528.14
13. Extraordinary items (net of tax expense)	0.00	0.00	-1.10	0.00
14. Net Profit (+)/ Loss (–) for the period (12-13)	711.87	550.85	1122.88	528.14
15. Paid-up equity share capital	13800.00	13800.00	13800.00	12300.00
Face Value (in `)	1000	1000	1000	1000
16. Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)	8730.64	7735.14	7735.14	7219.93
17. Analytical Ratios				
(i) Capital Adequacy Ratio	17.92%	17.59%	18.31%	19.13%
(ii) Earnings Per Share (EPS)	51.58	43.00	84.15	44.14
18) NPA Ratios				
a) Gross/Net NPA	892.19/401.32	620.28/247.20	666.98/297.60	631.97/256.18
b) % of Gross/Net NPA	0.55%/0.25%	0.38%/0.15%	0.45%/0.20%	0.53%/0.21%
c) Return on Assets (Annualised)	0.61%	0.58%	0.58%	0.27%

Place: Kottayam

Date:26.10.2016

KOSAMATTAM FINANCE LTD.

For Kosamattam Finance Ltd.

Mathew K. Cherian
Managing Director

Regd.Office: Kosamattam M.K.C Building
Market Junction,M.L. Road
Kottayam - 686 001,Kerala,India

Tel: +91 481 2586400
Email: info@kosamattam.com
www.kosamattam.com
CIN.U65929KL1987PLC004729

Kosamattam Finance Ltd.

KOSAMATTAM FINANCE LIMITED

Unaudited Interim Financial Report
BALANCE SHEET AS AT 30/09/2016

Amount in `Lacs

PARTICULARS	September 30, 2016	March 31, 2016
EQUITY AND LIABILITIES		
Shareholder's Funds		
Share Capital	14,367.49	14,367.49
Reserves and Surplus	9,445.37	8,733.50
Money Received against Share Warrants	-	-
Share Application Money Pending Allotment		
Non-Current Liabilities		
Long-term Borrowings	1,20,205.48	98,410.15
Deferred Tax Liabilities	-	-
Other Long Term Liabilities	10,307.90	9,390.18
Long Term Provisions	48.92	48.92
Current Liabilities		
Short-term Borrowings	26,665.73	14,231.14
Trade Payables	-	-
Other Current Liabilities	44,538.90	48,730.87
Short-term Provisions	1,135.05	899.21
Grand Total	**2,26,714.84**	**1,94,811.46**
ASSETS		
Non-current Assets		
Fixed Assets		
Tangible Assets	11,123.28	11,253.13
Intangible Assets	162.40	168.63
Capital Work-in-progress	702.36	600.13
Intangible Assets under Development	-	-
Non-current Investments	-	-
Deferred Tax Assets (net)	737.20	737.20
Long Term Loans and Advances	12,749.60	11,683.16
Other Non-current Assets	639.05	168.13
Current Assets		
Current Investments	-	-
Inventories	-	-
Trade Receivables	-	-
Cash and Bank Balances	25,859.70	8,812.73
Short-term Loans and Advances	1,52,048.92	1,37,141.34
Other Current Assets	22,692.33	24,247.01
Grand Total	**2,26,714.84**	**1,94,811.46**

For Kosamattam Finance Ltd.

Managing Director

KOSAMATTAM FINANCE LTD. H.O. KOTTAYAM

CHEERAN VARGHESE & CO. MUNDUPALAM INCROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

CHEERAN VARGHESE & CO.
CHARTERED ACCOUNTANTS

"CHEERANS"
Mundupalam 1st Cross
Thrissur – 680 001, Kerala

Tele: 0487 – 2423721, 2443721, 2970566
E-mail: vandvassociates07@yahoo.co.in
: cheeranverghese@yahoo.co.in

To,

The Board of Directors
Kosamattam Finance Limited
Kosamattam MKC Building,
Market Junction,
ML Road,
Kottayam-686001,
Kerala

Dear Sirs,

We have examined the attached reformatted standalone financial information of **Kosamattam Finance Limited**, (the "Company") annexed to this report, which is proposed to be included in the Draft Prospectus/ Prospectus of the Company in connection with the proposed issue of **SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹1,000.00** EACH, ("NCDs"), AGGREGATING UPTO **₹15,000.00 LAKHS**, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UPTO **₹15,000.00 LAKHS** AGGREGATING UPTO **₹30,000.00 LAKHS** in terms of the requirement of Section 26 of the Companies Act, 2013 ("the Act"), Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("the Regulations") issued by Securities and Exchange Board of India (SEBI), as amended from time to time in pursuance of Section 11A of the Securities and Exchange Board of India Act, 1992 (the "SEBI Act") and related clarifications and in terms of our engagement letter dated 18-10-2016. This financial information has been prepared by the Company and is approved by the debenture committee of the board of directors of the company.

The preparation and presentation of the reformatted financial information is the responsibility of the Company's management. This reformatted financial information is proposed to be included in the Draft Prospectus/Prospectus of the Company in connection with the Issue. These reformatted financial information have been regrouped and reclassified in accordance to Revised Schedule VI/ Schedule III to the Act effective from April 1, 2012 (but not restated retrospectively for change in any accounting policy) for the years ended March 31, 2016, 2015, 2014, 2013 and 2012 to be included in the Offer Documents of the Company in connection with the Issue.

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

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

   We have examined the following attached statements of the Company:

   a) The "Reformatted Standalone Statement of Assets and Liabilities" as at March 31,2016, 2015, 2014, 2013 and 2012 (Annexure I) and the schedules forming part thereof (Annexure IV);
   b) The "Reformatted Standalone Statement of Profits and Losses" for year ended March 31,2016,2015,2014,2013 and 2012 (Annexure II) and the schedules forming part thereof (Annexure V); and

CHEERAN VARGHESE & Co. MUNDUPALAM 1st CROSS ROAD THRISSUR CHARTERED ACCOUNTANTS

c) The "Reformatted Standalone Statement of Cash Flows" for year ended March 31,2016, 2015, 2014,2013 and 2012 (Annexure III),

Together referred to as "Reformatted Standalone Financial Statements".

The financial statements for the years ended as at March 31, 2016, 2015, 2014, 2013 and 2012 have been approved / adopted by the Board of Directors and the members of the Company.

We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Financial Information with the Company's audited financial statements for the year ended March 31,2016,2015, 2014,2013 and 2012 and regrouping and reclassification as per Schedule VI/ Schedule III of the 'Act' and requirements of 'SEBI Regulations'.

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

(a) These Reformatted Standalone Financial Statements have been presented in "Rupees in lacs" solely for the convenience of readers;

(b) These Reformatted Standalone Financial Statements have to be read in conjunction with the relevant Significant Accounting Policies and Notes to Financial Statements on the Reformatted Standalone Financial Statements given as per Annexure VI;

(c) The figures of earlier years / Periods have been regrouped (but not restated) wherever necessary, to conform to the classification adopted for the Reformatted Standalone Financial Statements;

(d) There are no extra-ordinary items that need to be disclosed separately in the Reformatted Standalone Financial Statements;

(e) These Reformatted Standalone Financial Statements conform to the requirements of the Schedule III of the Companies Act, 2013.

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

We have examined the following Other Standalone Financial Information of the Company in respect of year ended March 31, 2016, 2015, 2014, 2013 and 2012 proposed to be included in the Draft Prospectus/Prospectus, and annexed to this report:

a) Significant Accounting Policies (Annexure VI)
b) Capitalisation Statement (Annexure VII)
c) Statement of Secured & Unsecured Loans (Annexure VIII)
d) Statement of Accounting Ratios (Annexure IX)
e) Statement of Dividends (Annexure X)
f) Statement of Contingent Liability (Annexure XI)
g) Statement of Tax Shelter (Annexure XII)
h) Statement of List of Related Parties & transaction with them (Annexure XIII A & B)

3. Based on our examination of these Reformatted Standalone Financial Information, we state that in our opinion, the "Reformatted Standalone Financial Statements as per Audited Standalone Financial Statements of the Company" and "Other Standalone Financial Information of the Company" mentioned above for year ended March 31, 2016, 2015, 2014, 2013 and 2012 have been prepared in accordance with Section 26 of the Act and the Regulations amended by time to time, by SEBI Act.

CHEERAN VARGHESE & Co. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

4. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

5. This report is intended solely for your information and for inclusion in the Draft Prospectus/Prospectus in connection with the proposed issue of NCDs aggregating to **₹30,000.00 lacs** for issuance of additional NCDs and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For CHEERAN VARGHESE & CO
Chartered Accountants
Firm Registration Number: 050061S

CHEERAN VARGHESE & CO. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

Place: Thrissur
Date: November 07, 2016

Vipin K.K.
Partner
Membership No: 222163

Annexure - I : Reformatted Summary Statement of Assets and Liabilities (₹ in Lacs)

Particulars	Note No.	As at 31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
EQUITY AND LIABILITIES						
Shareholders' funds						
(a) Share capital	1	14367.49	12300.00	10300.00	10000.00	4952.56
(b) Reserves and surplus	2	8733.50	7738.00	7222.79	4638.55	5860.93
(c) Money Received against Share Warrants		0.00	0.00	0.00	0.00	0.00
Share application money pending allotment		0.00	0.00	0.00	0.00	0.00
Non-current liabilities						
(a) Long-term borrowings	3	98410.15	113617.33	96802.38	38486.07	25856.49
(b) Deferred tax liabilities (net)		0.00	0.00	0.00	0.00	0.00
(c) Other long-term liabilities	4	9390.18	8044.97	8542.92	2477.01	1178.78
(d) Long-term provisions	5	48.92	36.80	23.53	12.95	0.00
Current liabilities						
(a) Short-term borrowings	3	14231.14	13291.96	9946.99	9918.27	5041.04
(b) Other current liabilities	6	48730.87	36933.25	14567.62	65955.71	41515.93
(c) Short-term provisions	7	899.21	752.17	496.28	702.50	818.63
TOTAL		**194811.46**	**192714.48**	**147902.49**	**132191.05**	**85224.36**
ASSETS						
Non-current assets						
(a) Fixed assets						
Tangible assets	8	11253.13	9596.48	6330.57	4863.93	4145.18
Intangible assets	8a	168.63	105.04	46.36	25.93	4.59
Intangible assets under development		0.00	0.00	43.40	10.40	0.07
Capital work-in-progress		600.13	372.73	257.45	0.00	0.00
(b) Non-current investments		0.00	0.00	0.00	0.00	0.00
(c) Deferred Tax Asset	9	737.20	516.09	138.91	62.52	18.46
(d) Long-term loans and advances	10	11683.16	1905.27	1052.37	770.40	640.89
(e) Other Non Current Assets	11	168.13	172.96	18.26	10.66	0.00
Current assets						
(a) Current Investments		0.00	0.00	0.00	0.00	0.00
(b) Cash and cash equivalents	12	8812.73	30872.48	9732.44	10737.84	5384.13
(c) Short-term loans and advances	13	137141.34	119720.88	103257.40	98925.01	68534.45
(d) Other current assets	14	24247.01	29452.55	27025.33	16784.37	6496.59
TOTAL		**194811.46**	**192714.48**	**147902.49**	**132191.05**	**85224.36**

The accompanying statement of significant accounting policies and notes to accounts on financial statements are integral part of this statement.

CHEERAN VARGHESE & CO. MUNDUPALAM TF CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

Annexure - II : Reformatted Summary Statement of Profit and Loss (₹ in Lacs)

Particulars	Note No.	For the year/period ended				
		31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Revenue from operations	15	34,191.10	25,637.82	26,145.87	23,536.11	15,574.66
Other income	16	378.87	116.61	40.93	43.76	59.35
Total Revenue		**34,569.97**	**25,754.43**	**26,186.80**	**23,579.87**	**15,634.01**
Expenses						
Employee benefits expense	17	4,839.52	4,770.52	3,658.61	3,260.80	1,524.59
Finance costs	18	22,350.15	14,419.02	14,883.60	11,524.97	6,511.67
Depreciation and amortisation expense		1,284.01	1,432.74	728.34	462.64	335.50
Operating & other expenses	19	4,300.21	4,133.68	2,850.50	1,885.37	1,299.64
Total Expenses		**32,773.89**	**24,755.96**	**22,121.05**	**17,133.78**	**9,671.41**
Profit / (Loss) before exceptional and extraordinary items and tax		**1,796.08**	**998.47**	**4,065.75**	**6,446.09**	**5,962.60**
Exceptional & Extraordinary items	19a	(13.29)	59.22	(6.72)	(0.28)	(13.05)
Profit / (Loss) before prior period items and tax		**1,809.37**	**939.25**	**4,059.03**	**6,445.82**	**5,949.55**
Prior Period Items	19b	(1.10)	0.00	0.00	(4.03)	(0.08)
Profit / (Loss) before tax		**1,810.47**	**939.25**	**4,059.03**	**6,441.79**	**5,949.47**
Tax expense:						
Current Tax expense		908.69	776.24	1,481.18	2,188.94	2,016.67
Tax For Earlier Years		0.00	5.38	9.61	368.76	83.01
Deferred Tax		(221.10)	(370.52)	(76.39)	(44.06)	(11.72)
Profit / (Loss) for the year		**1,122.88**	**528.15**	**2,644.64**	**3,928.15**	**3,861.52**

CHEERAN VARGHESE & Co. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

Annexure - III : Reformatted Summary of Cash Flow Statement

(₹ in Lacs)

	Particulars	For the year/period ended				
		31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
A	**Cash Flow from Operating Activities**					
	Net Profit/(Loss) for the year	1122.88	528.15	2,644.64	3,928.14	3,861.52
	Adjustment for :					
	Add. Depreciation	1284.01	1,432.74	728.34	462.64	335.50
	Provision for Taxation	687.58	405.72	1,404.78	2,144.88	2,004.94
	Provision for NPA	-	347.53	-	5.59	24.14
	Provision for gratuity	12.11	13.06	10.80	12.95	-
	Provision for Standard Assets	139.96	112.87	11.22	75.48	74.07
	Loss on Sale of Fixed assets	-	-	6.72	0.28	13.05
	Interest on Shortfall of Advance Tax	0.70	3.44	30.17	69.18	94.41
	Interest paid on Term Loan	16.92	100.67	-	-	-
	Interest paid on Vehicle loan	7.72	0.56	1.93	3.09	4.08
	Interest paid on Bank OD	1411.20	828.84	469.80	546.57	482.73
	Interest paid on Debentures	20804.38	13,410.61	14,365.67	10,872.01	5,905.54
	Share Issue Expenses	-	-	-	-	25.00
	Asset Written off	-	66.70	-	-	-
	Income Tax Paid for earlier years	-	5.38	9.61	-	-
	Less. Interest Received from Bank	(234.69)	(31.72)	(2.05)	-	(0.24)
	Excess Provision Written Back	(12.30)	-	(2.33)	-	-
	Profit on Sale of Fixed Asset	(0.99)	(7.48)	-	-	-
	Transfer from Revaluation reserve	-	-	(0.15)	(0.16)	(0.17)
	CSR reserve	(108.00)	-	-	-	-
	Operating Profit before Changes in Working Capital	**25,131.50**	**17,217.08**	**19,679.16**	**18,120.65**	**12,824.59**
	Adjustments for :					
	(Increase)/Decrease in Short Term Loans and Advances	(17,420.45)	(16,463.48)	(4,332.39)	(30,390.56)	(29,796.75)
	(Increase)/Decrease in Long Term loans and Advances	(9,777.90)	(852.89)	(281.97)	(129.51)	(225.96)
	(Increase)/Decrease in Other Current Assets	5,205.54	(2,408.51)	(10,241.25)	(10,287.78)	(4,392.83)
	(Increase)/Decrease in Other Non-Current Assets	-	(7.82)	-	-	-
	Increase / (Decrease) in Other Current liabilities	2,042.89	154.20	(522.55)	416.57	1,679.57
	Increase / (Decrease) in Bank Overdraft	939.19	3,344.97	28.72	4,877.23	1,770.54
	Cash Generated From Operations	**6,120.76**	**983.54**	**4,329.72**	**(17,393.39)**	**(18,140.83)**
	Less. Income Tax Paid	(904.56)	(1,175.91)	(1,658.63)	(2,435.25)	(1,505.40)
	Net Cash From Operating Activities	**5,216.20**	**(192.37)**	**2,671.09**	**(19,828.64)**	**(19,646.23)**

CHEERAN VARGHESE & Co. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

B	**Cash Flow from Investing Activities**					
	Vehicle Loan Taken/(Repayment)	116.56	(4.82)	(17.47)	(8.52)	(6.36)
	Interest received from Bank	234.69	13.26	2.74	-	0.24
	Income From Investment	-	-	-	-	-
	Intangible Assets under Development	-	-	(33.00)	(10.40)	(0.07)
	Long Term Deposit with Bank	10,707.51	(11,457.00)	(8.00)	(10.66)	-
	Capital Work in Progress	(227.40)	(115.28)	(257.45)	-	-
	Proceeds From Sale of Fixed Assets	21.07	14.12	1.32	12.44	1.11
	Proceeds From Sale of Investments	-	-	-	-	-
	Purchase of Fixed Assets	(3,024.34)	(4,806.88)	(2,223.45)	(1,215.37)	(1,112.52)
	Net Cash Flow from Investment Activity	**7,828.09**	**(16,356.59)**	**(2,535.31)**	**(1,232.52)**	**(1,117.61)**
C	**Cash Flow from Financing Activities**					
	Issue of shares	2,067.49	2,000.00	300.00	300.00	565.56
	Share Issue Expenses	-	-	-	-	(25.00)
	Proceeds from Issue of Debentures	(32,105.78)	(24,178.11)	3,689.09	32,342.02	27,101.11
	Proceeds from Issue of Perpetual Debentures	-	-	415.00	150.00	625.00
	Proceeds from Issue of Subordinated Debentures	-	570.04	6,061.04	2,076.24	223.50
	Proceeds from Issue of Subordinated Debentures(Public Issue)	3,000.00	3,500.00	-	-	-
	Proceeds from Issue of Non-Convertible Debentures (Public Issue)	23,536.77	57,767.39	-	-	-
	Interest Paid on Debentures	(19,459.18)	(12,506.50)	(11,026.83)	(7,549.94)	(5,905.54)
	Interest on Bank OD	(1,411.20)	(828.84)	(469.80)	(546.57)	(482.73)
	Interest on Term Loan	(16.92)	(100.67)	-	-	-
	Interest on Vehicle Loan	(7.72)	(0.56)	(1.93)	(3.09)	(4.08)
	Dividends paid	-	-	(51.50)	(346.68)	(43.87)
	Dividend Distribution Tax Paid	-	(8.75)	(56.24)	(7.12)	-
	Net Cash Flow from Financing Activity	**(24,396.54)**	**26,214.00**	**(1,141.17)**	**26,414.87**	**22,053.94**
D	Net Increase/(Decrease) in Cash & Cash Equivalents	(11,352.24)	9,665.04	(1,005.40)	5,353.71	1,290.10
E	Opening Balance of Cash & Cash Equivalents	19,397.48	9,732.44	10,737.84	5,384.13	4,094.03
F	**Closing Balance of Cash & Cash Equivalents**	**8,045.24**	**19,397.48**	**9,732.44**	**10,737.84**	**5,384.13**

CHEERAN VARGHESE & Co. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

Annexure - IV: Notes to Reformatted Summary Statement of Assets and Liabilities (₹ in Lacs)

Note 1: Share Capital

A

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Share capital					
Authorised Capital					
Equity shares of ₹1000/- each	18,000.00	15,000.00	15,000.00	10,000.00	10,000.00
Preference Shares of ₹1000/- each	2,000.00	-	-	-	-
	20,000.00	**15,000.00**	**15,000.00**	**10,000.00**	**10,000.00**
Issued Capital					
Equity shares of ₹1000/- each	13,800.00	12,300.00	10,300.00	10,000.00	4,952.56
11% Compulsorily Convertible Cumulative Preference Shares of ₹1000/- each	1,500.00	-	-	-	-
Subscribed and Paid- Up Capital					
Equity shares of ₹1000/- each	13,800.00	12,300.00	10,300.00	10,000.00	4,952.56
11% Compulsorily Convertible Cumulative Preference Shares of ₹1000/- each	567.49	-	-	-	-
Total	**14,367.49**	**12,300.00**	**10,300.00**	**10,000.00**	**4,952.56**

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

(i) Equity Shares

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Shares outstanding at the beginning of the year	12,30,000	10,30,000	10,00,000	4,95,256	4,38,700
Bonus Shares Issued during the year	-	-	-	4,74,744	-
Shares Issued during the year	1,50,000	2,00,000	30,000	30,000	56,556
Shares outstanding at the end of the year	**13,80,000**	**12,30,000**	**10,30,000**	**10,00,000**	**4,95,256**

(ii) 11 % Compulsorily Convertible Cumulative Preference Shares

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Shares outstanding at the beginning of the year	-	-	-	-	-
Shares Issued during the year	56,749	-	-	-	-
Shares outstanding at the end of the year	**56,749**	-	-	-	-

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

(i) Equity Shares

Name of Shareholder	No. of Shares Held				
	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Mathew K Cherian	10,16,007	9,93,607	8,33,607	8,09,609	3,96,204
Laila mathew	2,63,987	236387	1,96,387	1,90,389	99,051
Kosamattam Ventures (P) Ltd	1,00,000	-	-	-	-
Total	**13,79,994**	**12,29,994**	**10,29,994**	**9,99,998**	**4,95,255**

Name of Shareholder	Percentage Holding				
	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Mathew K Cherian	73.62%	80.78%	80.93%	80.96%	80.00%
Laila mathew	19.12%	19.21%	19.06%	19.03%	19.99%
Kosamattam Ventures (P) Ltd	7.25%	-	-	-	-

CHEERAN VARGHESE & CO. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

(ii) 11 % Compulsorily Convertible Cumulative Preference Shares

Name of Shareholder	No. of Shares Held				
	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Joy Paul	4,500	-	-	-	-
Total	**4,500**	-	-	-	-

Name of Shareholder	Percentage Holding				
	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Joy Paul	7.93%	-	-	-	-

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

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Equity Shares					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	4,74,744	-
Shares bought back				-	-
	-	-	-	**4,74,744**	-
11% Compulsorily Convertible Cumulative Preference Shares					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-
	-	-	-	-	-

E **Rights/Preferences and Restrictions attached to Shares**

(i) Equity Shares

The Company has only one class of Equity Shares having a par value of ₹1,000.00 per share. Upon show of hands, every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him. In the event of liquidation, the equity shareholders are eligible to the remaining assets of the company after all preferential amounts in the proportion to their shareholdings.

(ii) 11 % Compulsorily Convertible Cumulative Preference Shares

Each Compulsorily Convertible Cumulative Preference shares (C.C.P.S) shall carry preferential rate with respect to the payment of dividend. C.C.P.S shall be carrying 11% dividend on a cumulative basis. They shall be non-participating in surplus assets and profits on winding-up which may remain after the entire capital has been repaid. C.C.P.S shall be convertible to equity shares after 3 years of allotment into such number of equity shares of ₹1,000.00 each at a higher of:

(i) Fair market value determined as on the date of the conversion; or
(ii) ₹1,000.00 per equity share.

Issue Size	Date of Issue	Date of Redemption
28900000.00	22-03-2016	21-03-2019
27849000.00	09-03-2016	08-03-2019
56749000.00		

CHEERAN VARGHESE & CO. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

Note 2 : Reserves and Surplus (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Reserves and Surplus					
Capital Reserve					
Opening Balance	6.85	6.85	6.85	6.85	6.85
(+) Current Year Transfer	-	-	-	-	-
(-) Written Back in Current year	-	-	-	-	-
Closing Balance	**6.85**	**6.85**	**6.85**	**6.85**	**6.85**
Statutory Reserve					
Opening Balance	2,696.08	2,590.45	2,061.52	1,275.89	503.59
(+) Current Year Transfer	224.57	105.63	528.93	785.63	772.31
(-) Written Back in Current year	-	-	-	-	-
Closing Balance	**2,920.65**	**2,696.08**	**2,590.45**	**2,061.52**	**1,275.89**
Reserve for CSR					
Opening Balance	108.00	-	-	-	-
(+) Current Year Transfer	-	108.00	-	-	-
(-) Written Back in Current year	108.00	-	-	-	-
Closing Balance	-	**108.00**	-	-	-
Revaluation Reserve					
Opening Balance	2.86	2.86	3.01	3.17	3.33
(+) Current Year Transfer	-	-	-	-	-
(-) Reduced in Current year	-	-	(0.15)	(0.16)	(0.17)
Closing Balance	**2.86**	**2.86**	**2.86**	**3.01**	**3.17**
Debenture Redemption Reserve					
Opening Balance	3,500.00	-	-	-	-
(+) Transfer from P&L	582.00	2,921.50	-	-	-
(+) Transfer from General Reserve	1,315.00	578.50	-	-	-
Closing Balance	**5,397.00**	**3,500.00**	-	-	-
General Reserve					
Opening Balance	1,421.17	1,999.67	1,999.67	297.14	200.60
(+) Current Year Transfer	-	-	-	1,702.53	96.54
(-) Reduced in Current year	(1,315.00)	(578.50)	-	-	-
Closing Balance	**106.17**	**1,421.17**	**1,999.67**	**1,999.67**	**297.14**
Surplus in Profit and Loss A/c					
Opening Balance	3.05	2,622.97	567.51	4,277.89	1,336.19
(+) Net Profit /(Loss) for the Current Year	1,122.88	528.15	2,644.64	3,928.15	3,861.52
(-) Capital Reserve	-	-	-	-	-
(-) Statutory Reserve	224.57	105.63	528.93	785.63	772.31
(-) General Reserve	-	-	-	1,702.53	96.54
(-) Debenture Redemption Reserve	582.00	2,921.50	-	-	-
(-) CSR	-	108.00	-	-	-
(-) Proposed Dividend on Equity shares for the year	13.31	-	51.50	346.68	43.87
(-) Proposed Dividend on Compulsorily Convertible Preference shares for the year	2.80	-	-	-	-
(-) Dividend distribution Tax	3.28	-	8.75	56.24	7.12
(-) Capitalised for bonus issue of Equity shares	-	-	-	4,747.44	-
(-) Depreciation Adjustment as per Companies Act 2013	-	12.94	-	-	-
Closing Balance	**299.97**	**3.05**	**2,622.97**	**567.51**	**4,277.89**
Total Reserves & Surplus	**8,733.50**	**7,738.00**	**7,222.79**	**4,638.55**	**5,860.93**

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Note 3 : Borrowings (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
A. Long Term Borrowings					
I. Secured					
(a) Secured Redeemable Non- Convertible Debentures (Private Issue) **(Note: 3.1, 3.3)**	21,969.84	58,680.50	87,248.98	35,403.90	24,990.55
(b) Secured Redeemable Non- Convertible Debentures (Public Issue) **(Note: 3.2)**	59,718.22	41,316.01	-	-	-
(b) Term Loan from Banks					
Vehicle Loans (Vehicle loans secured by hypothecation of vehicles)	101.27	-	-	-	17.44
(c) Term Loan from Others					
Vehicle Loans (Vehicle loans secured by hypothecation of vehicles)	0.00	0.00	2.62	7.44	-
II. Unsecured					
(a) Subordinated Debt (Private Issue) **(Note: 3.4)**	8,930.82	8,930.82	8,360.78	2,299.74	223.50
(b) Subordinate (Public Issue) **(Note: 3.5)**	6,500.00	3,500.00	-	-	-
(c) Perpetual Debt Instruments**(Note: 3.6)**	1,190.00	1,190.00	1,190.00	775.00	625.00
Total Long Term Borrowings	**98,410.15**	**1,13,617.33**	**96,802.38**	**38,486.07**	**25,856.49**
B. Short Term Borrowings					
I. Secured					
Cash Credit From Banks	14,231.14	8,239.93	9,946.99	9,918.27	5,041.04
State Bank of India Term Loan	-	5,052.02	-	-	-
Total Short Term Borrowings	**14,231.14**	**13,291.95**	**9,946.99**	**9,918.27**	**5,041.04**
Total Borrowings	**1,12,641.29**	**1,26,909.28**	**1,06,749.37**	**48,404.34**	**30,897.53**

A. South Indian Bank Cash Credit- Sanctioned Limit ₹ 150 Cr

(a) Terms of Repayment of Bank Overdraft SIB

South Indian Bank Overdraft is repayable on demand and carries interest @ Base rate+1.8 % p.a, monthly rest

(b) Security:

(i) Primary Security

First ranking Paripassu Charge on all present & future movable assets, including book debts and receivables, cash and bank balances, Loans and advances of the company along with existing charge holders.

(ii) Collateral Security

a. Exclusive first charge by way of equitable mortgage of 8.129 cents of land survey number 6/11,6/1F,6/1H , resurvey number 55 in Kottayam village and Taluk, Kerala state together with all buildings existing and /or to be constructed thereon in future in the name of company.

b. Exclusive first charge by way of equitable Mortgage of 29.43 acres of commercial plot resurvey number 13/1 in Kottayam village and Taluk, Kerala State together with all buildings existing and /or to be constructed thereon in future in the name of company.

c. EM on 5.10 ares of property under survey number 281/13, re survey number 121/20 in Vijayapuram village Kottayam Taluk, Kerala State together with all buildings, existing and/or to be constructed thereon in future.

d. EM on 11.86 cents of residential property at resurvey number 121/19 in Vijayapuram village Kottayam Taluk, Kerala State together with all buildings, existing and/or to be constructed theron in future.

e. EM on 200 cents of landed property at resurvey No 253/9/3 of Kottayam village and Taluk, Kerala state together with all buildings existing and /or to be constructed thereon in future in the name of company.

CHERIAN VARGHESE & CO. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

f. EM on 30.95 acres of House plot under survey number 674/1A /4, resurvey number 14,99,71 in Kottayam village and Taluk, Kerala State together with all buildings, existing and/or to be constructed theron in future.

g. EM on 89.40 acres of land-cardamom estate with 6100 sqft old building under old survey number 196/1,91/1,91,92,212, resurvey number 501,500/2,502,500/1 in Kattappana village,Udumbanchola Taluk, Idukki District, Kerala State together with all buildings, existing and/or to be constructed theron in future.

h. EM on 3.87 Ares of property under survey number 325/19 and 325/20,resurvey number 93/14-2 , 93/18 in Kumarakam village Kottayam Taluk Kerala State together with all buildings, existing and/or to be constructed theron in future.

i. 10.26 ares of property under Sy.No.279/4A/1,279/4A/2,279/4B/1,C/1,157/21,158/1,158/2 Re Sy No117/9-11 in Muttambalam Village, Kottayam Taluk, Kerala State together with all buildings existing and/or to be constructed thereon in future.

j. EM on 6.10 acres of land in survey No.8, resurvey number 13, at Kottayam Village, Kottayam Taluk, Kerala State.

k. EM on 11.60 acres of Land-Cardamom Estate under survey No.91, 91/1 and 92 of Chakkuallam Village, Idukki District, Kerala State.

l. EM on 27 cents of land with building in resurvey No.12/02 of Kottayam Village, Kottayam Taluk, Kerala State.

m. EM on 13.99 acres of land with building in old survey number 243, resurvey number 7, Veloor Village, Kottayam Taluk and Kerala State.

n. Personal Guarantee of Managing Director Mathew. K. Cherian, Whole time director Laila Mathew, Director Jilu Mathew and daughter of Managing Director Milu Mathew

B. State Bank Of India Cash Credit- Sanctioned Limit ₹ 50 Crores

(a) Terms of Repayment of Bank Overdraft State Bank Of India

State Bank of India Overdraft is repayable on demand and carries interest @ Base rate+200bps above base rate p.a, monthly rest

(b) Security

(i) Primary Security

First charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the company equal to 125% of the term loan outstanding plus interest accrued thereon, on paripassu basis with secured creditors including debenture trustees and other banks/FI's in the multiple banking arrangement.

(ii) Collateral Security

a. EM over 1.85 acres of land and building thereon in the name of Mr. Mathew K Cherian under Re Sy No 30, old Sy No 38/26A in Changanacherry Village, Changanacherry Taluk, Kottayam District.

b. EM over 8.47 acres of land and building thereon in the name of Mr. Mathew K Cherian under Re Sy No.12/3, old Sy No. 8/17 in Kottayam Village, Kottayam Taluk, Kottayam Dist.

c. Cash collateral of ₹ 6.15 Cr secured by lien on deposit.

d. Personal guarantee of Managing Director Mr. Mathew K Cherian 354A, Kosamattam House, Manganam P.O Kottaym-686018

C. Federal Bank Cash Credit- Sanctioned Limit ₹ 25 Crores

(a) Terms of Repayment of Bank Overdraft federal Bank

Federal Bank Overdraft is repayable on demand and carries interest @ Base rate+1.80 % p.a, monthly rest

(b) Security-

(i) Primary Security

First ranking paripassu charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, both present and future of the Company on paripassu basis with the outstanding secured creditors.Margin-25%.

(ii) Collateral Security

a. Exclusive charge by way of EM of landed property admeasuring 263.18 cents in Re Sy No.301/2 and 296/2, 5 in Chengalam Village, Kottayam Taluk.

b. Exclusive charge by way of EM of landed property admeasuring 21.73 Ares in Re Sy No. 31,31/3,5,4,2 Kottayam Taluk, Kerala in the name of Mr Mathew K Cherian valued at ₹ 11.16 Cr (Valued on 26/02/2015).

c. Personal Guarantee of Managing Director Mathew. K. Cherian, Whole time director Laila Mathew, Director Jilu Saju Varghese.

D. Dhanlaxmi Bank Limited Cash Credit- Sanctioned Limit ₹ 24 Crores

(a) Terms of Repayment of Bank Overdraft Dhanlaxmi Bank

Dhanlaxmi Bank Overdraft is repayable on Demand and carries interest @ Base rate+0.60 % p.a, monthly rest

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(b) Security

(i) Primary Security

First charge on all Current assets including book debts and receivables, cash and bank balances, Loans and Advances both present and future of the Company thereon on paripassu basis with the secured creditors including Debenture trustees and other banks or financial institutions in the multiple banking arrangements with 25% margin.

(ii) Collateral Security

a. Equitable Mortgage of landed property admeasuring 11.465 cents in Re Sy No.55/2 55/3, and 55/4of Block No.89 at Kodimatha Kara, Kottayam District.

b. EM over 28.169 cents of land and building thereon under Re Sy No.38/3 and23/2 of Block No.27 and 109 at Panayakazhippu Kara, Kottayam District

c. EM over 145.789 cents of land under Re Sy. No. 188/3 of block No. 6 at Arpookara Kara, Kottayam District.

d. Personal Guarantees of Directors - Mr. Mathew K. Cherian, Mrs. Laila Mathew, Mrs Jilu Saju Varghese and daughter of Managing Director Ms Bala Mathew.

Note: 3.1 Secured Non-Convertible Debentures- Private Placement I

Sl.	Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	Non-Convertible Debentures for 5 years and above maturity (12% to 13%)	20,540.15	57,668.87	76,002.91	6,940.87	3,680.37
2	Non-Convertible Debentures of 4 years maturity (13%)	-	65.85	211.33	300.76	355.72
3	Non-Convertible Debentures of 3 years maturity (12.5% to 13.5%)	-	945.79	9,588.47	20,447.09	15,555.26
4	Non-Convertible Debentures of 2 years maturity (12.5% to 13.5%)	-	-	1,446.27	1,138.41	1,648.41
5	Non-Convertible Debentures of 18 months maturity (12.5% to 13.5%)	-	-	-	6,576.78	3,750.79
	Total	20,540.15	58,680.51	87,248.98	35,403.90	24,990.55

Nature of Security: First ranking paripassu charge with Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company.

Note: 3.2 Secured Non-Convertible Debentures (NCD Public Issue)

Sl.	Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	Non-Convertible Debentures 5 years and above maturity (11.50% - 13.43%)	9,368.52	4,385.75	-	-	-
2	Non- Convertible debentures of 48 months maturity (10.67)	824.51	-	-	-	-
3	Non-Convertible Debentures of 45 months maturity (11.42%)	2,976.33	-	-	-	-
4	Non-Convertible Debentures of 40 months maturity (12.93%)	3,119.05	3,119.05	-	-	-
5	Non-Convertible Debentures of 39 months maturity (13.29%)	3,239.76	3,239.76	-	-	-
6	Non-Convertible Debentures of 36 months maturity (11% to 14%)	30,931.19	14,864.52	-	-	-
7	Non - Convertible debentures of 25 months maturity (10.25)	553.49	-	-	-	-
8	Non-Convertible Debentures of 18 months maturity (10.75% to 13.5%)	8,705.37	13,167.51	-	-	-
9	Non-Convertible Debentures of 400 days maturity (10.8% to 12.5%)	0.00	2,539.42	-	-	-
	Total	**59,718.22**	**41,316.01**	-	-	-

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Nature of Security:

(A) EM on 150sq.mts. of property under survey number 41/18C ; resurvey number 41/18C-1 in Nagapattinam Registration District – Thirupoondi Sub Registry – Nagapattinam District – Kilvelur Taluk – Velankanni – Main road west – within the boundaries of North of the road, East of the Annavel Land, South of the Kannapiran land, West of the V. Jayaprakash land.

(B) First ranking paripassu charge with Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company.

Note: 3.3 Secured Non-Convertible Debentures- Private Placement II

Sl.	Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	Non-Convertible Debentures for 5 years and above maturity (12% to 12.55%)	1,022.07	-	-	-	-
2	Non-Convertible Debentures of 3 years maturity (11.5% to 12%)	407.62	-	-	-	-
	Total	1,429.69	-	-	-	-

Nature of Security: First ranking paripassu charge with Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company.

Note: 3.4 Unsecured Subordinated Debt- (Private Issue)

Sl.	Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	13.50% unsecured subordinated debt	150.00	150.00	-	-	-
2	13.43% unsecured subordinated debt	420.04	420.04	-	-	-
3	10% to 14% unsecured subordinated debt	7,368.91	7,368.91	7,368.91	1,307.87	-
4	10% to 13% unsecured subordinated debt	991.87	991.87	991.87	991.87	223.50
		8,930.82	**8,930.82**	**8,360.78**	**2,299.74**	**223.50**

Note: 3.5 Unsecured Subordinate Debt (Public Issue)

Sl.	Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	11.73% to 12.13% Unsecured Subordinated Debt	3,000.00	-	-	-	-
2	13.00% to 13.80% Unsecured Subordinated Debt	3,500.00	3,500.00	-	-	-
		6,500.00	**3,500.00**	**-**	**-**	**-**

Note: 3.6 Unsecured Perpetual Debt

Sl.	Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	9% to 14% Perpetual Debt	415.00	415.00	415.00	-	-
2	8% to 14% Perpetual Debt	150.00	150.00	150.00	150.00	-
3	13.5% Perpetual Debt	625.00	625.00	625.00	625.00	625.00
		1,190.00	**1,190.00**	**1,190.00**	**775.00**	**625.00**

Note 4 : Other Long Term Liabilities

(₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Interest Accrued but not due on Non Convertible Debentures	9,390.18	8,044.97	8,542.92	2,477.01	1,178.78
Total Other Long Term Liabilities	**9,390.18**	**8,044.97**	**8,542.92**	**2,477.01**	**1,178.78**

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Note 5 : Long Term Provisions (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Provision for Gratuity	48.92	36.80	23.53	12.95	-
Total Long Term Provisions	**48.92**	**36.80**	**23.53**	**12.95**	-

Note 6 : Other Current Liabilities (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Current maturities of Long Term Borrowings **(Note: 6.1, 6.2, 6.3)**	43,730.13	33,990.69	13,148.94	61,304.93	39,376.26
Interest accrued but not due on borrowings	4,379.00	1,334.79	1,114.49	3,841.56	1,817.71
Interest accrued and due on borrowings	-	1,181.76	-	-	-
Vehicle Loans	17.91	2.62	4.82	17.47	15.99
Statutory payables	36.46	87.65	170.50	287.69	200.27
Other Payables	567.37	335.74	128.87	504.05	105.70
Total Other Current Liabilities	**48,730.87**	**36,933.25**	**14,567.62**	**65,955.71**	**41,515.93**

Note: 6.1 Current maturities of Long term borrowings (Secured NCD Private Placement-I)

Sl.	Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	Non-Convertible Debentures for 5 years and above maturity (12% to 13%)	21,254.08	12,083.89	2,444.28	536.41	-
2	Non-Convertible Debentures of 4 years maturity (13%)	-	59.18	120.39	70.21	7.20
3	Non-Convertible Debentures of 3 years maturity (12.5 to 13.5)	-	4,324.75	6,019.96	5,527.47	332.36
4	Non-Convertible Debentures of 2 years maturity (12.5% to 13.5%)	-	1,071.49	1,083.37	1,630.16	289.52
5	Non-Convertible Debentures of 18 months maturity (12.5% to 13.5%)	-	-	2,134.33	12,631.79	-
6	Non-Convertible Debentures of 367 Days maturity (12% to 13%)	-	-	1,346.61	40,908.89	38,747.19
	Total	**21,254.08**	**17,539.31**	**13,148.94**	**61,304.93**	**39,376.26**

Note: 6.2 Current maturities of Long term borrowings-(NCD Public Issue)

Sl.	Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	Non-Convertible Debentures of 18 months maturity (11.5% to 13.5%)	13,167.51	10,781.80	-	-	-
2	Non-Convertible Debentures of 400 days Maturity (10.8% - 12.5%)	4,412.21	3,010.39	-	-	-
3	Non-Convertible Debentures of 390 days Maturity (12% - 13%)	-	2,659.19	-	-	-
4	Non-Convertible Debentures of 370 days Maturity (9.75% - 10%)	4,006.22	-	-	-	-
	Total	**21,585.94**	**16,451.38**	-	-	-

Note: 6.3 Current maturities of Long term borrowings (Secured NCD Private Placement-II)

Sl.	Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	Non-Convertible Debentures of 18 months maturity (11.25% to 11.73%)	586.70	-	-	-	-
2	Non-Convertible Debentures of 400 Days maturity (11% to 11.74%)	303.41	-	-	-	-
	Total	**890.11**	-	-		-

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Note 7 : Short Term Provisions

(₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Provision for Employee Benefits	-	-	0.22	-	-
Provision for Income Tax (Net of Advance Tax & TDS)	-	-	195.54	363.39	609.71
Provision for Fringe Benefit Tax	-	5.89	5.89	5.89	5.89
Proposed Dividend on Compulsory Convertible Preference Shares	2.80	-	-	-	-
Proposed Dividend on Equity shares	13.30	-	-	-	-
Provision For Dividend Distribution Tax	3.28	-	8.75	56.24	7.12
Contingent Provision for Standard Assets **(Note: 7.1)**	510.45	370.49	257.62	246.40	170.92
Provision for Bad & Doubtful Debts **(Note: 7.1)**	369.38	375.79	28.26	30.58	25.00
Total Short Term Provisions	**899.21**	**752.17**	**496.28**	**702.50**	**818.63**

Note: 7.1 Movement of Provision for Standard and Non- Performing Assets

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Provision for Standard Assets					
Provision at the beginning of the Period	370.49	257.62	246.40	170.92	96.85
Additional Provisions made during the Period	139.96	112.87	11.22	75.48	74.07
Provision at the close of the Period	**510.45**	**370.49**	**257.62**	**246.40**	**170.92**
Provision for Non- Performing Assets					
Provision at the beginning of the Period	375.79	28.26	30.58	25.00	0.85
Provision Written Back	6.41	-	2.33		
Add: Additional Provisions made during the Period	-	347.53	-	5.59	24.14
Provision at the close of the Period	**369.38**	**375.79**	**28.26**	**30.58**	**25.00**

Note 8 : Fixed Assets

(₹ in Lacs)

Type of Assets	Gross Block As at				
	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Tangible Assets					
Land	7172.13	5314.43	2,096.60	2,038.46	1,993.01
Buildings	263.96	262.31	262.31	262.31	262.31
Furniture and Fixtures	6265.78	5540.85	4,640.43	2,972.70	2,045.47
Vehicles	242.76	239.55	114.03	97.10	86.83
Electrical Fittings	1039.05	850.26	579.07	285.81	201.48
Computer	953.09	808.20	656.64	506.70	397.46
Total	**15,936.77**	**13,015.60**	**8,349.07**	**6,163.08**	**4,986.57**

Type of Assets	Accumulated Depreciation As at				
	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Tangible Assets					
Land	-	-	-	-	-
Buildings	88.17	78.57	66.86	56.58	45.75

Furniture and Fixtures	3286.33	2377.39	1,375.30	842.80	525.19
Vehicles	109.13	53.65	65.49	50.18	40.18
Electrical Fittings	433.55	275.09	118.64	70.34	43.31
Computer	766.46	634.42	392.21	279.26	186.96
Total	**4,683.64**	**3,419.12**	**2,018.50**	**1,299.16**	**841.39**

Type of Assets	Net Block As at				
	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Tangible Assets					
Land	- 7172.13	- 5314.43	2,096.60	2,038.46	1,993.01
Buildings	175.79	183.74	195.45	205.74	216.56
Furniture and Fixtures	2979.46	3163.47	3,265.13	2,129.90	1,520.28
Vehicles	133.63	185.89	48.54	46.92	46.65
Electrical Fittings	605.50	575.16	460.43	215.47	158.18
Computer	186.62	173.79	264.43	227.44	210.50
Total	**11,253.13**	**9,596.48**	**6,330.57**	**4,863.93**	**4,145.18**

Note 8a : Intangible Assets **(₹ in Lacs)**

Type of Assets	Gross Block As at				
	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Computer software	147.19	69.00	49.31	25.72	4.50
Trade Mark	1.25	1.26	1.26	1.17	0.26
License	40.58	40.58	-	-	-
Total	**189.02**	**110.84**	**50.57**	**26.89**	**4.76**

Type of Assets	Accumulated Depreciation As at				
	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Computer software	12.62	2.21	4.04	0.91	0.15
Trade Mark	0.42	0.30	0.17	0.05	0.03
License	7.35	3.29	-	-	-
Total	**20.39**	**5.80**	**4.21**	**0.96**	**0.18**

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Type of Assets	Net Block As at				
	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Computer software	134.57	66.79	45.27	24.81	4.35
Trade Mark	0.83	0.96	1.08	1.12	0.23
License	33.23	37.29	-	-	-
Total	**168.63**	**105.04**	**46.36**	**25.93**	**4.59**

Note 9 : Deferred Tax Assets (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Deferred Tax Assets	737.20	516.09	138.91	62.52	18.46
Total Deferred tax Assets	**737.20**	**516.09**	**138.91**	**62.52**	**18.46**

Note 10 : Long term Loans & Advances (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Other Loans and Advances					
a)Advance Tax Including TDS					
Income Tax Paid (Net of Provision)	-	-	-	-	-
b)Security Deposit (BSE)	-	-	-	-	-
c)Security Deposit (CDSL)	5.00	5.00	-	-	-
d)Rent Deposit	1,203.20	1,154.93	1,038.66	760.60	541.58
e)Telephone Deposit	5.39	3.42	3.45	2.51	2.71
f)Money Lending Licence Deposit	5.35	5.00	5.00	5.00	5.00
g)Other Deposits	17.05	13.60	5.27	2.29	1.12
h)Loan to Associates	-	-	-	-	90.48
i)Mortgage Loan	10309.25	580.07	-	-	-
j)Staff Loan	18.76	16.41	-	-	-
k)Rental Loan	119.16	126.84	-	-	-
Total Long Term Loans & Advances	**11,683.16**	**1,905.27**	**1,052.37**	**770.40**	**640.89**
Loan and advances due by					
a) Directors	-	-	-	-	90.48
b) Other Offices of the company either severally or jointly with any other persons	-	-	-	-	-
c) firms or private companies respectively in which any director is a partner or a director or a member	-	-	-	-	-
Total	-	-	-	-	**90.48**

Note 11 : Non Current Assets (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Deposit with Bank	-	-	18.00	10	-
Interest receivable on non current deposit	-	-	0.26	0.66	
Income Tax Refundable	160.31	165.14	-	-	
Court Fee Refundable	7.82	7.82	-	-	
Total Non Current Investments	**168.13**	**172.96**	**18.26**	**10.66**	

CHEERAN VARGHESE & CO. MUNDUPALAM THRISSUR CHARTERED ACCOUNTANTS

Note 12 : Cash and Cash Equivalents (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
a) Balance with banks					
In Deposit Account (For 12 months)*	893.64	11,475.00	-	10.00	0.00
In Current Account	4,109.53	11,862.43	7,680.29	5755.25	1800.83
b) Cash on hand	3,809.56	7,535.05	2,052.15	4972.59	3583.30
Total Cash and Bank Balances	**8,812.73**	**30,872.48**	**9,732.44**	**10,737.84**	**5,384.13**

*This includes Security Deposits of ₹10,95,141.00 for Ticket booking services, ₹11,15,520.00 for Windmill development (Nedukandam Gramapanchayath) , ₹2,15,00,000.00 for BSE (NCD Public issue) and ₹6,56,53,723.00 for SBI OD.

Note 13 : Short term Loans & Advances (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
a) Gold Loan					
Secured, Considered good	1,30,812.20	1,13,306.56	99,035.17	94,705.72	66,241.66
Secured, Considered Doubtful	339.88	385.53	172.15	305.83	249.96
Unsecured, Considered Doubtful	72.34	-	-	-	-
b) Demand Loans					
Loans against Debentures	26.49	176.52	641.42	2778.43	1,538.72
Mortgage Loans	4,124.11	2,728.98	1,036.61	1,074.22	496.00
Rental Loan	43.12	-	-	-	-
Staff Loan	13.26	-	-	-	-
Loan to Directors	1,269.05	2,333.37	2,333.37	-	-
Other Loans	92.8	157.45	-	-	-
c) Advances and Deposits					
Other loans And Advances	348.09	632.46	38.67	60.80	8.11
Total Short Term Loans and Advances	**1,37,141.34**	**1,19,720.87**	**1,03,257.40**	**98,925.01**	**68,534.45**
Loan and advances due by					
a) Directors	1,269.05	2,333.37	2,333.37	1,075.22	407.00
b) Other officers of the company either severally or jointly with any other persons	-	-	-	-	-
c) Firms or private companies respectively in which any director is a partner or a director or a member	-	-	-	-	-
Total	**1,269.05**	**2,333.37**	**2,333.37**	**1,075.22**	**407.00**

Note 14 : Other Current Assets (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Deposits					
Advances and Deposits	-	-	-	-	-
Advances for capital Goods	-	-	-	-	-
Other Current Assets	24,247.01	29,452.55	27,025.33	16,784.37	6,496.59
Total Other Current Assets	**24,247.01**	**29,452.55**	**27,025.33**	**16,784.37**	**6,496.59**

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

Note 15 : Revenue from Operations (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
a) Interest					
On Gold Loan	32,267.06	24,835.79	25,314.80	22,995.70	15,274.07
On Mortgage Loan	1,687.73	688.81	723.88	452.66	225.20
On Rental Loan	39.45	11.91	-	-	-
	33,994.24	**25,536.51**	**26,038.68**	**23,448.35**	**15,499.26**
b) Other Financial Services					
Commission & Brokerage	196.86	101.31	107.19	87.76	75.39
	196.86	**101.31**	**107.19**	**87.76**	**75.39**
Total Revenue from Operations	**34,191.10**	**25,637.82**	**26,145.87**	**23,536.11**	**15,574.66**

Note 16 : Other Income (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
a) Dividend Income	-	-	-	-	-
b) Other Non Operating Income					
Rental Income	-	0.37	0.64	0.64	0.72
Interest on Fixed Deposit	234.69	31.72	2.05	0.95	0.24
Exchange Gain	15.87	7.94	33.51	30.57	36.85
Transfer from Revaluation Reserve	-	-	0.15	0.16	0.17
Miscellaneous Income	3.67	0.92	2.98	0.60	0.37
Postage	-	-	-	9.53	19.50
Service Charges on Currency Trading	0.78	0.63	1.60	1.31	1.52
Income from Agriculture	123.86	75.03	-	-	-
	378.87	116.61	40.93	43.76	59.35
Total Other Income	**378.87**	**116.61**	**40.93**	**43.76**	**59.35**

Note 17 : Employee Benefits Expenses (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
a) Salaries & Wages					
Directors remuneration	173.80	91.40	260.80	808.35	587.20
Others	4,653.61	4,666.06	3,386.96	2,438.86	937.04
Provision for Gratuity	12.11	13.06	10.80	12.95	-
b) Staff welfare Expenses	-	-	0.06	0.64	0.35
Total Employee Benefit Expenses	**4,839.52**	**4,770.52**	**3,658.61**	**3,260.80**	**1,524.59**

Note 18 : Finance Costs (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Interest Expenses:					
Interest on Debentures	20,804.39	13,410.61	14,365.67	10,872.01	5,905.54
Interest on Loan	1,435.84	930.07	471.74	549.66	486.81
Others	109.92	78.34	46.20	103.29	119.31
Total Finance Cost	**22,350.15**	**14,419.02**	**14,883.60**	**11,524.97**	**6,511.67**

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Note 19 : Operating & Other Expenses (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Power and Fuel	144.12	129.97	101.83	73.59	50.45
Rent	1,349.44	1,201.09	919.12	597.65	412.51
Repairs & Maintenance	70.28	36.46	50.79	25.50	21.63
Repairs to buildings	0.00	1.67	1.44	0.45	0.85
Insurance	36.26	59.26	53.56	40.80	26.03
Rate & Taxes, excluding tax on income	146.45	90.76	55.17	23.27	14.03
Payments to auditors	16.75	21.95	11.91	7.08	5.31
Other Expenses:					
Business Promotion Expenses	99.67	120.69	210.63	346.49	210.26
General Office Expenses	72.36	78.40	61.58	77.71	83.25
Advertisement Charges	1,049.55	635.60	722.29	162.41	73.36
Bad Debt written off	75.31	88.76	35.93	-	-
CSR Expenses	25.66	-	-	-	-
Travelling Expenses:					
Directors	-	-	-	-	-
Others	164.11	191.70	126.41	154.74	60.07
Other Administrative Expenses	140.04	79.49	84.42	48.27	4.14
Legal & Professional charges	284.78	487.56	68.73	19.04	8.41
Telephone & Internet Charges	185.29	169.11	136.12	94.65	78.94
Postage & Courier	28.23	32.39	21.41	12.84	6.35
Printing and Stationery	149.09	132.92	111.87	92.62	72.96
Provision for non performing assets	0.00	347.53	-	5.59	24.14
Contingent Provision for standard Assets	139.96	112.87	11.22	75.48	74.07
Vehicle Running & Maintenance Expenses	15.96	14.14	-	14.74	10.22
Share Issue Expenses	-	-	25.00	-	25.00
Consultation Charges	-	-	30.50	12.47	23.93
Brokerage	3.79	19.79	-	-	-
Agriculture Expenses	39.41	31.18	-	-	-
Rating Fee	63.70	42.14	10.55	-	13.71
Demat Expenses	-	8.25	-	-	-
Total Operating & Other Expenses	**4,300.21**	**4,133.68**	**2,850.50**	**1,885.37**	**1,299.64**

Note 19a : Exceptional & Extraordinary items (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
(Profit)/Loss on Sale of Fixed Assets	(0.99)	(7.48)	(6.72)	(0.28)	(13.05)
Asset Written Off	-	66.70			
Excess Provision Written Back	(12.30)	-	-	-	-
Total	**(13.29)**	**59.22**	**(6.72)**	**(0.28)**	**(13.05)**

Note 19b : Prior Period items (₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
MD Remuneration Excess paid in 2013-14 refunded	(1.10)	-	-	-	-
Total	**(1.10)**	**-**	**-**	**-**	

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Annexure VI - Notes to the Financial Statements

1. Corporate Information

Kosamattam Finance Limited is a Public Company incorporated under the provisions of Companies Act, 2013. Its debt securities are listed on the Bombay Stock Exchange. Company had been primarily incorporated as a Private Limited Company and converted as Public Limited Company on November 22, 2013. The Company is a Systemically Important Non-Deposit Taking Non-Banking Financial Company Registered under 45IA of RBI Act. The Company currently operates through 935 branches spread across the country.

Kosamattam Finance Limited is a RBI authorized Full Fledged Money Changer. The Company offer FOREX services (License No. FE. CHN-FFMC.40/2006) like of buying and selling Foreign Currency at competitive rates. Apart from that Company offers money transfer services through its branches. Company is also a Registered (IN-DP-CDSL-717-2014) Depository Participant and is also registered (LIC10487539) with IRDA to commence/carry business of Corporate Insurance Agency business with LIC of India. As a process of diversification, Company has started offering loans other than gold loans such as Property loans, loan against rent payables etc.

2. Summary of Significant accounting Policies

2.1 Basis of Preparation & Presentation of Financial statements.

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material respects with Accounting Standards notified under The Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013 and the guidelines issued by the Reserve bank of India as applicable to a Systemically Important Non-Deposit Accepting NBFC. The Financial Statements have been prepared on an accrual basis and under the historical cost convention except for interest on non-performing assets which are recognized on realization basis. The Accounting Policies adopted in the preparation of Financial Statements are consistent with those of previous year.

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

During the year ended March 31, 2016, the Company has complied with the requirements of Schedule III of Companies Act 2013 for the preparation and presentation of its financial statement. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2 Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The cost includes purchase consideration, financing costs till commencement of commercial production and other directly attributable costs incurred to bring an Asset to its working condition for its intended use. Subsidy towards specific assets is reduced from the cost of fixed assets. Fixed assets taken on Finance Lease are capitalized. The costs of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

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2.3 Depreciation on Tangible Fixed Assets

Depreciation on Fixed Assets is provided based on the useful life of the asset in the manner prescribed in Schedule II to the Companies Act, 2013.The Company has used the following useful life to provide depreciation on its tangible assets.

Asset	Useful Life
Building	60 Years
Building-Compound Wall and Well	5 Years
Furniture & Fittings	10 Years
Electrical Fittings	10 Years
Computer	3 Years
Vehicles	8 Years

Pursuant to the enactment of Companies Act, 2013, the Company has applied the estimated useful lives as specified in schedule II. Accordingly the unamortized carrying value is being depreciated, amortized over the revised/remaining useful lives.

2.4 Intangible Asset

Intangible Assets are recorded at the consideration paid for acquisition less accumulated amortization and accumulated impairment, if any. Intangible assets are amortized over their estimated useful life subject to a maximum period of 10 years on straight line basis, commencing from the date the asset is available to the Company for its use.

Expenditure for acquisition and implementation of software system is recognized as part of the intangible asset and amortized on straight line basis over a period of 10 years being the maximum period available for writing off of intangible asset.

2.5 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

2.6 Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken in to account, if available. If no such transactions can be identified, an appropriation valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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2.7 Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

2.8 Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investment. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize decline other than temporary in the value of the investments.

2.9 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognized under the internal rate of return method. Such interests, where instalments are overdue in respect of non-performing asset are recognized on realization basis. Any such income recognized and remaining unrealized after the instalments become overdue with respect to non-performing asset is reversed.

Revenue from fee-based activities are recognized as and when services are rendered.

Interest on deposit is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.

2.10 Employee Benefits

Short term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. These benefits include benefits like salaries, wages, short term compensated absence such as paid annual leave and sickness leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period.

Long term Employee Benefits

Defined contribution plans:

Defined contribution plan is Provident Fund scheme administered by Government for all eligible employees. The Company's contribution to defined contribution plan is recognized in the Statement of Profit & Loss in the financial year when the employee renders the related services.

Defined benefit plans:

The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined every year by consulting actuary using Projected Unit Credit Method. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

2.11 Foreign currency transaction

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement/settlement of all other monetary items are recognised in the Statement of Profit and Loss.

2.12 Taxes on Income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the income-tax Act, 1961 enacted in India.

Deferred tax charge or credit reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charge of credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized, only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

Deferred Tax Assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.13 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Provision policy for gold loan and other loan portfolios: Company provides for non-performing loans and advances as mentioned in Para 9 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.Provision for standard assets (including interest receivable) is made at 0.30% as mentioned in Para10 of Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015and shown in the balance sheet as 'Contingent Provisions for standard asset'.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made is termed as a contingent liability.

Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2.14 Segment Reporting

The Company primarily operates as a Loan company and its operations are in India. Since the Company has not operated in any other reportable segments, as per AS 17 'Segment Reporting', no segment reporting is applicable. Company operates in a single geographical segment. Hence, secondary geographical segment information disclosure is not applicable.

2.15 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.16 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares

2.17 Debenture Redemption Reserve

Pursuant to the provisions of the Companies Act, 2013 and the relevant circulars issued by the Ministry of Corporate Affairs, the Company is required to create a Debenture Redemption Reserve (DRR), to which amounts shall be transferred from the profits every year for the debenture to be redeemed. The amount of DRR shall be 25 percent of the debenture to be redeemed issued through public issue in compliance with SEBI (Issue and Listing of Debt Securities) Regulation 2008, and no reserve is required in respect of NCDs issued through private placement.

2.18 Classification of Debentures

Company has classified debentures as current and non-current based on the maturity period of debenture as mentioned in debenture certificate.

2.19 Cash Flow Statement

Company has prepared cash flow statement using the Indirect Method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

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Annexure - VII : Capitalisation Statement as at March 31, 2016

(₹ in Lacs)

Particulars	Pre- Issue	Post- Issue
Long Term Debts	98,410.15	1,28,410.15
Short Term Debts	57,979.18	57,979.18
Total Debts	**1,56,389.33**	**1,86,389.33**
Shareholders' Funds		
Equity Share Capital	13,800.00	13,800.00
Preference Share Capital	567.49	567.49
Reserves & Surplus		
Capital Reserve	6.85	6.85
Statutory Reserve	2,920.65	2,920.65
Revaluation Reserve	2.86	2.86
General Reserve	106.17	106.17
Surplus in Profit and Loss A/c	299.97	299.97
Total Shareholders' Funds	**17,703.99**	**17,703.99**
Long Term Debts/ Equity	**5.56**	**7.25**
Debt/Equity	**8.83**	**10.53**

Notes:

1 Short term debts represent debts which are due within twelve months from March 31, 2016.

2 Long term debts represent debts other than short term debts, as defined above.

3 The figures disclosed above are based on the Reformatted Summary Statement of Assets and Liabilities of the Company as at **March 31, 2016**

4 Long Term Debts/ Equity = Long Term Debts / Shareholders' Funds

5 The debt-equity ratio post the Issue is indicative and is on account of assumed inflow of **₹30,000.00 lacs** from the proposed issue.

6 The debt-equity ratio is calculated based on the figures audited as on 31/03/2016 and after considering the proposed public issue of Secured Non-Convertible Debentures worth **₹300.00 Crores**. The following events happened between **01/04/2016 to 30/09/2016** may have an impact on the debt-equity ratio calculated.

- The Company has came out with Public Issues of Non Convertible Debentures (NCD) vide prospectus dated **April 25, 2016** and **August 23, 2016** and has allotted Non Convertible Debentures (NCD) amounting to **₹23,451.14 lakhs** and **₹19,978.59 lakhs** respectively.
- The Company has redeemed Non Convertible Debentures (NCD Public Issue) amounting to **₹15,706.93 lakhs** and Non Convertible Debentures (NCD Private Issue) amounting to **₹10,949.33 lakhs.**
- The Company has availed a Bank Overdraft of **₹900.00** lakhs from State Bank of Travancore as on **28/09/2016**.
- Transactions held during **01/04/2016 to 30/09/2016** in Bank overdraft accounts and Vehicle loan account is not considered.
- Shareholders' Funds and Reserves and Surplus balances are taken from the audited financial statements as on **March 31, 2016**.

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Annexure - VIII : Statement of Secured Loans and Unsecured Loans (₹ in Lacs)

1 Secured Loans

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
(i) Debentures					
Secured Redeemable Non Convertible Debentures (Private Issue)	44,114.03	76,219.81	1,00,397.92	96,708.83	64,366.81
Secured Redeemable Non Convertible Debentures (Public Issue)	81,304.16	57,767.39	-	-	-
(ii) Term Loans from Banks and Financial Institutions					
Vehicle Loans	119.18	2.62	7.44	24.91	33.43
(iii) Short Term Loan From Banks					
Cash Credit/Overdraft	14,231.14	8,239.93	9,946.99	9,918.27	5,041.04
State Bank of India Term Loan	-	5052.02	-	-	-
Total Secured Loans	**1,39,768.51**	**1,47,281.77**	**1,10,352.35**	**1,06,652.01**	**69,441.28**

Notes : Nature of Security

1.Nature of Security of Secured Debentures

A (i) EM on 150sq.mts. of property under survey number 41/18C ; resurvey number 41/18C-1 in Nagapattinam Registration District – Thirupoondi Sub Registry – Nagapattinam District – Kilvelur Taluk – Velankanni – Main road west – within the boundaries of North of the road, East of the Annavel Land, South of the Kannapiran land, West of the V.jayaprakash land.

(ii) First ranking paripassu charge with Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company.

2.Nature of Security of Vehicle loan

B Term loan from banks and Financial Institutions are vehicle loan secured by hypothecation of vehicles from State Bank of India.

Bank/Financial Institution and Loan Number	Security Offered	Amount Sanctioned	Interest Rate	Total No. of Installments
SBI- 35100674342	Hypothecation of Vehicle	1,31,00,000.00	9.55%	72

A. South Indian Bank Cash Credit- Sanctioned Limit ₹ 150 Cr

(a) Terms of Repayment of Bank Overdraft SIB

South Indian Bank Overdraft is repayable on demand and carries interest @ Base rate+1.8 % p.a, monthly rest

(b) Security:

(i) Primary Security

First ranking Paripassu Charge on all present & future movable assets, including book debts and receivables, cash and bank balances, Loans and advances of the company along with existing charge holders.

(ii) Collateral Security

a. Exclusive first charge by way of equitable mortgage of 8.129 cents of land survey number 6/11,6/1F,6/1H , resurvey number 55 in Kottayam village and Taluk, Kerala state together with all buildings existing and /or to be constructed thereon in future in the name of company.

b. Exclusive first charge by way of equitable Mortgage of 29.43 acres of commercial plot resurvey number 13/1 in Kottayam village and Taluk, Kerala State together with all buildings existing and /or to be constructed thereon in future in the name of company.

c. EM on 5.10 ares of property under survey number 281/13, re survey number 121/20 in Vijayapuram village Kottayam Taluk, Kerala State together with all buildings, existing and/or to be constructed thereon in future.

d. EM on 11.86 cents of residential property at resurvey number 121/19 in Vijayapuram village Kottayam Taluk, Kerala State together with all buildings, existing and/or to be constructed theron in future.

e. EM on 200 cents of landed property at resurvey No 253/9/3 of Kottayam village and Taluk, Kerala state together with all buildings existing and /or to be constructed thereon in future in the name of company.

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f. EM on 30.95 acres of House plot under survey number 674/1A /4, resurvey number 14,99,71 in Kottayam village and Taluk, Kerala State together with all buildings, existing and/or to be constructed theron in future.

g. EM on 89.40 acres of land-cardamom estate with 6100 sqft old building under old survey number 196/1,91/1,91,92,212, resurvey number 501,500/2,502,500/1 in Kattappana village,Udumbanchola Taluk, Idukki District, Kerala State together with all buildings, existing and/or to be constructed theron in future.

h. EM on 3.87 Ares of property under survey number 325/19 and 325/20,resurvey number 93/14-2 , 93/18 in Kumarakam village Kottayam Taluk Kerala State together with all buildings, existing and/or to be constructed theron in future.

i. 10.26 ares of property under Sy.No.279/4A/1,279/4A/2,279/4B/1,C/1,157/21,158/1,158/2 Re Sy No117/9-11 in Muttambalam Village, Kottayam Taluk, Kerala State together with all buildings existing and/or to be constructed thereon in future.

j. EM on 6.10 acres of land in survey No.8, resurvey number 13, at Kottayam Village, Kottayam Taluk, Kerala State.

k. EM on 11.60 acres of Land-Cardamom Estate under survey No.91, 91/1 and 92 of Chakkuallam Village, Idukki District, Kerala State.

l. EM on 27 cents of land with building in resurvey No.12/02 of Kottayam Village, Kottayam Taluk, Kerala State.

m. EM on 13.99 acres of land with building in old survey number 243, resurvey number 7, Veloor Village, Kottayam Taluk and Kerala State.

n. Personal Guarantee of Managing Director Mathew. K. Cherian, Whole time director Laila Mathew, Director Jilu Mathew and daughter of Managing Director Milu Mathew

B. State Bank Of India Cash Credit- Sanctioned Limit ₹ 50 Crores

(a) Terms of Repayment of Bank Overdraft State Bank Of India

State Bank of India Overdraft is repayable on demand and carries interest @ Base rate+200bps above base rate p.a, monthly rest

(b) Security

(i) Primary Security

First charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the company equal to 125% of the term loan outstanding plus interest accrued thereon, on paripassu basis with secured creditors including debenture trustees and other banks/FI's in the multiple banking arrangement.

(ii) Collateral Security

a. EM over 1.85 acres of land and building thereon in the name of Mr. Mathew K Cherian under Re Sy No 30, old Sy No 38/26A in Changanacherry Village, Changanacherry Taluk, Kottayam District.

b. EM over 8.47 acres of land and building thereon in the name of Mr. Mathew K Cherian under Re Sy No.12/3, old Sy No. 8/17 in Kottayam Village, Kottayam Taluk, Kottayam Dist.

c. Cash collateral of ₹ 6.15 Cr secured by lien on deposit.

d. Personal guarantee of Managing Director Mr. Mathew K Cherian 354A, Kosamattam House, Manganam P.O Kottaym-686018

C. Federal Bank Cash Credit- Sanctioned Limit ₹ 25 Crores

(a) Terms of Repayment of Bank Overdraft federal Bank

Federal Bank Overdraft is repayable on demand and carries interest @ Base rate+1.80 % p.a, monthly rest

(b) Security-

(i) Primary Security

First ranking paripassu charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, both present and future of the Company on paripassu basis with the outstanding secured creditors.Margin-25%.

(ii) Collateral Security

a. Exclusive charge by way of EM of landed property admeasuring 263.18 cents in Re Sy No.301/2 and 296/2, 5 in Chengalam Village, Kottayam Taluk.

b. Exclusive charge by way of EM of landed property admeasuring 21.73 Ares in Re Sy No. 31,31/3,5,4,2 Kottayam Taluk, Kerala in the name of Mr Mathew K Cherian valued at ₹ 11.16 Cr (Valued on 26/02/2015).

c. Personal Guarantee of Managing Director Mathew. K. Cherian, Whole time director Laila Mathew, Director Jilu Saju Varghese.

D. Dhanlaxmi Bank Limited Cash Credit- Sanctioned Limit ₹ 24 Crores

(a) Terms of Repayment of Bank Overdraft Dhanlaxmi Bank

Dhanlaxmi Bank Overdraft is repayable on Demand and carries interest @ Base rate+0.60 % p.a, monthly rest

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(b) Security

(i) Primary Security

First charge on all Current assets including book debts and receivables, cash and bank balances, Loans and Advances both present and future of the Company thereon on paripassu basis with the secured creditors including Debenture trustees and other banks or financial institutions in the multiple banking arrangements with 25% margin.

(ii) Collateral Security

a. Equitable Mortgage of landed property admeasuring 11.465 cents in Re Sy No.55/2 55/3, and 55/4of Block No.89 at Kodimatha Kara, Kottayam District.

b. EM over 28.169 cents of land and building thereon under Re Sy No.38/3 and23/2 of Block No.27 and 109 at Panayakazhippu Kara, Kottayam District

c. EM over 145.789 cents of land under Re Sy. No. 188/3 of block No. 6 at Arpookara Kara, Kottayam District.

d. Personal Guarantees of Directors - Mr. Mathew K. Cherian, Mrs. Laila Mathew, Mrs Jilu Saju Varghese and daughter of Managing Director Ms Bala Mathew.

2 **Unsecured Loans**

(₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Long Term					
a) Subordinated Debt	15,430.82	12,430.82	8,360.78	2,299.74	223.50
b) Perpetual Debt Instrument	1,190.00	1,190.00	1,190.00	775.00	625.00
Total Unsecured Loans	**16,620.82**	**13,620.82**	**9,550.78**	**3,074.74**	**848.50**

Annexure - IX : Statement of Accounting Ratios

(₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Earnings Per Share - Basic (₹)	84.15	44.14	262.50	404.76	422.67
Earnings Per Share - Diluted (₹)	84.15	44.14	262.50	404.76	422.67
Return on Net Worth (%)	4.86%	2.64%	15.10%	26.84%	35.72%
Net Asset Value per Equity Share (₹)	1632.66	1628.87	1700.96	1463.55	2182.77
Weighted Avg. No. of Equity Shares used in calculating Basic EPS	13,30,410	11,96,575	10,07,479	9,70,493	9,13,600
Weighted Avg. No. of Equity Shares used in calculating Diluted EPS	13,32,950	11,96,575	10,07,479	9,70,493	9,13,600
Total No. of Equity Shares outstanding at the end of the year / period	13,80,000	12,30,000	10,30,000	10,00,000	4,95,256

Notes:

1 The ratios have been computed as below:

Earnings per Share (Basic) = Net Profit/ (Loss) as reformatted, attributable to equity shareholders / Weighted average number of equity shares outstanding during the year.

Earnings per Share (Diluted) = Net Profit/ (Loss) as reformatted, attributable to potential equity shareholders / Weighted average number of equity shares outstanding during the year post conversion of CCPS.

2 Return on Net Worth (%) = Net Profit/ (Loss) after tax, as reformatted / Net Worth as reformatted.

3 Net Assets Value per Equity Share (₹) = Net Worth as reformatted Less Preference Share Capital/ Number of equity shares outstanding at the end of the year.

4 Net Worth = Equity Share Capital (+) Compulsory Convertible Preference Shares (+) Reserves and Surplus (excluding Revaluation Reserve).

5 Earnings per share calculations are in accordance with Accounting Standard 20 "Earning Per share".

CHEERAN VARGHESE & Co. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

Annexure - X : Details of Dividend

(₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
On Equity Shares					
Fully Paid-up Share Capital (Nos.)	13,80,000	12,30,000	10,30,000	10,00,000	4,95,256
Face Value / Paid Up Value (₹)	1,000	1,000	1,000	1,000	1,000
Equity Share Capital (₹ In lacs)	13,800.00	12,300.00	10,300.00	10,000	4,953
Rate of Dividend	0.10%	0.00%	0.50%	3.47%	0.89%
Dividend Per Share	1.00	-	5.00	34.67	8.86
Dividend Distribution Tax	2.71	-	8.75	56.24	7.12
On Preference Shares					
Fully Paid-up Share Capital (Nos.)	56,749	-	-	-	-
Face Value / Paid Up Value (₹)	1,000	-	-	-	-
Equity Share Capital (₹ In lacs)	567.49	-	-	-	-
Rate of Dividend	11.00%	-	-	-	-
Dividend Per Share*	6.93/3.01	-	-	-	-
Dividend Distribution Tax	0.57	-	-	-	-

* Dividend of **₹6.93/-** and **₹3.01/-** per preference shares to whom preference shares were allotted on 09th day of March, 2016 and 22nd day of March, 2016 respectively (11% on the face value of ₹1000/- at pro-rata basis).

Annexure - XI : Statement of Contingent Liabilities

(₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Contingent Liability	2722.91	1208.04	41.04	41.04	41.04

CHEERAN VARGHESE & Co. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

Annexure - XII : Statement of Tax Shelter

(₹ in Lacs)

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
Profits/ (Losses) before taxes as per books (A)	1,810.47	939.25	4,059.03	6,441.79	5,949.47
Income Tax Rates (including surcharge and education cess) applicable (B)	34.61%	33.99%	33.99%	32.45%	32.45%
Tax Expenses (C)	626.57	319.25	1,379.67	2,090.04	1,930.31
Permanent Differences					
Provision for NPA and standard assets	139.96	460.40	11.22	81.07	98.22
Any other disallowances	123.01	57.32	73.91	87.89	131.50
Loss on Sale of Fixed Asset	-	-	6.72	0.28	13.36
Other Exempt Income	(172.90)	(82.51)	(2.48)	(0.18)	(0.17)
Total Permanent Differences (D)	90.08	435.21	89.37	169.05	242.91
Timing Differences					
Difference between Tax and book Depreciation or vice versa (DTA)/DTL	499.39	713.46	138.76	74.62	14.95
Other Adjustments (DTA)/DTL	225.72	195.78	70.51	61.18	8.31
Total Timing Differences (E)	725.12	909.24	209.28	135.80	23.26
Net Adjustments (F) = (D + E)	815.19	1,344.45	298.65	304.85	266.17
Tax impact of adjustments (G) = (F) * (B)	282.12	456.98	101.51	98.91	86.36
Taxable Income (H) = (A + F)	2,625.66	2,283.70	4,357.68	6,746.63	6,215.64
Tax provision based on taxable income (I) = (H * B)	908.69	776.24	1,481.18	2,188.94	2,016.67
Taxable Income at 15.45%	-	-	-	-	-
Tax provision (K)= (J*15.45%)	-	-	-	-	-
Total tax provision for current tax (L)	908.69	776.24	1,481.18	2,188.94	2,016.67
Deferred Tax Charges/ (Credit) (M)	(221.10)	(370.52)	(76.39)	(44.06)	(11.72)
Provision for FBT (N)	-	-	-	-	-
Total tax expense/ (Credit) during the year on timing difference (O) = (L+M+N)	**687.59**	**405.72**	**1,404.78**	**2,144.88**	**2,004.94**

Notes:

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

2 Provision for Standard Assets is not considered for calculating the Deferred Tax Liability / Asset, as said provision represents a statutory provision as per the guidelines of RBI and in the opinion of the company, it does not result in a timing difference.

CHEERAN VARGHESE & Co. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

Annexure - XIII - A : Details of the list of Related Parties and Nature of Relationships

A. Key Managerial Personnel (With whom transactions have taken place during the Year)

Sl. No.	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	Mathew K Cherian	Mathew K Cherian	Mathew K Cherian	Mathew K Cherian	Mathew K Cherian
2	Laila Mathew	Laila Mathew	Laila Mathew	Laila Mathew	Laila Mathew
3	Jilu Saju Varghese	Jilu Saju Varghese	Jilu Saju Varghese	Jilu Saju Varghese	Jilu Saju Varghese
4	Annamma Varghese C	Annamma Varghese C	-	-	-
5	Denny Kuncheria	Denny Kuncheria	-	-	-
6	Sreenath P	-	-	-	-

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

Sl. No.	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	George Thomas	George Thomas	George Thomas	George Thomas	George Thomas
2	Milu Mathew	Milu Mathew	Milu Mathew	Milu Mathew	Milu Mathew
3	Bala Mathew	-	-	-	-

C Associates:

Sl. No.	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
1	Kosamattam Mathew K Cherian Financiers Private limited	Kosamattam Mathew K Cherian Financiers Private limited	Kosamattam Mathew K Cherian Financiers Private limited	Kosamattam Mathew K Cherian Financiers Private limited	Kosamattam Mathew K Cherian Financiers Private limited
2	-	Kosamattam Jewels	Kosamattam Jewels	Kosamattam Jewels	Kosamattam Jewels
3	Kosamattam Ventures Private Limited	Kosamattam Ventures Private Limited	Kosamattam Ventures Private Limited	Kosamattam Ventures Private Limited	Kosamattam Ventures Private Limited
4	-	-	Kosamattam Chit Fund	Kosamattam Chit Fund	Kosamattam Chit Fund
5	Kosamattam Builders	Kosamattam Builders	Kosamattam Builders	Kosamattam Builders	Kosamattam Builders
6	Kosamattam Security Systems	Kosamattam Security Systems	Kosamattam Security Systems	Kosamattam Security Systems	-
7	Kosamattam Enterprises LLP	Kosamattam Enterprises LLP	-	-	-
8	Kosamattam Builders Private Limited	-	-	-	-
9	Kosamattam Housing Finance Private Limited	-	-	-	

CHERAN VARGHESE & CO. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

Annexure - XIII - B : Transactions with Related Parties

(₹ in Lacs)

1	Particulars	Key Managerial Personnel				
		31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
A	**Transactions during the year**					
	Loans taken / recovered during the year	1,064.33	-	501.84	842.36	600.00
	Loan granted/ repaid during the year	-	-	1,850.00	1,420.58	1,007.00
	Directors' Remuneration	96.00	72.00	10.80	808.35	587.20
	Interest Received During The Year	202.12	326.64	323.67	177.67	47.81
	Interest Paid	-	-	1.76	-	-
	Commission	74.00	14.00	250.00	600.00	475.00
	Dividend Paid	-	-	51.50	346.68	43.87
	Rent paid	2.16	2.16	2.16	1.80	-
	Fixed Assets Purchased	888.11	2,600.00	-	-	-
	Shares Issued	500.00	2,000.00	300.00	300.00	565.56
B	**Net Amt. Receivable / (Due) as at the year end**					
	Amount Payable at the year end	-	-	-	-	-
	Amt. Receivable at the year end	1,269.05	2,333.37	2,333.37	985.22	407.00

2	Particulars	Relative of Key Managerial Personnel				
		31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
A	**Transactions during the year**					
	Debentures Issued	-	-	-	-	15.00
	Interest Paid	2.05	3.07	0.88	0.78	2.39
	Remuneration	8.40	8.40	3.00	3.00	3.00
	Fixed Assets Purchased	567.44	-	-	-	-
B	**Net Amt. Receivable / (Due) as at the year end**	(15.00)	(15.00)	(15.00)	(15.00)	(15.00)

3	Particulars	Associates				
		31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
A	**Transactions during the year**					
	Loans taken / recovered during the year	-	-	90.00	0.48	148.40
	Loan granted/ repaid during the year	-	-	-	-	224.70
	Rent Received	-	0.37	0.64	0.72	0.72
	Rent paid	-	-	-	-	-
	Interest Received During The Year	-	-	-	16.19	6.68
	Fixed Asset Purchased	72.87	79.15	44.36	-	-
	Advance for Fixed Assets	-	14.39	9.52	21.24	-
	Shares Issued	1,000.00	-	-	-	-
B	**Net Amt. Receivable / (Due) as at the year end**					
	Amount Payable at the year/period end	-	-	-	-	-
	Amt. Receivable at the year/period end	-	-	-	90.00	90.48

CHERIAN VARGHESE & CO. MUNDUPALAM 1st CROSS ROAD THRISSUR-1 CHARTERED ACCOUNTANTS

MATERIAL DEVELOPMENTS

There have been no material developments since March 31, 2016 and there haven't arisen any circumstances that would materially or adversely affect the operations, or financial condition or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months, except as stated below.

The following table sets out our capital adequacy ratios computed on the basis of applicable RBI requirements as of the dates indicated:

Particulars	As at six-month period ending on September 30, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Capital Adequacy Ratio	17.92%	18.31%	19.13%	19.20%
Tier I Capital	12.09%	12.67%	12.98%	13.72%
Tier II Capital	5.82%	5.64%	6.15%	5.48%

Amendment to the Memorandum of Association

1. The shareholders of our Company, in their meeting held on July 15, 2016, vide a special resolution approved the alteration of the Objects of our Company to include undertaking the business of a "Mutual Fund Distributor and Commission Agent".

2. The shareholders of our Company, in their meeting held on November 22, 2016 vide an ordinary resolution approved the increase in our Company's authorised capital from ₹20,000 lacs to ₹23,000 lacs.

Issue of Compulsory Convertible Preference Shares

The Board of Directors of our Company, in their meeting held on November 30, 2016, approved the issue of 1,20,000 Compulsory Convertible Preference Shares of face value ₹1,000 each on a private placement basis to Rinsel Technologies (India) Private Limited and Raj Lakshmi Auto Finance Private Limited.

Public issue of debentures

1. Public issue of secured non-convertible debentures, of our Company, of face value ₹1,000 each, amounting to ₹25,000 lacs pursuant to the Prospectus dated April 25, 2016.

2. Public issue of secured and unsecured redeemable non-convertible debentures, of our Company, of face value ₹1,000 each, amounting to ₹20,000 lacs pursuant to the Prospectus dated August 23, 2016.

Declaration of dividend

1. The shareholders of our Company, on the recommendation of our Directors, in their meeting held on July 15, 2016, vide an ordinary resolution approving the declaration of dividend of ₹6.93 and ₹3.01 per Preference Share to the preference shareholders of our Company, to whom the Preference Shares were allotted on March 9, 2016 and March 22, 2016, respectively. The dividend was declared for those preference shareholders who held our Company's Preference Share as on June 22, 2016.

2. The shareholders of our Company, on the recommendation of our Directors, in their meeting held on July 15, 2016, vide an ordinary resolution approving the declaration of dividend of ₹1 per Equity Share to the equity shareholders of our Company. The dividend was declared for our Company's Equity shareholders as on June 22, 2016.

Scheme of Amalgamation

The Board of Directors of our Company, in their meeting held on August 6, 2016, approved the merger of Kosamattam Mathew K. Cherian Financiers Private Limited with our Company and adopted the draft scheme of merger subject to the approval from the shareholders of our Company and the creditors, respectively and also for due submission to the High Court of Kerala and the RBI. Our Company received the RBI's in-principle approval for the proposed merger vide its letter dated October 4, 2016. Our Company is in the process of filing the draft

scheme before the Honourable High Court of Kerala.

AMFI Registration

Our Company successfully obtained registration as an AMFI Registered Mutual Fund Advisor (ARMFA), and was allotted a unique code-AMFI Registration Number (ARN), to undertake the business of a Mutual Fund Distributor and Commission Agent.

FINANCIAL INDEBTEDNESS

As on October 31, 2016, our Company had outstanding secured borrowings of ₹1,52,808.01 lacs and unsecured borrowings of ₹19,099.41 lacs. A summary of all the outstanding secured and unsecured borrowings together with a brief description of certain significant terms of such financing arrangements are as under:

A. Secured loan facilities

Name of the lender, facility and details of documentation	Amount sanctioned (in ₹lacs)	Rate of interest	Amount outstanding as on October 31, 2016 (in ₹lacs)	Security	Repayment date/Schedule
South Indian Bank Limited *Cash Credit Open Loan (CCOL)/Overdraft (OD)* Sanction letter dated March 18, 2013 Credit facility agreement dated February 25, 2013 Agreement of hypothecation dated February 25, 2013 Renewed sanction letter dated July 18, 2014 Agreement of Hypothecation dated July 18, 2014 Bank Guarantee sanction letter dated August 25, 2016 Renewed sanction letter dated September 5, 2016 Renewed sanction letter dated October 6, 2016	*CCOL-15,000*	12 months MCLR 9.85% + Spread 1.45% present effective rate being 11.30% with monthly rests	9,384.39	First ranking pari passu charge on present and future moveable asses, including book debts, and receivables, cash and bank balances, loans and advances of our Company along with the other charge holders. Equitable mortgage of 10.26 acres of property under Sy No.279/4A/1, 279/4A/2, 279/4B/1, C/1,157/21, 158/1, 158/2 Re Sy No. 117/9-11 in Muttambalam village, Kottayam Taluk together with all buildings, existing and/or to be constructed thereon in future. Equitable mortgage of: a. 29.43 ares of commercial plot under Re Sy No.13/1, Kottayam Village, Kerala. b. 200 cents of landed property at Re Sy No.253/9/3 of Kottayam Village, Kerala. c. 8.129 cents of land with office building at Re Sy No. 55, Kottayam Village, Kerala. d. 11.861 cents of land with residential building at Re Sy No.121/19, Vijayapuram Village, Kerala. e. 30.95 ares of House Plotat Re Sy No 14,99,71 of Kottayam Village, Kerala. f. 3.87 ares of commercial plot with building at Re Sy No93/14/2 and 93/18, Kumarakom Village, Kerala. g. 5.10 ares of residential plot at Re Sy No 121/20, Block No.23, Vijayapuram Village, Kerala.	On demand.

				h. 27 cents of and with commercial building under Re Sy No.12/2, Kottayam Village, Kerala. i. 89.40 acres of land-cardamom estate with 6100 sq. ft. old building under Old Sy No. 196/1, 91/1, 91, 92, 212 Re Sy No. 501, 500/2, 502, 500/1 in Kattappana Village Udumbanchola Taluk, Idduki Dist, Kerala. j. 11.60 acres of land-cardamom Estate under Sy No. 91/1, 91, 92 in Chakkupallom Village, Udumbanchola Taluk Idukki Dist, Kerala. k. 10.26 ares of property under Sy. No. 279/4A/1, 279/4A/2, 279/4B/ 1, C/1, 157/21, 158/1, 158/2 Re Sy No.117/9-11 in Muttambalam Village, Kottayam Taluk, Kerala. l. 6.10 ares of land in Old Sy No. 8, Re Sy No 13 Kottayam Village, Kottayam Taluk, Kerala. m. 13.99 ares of land with building in Old Sy No. 243, Re Sy No 7, Vellor Village, Kottayam Taluk, Kerala. Personal guarantee of promoter directors – Mr. Mathew K. Cherian, Mrs. Laila Mathew, Ms. Jilu Mathew and Ms. Milu Mathew.	
State Bank of India *Fund Based Working Capital (CC) – Book Debts* Sanction letter dated March 28, 2015 Credit facility agreement dated June 11, 2015 Renewed sanction letter dated April 27, 2016	*Cash Credit - 5,000*	One year MCLR 9.20% + 225 basis points, present effective rate being 11.45%	2,946.04	First charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company equal to 125% of the term loan outstanding plus interest accrued thereon, on *pari passu* basis with the Secured Creditors including debenture trustees and other banks/FIs in the Multiple Banking Arrangement. Equitable mortgage over 1.85 ares of land and building thereon under Re Sy No 30, Old Sy No 38/26A in Changanacherry Village, Changanacherry Taluk, Kottayam District Equitable mortgage over 8.47 ares	On demand

				of land and building thereon under Re Sy No 12/3, Old Sy No 8/17 in Kottayam Village, Kottayam Taluk, Kottayam District Cash collateral of ₹6.15 crores secured by lien on deposit. Personal guarantee of Managing Director – Mr. Mathew K. Cherian	
Dhanlaxmi Bank Limited *Fund Based Working Capital - Cash Credit Facility* Sanction letter dated February 12, 2016 Credit facility agreement dated February 15, 2016. Letter reducing rate of interest dated November 1, 2016	*Cash Credit - 2,400*	One year MCLR 10.35% + 1.15% floating with annual reset, Present effective rate being 11.50%	1,014.65	First charge over all current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company thereon on *pari passu* basis with the secured creditors including debenture trustees and other banks or financial institutions in the multiple banking arrangements with 25% margin. Equitable mortgage over 11.465 cents of land under R. Sy. No 55/2, 55/3 and 55/4 of block no. 89 at Kodimatha Kara, Kottayam District Equitable mortgage over 28.169 cents of land and building thereon under R Sy No 38/3, 23/2 of block no. 27 and 109 at Panayakazhippu Kara, Kottayam District Equitable Mortgage over 145.789 cents of land under R Sy No 188/3 of block no. 6 at Arpookara Kara, Kottayam District. Personal guarantee of promoter directors – Mr. Mathew K. Cherian, Mrs. Laila Mathew, Ms. Jilu Saju Varghese and Ms. Bala Mathew.	On demand
State Bank of Travancore *Fund Based Working Capital - Cash Credit Facility* Arrangement letter September 27, 2016	*Cash Credit - 900*	One year SBT MCLR rate + 2.15%, Present effective rate being 11.75%	711.34	First charge on the entire current assets of our Company ranking *pari passu* with other banks and NCD holders. Equitable Mortgage of 7 Ares 74 Mts of land with building in ReSy No. 23/3, 23/4, 23/5, 23/6, 23/7, (old Sy No.102/1/1, 102/1) Block No. 27 in the name of Mr. Mathew K Cherian and Mrs. Laila Mathew Personal guarantee of promoter directors – Mr. Mathew K. Cherian, Mrs. Laila Mathew, Ms.	On demand

		Jilu Saju Varghese and Ms. Milu Mathew.
Total outstanding bank borrowings for our Company as on October 31, 2016 was ₹ 14,165.40 lacs*.		

**The amount is inclusive of the outstanding balance of the vehicle loan mentioned below.*

- **Vehicle Loan**

Our Company has availed a SME vehicle finance loan of ₹131 lacs from State Bank of India which is secured by of hypothecation of vehicles purchased by utilisation of the loan amount. The loan is repayable in 72 equated monthly instalments, at an effective rate of interest of 9.95% (base rate of 9.70% + 0.25% margin). As of October 31, 2016, the outstanding amount was ₹108.98 lacs.

- **Secured Non-Convertible Debentures**

Our Company has issued, on private placement basis, secured redeemable non-convertible debentures under various series of which ₹32,094.24 lacs was cumulatively outstanding as on October 31, 2016, the details of which are set forth below.

Debenture Series	Date of Allotment	Coupon (in %)	Amounts outstanding as on October 31, 2016 (in ₹lacs)	Tenure	Redemption Date	Security
Kosamattam Secured Bonds 7	August 18, 2010 to January 24, 2014	6% to 14%	30,087.85	1 year to 6 years	November 1, 2016 to January 24, 2020	First ranking *pari passu* charge over all movable assets including book debts and receivables, cash and bank balances; loans and advances, both present and future of the Company pertaining to loans granted by the Company
Non-Convertible Debenture 1	August 14, 2015	11% to 12.55%	2,006.39	18 months to 5 years	February 14, 2017 to August 14, 2020	
Total			**32,094.24**			

Restrictive Covenants

Our financing agreements include various restrictive conditions and covenants restricting certain corporate actions and our Company is required to take the prior approval of the lenders before carrying out such activities. For instance, our Company, inter-alia, is required to obtain the prior written consent in the following instances:

- to declare dividend other than from the profits for the current year;
- for any change in the management/constitution, takeovers/mergers etc. or any expansion, new project/investment/acquiring assets under lease/enter into borrowing arrangements;
- to undertake any new project, or diversification, modernisation or substantial expansion of the project, or alter the financing plans or the scope of the project whether by way of any reduction or increase to its size, layout, specification or quality or otherwise;
- engage in any business or activities other than those which the borrower is currently engaged in, either alone or in partnership or joint venture with any other person, nor acquire any ownership interest in any other entity or person or enter into any profit sharing or royalty agreement or other similar arrangement whereby the borrower's income or profits are, or might be shared with any other entity or person, or enter into any management contract or similar arrangement whereby its business or operations are managed by any other person;
- to contract, create, incur, assume or suffer to exist any indebtedness in any manner whatsoever except as otherwise permitted under the credit facility agreement. This provision shall not apply to normal trade

guarantees;

- to prepay any indebtedness incurred by the borrower. If the bank permits the borrower to prepay any such indebtedness the borrower shall if so required by the bank, make proportionate prepayment to the bank subject to such conditions (including payment of prepayment charges) as may be stipulated by the bank;

- to pay any commission to its promoters, directors, trustees, members, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any indebtedness incurred by the borrower or in connection with any other obligation undertaken for or by the borrower;

- to create any subsidiary or permit any company/other entity to become its subsidiary;

- to undertake or permit any merger, de-merger, consolidation, reorganisation, scheme or arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction or change its constitution;

- make any investments whether by way of deposits, loans, or investments in share capital or otherwise, in any concern or provide any credit or give any guarantee, indemnity or similar assurance except as otherwise permitted under the credit facility agreement. This provision shall not apply to loans and advances granted to staff or contractors or suppliers in the ordinary course of business;

- to create or permit to subsist any encumbrance (save and except for securing borrowings for working capital requirements in the ordinary course of business, up to the limit approved by the bank) or any type of preferential arrangement (including retention arrangements or escrow arrangements having the effect of granting security), in any form whatsoever on any of its assets including Intellectual Property and Intellectual Property Rights, or (b)(whether voluntarily or involuntarily) sell, transfer, grant lease or otherwise dispose of or deal with (or agree to do any of the foregoing at any future time), all or any of its assets including Intellectual Property and Intellectual Property Rights;

- carry out or permit any material amendment, termination or cancellation of any (i) project document including any agreements with its machinery suppliers, collaborators, technical consultants and suppliers of raw materials, or (ii)agreements, documents or arrangements entered into with, or executed in favour of, any other bank or providers of funds;

- declare or pay any dividend or authorise or make any distribution to its shareholders: (a) unless it has paid all the dues in respect of the Facility up to the date on which the dividend is proposed to be declared or paid, or has made satisfactory provisions therefor, and/or (b) if an Event of Default has occurred and is subsisting or would occur as a result of such declaration or payment of dividend or authorisation or making of distribution;

- (a) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding, or set aside any funds for the foregoing purposes, or (b) issue any further share capital whether on a preferential basis or otherwise or change its capital structure in any manner whatsoever;

- change such of the financial year-end which has been intimated to the bank (or such other date as may be approved by the bank);

- change the accounting method or policies currently followed by the borrower;

- amend or modify its Memorandum and Articles of Association/Bye Laws/Trust Deeds;

- the borrower shall not compound or release any of the book-debts/receivables nor do anything whereby the recovery of the same may be impeded, delayed or prevented without obtaining prior consent in writing of the bank;

- the borrower shall not undertake guarantee obligation on behalf of any third party or any other company/firm etc. without the prior written consent of the bank

- the borrower shall not alienate or dispose of or charge or encumber any of the securities provided to the bank without the written consent of the bank;

- the moneys brought in by the borrowers/partners/friends/relatives/principal shareholders/directors/ depositors/other associate firms/group companies for financing the needs of the borrower will not be allowed to be withdrawn, during the currency of the said credit facility, without the permission of the bank.

Public Issue of secured redeemable non-convertible debentures and unsecured redeemable non-convertible debentures

Our Company vide an initial public offer, issued secured, redeemable, non-convertible debentures of which ₹2,706.61 lacs was outstanding as on October 31, 2016.

Nature of debenture	Tenure	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹lacs)
Secured, Redeemable, Non-Convertible Debenture	36 and 66 months	13.00% to 14.00%	2,706.71	May 16, 2014	May 16, 2017 to November, 16, 2019	10,000.00

Our Company vide an initial public offer, issued secured, redeemable, non-convertible debentures of which ₹5,764.81 lacs was outstanding as on October 31, 2016.

Nature of debenture	Tenure	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹lacs)
Secured, Redeemable, Non-Convertible Debenture	36 and 70 months	12.50% to 13.50%	5,764.81	August 13, 2014	August 12, 2017 to June, 12, 2020	15,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹8,928.39 lacs was outstanding as on October 31, 2016.

Nature of debenture	Tenure	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹lacs)
Secured, Redeemable, Non-Convertible Debenture	36, 39 months	12.25% to 13.29%	6,428.39	November 08, 2014	November 07, 2017 to February 07, 2018	20,000.00
Unsecured, Subordinated, Redeemable, Non-convertible Debenture	66 months	13.00% to 13.43%	2,500.00	November 08, 2014	May 07, 2020	2,500.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹11,709.17 lacs was outstanding as on October 31, 2016.

Nature of debenture	Tenure	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹lacs)
Secured, Redeemable, Non-Convertible Debenture	36, 40, 70 months	12.50% to 12.93%	10,709.17	March 17, 2015	March 16, 2018 to January 16, 2021	20,000.00
Unsecured, Subordinated, Redeemable, Non-convertible Debenture	70 months	13.00%	1,000.00	March 17, 2015	January 16, 2021	1,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹23,000 lacs was outstanding as on October 31, 2016.

Nature of debenture	Tenure	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹lacs)
Secured, Redeemable, Non-Convertible Debenture	400 days,18, 36, 45and 60 months	10.08% to 11.42%	20,000.00	December 1, 2015	January 04, 2017 to November 30, 2020	20,000.00
Unsecured, Subordinated, Redeemable, Non-convertible Debenture	75 months	11.50% to 11.73%	3,000.00	December 1, 2015	February 28, 2022	3,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹19,988.15 lacs was outstanding as on October 31, 2016.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal Amount) (in ₹lacs)
Secured, Redeemable, Non-Convertible Debenture	370 days, 25, 36, 48,76 months	9.75% to 11.57%	19,988.15	February 15, 2016	February 18, 2017 to June 14, 2022	20,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹23,451.14 lacs was outstanding as on October 31, 2016.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal Amount) (in ₹lacs)
Secured, Redeemable, Non-Convertible Debenture	400 days, 24, 36, 48,78 months	9.50% to 11.25%	23,451.14	June 9, 2016	July 14, 2017 to December 8, 2022	25,000.00

Our Company vide an initial public offer, issued secured and unsecured, redeemable, non-convertible debentures of which ₹19,978.59 lacs was outstanding as on October 31, 2016.

Nature of Debenture	Tenure	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of Allotment	Redemption Date	Total Issue Size (Principal Amount) (in ₹lacs)
Secured, Redeemable, Non-Convertible Debenture	400 days, 18, 36, 48 months	9.25% to 10.75%	17,500.00	September 29, 2016	November 03, 2017 to September 28, 2020	17,500.00
Unsecured, Subordinated, Redeemable, Non-convertible Debenture	78 months	11.00% to 11.25%	2,478.59	September 29, 2016	March 28, 2023	2,500.00

B. Unsecured facilities

- **Unsecured Non-Convertible Debentures**
  - **Subordinate bonds**

Debenture series	Tenure	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹lacs)
Kosamattam Bonds 1	61 months-66 months	10% to 13%	991.87	December 01, 2011 to November 30, 2012	June 1, 2017 to May 31, 2018	1,000
Kosamattam Bonds 2	61 months-66 months	10% to 14%	807.83	December 01, 2012 to February 13, 2013	June 1, 2018 to August 13, 2018	1,000
Kosamattam Bonds 3	61 months-66 months	10% to 14%	2,421.86	February 14, 2013 to August 23, 2013	August 14, 2018 to February 23, 2019	2,500

Debenture series	Tenure	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹lacs)
Kosamattam Bonds 4	61 months-66 months	10% to 14%	2,484.45	August 24, 2013 to December 25, 2013	February 24, 2019 to June 25, 2019	2,500
Kosamattam Bonds 5	61 months-66 months	10% to 14%	1,485.97	December 26, 2013 to February 21, 2014	June 26, 2019 to August 21, 2019	1,500
Kosamattam Bonds 6	61 months-66 months	10% to 14%	168.80	February 22, 2014 to March 31, 2014	August 22, 2019 to August 21, 2020	1,000
Kosamattam Subordinate Bond Series 1	66 Months	13.43%	104.47	June 5, 2014	December 4, 2019	200
Kosamattam Subordinate Bond Series 2	66 Months	13.43%	99.50	June 10, 2014	December 9, 2019	100
Kosamattam Subordinate Bond Series 3	66 Months	13.43%	98.24	June 14, 2014	December 13, 2019	100
Kosamattam Subordinate Bond Series 4	66 Months	13.43%	70.83	June 20, 2014	December 19, 2019	100
Kosamattam Subordinate Bond Series 5	66 Months	13.43%	47.00	June 30, 2014	December 29, 2019	100
Kosamattam Subordinate Bond Series 6	66 Months	13.50%	150.00	August 26, 2014	February 25, 2020	150
Total			**8,930.82**			

- **Perpetual Debt Instruments**

Debenture series	Tenor	Coupon	Amounts outstanding as on October 31, 2016 (in ₹ lacs)	Dates of Allotment	Redemption date	Total issue size (principal amount) (in ₹lacs)
Kosamattam Mega Bond 1	Perpetual	13.50%	625.00	September 11, 2011 to March 31, 2012	Perpetual	7,000.00
Kosamattam Mega Bond 2		8% to 14 %	150.00	October 03, 2012 to March 31, 2013		1,000.00
Kosamattam Mega Bond 3		9% to 14 %	415.00	July 08, 2013 to March 31, 2014		1,000.00
Total			**1,190.00**			

➢ ***Commercial Papers***

Our Company has not issued any commercial papers.

- ***Loan from Directors and Relatives of Directors***

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

- ***Inter Corporate Loans***

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

Servicing behaviour on existing debt securities, payment of interest on due dates on financing facilities or securities

Our Company has not defaulted upon or delayed in payment of any interest and/or principal for the existing term loan and the non-convertible debentures. Our Company has not issued any corporate guarantee.

SECTION VI - ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of NCDs aggregating up to ₹15,000 lacs with an option to retain over-subscription up to ₹15,000 lacs, aggregating to a total of up to ₹30,000 lacs.

The Issue has been authorised by resolution of the Board passed during meeting held on October 17, 2016.

The key common terms and conditions of the NCDs are as follows:

Particulars	Terms and Conditions
Issuer	Kosamattam Finance Limited
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited)
Registrar to the Issue	Karvy Computershare Private Limited
Minimum Application Size	10 NCDs i.e., ₹10,000 (across all Options of NCDs)
Mode of Allotment	Both in physical and dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Terms of Payment	Full amount on Application
Trading Lot	1 (one) NCD
Who can Apply	**Category I** • Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, • Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs; • Provident Funds of minimum corpus of ₹2,500 lacs, Pension Funds of minimum corpus of ₹2,500 lacs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; • Venture Capital funds and/or Alternative Investment Funds registered with SEBI; • Insurance Companies registered with the IRDA; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); • Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India • Mutual Funds, registered with SEBI; **Category II** • Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs; • Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs; • Association of Persons; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; and • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Resident Indian individuals and Hindu undivided families through the Karta

Particulars	Terms and Conditions
	aggregating to a value exceeding ₹5 lacs; **Category III*** • Resident Indian individuals; and • Hindu undivided families through the Karta; ** applications aggregating to a value not more than ₹5 lacs.*

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, the applicants should ensure that the de-mat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please refer to "***Issue Procedure***" on page 143.

Principal Terms and Conditions of the Issue

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

Issuer	Kosamattam Finance Limited
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited)
Registrar to the Issue	Karvy Computershare Private Limited
Type and nature of Instrument	Secured redeemable non-convertible debentures
Face Value of NCDs (₹/NCD)	₹1,000
Issue Price (₹/NCD)	₹1,000
Minimum Application	10 NCDs i.e., ₹10,000 (across all options of NCDs)
In multiples, of	One NCD after the minimum application
Seniority	Senior (the claims of the Debenture Holders holding the NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The NCDs would constitute secured obligations of our Company and shall rank *pari passu* with the Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value 1 time of the debentures outstanding plus interest accrued thereon and first ranking *pari passu* charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. NO.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. met., Tamil Nadu.
Mode of Issue	Public Issue
Minimum Subscription	If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹11,250 lacs, within 30 days from the date of the Prospectus or such other period as may be prescribed by SEBI, the entire application amounts shall be refunded to the Applicants within 12 days from the date of closure of the Issue. Failing which, our Company and our Directors who are officers in default shall be jointly and severally liable to pay that money with interest for the delayed period, at the rate of 15% per annum.

Issue	Public Issue by our Company of NCDs aggregating up to ₹15,000 lacs with an option to retain over-subscription up to ₹15,000 lacs aggregating up to ₹30,000 lacs, on the terms and in the manner set forth herein; Base Issue Size being ₹15,000 lacs.
Stock Exchange proposed for listing of the NCDs	BSE Limited ("**BSE**"), the Designated Stock Exchange ("**DSE**")
Listing and timeline for Listing	The NCDs shall be listed within 12 Working Days of Issue Closing Date
Depositories	NSDL and CDSL
Security	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with the existing secured creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon and first ranking *pari passu* charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. NO.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. met.
Security Cover	Our Company shall maintain a minimum 100 percent security cover on the outstanding balance of the NCDs plus accrued interest thereon.
Who can apply	**Category I** • Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, • Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs; • Provident Funds of minimum corpus of ₹2,500 lacs, Pension Funds of minimum corpus of ₹2,500 lacs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; • Venture Capital funds and/or Alternative Investment Funds registered with SEBI; • Insurance Companies registered with the IRDA; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); • Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India • Mutual Funds, registered with SEBI; **Category II** • Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs; • Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs; • Association of Persons • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; and • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lacs;

	Category III* • Resident Indian individuals; and • Hindu undivided families through the Karta; ** applications aggregating to a value not more than ₹5 lacs.*
Credit Rating	

Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated	Rating definition
India Ratings	Proposed Non-Convertible Debenture Issue	'IND BBB-': Outlook Stable	November 8, 2016	₹30,000 lacs	The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

Issue Size	Public Issue by our Company of NCDs aggregating up to ₹15,000 lacs with an option to retain over-subscription up to ₹15,000 lacs aggregating up to ₹30,000 lacs, on the terms and in the manner set forth herein; Base Issue Size being ₹15,000 lacs.
Pay-in date	Three (3) Business Days from the date of upload of application in the book building system of the Exchanges or the date of realisation of the cheques/demand drafts, whichever is later. Interest on Application Money shall start on the Pay-in date and shall be payable up to one day prior to the date of Allotment.
Application money	The entire Application Amount is payable on submitting the application.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 10 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Issue Schedule	The Issue shall be open from [•] to [•] with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closer date/date of closure up to maximum 30 days from the date of opening of the issue.
Objects of the Issue	Please refer to the chapter titled "***Objects of the Issue***" on page 68.
Put/Call Option	None
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled "***Objects of the Issue***" on page 68.
Coupon rate and redemption premium	Please refer to the chapter titled "***Issue Structure – Terms and Conditions in connection with the NCDs***" on page 125.
Working Days convention/Day count convention/Effect of holidays on payment	Actual/ Actual All days other than 2nd and 4th Saturday of the month, Sunday or a public holiday in Mumbai and/or Kottayam, or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in Mumbai and/or Kottayam, or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs for Options I, III, V, VI and VIII which have tenors on cumulative basis. For Options II, IV and VII the interest shall be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs. However,

	if period from the Deemed Date of Allotment/anniversary date of Allotment till one day prior to the next anniversary/redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs. Pursuant to SEBI Circular No. CIR/IMD/DF-1/22/2016 dated November 11, 2016, if the date of payment of coupon does not fall on a Working Day, then the succeeding Working Day (which shall be a day when the money market is functioning in Mumbai) will be considered as the effective date for such payment of interest (the "**Effective Date**") however the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. Coupon will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date, interest for period between actual interest payment date and the Effective Date will be adjusted in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the payment will be made on the previous Working Day, without any interest for the period outstanding.
Issue Opening Date	[•]
Issue Closing Date	[•]*
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed.
Interest on Application Money	Please refer to the chapter titled "***Issue Structure- Interest on Application Money***" on page 137.
Deemed Date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
Transaction documents	The Draft Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trusteeship Agreement, the Escrow Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. Refer to chapter titled "***Material Contracts and Documents for Inspection***" on page 249.
Affirmative and Negative covenants precedent and subsequent to the Issue	The covenants precedent and subsequent to the Issue will be finalised upon execution of the Debenture Trust Deed which shall be executed within three months of closure of the Issue as per Regulation 15 of SEBI Debt Regulations.
Events of default	Please refer to the chapter titled "***Issue Structure- Events of Default***" on page 136.
Cross Default	Please refer to the chapter titled "***Issue Structure- Events of Default***" on page 136.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled "***Issue Structure- Debenture Trustees for the NCD holders***" on page 136.
Settlement Mode	Please refer to the chapter titled "***Issue Structure - Payment on Redemption***" on page 134.
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Kottayam.

**The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure, as may be decided by the Board or the duly authorised committee of the Board constituted by resolution of the Board. In the event of such early closure of subscription list of the Issue, our Company shall ensure that notice of such early closure is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges.*

Terms of the NCDs

Tenure	400 days	18 months		36 months		50 months	60 months	84 months
Nature	**Secured**							
Options	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**
Frequency of Interest Payment	Cumulative	Monthly	Cumulative	Monthly	Cumulative	Cumulative	Monthly	Cumulative
Minimum Application	10 NCDs (₹10,000) (across all options of NCDs)							
In multiples, of	1 NCD after the minimum application							
Face Value of NCDs (₹/NCD)	₹1,000							
Issue Price (₹/NCD)	₹1,000							
Mode of Interest Payment/ Redemption	Through Various options available							
Coupon (%) per annum in Category I, II and III	NA	[•]	NA	[•]	NA	NA	[•]	NA
Coupon Type	Fixed							
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Effective Yield (per annum) – Category I, II and III	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Put and Call Option	Not Applicable							
Deemed Date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.							

Interest and Payment of Interest

1. Monthly interest payment options

Interest would be paid monthly under Option II, IV and VII at the following rates of interest 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 NCDs:

Category of NCD Holder	Rate of Interest (p.a.) for the following tenures		
	18 months	36 months	60 months
	Option II	Option IV	Option VII
Category I, II and III	[•]%	[•]%	[•]%

For avoidance of doubt where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs, and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options if the Deemed Date of Allotment is prior to the fifteenth of that month, interest for that month will be paid on first day of the subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

2. Cumulative bond redemption options

Option I, III, V, VI and VIII NCDs shall be redeemed as below:

Category of NCD Holder	Redemption Amount (per NCD)				
	400 days	18 months	36 months	50 months	84 months
	Option I	Option III	Option V	Option VI	Option VIII
Category I, II and III	[•]	[•]	[•]	[•]	[•]

Our Company shall provide a list of debenture holders of our Company who hold non-convertible debentures in our Company, issued on a private placement basis as on the Issue Opening Date to the Registrar.

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/22/2016 dated November 11, 2016.

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 transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

Tax on interest accrued

As per clause (ix) of Section 193 of the IT Act, no tax is required to be deducted at source on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

However, in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor (in case of resident individual NCD holders and Hindu Undivided Family), if such interest does not exceed ₹5,000 in any financial year and the interest is paid by an account payee cheque. If interest exceeds the prescribed limit of ₹5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD holders are claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD holders should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No. 13.

The aforesaid documents, as may be applicable, should be submitted to our Company quoting the name of the sole/first NCD holder, NCD folio number and the distinctive number(s) of the NCD held, prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/15G/certificate in original from Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

Payment of Interest/Maturity Amount to NCD Holders

Payment of Interest/Maturity Amount will be made to those NCD holders whose names appear in the register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NECS, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD holders. The terms of this facility (including towns where this facility would

be available) would be as prescribed by RBI. Refer to the paragraph on "***Manner of Refund (except ASBA Application)/Payment of Interest/Redemption***" on page 131.

Tax exemption certificate/document, if any, must be lodged at the office of the Registrar at least 7(seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be.

A tax deduction certificate will be issued for the amount of tax so deducted.

Maturity and Redemption

The NCDs issued pursuant to this Draft Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 400 days from the Deemed Date of Allotment for Option I, 18 months from the Deemed Date of Allotment for Option II and III, 36 months from the Deemed Date of Allotment for Option IV and V, 50 months from the Deemed Date of Allotment for Option VI, 60 months from the Deemed Date of Allotment for Option VII and 84 months from the Deemed Date of Allotment for Option VIII. There is no put or call option available to any Investor.

Deemed Date of Allotment

The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.

Application Size

Each application should be for a minimum of ten (10) NCDs and multiples of one (1) NCD thereafter. The minimum application size for each application for NCDs would be ₹10,000 (across all Options of NCDs) and in multiples of ₹1,000 thereafter.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The face value of ₹1,000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall refund/unblock the excess amount paid on application to the applicant in accordance with the terms of this Draft Prospectus. For further details, please refer to the paragraph on "***Interest on Application Money"*** beginning on page 137.

Record Date

The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 10 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be.

In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.

Manner of Refund (except ASBA Application)/Payment of Interest/Redemption

The manner of payment of interest/refund/redemption in connection with the NCDs is set out below:

- ***For NCDs applied/held in Demat form:***

  The bank details will be obtained from the Depositories for payment of Interest/refund (except ASBA

Applications)/redemption as the case may be. Applicants who have applied for or are holding the NCDs in Demat form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so may result in delays in credit of refunds to the applicant at the applicant's sole risk, and the Lead Manager, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

- ***For NCDs applied/held in physical form:***

The bank details as provided in the Application Form will be obtained from the Registrar to the Issue for payment of interest/redemption as the case may be.

The mode of refund/interest/redemption payments shall be undertaken in the following order of preference:

1. Direct Credit

Investors having their bank account with the Refund Bank shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.

2. NECS

Payment of interest/refund/redemption shall be undertaken through NECS for NCD Holders/Applicants having an account at the centres mentioned in NECS MICR list.

This mode of payment of refunds would be subject to availability of complete bank account details including the Magnetic Ink Character Recognition (MICR) code, Indian Financial System Code (IFSC) code, bank account number, bank name and branch name as appearing on a cheque leaf, from the Depositories. One of the methods for payment of interest/refund/redemption is through NECS for NCD Holders/Applicants having a bank account at any of the abovementioned centres.

3. RTGS

NCD Holders/Applicants having a bank account with a participating bank and whose interest payment/refund/redemption amount exceeds Rupees Two lacs, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible NCD Holders/Applicants who indicate their preference to receive interest payment/refund/redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrars to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the NCD Holders/Applicants' bank receiving the credit would be borne by the NCD Holders/Applicant. In the event the same is not provided, interest payment/refund/redemption shall be made through NECS subject to availability of complete bank account details for the same as stated above.

4. NEFT

Payment of interest/refund/redemption shall be undertaken through NEFT wherever the NCD Holders/Applicants' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a Magnetic Ink Character Recognition *(*"**MICR**"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the NCD Holders/Applicants have registered their nine digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/refund/redemption will be made to the NCD Holders/Applicants through this method.

5. Interest payment/refund/redemption orders dispatched through Registered Post/Speed Post

For all other NCD Holders/Applicants, including those who have not updated their bank particulars with the MICR code and if the interest payment through NECS to such Applicants is unsuccessful to such Applicants interest will be paid annually and the interest payment/refund/redemption orders shall be dispatched through Speed Post/Registered Post.

Please note that NCD Holders/Applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed/available. Please note that our Company shall not be responsible to the holder of NCD, for any delay in receiving credit of interest/refund/redemption so long as our Company has initiated the process of such request in time.

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the NCD Holders/Applicants' bank account are mandatorily required to be given for printing on the refund orders/warrants. In relation to NCDs applied and held in dematerialised form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form either (i) in case of Allotment in physical or (ii) on account of rematerialisation or (iii) transfer of physical debenture certificates, the investors are advised to submit their bank account details with our Company/Registrar at least 7 (seven) days prior to the next record date failing which the warrants will be filled with the bank account details and dispatched to the postal address of the holder of the NCD (i) provided for in the Application Form in case of physical Allotment (ii) available with the depositories in case of rematerialisation of debentures or as available in the records of our Company as on the record date.

Bank account particulars will be printed on the refund orders/warrants which can then be deposited only in the account specified.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Procedure for Redemption by NCD holders

NCDs held in physical form:

Debenture Holders, at any time after the listing of the NCDs on the Stock Exchanges, can apply for converting NCDs into physical form.

No action would ordinarily be required on the part of the NCD holder at the time of redemption and the redemption proceeds would be paid to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the NCD holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also, please refer to the paragraph on *"Payment on Redemption"* given below.

NCDs held in Demat form:

No action is required on the part of NCD holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

(i) NCDs held in physical form:

The payment on redemption of the NCDs will be made by way of cheque/pay order/electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)), Despatch of cheques/pay order, etc. in respect of such payment will be made on the redemption date (which shall be a day when the money market is functioning in Mumbai) or (if so requested by our Company in this regard) within a period of 11 Working Days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date (which shall be a day when the money market is functioning in Mumbai) to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least 7 (seven) days prior to the record date. In case the transfer documents are not lodged with us at least 7 (seven) days prior to the record date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrars.

(ii) NCDs held in Demat form:

Debenture Holders holding NCDs in physical form, at any time after the listing of the NCDs on the Stock Exchanges, can apply for converting NCDs into dematerialised form.

On the redemption date (which shall be a day when the money market is functioning in Mumbai), redemption proceeds would be paid by cheque/pay order/electronic mode to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the record date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD holders.

Our liability to NCD holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD holder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to Re-issue NCD(s)

Subject to the provisions of Companies Act, 2013 and applicable provisions of Companies Act, 1956, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place, in accordance with the applicable rules and regulations. The aforementioned right includes the right to reissue original NCDs.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013 and applicable provisions of the Companies Act, 1956. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the Companies Act, 2013 and applicable provisions of the Companies Act, 1956 shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCD(s) as well.

(i) For NCDs held in physical form:

Debenture Holders, at any time after the listing of the NCDs on the Stock Exchanges, can apply for converting NCDs into physical form. In respect of the NCDs held in physical form, a suitable instrument of transfer as may

be prescribed by us may be used for the same.

(ii) For NCDs held in Demat form:

The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DP of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the record date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories/Company, as the case may be. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with us or Registrar.

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in Demat form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In case the transferee does not have a DP account, the seller can re-materialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter the NCDs can be transferred in the manner as stated above.

In case the buyer of the NCDs in physical form wants to hold the NCDs in dematerialised form, he can choose to dematerialise the securities through his DP.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Sharing of Information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD holders available with us and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD holder(s) required to be given by us or the Debenture Trustee will be sent by post/courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Issue of Duplicate NCD Certificate(s)

If any NCD certificate(s) is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Security

The issue comprises of public issue of secured redeemable non-convertible debentures of face value of ₹1,000 each.

The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with the Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present

and future of our Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon and first ranking *pari passu* charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. NO.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. met.

Our Company will create the security for the NCDs in favour of the Debenture Trustee for the Debenture Holders holding the NCDs on the assets to ensure 100.00% security cover of the amount outstanding including interest in respect of the NCDs at any time.

Our Company has entered into a Debenture Trusteeship Agreement dated October 28, 2016 and in furtherance thereof intends to enter into a deed of agreement with the Debenture Trustee, ("**Debenture Trust Deed**"), the terms of which shall govern the appointment of the Debenture Trustee and the issue of the NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and shall utilise the funds only after the stipulated security has been created.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding the NCDs the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rate specified in the Draft Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security subject to prior written consent of the Debenture Trustee and/or may replace with another asset of the same or a higher value.

Our Company confirms that the issue proceeds shall be kept in an escrow account until the documents for creation of security i.e. the Debentures Trust Deed, is executed.

Debenture Trustees for the NCD holders

We have appointed Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited) to act as the Debenture Trustees for the NCD holders by way of the Debenture Trusteeship Agreement. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to the NCDs. The NCD holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD holder(s) shall discharge us *pro tanto* to the NCD holder(s).

The Debenture Trustee will protect the interest of the NCD holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice inter alia if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deed:

(i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
(ii) default is committed in payment of any interest on the NCDs on the due date(s).

Lien

As per the RBI circular dated June 27, 2013, the Company is not permitted to extend loans against the security of

its debentures issued by way of private placement or public issues. The Company shall have the right of set off and lien, present as well as future on the moneys due and payable to the NCD holders or deposits held in the account of the NCD holders, whether in single name or joint name, to the extent of all outstanding dues by the NCD holders to the Company, subject to applicable law.

Lien on pledge of NCDs

The Company may, at its discretion note a lien on pledge of NCDs if such pledge of NCD is accepted by any third-party bank/institution or any other person for any loan provided to the NCD holder against pledge of such NCDs as part of the funding, subject to applicable law.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD holders or the Debenture Trustee in this connection. However, until the payment of the outstanding amounts/secured obligations for the NCDs, the Company shall not create any mortgage or charge on the Security without obtaining prior approval of the Debenture Trustee. Provided that at the time of raising such further loans, advances or such other facilities from Banks, Financial Institutions and/or any other person(s) on the Security, the Company shall maintain the required security cover as prescribed in this Draft Prospectus. In the event of such request by the Company, the Debenture Trustee shall provide its approval for creation of further charges provided that the Company provides a certificate from a chartered accountant stating that after creation of such further charges, the required Security cover will be maintained.

Interest on Application Money

Interest on application monies received which are used towards allotment of NCDs

Our Company shall pay interest on application money on the amount allotted, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any Applicant to whom NCDs are allotted pursuant to the Issue from the date of realisation of the cheque(s)/demand draft(s), up to one day prior to the Deemed Date of Allotment, at the rate of 5 % p.a.

Please note no interest is to be paid on application monies to the ASBA Applicants.

Our Company may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the applicants. Alternatively, the interest warrant 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

Our Company shall pay interest on application money which is liable to be refunded to the Applicants, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realisation of the cheque(s)/demand draft(s) up to one day prior to the Deemed Date of Allotment, at the rate of 4 % per annum. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched/credited (in case of electronic payment) along with the Letter(s) of Refund at the sole risk of the applicant, to the sole/first applicant. However, no interest is to be paid on application monies to the ASBA Applicants.

Provided that, notwithstanding anything contained hereinabove, our Company shall not be liable to pay any interest 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. Please refer to "***Rejection of Application***" at page 161.

TERMS OF THE ISSUE

Authority for the Issue

Pursuant to the resolution passed by the shareholders of our Company at their EGM held on January 24, 2014 and in accordance with provisions of Section 180(1)(c) of the Companies Act, 2013, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) by a sum not exceeding ₹300,000 lacs (Rupees Three Hundred Thousand lacs only).

At the meeting of the Board of Directors of our Company, held on October 17, 2016, the Board approved the issue of NCDs to the public up to an amount not exceeding ₹30,000 lacs (Rupees Thirty Thousand Lacs).

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Application Forms, the terms and conditions of the Debenture Trusteeship Agreement, the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs

The NCDs would constitute secured obligations of our Company and shall rank *pari passu* with the Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of our Company equal to the value 1 time of the debentures outstanding plus interest accrued thereon and first ranking *pari passu* charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. NO.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. met., Tamil Nadu. The NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. Our Company confirms that all permissions and/or consents for creation of a *pari passu* charge on the current assets, book debts, loans and advances, and receivables, both present and future as stated above, have been obtained from all relevant creditors, lenders and debenture trustees of our Company, who have an existing charge over the above-mentioned assets.

Debenture Redemption Reserve

Regulation 16 of the SEBI Debt Regulations and Section 71 of the Companies Act 2013 states that any company that intends to issue debentures must create a Debenture Redemption Reserve out of the profits of the company available for payment of dividend until the redemption of the debentures.

The Companies (Share Capital and Debentures) Rules, 2014 inter alia provides as follows:

"**Rule 18 (7)** The company shall create a Debenture Redemption Reserve for the purpose of redemption of debentures, in accordance with the conditions given below:

(a) the Debenture Redemption Reserve shall be created out of the profits of the company available for payment of dividend;

(b) the company shall create Debenture Redemption Reserve (DRR) in accordance with following conditions:

(i) No DRR is required for debentures issued by All India Financial Institutions (AIFIs) regulated by RBI and Banking Companies for both public as well as privately placed debentures. For other Financial

Institutions (FIs) within the meaning of clause (72) of section 2 of the Companies Act, 2013, DRR will be as applicable to NBFCs registered with RBI.

(ii) For NBFCs registered with the RBI under section 45-IA of the RBI (Amendment) Act, 1997 and for Housing Finance Companies registered with the National Housing Bank, 'the adequacy' of DRR will be 25% of the value of outstanding debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of privately placed debentures.

(iii) For other companies including manufacturing and infrastructure companies, the adequacy of DRR will be 25% of the value of outstanding debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and also 25% DRR is required in the case of privately placed debentures by listed companies. For unlisted companies issuing debentures on private placement basis, the DRR will be 25% of the value of outstanding debentures.

Provided that where a company intends to redeem its debentures prematurely, it may provide for transfer of such amount in Debenture Redemption Reserve as is necessary for redemption of such debentures even if it exceeds the limits specified in this sub-rule.

(c) every company required to create Debenture Redemption Reserve shall on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen per cent, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the following methods, namely:

(i) in deposits with any scheduled bank, free from any charge or lien;

(ii) in unencumbered securities of the Central Government or of any State Government;

(iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;

(iv) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882;

(v) the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen per cent of the amount of the debentures maturing during the year ending on the 31st day of March of that year;"

The said Companies (Share Capital and Debentures) Rules, 2014 further provides that the amount credited to the Debenture Redemption Reserve shall not be utilised by the company except for the purpose of redemption of debentures.

Face Value

The face value of each NCD to be issued under this Issue shall be ₹1,000.

NCD holder not a Shareholder

The NCD holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company.

Rights of NCD holders

Some of the significant rights available to the NCD holders are as follows:

1. The NCDs shall not, except as provided in the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, confer upon the NCD holders thereof any rights or privileges available to our

members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD holders for their consideration. In terms of Section 136 of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.

2. Subject to applicable statutory/regulatory requirements, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. The registered NCD holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

4. The NCDs are subject to the provisions of the SEBI Debt Regulations, the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

5. A register of NCD holders **("Register of Debenture holder")** will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest/redemption amounts and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD holders as on the record date. Further as the NCDs issued are also being issued in Demat form, the Depositories shall also maintain the updated register of holders of the NCDs in Demat Form.

6. Subject to compliance with RBI requirements, NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days' prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

7. The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the terms of the Draft Prospectus and the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹11,250 lacs, within 30 days from the date of Issue of the Prospectus or such other period as may be prescribed by SEBI, the entire application amounts shall be refunded to the Applicants within 12 days from the date of closure of the Issue. Failing which, our Company and our Directors who are officers in default shall be jointly and severally liable to pay that money with interest for the delayed period, at the rate of 15 percent per annum.

Market Lot and Trading Lot

Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

NCDs which are allotted in physical form shall not be eligible for being traded on the floor of Stock Exchange unless such NCDs are converted into dematerialised form, but shall be freely transferable otherwise, subject to applicable statutory and/or regulatory requirement.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment refer to chapter

titled "***Issue Procedure***" beginning on page 143.

Nomination facility to NCD holder

In accordance with Section 72 of the Companies Act, 2013, the sole NCD holder or 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 NCD. A person, being a nominee, becoming entitled to the NCD 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 NCD(s), in the event of his death, during the minority. A nomination shall stand rescinded upon sale of a NCD by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the NCD is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/Corporate Office or at such other addresses as may be notified by us.

NCD holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Section 72 of the Companies Act, 2013, any person who becomes a nominee by virtue of the provisions of the same section, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption amounts or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For nominations made in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Succession

Where NCDs are held in joint names and one of the joint NCD Holder dies, the survivor(s) will be recognised 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, our 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. Our Directors, in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased NCD holder. He shall approach the respective Depository Participant of the NCD Holder for this purpose and submit necessary documents as required by the Depository Participant.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kottayam, India.

Application in the Issue

NCDs being issued through this Draft Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable.

Period of Subscription

The subscription list shall remain open for a period as indicated below, with an option for early closure or extension by such period, as may be decided by the duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given one day prior to such early date of closure through advertisement/s in a leading national daily newspaper.

Issue Opening Date	**[•]**
Issue Closing Date*	**[•]***

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

**Application and any further changes to the Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST") during the Issue Period as mentioned above by the Members of the Syndicate, Trading Members and designated branches of SCSBs, except that on the Issue Closing Date when the Applications and any further changes in details in Applications, if any, shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the Stock Exchange Platform would be rejected.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Draft Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor any Member of the Syndicate, Trading Members or designated branches of SCSBs is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs and on their consolidation/splitting except as may be required under RBI requirements and as provided in our Articles of Association. Please refer to the chapter titled "***Summary of Main Provisions of the Articles of Association***" beginning on page 209.

ISSUE PROCEDURE

Our Company and the Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Draft Prospectus. Investors are advised to make their independent investigations and ensure that their Application does not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.

This chapter applies to all categories of Applicants. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Applicants applying through the ASBA process and the Direct Online Application Mechanism should carefully read the provisions applicable to such applications before making their application in this Issue. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB at the time of making the Application. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs.

ASBA Applicants should note that they may submit their ASBA Applications to the Members of the Syndicate or Trading Members of the Stock Exchange only at the Syndicate ASBA Application Locations, or directly to the Designated Branches of the SCSBs. Applicants other than direct ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members (at the application centres of the Members of the Syndicate will be mentioned in the Application Form) or make online Applications using the online payment gateway of the Stock Exchanges.

Please note that the Applicants cannot apply in this Issue by filling in the application form directly through the online interface of BSE.

Please note that this section has been prepared based on the Circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI. The following Issue procedure is subject to the functioning and operations of the necessary systems and infrastructure put in place by the Stock Exchanges for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by Stock Exchanges and is also subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange(s) and/or SEBI. Please note that the Applicants can apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchanges, if provided for by the Stock Exchanges. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges and we will appropriately notify and/or intimate Investors in connection with the availability of Direct Online Applications Facility either through disclosures in this Draft Prospectus and/or by way of a public announcement or advertisement.

Please note that as per the Circular No. CIR/IMD/DF/18/2013 dated) October 29, 2013 issued by SEBI, Allotment in this Issue shall be made on the basis of date of upload of each Application into the electronic book of the Stock Exchange. However, on the date of oversubscription, the allotments shall be made on a proportionate basis.

PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGE(S) WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE.

THE MEMBERS OF THE SYNDICATE AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITY OF SUCH TRADING MEMBERS IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES.

FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that as per Para 4 of SEBI Circular No. CIR/CFD/DIL/12/2012 dated September 13, 2012, for making Applications by SCSBs on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB/s. Such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for ASBA Applications.

1. Who can Apply

The following categories of persons are eligible to apply in the Issue:

Category I

- Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks,
- Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs;
- Provident Funds of minimum corpus of ₹2,500 lacs, Pension Funds of minimum corpus of ₹2500 lacs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs;
- Venture Capital funds and/or Alternative Investment Funds registered with SEBI;
- Insurance Companies registered with the IRDA;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India
- Mutual Funds, registered with SEBI;

Category II

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
- Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of Persons
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);
- Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lacs;

Category III*

- Resident Indian individuals; and
- Hindu undivided families through the Karta;

** applications aggregating to a value not more than ₹5 lacs.*

<u>Applications cannot be made by:</u>

- Minors without a guardian (A guardian may apply on behalf of a minor. However, the name of the guardian will need to be mentioned on the Application Form) *;
- Non-resident investors including NRIs, QFIs and FPIs who are (i) based in the USA and/or, (ii) domiciled in or resident of the USA, and/or, (iii) U.S. Persons or those who apply on account of or for the benefit of such persons, and/or, (iv) subject to any tax laws of the USA;
- Foreign nationals;
- Persons resident outside India including without limitation Foreign Institutional Investors, Non-Resident Indians, Qualified Foreign Investors, Foreign Venture Capital Funds and Overseas Corporate Bodies; and
- Persons ineligible to contract under applicable statutory/regulatory requirements.

** Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

For Applicants applying for NCDs in demat form, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application

Form and uploaded onto the electronic system of the Stock Exchanges by the Members of the Syndicate or the Trading Members, as the case may be.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

2. How to Apply?

(i) Applicants may use any of the following facilities for making Applications:

(a) ASBA Applications through the Members of Syndicate and Trading Members of the Stock Exchange(s), ("**Syndicate ASBA**");
(b) ASBA Applications through SCSBs, both in physical and electronic mode (wherever provided by the respective SCSB);
(c) Non ASBA Applications through the Members of Syndicate and Trading Members of the Stock Exchange(s); and
(d) Non ASBA Applications through the Members of Syndicate and Trading Members of the Stock Exchange(s) for applicants who intend to hold the NCDs in physical form.

Please note that there is a single Application Form for ASBA as well as non-ASBA Applicants who are Persons Resident in India.

(ii) Availability of Draft Prospectus and Application Forms

Copies of the Abridged Prospectus containing the salient features of the Prospectus together with Application Forms and the copies of the Prospectus may be obtained from our Registered Office, the offices of the Lead Manager, Members of the Syndicate, designated branches of the SCSB and Trading members. Additionally, the Prospectus will be available for download on the website of BSE at www.bseindia.com and the website of the Lead Manager at www.vivro.net. The Abridged Prospectus and Application Forms shall be available on the website of BSE at www.bseindia.com, and the Members of the Syndicate.

A unique application number will be generated for every Application Form downloaded from the websites of the Stock Exchange and Members of the Syndicate. In addition, online demat account portals may also provide the facility of submitting the Application Forms online to their account holders.

The prescribed colour of the Application Form for the Applicants is as follows:

Category	Colour of the Application Form
ASBA Applicants as well as non-ASBA Applicant	White

Electronic Application Forms will also be available on the website of Stock Exchanges. Trading members are required to download the Electronic Application Forms from stock exchanges platforms and submit these forms along with cheques/drafts/payment instrument to the collecting banks.

Applicants are requested to note that in terms of the SEBI Circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2013 ("**Debt Application Circular**"), SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognised stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct

Online Application Mechanism. Eligible investors desirous of applying in the Issue through the Direct Online Application Mechanism shall be able to apply through the Direct Online Application Mechanism, as and when provided for by the Stock Exchanges.

The information below is given for the benefit of the investors. Our Company and/or the Lead Manager are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

Grouping of Applications

For the purposes of the basis of allotment:

(a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, **("Institutional Portion");**
(b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped together, **("Non-Institutional Portion");**
(c) *Applications received from Category III applicants:* Applications received from Category III, shall be grouped together, **("Retail Individual Portion");**

For removal of doubt, "***Institutional Portion***", "***Non-Institutional Portion***" and "***Retail Individual Portion***" are individually referred to as "***Portion***" and collectively referred to as **"*Portions*"**

3. Filing of the Prospectus with RoC

A copy of the Prospectus will be filed with the RoC, in terms of Section 26 of the Companies Act, 2013.

4. Pre-Issue Advertisement

Subject to section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI Debt Regulations. Material updates, if any, between the date of filing of the Draft Prospectus with RoC and the date of release of the statutory advertisement will be included in the statutory advertisement.

5. Procedure for Application

(a) **Non-ASBA Applications**

i. Applications through the Members of the Syndicate/Trading Members of the Stock Exchanges through Collecting Banks without using ASBA Facility

All Application Forms, either in physical or downloaded Application Forms, duly completed or accompanied by account payee cheques/bank drafts shall be submitted with the Members of the Syndicate or Trading Members of the Stock Exchanges before the closure of the Issue. The Members of the Syndicate/Trading Members of the Stock Exchanges, upon receipt of the Non-ASBA Applications, shall upload all the details of the applications on the online platform of the Stock Exchanges. The Applications are to be submitted to the Members of the Syndicate or Trading Members on a timely manner so that the details can be uploaded by the closure of banking hours on to the Stock Exchange platform i.e. from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) during the Issue Period, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and returning it to the Applicant. This acknowledgement slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant should preserve this and should provide the same for any grievances relating to their Application. The Members of the Syndicate/Trading Members of the Stock Exchanges shall thereafter submit the physical Application Form along with the cheque/bank draft to the Escrow Collection Banks, which will realise the payment instrument and send the Application details to the Registrar.

ii. Applications for allotment of physical NCDs by Applicants who do not have a Demat Account

All Applicants who do not have a Demat Account and intend to apply for NCDs in physical form, should submit the Application Forms duly completed in all respects, by providing all the information including

PAN and Demographic Details and accompanied by account payee cheques/demand drafts and the Know Your Customer ("**KYC**") documents with the Members of the Syndicate, Trading Members of the Stock Exchanges. The cheque/bank draft can be drawn on any bank, including a co-operative bank and is member or sub-member of the Bankers' clearing-house and located at the place where the Application Form is submitted, i.e. where the designated collection centres of the Escrow Collection Banks are located. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected and the Escrow Collection Banks shall not be responsible for such rejections. Payments though stockinvest would also not be allowed as the same has been discontinued by the RBI *vide* notification no. *DBOD.NO.FSC.BC. 42/24.47.001/2003-04* dated November 5, 2003. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted. In case payment is effected in contravention of conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. A separate cheque/bank draft must accompany each Application Form. No cash payments shall be accepted.

All cheques/bank drafts accompanying the application should be crossed "A/c Payee only" and all cheques/bank drafts accompanying the applications made by eligible applicants must be made payable to "**Kosamattam Finance limited- NCD Escrow Account**".

KYC Documents to be submitted by Applicants who do not have a Demat account and are applying for NCDs in the Physical Form

(a) Self-attested copy of the proof of identification (for individuals);

Any of the following documents shall be considered as a verifiable proof of identification:

- Passport;
- Voter's ID;
- Driving Licences;
- Government ID Card;
- Defence ID Card;
- Photo PAN Card;
- Photo Ration Card.

(b) Self-attested copy of the PAN card (in case of a minor, the guardian shall also submit the self-attested copy of his/her PAN card);

(c) Self-attested copy of the proof of residence;

Any of the following documents shall be considered as a verifiable proof of residence:

- ration card issued by the GoI;
- valid driving license issued by any transport authority of the Republic of India;
- electricity bill (not older than three months);
- landline telephone bill (not older than three months);
- valid passport issued by the GoI;
- AADHAAR Letter issued by Unique Identification Authority of India ("**UIDAI**");
- voter's Identity Card issued by the GoI;
- passbook or latest bank statement issued by a bank operating in India;
- leave and license agreement or agreement for sale or rent agreement or flat maintenance bill;
- Registered Office address in case of applicants under Category I or Category II; or
- life insurance policy.

(d) Copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

Applicants applying for allotment of NCDs in physical form, by signing the Application Form, confirm to the Company, the Lead Manager and the Registrar that they do not hold any Demat account in India.

The Members of the Syndicate/Trading Members of the Stock Exchanges shall on receipt of the completed Application Form along with the KYC Documents and the cheque/draft, provide an acknowledgment of the application to the Applicant. After verification of the KYC documents submitted by the Applicant along with the application, the Members of the Syndicate/Trading Members of the Stock Exchanges shall upload all such details of the Applicant that is required for the purpose of allotment based on the Application Form on the online platform of the Stock Exchanges.

The Members of the Syndicate/Trading Members of the Stock Exchanges shall thereafter submit the physical Application Form (duly stamped by such Members of the Syndicate/Trading Members of the Stock Exchanges) along with the cheque/bank draft and the KYC Documents to the Escrow Collecting Bank(s), which will realise the payment instrument, and send the Application Form and the KYC documents to the Registrar. The Registrar shall check the KYC documents submitted and match Application details as received from the online platform of Stock Exchanges with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of Stock Exchanges will prevail. The Members of the Syndicate/Trading Members are requested to note that all Applicants are required to be banked with only the banking branches of Escrow Collection Banks, details of which will be available at the websites of the BSE at www.bseindia.com). Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in towns/cities which have at least one banking branch of the Escrow Collection Banks. Upon Allotment, the Registrar will dispatch Bond Certificates to the successful Applicants to their addresses as provided in the Application Form.

Please note that, in the event that KYC documents of an Applicant are not in order, the Registrar will withhold the dispatch of Bond Certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar at the earliest. Please note that in such an event, any delay by the Applicant to provide complete KYC documents to the Registrar will be at the Applicant's sole risk and neither our Company, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the Bond Certificates are withheld by the Registrar. Further, our Company will not be liable for any delays in payment of interest on the Bonds allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the Bonds.

The Members of the Syndicate and the Trading Members of the Stock Exchange shall ensure they shall accept Application Forms only in such cities/towns where the banking branches (escrow banks) are available. Details of such banking branches are available on the website of BSE on www.bseindia.com.

Payment mechanism for non-ASBA Applicants

The cheque/bank draft can be drawn on any bank, including a co-operative bank which is situated at and is member or sub-member of the Bankers' clearing-house located at the place where the Application Form is submitted, i.e. at designated collection centres of the Escrow Collection Bank. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected and the collecting bank shall not be responsible for such rejections. Payment though Stockinvest would also not be allowed as the same has been discontinued by the RBI *vide* notification no. DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated November 5, 2003. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted. In case payment is effected in contravention of conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. A separate cheque/bank draft must accompany each Application Form. No cash payments shall be accepted.

All cheques/bank drafts accompanying the application should be crossed "A/c Payee only" and (a) all cheques/bank drafts accompanying the applications made by eligible applicants must be made payable to "***Kosamattam Finance Limited-NCD Escrow Account***".

Please note that neither our Company, Lead Manager, nor the Members of the Syndicate, nor the

Registrar shall be responsible for redressal of any grievances that Applicants may have in regard to the non-ASBA Applications made to the Trading Members, including, without limitation, relating to non-upload of the Applications data. All grievances against Trading Members in relation to the Issue should be made by Applicants to the relevant Stock Exchange.

Escrow Mechanism

Each Applicant (except for ASBA Applicants) shall draw a cheque or demand draft for the Application Amount as per the following terms:

a) All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form.

b) The Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Escrow Accounts and submit the same along with their Application. If the payment is not made favouring the Escrow Accounts along with the Application Form, the Application will be rejected. Application Forms accompanied by cash, stock invest, money order or postal order will not be accepted.

c) The payment instruments from the Applicants shall be payable into the Escrow Account drawn in favour of "***Kosamattam Finance Limited-NCD Escrow Account***".

d) Payments should be made by cheque, or a demand draft drawn on any bank (including a cooperative bank), which is situated at cities/towns where the banking branches (escrow banks) are available. Details of such branches of the Escrow Banks where the Application Form along with the cheque/demand draft submitted by a Non ASBA applicant shall be deposited by the Members of the Syndicate/Trading Members are available on the website of BSE at www.bseindia.com. Outstation cheques/bank drafts shall be rejected.

Details of the branches of the Escrow Banks where the Application Form along with the cheque/demand draft submitted by a Non ASBA applicant shall be deposited by the Members of the Syndicate and Trading Members are available on the website of BSE at www.bseindia.com.

Upon creation of Security as disclosed in the Trust Deed and receipt of necessary communication from the Lead Manager to the Issue, as per the provisions of the Escrow Agreement, the Escrow Collection Bank(s) shall transfer the monies from the escrow accounts to separate bank accounts i.e. The Public Issue Accounts.

The Fees for Lead Manager shall be paid out of the Public Issue Account once listing/trading approvals are received from Stock Exchanges, upon receipt of instructions from the Lead Manager as provided for in the Escrow Agreement.

The balance amount in the Escrow Accounts, after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund and interest on Application Amount to the relevant Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Draft Prospectus.

The Escrow Collection Banks will act in terms of the Draft Prospectus and the Escrow Agreement. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein.

ASBA Applications

Procedure for Application through the Members of the Syndicate/Trading Members of the Stock Exchanges using the Applications Supported by Blocked Amount ("ASBA") facility and Applications through SCSBs using ASBA facility

This section is for the information of the Applicants proposing to subscribe to the Issue through the ASBA Process ("**ASBA Investors**"). Please note that application through ASBA is optional for all categories of Applicants. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft

Prospectus. ASBA Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates and associates and the Lead Manager, its respective directors, officers, affiliates and associates and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs including, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Applicants can submit their Applications through the ASBA process by submitting the Application Forms in physical mode to the SCSB with whom the ASBA Account is maintained or through the Members of the Syndicate or Trading Members (ASBA Applications through the Members of the Syndicate and Trading Members shall hereinafter be referred to as the "**Syndicate ASBA**"), prior to or on the Issue Closing Date. **ASBA Applications through the Members of the Syndicate and Trading Members is permitted only at the Syndicate ASBA Application Locations** (**Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat**). Kindly note that Application Forms submitted by ASBA Applicants to Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Member of the Syndicate or the Trading Members to deposit the Application Form (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list /5/33/0/0/Recognised-Intermediaries or any other link as prescribed by SEBI from time to time). The Members of Syndicate and Trading Members shall accept ASBA Applications only at the Syndicate ASBA Application Locations and should ensure that they verify the details about the ASBA Account and relevant SCSB prior to accepting the Application Form.

Members of Syndicate and Trading Members shall, upon receipt of physical Application Forms from ASBA Applicants, upload the details of these Application Forms to the online platform of the Stock Exchanges and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained in accordance with the Debt Application Circular.

An ASBA Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by SCSBs and Trading Members, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Trading Members in relation to the Issue should be made by Applicants directly to the Stock Exchanges.

Please note that you cannot apply for the NCDs through the ASBA process if you wish to be allotted the NCDs in physical form.

ASBA Application in electronic mode will only be available with such SCSBs who provide such facility. In case of application in such electronic form, the ASBA Applicant shall submit the Application Form with instruction to block the Application amount either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA Account held with SCSB, as would be made available by the concerned SCSB.

Applications are liable to be rejected, wherein the SCSBs are not able to block the funds for Application Forms which have been uploaded by the Member of the Syndicate or Trading Members of the Stock Exchange due to any reason.

Mode of payment

The Applicant applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the Application Form, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, details of which are provided in the Application Form or through which the Application is being made in case of electronic ASBA Application, the SCSB shall block an amount equivalent to the amount payable on Application mentioned in the Application Form until it receives instructions from the Registrar. After finalisation of Basis of Allotment and upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred into the Public Issue Account maintained by us as per the provisions of section 40(3) of the Companies Act, 2013. The balance amount remaining blocked in the ASBA Accounts, if any, after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account with the SCSB, details of which have been provided by the Applicant in the Application Form, does not have sufficient funds equivalent to the amount payable on application mentioned in the Application Form. Subsequent to the acceptance of the application by the SCSB, the Registrar would have a right to reject the application on any of the technical grounds.

In the event of withdrawal or rejection of Application Form or for unsuccessful Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account within twelve (12) Working Days of receipt of such instruction. There will be no interest paid on any such refunds.

Depository account and bank details for Applicants applying under the ASBA Process

IT IS MANDATORY FOR ALL THE APPLICANTS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR NCDs IN DEMATERIALISED FORM. ALL APPLICANTS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, PAN DETAILS, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.

Applicants applying under the ASBA Process should note that on the basis of name of these Applicants, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository demographic details of these Applicants such as PAN, address for printing on Allotment advice and occupation ("Demographic Details"). Hence, Applicants applying under the ASBA Process should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with such Applicants including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Applicants in the Application Form would not be used for any other purposes by the Registrar. Hence, Applicants are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Applicants applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the ASBA Applicant as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent NCDs are not allotted to such ASBA Applicants. ASBA Applicants may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered.

Note that any such delay shall be at the sole risk of the ASBA Applicants and none of our Company, the SCSBs, the Members of the Syndicate or Trading Member shall be liable to compensate the Applicant applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) Client ID, (b) the DP ID and (c) the PAN Number, then such applications are liable to be rejected.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds, registered with SEBI

No mutual fund scheme shall invest more than 15% of its NAV in debt instruments issued by a single Company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company.

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by Scheduled Banks, Co-operative Banks and Regional Rural Banks

Scheduled Banks, Co-operative Banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. The application must be accompanied by certified true copies of (i) Board Resolution authorising investments; (ii) Letter of Authorisation; (ii) Charter Document and (iv) PAN Card. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The applications must be accompanied by certified copies of (i) Memorandum and Articles of Association; (ii) Power of Attorney; (iii) Resolution authorising investment and containing operating instructions; and (iv) Specimen signatures of authorised signatories. Failing this, our Company reserves the right to accept or reject any Application for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by Alternative Investments Funds

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, must be accompanied by certified true copies of: (i) the SEBI registration certificate of such Alternative Investment Fund; (ii) a resolution authorising the investment and containing operating instructions; and (iii) specimen signatures of authorised persons. Alternative Investment Funds applying for Allotment of the NCDs shall at all-time comply with the conditions for categories as per their SEBI registration certificate and the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions, Statutory Corporations, which are authorised to invest in the NCDs

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by companies, bodies corporate and societies registered under applicable laws in India

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Indian Scientific and/or industrial research organisations, which are authorised to invest in NCDs

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

The application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorising investment and containing operating instructions (Resolution); (iv) Specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Category I Applicants, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Application Form, failing this, our Company reserves the right to accept or reject any Application for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

In case of Investments made pursuant to a power of attorney by Category II and Category III Applicants, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

In case of an ASBA Application pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, our Company, in consultation with the Lead Manager, reserves the right to reject such Applications.

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs in physical form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorised person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Investment Funds for Allotment of the NCDs in physical form must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorised persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the aforementioned documents along with the Application Form subject to such terms and conditions that our Company and the Lead Manager may deem fit.

6. Applicants' PAN, Depository Account and Bank Account Details

(i) Permanent Account Number

The applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act (Except for Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market). In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount o**f** transaction. Any Application Form, without the PAN will be rejected, irrespective of the amount of transaction. It is to be specifically noted that the applicants should not submit the GIR number instead of the PAN as the Application will be rejected on this ground.

(ii) Applicant's Depository Account Details

ALL APPLICANTS APPLYING FOR NCDs IN DEMATERIALISED FORM SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, PAN DETAILS, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.

Applicant should note that on the basis of name of the applicant, PAN details, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the investor such as address, PAN, bank account details for printing on refund orders or used for refunding through electronic mode, as applicable and occupation **("*Demographic Details*").** Hence, applicants should carefully fill in their Depository Account details in the Application Form. Applicants are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

These Demographic Details would be used for all correspondence with the applicants including mailing of the refund orders/Allotment Advice and printing of bank particulars on the refund/interest order and the Demographic Details given by applicant in the Application Form would not be used for these purposes by the Registrar.

Refund Orders/Allotment Advice would be mailed at the address of the applicant as per the Demographic Details received from the Depositories. Applicant may note that delivery of Refund Orders/Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the applicant's sole risk and neither our Company nor the Lead Manager or the Registrar, Syndicate Member, Trading Members or SCSBs shall be liable to compensate the applicant for any losses caused to the applicant due to any such delay or liable to pay any interest for such delay.

However, in case of applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of Refund Orders/Allotment Advice, the demographic details obtained from the Depository of the applicant shall be used.

In case no corresponding record is available with the Depositories that matches all three parameters, namely, the Depository Participant's identity (DP ID), Client ID and PAN, then such applications are liable to be rejected.

(iii) Applicant's Bank Account Details

For the Applicants applying for NCDs in dematerialised form, the Registrar to the Issue will obtain the Applicant's bank account details from the Depository. The Applicant should note that on the basis of the name of the applicant, PAN details, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the applicant's DP account, the applicant's bank account details. The investors are advised to ensure that bank account details are updated in their respective DP Accounts as these bank account details would be printed on the refund order(s) or used for refunding through electronic mode, as applicable. Please note that failure to do so could result in delays in credit of refunds to applicants at the applicant's sole risk and neither the Lead Manager, our Company, the Refund Banker nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

7. Instructions for completing the Application Form

A. Submission of Application Form (Non-ASBA)

General Instructions

- Applications to be made in prescribed form only;
- The forms to be completed in block letters in English;
- Applications are required to be for a minimum of 10 NCDs and in multiples of 1 NCDs
- Ensure that the details about Depository Participant and Beneficiary Account in the Applications for seeking allotment of NCDs in dematerialised mode are correct, as allotment of NCDs to these Applicants will be in the dematerialised form only.
- Information provided by the Applicants in the Application Form will be uploaded on to the Stock Exchanges Platform system by the Members of the Syndicate, Trading Members of the Stock Exchanges as the case may be, and the electronic data will be used to make allocation/Allotment. The Applicants should ensure that the details are correct and legible;
- Applications should be made by Karta in case of HUF. Please ensure PAN details of the HUF is mentioned and not of Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form. In case of Joint Applicants, PAN of all Joint Applicants is compulsory;
- Applicants (other than those applying for Allotment of NCDs in physical form) should correctly

mention their DP ID and Client ID in the Application Form. For the purpose of evaluating the validity of Applications, the Demographic Details of Applicants shall be derived from the DP ID and Client ID mentioned in the Application Form;

- Application should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying of Allotment of NCDs in demat form).
- Applicants applying for Allotment of NCDs in physical form should submit the KYC documents as mentioned above. The Registrar shall withhold dispatch of the Physical NCD certificates till the proper KYC documents are received;
- All applicants are required to tick the relevant column of "Category of Investor" in the Application Form;
- All applicants are required to tick the relevant box of the "Mode of Application" in the Application Form choosing either ASBA or Non-ASBA mechanism;
- All Application Forms (except in case of Application Forms through ASBA mechanism) duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the Issue to any of the Members of the Syndicate and Trading Members of the Stock Exchanges, who shall upload the same on the Stock Exchange Platform before the closure of the Issue;
- All Applicants applying through Non-ASBA mechanism shall mention the Application Number, Sole/first Applicant's name and the phone number on the reverse side of the cheque and demand draft;
- No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge the same;
- Where minor applicant is applying through guardian, it shall be mandatory to mention the PAN of the minor in the Application.

Further Instructions for ASBA Applicants

- ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch, otherwise the concerned SCSB shall reject the Application;
- If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five applications can be made from one single ASBA Account;
- For ASBA Applicants, the Applications in physical mode should be submitted to the SCSBs or a member of the Syndicate or to the Trading Members of the Stock Exchanges on the prescribed Application Form. SCSBs may provide the electronic mode for making application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for application and blocking funds in the ASBA Account;
- Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchanges and/or SCSB. Application Forms which do not bear the stamp is liable to be rejected.

ALL APPLICATIONS BY CATEGORY I APPLICANTS SHALL BE RECEIVED ONLY BY THE LEAD MANAGER AND ITS RESPECTIVE AFFILIATES.

All Applicants should apply for one or more option of NCDs in a single Application Form only.

To supplement the foregoing, the mode and manner of Application and submission of physical Application Forms is illustrated in the following chart.

Mode of Application	To whom the Application Form has to be submitted
ASBA Applications	i. to the Members of the Syndicate only at the Syndicate ASBA Application Locations; or ii. to the Designated Branches of the SCSBs where the ASBA Account is maintained, in physical and electronic mode (if provided by the respective SCSBs); or iii. to Trading Members only at the Syndicate ASBA Application Locations.
Non- ASBA Applications	i. to the Members of the Syndicate; or ii. to Trading Members.

B. Terms of Payment

The face value for the NCDs is payable on application only. In case of allotment of lesser number of NCDs than the number applied, our Company shall refund/unblock the excess amount paid on application to the applicant.

8. Electronic registration of Applications

(i) The Members of the Syndicate, SCSBs and Trading Members will register the Applications using the on-line facilities of Stock Exchanges. The Lead Manager, our Company, and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs and Trading Members, (ii) the Applications uploaded by the SCSBs and the Trading Members, (iii) the Applications accepted but not uploaded by the SCSBs or the Trading Members, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (iv) with respect to ASBA Applications accepted and uploaded by Members of the Syndicate for which the Application Amounts are not blocked by the SCSBs.

(ii) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Members of the Syndicate, Trading Members and the SCSBs during the Issue Period. On the Issue Closing Date, the Members of the Syndicate, Trading Members and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Members of the Syndicate, Trading Members and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.

(iii) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchanges, would be made available at the Application centres as provided in the Application Form during the Issue Period.

(iv) At the time of registering each Application, SCSBs, the Members of the Syndicate and Trading Members, as the case may be, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts, details of payment instruments (for non – ASBA Applications) and any other details that may be prescribed by the online uploading platform of the Stock Exchanges.

(v) On request, a system generated TRS will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the TRS from the SCSBs, Members of the Syndicate or the Trading Members, as the case may be. The registration of the Applications by the SCSBs, Members of the Syndicate or Trading Members does not guarantee that the NCDs shall be allocated/Allotted by our Company. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(vi) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.

(vii) In case of apparent data entry error by either the Members of the Syndicate or the Trading Members, in entering the Application Form number in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid, or such exceptions may be recorded in

minutes of the meeting submitted to the Designated Stock Exchange.

(viii) Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for Allotment. The Members of the Syndicate, Trading Members and the Designated Braches of the SCSBs shall capture all data relevant for the purposes of finalising the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order to ensure that your application is properly loaded on the Stock Exchange, avoid making the application near the time of the closure.

9. General Instructions

Do's

- Check if eligible to apply;
- Read all the instructions carefully and complete the Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account in the allotment of NCDs in Dematerialised form through the Members of the Syndicate and Trading Members are correct, as allotment of NCDs to these applicants will be in the dematerialised form only;
- Ensure you have provided all KYC documents (self-attested) along with the Application Form and the date of birth is mentioned on the Application Form in case of Applications made for Allotment in physical mode;
- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;
- Ensure that the Applications are submitted to the Members of the Syndicate and Trading Members on a timely manner on the Issue Closing Date so that the details can be uploaded before the closure of the Bidding Period;
- Ensure that the Applicant's name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;
- Ensure that the first named applicant whose name appears in the Application Form has signed the Application form;
- Ensure that you mention your PAN allotted under the IT Act;
- Ensure that the Demographic Details are updated, true and correct in all respects (except in case where the application is for NCDs in physical form);
- Ensure the use of an Application Form bearing the stamp of the relevant SCSB, Trading Members of the Stock Exchanges or the Members of the Syndicate (except in case of electronic ASBA Applications) to whom the application is submitted;
- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities, as applicable to each category of investor, to apply for, subscribe to and/or seek allotment of NCDs pursuant to the Issue;
- In case you are submitting an Application Form to a trading member ensure that he is located in a town/city that has an escrow banking facility. (list of such locations are available on the websites of Stock Exchanges, a link for the same being available in the Application Form;
- Ensure that you receive an acknowledgement from the Designated Branch, the Trading Member of the Stock Exchanges or from the Members of the Syndicate, as the case may be, for the submission and upload of your Application Form;
- Applicants (other than the ASBA Applicants are requested to write sole/first Applicant's name, phone number and the Application number on the reverse of the Cheque/Demand Draft through which the payment is made.

Do's for ASBA Applicants in addition to the above mentioned general instructions

- Ensure that you specify ASBA as the 'Mode of Application' and use the Application Form bearing the stamp of the relevant SCSB, Trading Members of the Stock Exchanges or the Members of the Syndicate (except in case of electronic Application Forms) to whom the application is submitted;
- Ensure that your Application Form is submitted either at a Designated Branch of an SCSB where the ASBA Account is maintained, with a Trading Member of the Stock Exchanges at the Syndicate ASBA

Application Locations or with the Members of the Syndicate and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;

- ASBA Applicants applying through a Member of the Syndicate/Trading Member should ensure that the Application Form is submitted to such Member of the Syndicate/Trading Member. ASBA Applicants should also ensure that Application Forms submitted to the Members of the Syndicate/Trading Member will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Members of the Syndicate/Trading Member to deposit the Application Form from ASBA Applicants (A list of such designated branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or any other link as prescribed by SEBI from time to time). ASBA Applicants Applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch, of a SCSB where the ASBA Account is maintained (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or any other link as prescribed by SEBI from time to time).
- Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
- Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that you have funds equal to or more than the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch, with a Trading Member of the Stock Exchanges or to the Members of the Syndicate;
- Ensure that the Applications are submitted to the SCSBs, Members of the Syndicate and Trading Members on a timely manner on the Issue Closing Date so that the details can be uploaded before the closure of the Bidding Period;
- Ensure that the first named applicant whose name appears in the Application Form has signed the Application form.
- In case you are submitting the Application Form to a Member of the Syndicate, please ensure that the SCSBs with whom the ASBA Account specified in the Application Form is maintained, has a branch specified for collecting such Application Forms in the location where the Application Form is being submitted.
- In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, in case of an SCSB making an ASBA Application, such ASBA Application should be made through an ASBA Account utilised solely for the purpose of applying in public issues and maintained in the name of such SCSB Applicant with a different SCSB, wherein clear demarcated funds are available.
- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form and that your signature in the Application Form matches with your available bank records;
- Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form;
- Ensure that you receive an acknowledgement from the Designated Branch or the concerned Lead Manager or Trading Member of the Stock Exchange, as the case may be, for the submission of the Application Form.

Don’ts:

- Do not apply for lower than the minimum application size;
- Do not pay the Application Amount in cash or by money order or by postal order or by stockinvest;
- Do not fill up the Application Form such that the NCDs applied for exceeds the issue size and/or investment limit applicable to such investor under laws or regulations applicable to such investor or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application Form will be rejected on this ground;
- Do not submit the Application Forms without the full Application Amount;
- Do not send Application Forms by post;
- Do not submit Application Forms in non-ASBA mode to any of the Collection Centres of the Bankers to the Issue/Registrar/Company;

Don'ts for ASBA Applicants in addition to the above mentioned general instructions

- Payment of Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts shall not be accepted under the ASBA;
- Do not send your physical Application Form by post. Instead submit the same to a Trading Member of the Stock Exchanges or to a Member of the Syndicate, as the case may be;
- Do not submit more than five Application Forms per ASBA Account;
- Do not submit the Application Form with a Member of the Syndicate or Trading Member of the Stock Exchanges, at a location other than where the Syndicate ASBA Application Locations; and
- Do not submit ASBA Applications to a Member of the Syndicate or the Trading Members of the Stock Exchanges unless the SCSB where the ASBA Account is maintained as specified in the Application Form, has named at-least one Designated Branch, as displayed on the SEBI website (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or any other link as prescribed by SEBI from time to time) in the relevant area for the Members of the Syndicate or the Trading Members of the Stock Exchanges to deposit the Application Forms.

10. Other Instructions

A. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form and at the address mentioned therein. PAN for all Joint applicants is compulsory.

B. Additional/Multiple Applications

An applicant is allowed to make one or more applications for the NCDs for the same or other Options of NCDs, subject to a minimum application size of ₹10,000 and in multiples of ₹1,000 thereafter, for each application. Any application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected.

Any application made by any person in his individual capacity and an application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as joint applicant, shall not be deemed to be a multiple application but for the purpose of deciding whether the applicant will be considered under the Individual Portion, two or more applications, as above, will be clubbed together.

For the purposes of allotment of NCDs under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together and treated as one application. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same.

C. Depository Arrangements

The allotment of NCDs of our Company can be made in both dematerialised form (i.e. not in the form of physical certificates but be fungible and be represented by the Statement issued through electronic mode) as well as physical form.

We have made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. Please note that Tripartite Agreements shall be executed between our Company, the Registrar and both the depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

(i) Tripartite Agreements shall be entered into between us, the Registrar to the Issue and CDSL and NSDL, respectively for offering depository option to the investors,
(ii) An applicant who wishes to apply for NCDs in the electronic form must have at least one

beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application,

(iii) The applicant seeking allotment of NCDs in the Electronic Form must necessarily fill in the Demographic Details in the Application Form,

(iv) NCDs allotted to an applicant in the Electronic Account Form will be credited directly to the applicant's respective beneficiary account(s),

(v) For subscription in electronic form, names in the Application Form should be identical to those appearing in the account details in the depository.

(vi) Non-transferable Allotment Advice/refund orders will be directly sent to the applicant by the Registrars to this Issue,

(vii) If incomplete/incorrect details are given in the Application Form, it will be rejected.

(viii) For allotment of NCDs in electronic form, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, our Company would not be liable for losses, if any,

(ix) It may be noted that NCDs in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.

(x) Interest/redemption amount or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on record date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the record date/book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of ten (10) Working Days.

(xi) The trading of the NCDs shall be in dematerialised form only.

D. Communications

- All future Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the applicant and its application.
- Applicants can contact the Compliance Officer of our Company/Lead Manager or the Registrar to the Issue in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non- receipt of Allotment Advice/credit of NCDs in depository's beneficiary account/refund orders, etc., applicants may contact the Compliance Officer of our Company/Lead Manager or Registrar to the Issue.
- Applicants who have submitted Application Forms with the Trading Members may contact the Trading Member for Issue related problems.

11. Rejection of Application

The Board of Directors and/or any committee of our Company reserves its full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- Applications not duly signed by the sole/joint applicants (in the same sequence as they appear in the records of the depository), signature of sole and/or joint applicant(s) missing;
- Applications submitted without payment of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- In case of partnership firms (except limited liability partnership firms), NCDs may be registered in the names of the individual partners and any application in the name of the partnership firm shall be rejected;
- Date of Birth for First/Sole Applicant for persons applying for allotment of NCDs in physical form not mentioned in the Application Form;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors (without the name of guardian) and insane persons;
- PAN of the Applicant not mentioned in the Application Form except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants;
- GIR number furnished instead of PAN;

- Minor applicant (applying through guardian) without mentioning the PAN of the minor applicant
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications by any persons outside India including Applications by OCBs;
- Non-resident investors including NRIs, FPIs and QFIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- Any application for an amount below the minimum application size;
- Application for number of NCDs, which are not in multiples of one;
- In case of Applicants applying the NCD in physical form, if the address of the Applicant is not provided in the Application Form.
- Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Application Form does not have applicant's depository account details (i.e. DP ID & Client ID) and has not opted for Allotment of NCDs in physical form;
- Applications accompanied by Stockinvest/money order/postal order;
- Application Forms not delivered by the applicant within the time prescribed as per the Application Form and this Draft Prospectus and as per the instructions in this Draft Prospectus and the Application Form;
- In case the subscription amount is paid in cash;
- In case no corresponding record is available with the Depositories that matches three parameters namely, client ID, PAN and the DP ID in case of Application for Allotment in dematerialised form;
- Applications submitted directly to the Escrow Collection Banks, if such bank is not the SCSB;
- Application Form accompanied with more than one payment instrument;
- For applications in demat mode, DP ID/Client ID/PAN as per Electronic file does not match with depository records
- Application not uploaded into the Electronic files of Stock Exchanges
- Applications directly uploaded to the Electronic files of Stock Exchanges and not through the Members of the Syndicate or Trading Members of the Exchanges.
- Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- ASBA Application Forms not being signed by the ASBA Account holder;
- ASBA Applications not having details of the ASBA Account to be blocked;
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- Applications where clear funds are not available in the Applicant's bank account as per final certificates from Escrow Collection Banks;
- Authorisation to the SCSB for blocking funds in the ASBA Account not provided;
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable;
- Applications by Applicants whose demat accounts are inoperative or have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- In case of SCSBs applying for Allotment of NCDs, if the ASBA Account is not maintained in the name of such SCSB with a different SEBI registered SCSB;
- ASBA Applications submitted to the Members of Syndicate or Trading Members of the Stock Exchange or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), or those submitted to our Company or the Registrar to the Issue;

Kindly note that The ASBA Applications being submitted with the Member of the Syndicate or with the Trading Members of the Stock Exchanges should be submitted at the Syndicate ASBA Application Locations. Further, ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one Designated Branch for the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or any other link as prescribed by SEBI from time to time).

For further instructions regarding application for the NCDs, investors are requested to read the Application Form.

12. Allotment Advice/Refund Orders

The unutilised portion of the application money will be refunded to the Applicant on the Designated Date and no later than twelve (12) working days from the Issue Closing Date in the manner as provided below:

(a) In case of Applications made by Non-ASBA applicants on the Stock Exchange through the Members of the Syndicate/Trading Members of the Stock Exchanges by making payment though cheques, the unutilised portion of the application money (includes refund amounts payable to unsuccessful Applicants and also the excess amount paid on Application) will be credited to the Bank Account of the Applicant as per the banking account details (i) available with the depositories for Applicants having Demat accounts and (ii) as provided in the Application Form for others by way of any of the following modes:

(i) Direct Credit – Investors having bank accounts with the Refund Bankers shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.
(ii) NECS – Payment of refund would be done through NECS for Investors having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
(iii) NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
(iv) RTGS – If the refund amount exceeds ₹200,000, the Investors have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) for the same would be borne by us. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
(v) For all other Investors (non-ASBA) the refund orders will be despatched through Speed Post/Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
(vi) Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force and are permitted by the SEBI from time to time.

(b) In case of ASBA Applications, the unutilised portion of the application money shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSBs.

Further,

- Allotment of NCDs shall be made within a time period of twelve (12) Working Days from the date of closure of the Issue;
- Credit to demat account will be given no later than twelve (12) Working Days from the date of the closure of the Issue;
- Our Company shall pay interest at 15% (fifteen) per annum if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within twelve (12) Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier. If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the such rate of interest as prescribed, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.

Our Company will provide adequate funds to the Registrars to the Issue, for this purpose.

13. Retention of oversubscription

Our Company is making a public Issue of NCDs aggregating up to ₹15,000 lacs (Base Issue) with an option to retain oversubscription of NCDs up to ₹15,000 lacs, aggregating to ₹30,000 lacs (Overall Issue).

14. Basis of Allotment

The registrar will aggregate the applications based on the applications received through an electronic book from the stock exchanges and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

(a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, **("*Institutional Portion*");**

(b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped together, **("*Non-Institutional Portion*");**

(c) *Applications received from Category III applicants:* Applications received from Category III, shall be grouped together, **("Retail Individual Portion")**

For removal of doubt, "***Institutional Portion***", "***Non-Institutional Portion***" and "***Retail Individual Portion***" are individually referred to as "***Portion***" and collectively referred to as **"*Portions*"**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹10,000 lacs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the **"*Overall Issue Size*".**

Basis of Allotment for NCDs

Allotments in the first instance:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Lead Manager and their respective Affiliates/SCSB (Designated Branch or online acknowledgement);

(ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

(iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first-come first-serve basis, based on the date of upload of each application into the Electronic Book with Stock Exchanges, in each Portion subject to the Allocation Ratio.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in allotments will be given in the following order:

(i) Individual Portion
(ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹5 lacs;
(iii) Institutional Portion
(iv) on a first come first serve basis.

For each Portion, all applications uploaded into the Electronic Book with Stock Exchanges would be treated at par with each other. Allotment within a day would be on proportionate basis, where NCDs applied for exceeds NCDs to be allotted for each Portion respectively.

Minimum allotments of one (1) NCDs and in multiples of one (1) NCD thereafter would be made in case of each valid application.

(b) Allotments in case of oversubscription:

In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of NCDs to the valid applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis.

In view of the same, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com for details in respect of subscription. For further details on "***Interest on application monies received which are liable to be refunded***" please refer to page 137 of the Draft Prospectus.

(c) Proportionate Allotments: For each Portion, on the date of oversubscription:

(i) Allotments to the applicants shall be made in proportion to their respective application size, rounded off to the nearest integer,
(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue size, not all applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference,
(iii) In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(d) Applicant applying for more than one Options of NCDs:

If an applicant has applied for more than one Options of NCDs, and in case such applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such applications received on the date of oversubscription, the option-wise allocation of NCDs to such applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for allotment made, our Company in consultation with the Lead Manager will allot the residual NCD (s) in the following order:

(i) first with monthly interest payment in decreasing order of tenor i.e. Options VII, IV and II;
(ii) followed by payment on maturity options in decreasing order of tenor i.e. Options VIII, VI, V, III and I;

Hence using the above procedure, the order of allotment for the residual NCD (s) will be: Options VII, IV, II, VIII, VI, V, III and I.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Draft Prospectus.

Our Company would allot Option II NCDs to all valid applications, wherein the applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹1,000 in accordance with the pecking order mentioned above.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Draft Prospectus.

15. Investor Withdrawals and Pre-closure

Investor Withdrawal: Applicants are allowed to withdraw their applications at any time prior to the closure of the Issue. In case an Applicant wishes to withdraw an Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of the Basis of Allotment.

Pre-closure: Our Company, in consultation with the Lead Manager reserves the right to close the Issue at any time prior to the Issue Closing Date. Our Company shall allot NCDs with respect to the applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given on or before such early date of closure through advertisement/s in leading national daily newspapers in which the statutory advertisement has been published.

16. Utilisation of Application Money

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

17. Utilisation of Issue Proceeds

(i) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in Section 40 (3) of the Companies Act, 2013.
(ii) Details of all monies utilised out of Issue shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue;
(iii) Details of all unutilised monies out of issue of NCDs, if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
(iv) We shall utilise the Issue proceeds only upon execution of the documents for creation of security as stated in this Draft Prospectus and receipt of listing and trading approval from the Stock Exchange; and
(v) 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; however, the Issue Proceeds may be used for issuing Loans against securities.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who—*
(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
(b) makes or abets making of multiple applications to a company in different names or in different

combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name.

shall be liable for action under Section 447 of the Companies Act, 2013."

Listing

The NCDs offered through this Draft Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* letter dated [•], 2016. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE are taken within twelve (12) working days from the date of closure of the Issue.

Undertaking by the Issuer

We undertake that:

(a) the complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Trading Members) shall be attended to by us expeditiously and satisfactorily;

(b) we shall take necessary steps for the purpose of getting the NCDs listed within the specified time;

(c) the funds required for dispatch of refund orders/allotment advice/certificates by registered post shall be made available to the Registrar by our Company;

(d) necessary cooperation to the credit rating agencies shall be extended in providing true and adequate information until the debt obligations in respect of the NCDs are outstanding;

(e) we shall forward the details of utilisation of the funds raised through the NCDs duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;

(f) we shall disclose the complete name and address of the Debenture Trustee in our annual report;

(g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of NCDs as contained in this Draft Prospectus; and

(h) we shall make necessary disclosures/reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

SECTION VII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against our Company and its Board of Directors that may have an adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company as of the date of this Draft Prospectus.

Save as disclosed herein below, there are no:

- *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of our Company during the last five years immediately preceding the year of the issue of the Draft Prospectus and any direction issued by such Ministry or Department or statutory authority;*
- *pending litigation involving our Company, our Promoter, our Directors, Subsidiaries, Group Companies or any other person, whose outcome could have material adverse effect on the position of the issuer;*
- *pending proceedings initiated against our Company for economic offences;*
- *default and non-payment of statutory dues etc.*

Further from time to time, we have been and continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. These legal proceedings are mostly civil in nature. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India.

Litigations against our Company

Notices

1. The Deputy Registrar of Companies, Kerala ("**Registrar**") issued a letter dated January 21, 2014 to our Company calling for information under section 234 of the Companies Act 1956 ("**Letter**"). The Registrar vide the Letter has inter alia sought for certain information/clarifications i.e. reasons for noncompliance of section 219, 217(4), 383A. The Registrar has amongst others also sought for copies of register maintained under 301 of the Companies Act 1956. Our Company vide letter dated February 7, 2014 submitted the copies of the relevant documents sought by the Registrar.

Tax Litigations

Direct Tax

1. The Commissioner of Income Tax (Central), Kochi ("**CITK**") filed a writ petition (c) bearing no. 23856/2013 dated August 28, 2013 ("**Writ Petition**"), before the High Court of Kerala against the order dated March 25, 2013 ("**Order**") passed by the Income Tax Settlement Commission, Chennai ("**Commission**") for the assessment years 2004-05 to 2010-11, granting immunity to our Company from penalty and prosecution. Aggrieved by the Order, the Writ Petition was filed by CITK inter-alia on the ground that the Commission has no authority to grant immunity to our Company from penalty and prosecution unless our Company makes full and true disclosure of its income, manner in which it was derived and cooperates with the Commission in the proceedings. The CITK further alleged that the income admitted by our Company was less than the income quantified by the Commission and hence full and true disclosure wasn't made and thus the Order passed by the Commission was against law. Further, the CITK has prayed for the issuance of writ of certiorari or any other appropriate order quashing the Order to the extent that it granted immunity to our Company from prosecution and penalty. The matter is currently pending.

Indirect Tax

1. The Office of the Commissioner of Central Excise and Customs, Cochin ("**Authority**") has issued a show cause notice bearing no. V/ST/15/154/2015 ST Adj dated April 21, 2015 ("**SCN**") to our Company calling upon our Company to show cause as to why a sum of ₹4,384.86 lacs should not be included in the value of the taxable service rendered by our Company for a period from April 1, 2013 to March 31, 2014, the differential service tax amounting to ₹526.18 lacs, education cess amounting to ₹10.52 lacs and higher education cess of ₹5.26 lacs should not be demanded and recovered from our Company, under Section 73(1) of the Finance Act, 1994 ("**Act**"). Also, our Company was asked to show cause as to why applicable interest under Section 75 of the Act and penalty under Section 76, 77(2) and 78 should not be imposed on our Company. In the SCN the Authority contended that our Company undertook rail and bus ticket bookings and had charged amounts as token and postage charges, further our Company also received commission for doing agency business for insurance companies in addition to receiving commission from M/s Wall Street Finance Limited for acting as their sub-representatives for the purpose of offering money transfer services. Our Company vide a letter dated July 1, 2015 replied to the SCN wherein we have justified that no service tax is payable on the risk interest/token charges/postage charges and on commission received on insurance and money transfer services. The Authority vide an order dated March 15, 2016 ("**Order**") confirmed the demand of ₹5,26,18,392 as service tax, ₹10.52 lacs as education cess and ₹5.26 lacs as higher education cess thereby aggregating our total tax liability to ₹5,41,96,943 along with a penalty of ₹5,42,06,943 being imposed on our Company. Against the Order, our Company preferred an appeal dated August 16, 2016 before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore ("**Tribunal**"), wherein our Company in its prayer has requested the Tribunal to set aside the Order. The matter is currently pending.

2. Our Company filed an appeal bearing no. 105/ST/CHN/2011 dated June 8, 2011 ("**Appeal**") before the Commissioner of Central Excise and Service Tax (Appeals), Cochin challenging the order-in-original no. 39/2011-ST dated March 14, 2011 ("**Order**") passed by the Joint Commissioner of Central Excise and Customs ("**Authority**") for the assessment years September 2004 to September 2008. The Directorate General of Central Excise Intelligence, Bangalore had issued a show cause notice number 30/2009-10 dated July 20, 2009 ("**SCN**") to our Company alleging evasion of service tax and education cess and called upon our Company to show cause to the Authority as to why an amount of ₹39.99 lacs towards service tax, ₹0.79 lacs towards education cess and ₹0.24 lacs towards secondary higher education cess along with interest and penalty under the Finance Act 1994 should not be demanded from our Company. The SCN was heard and the issue was adjudicated by the Authority vide its Order which confirmed the proposal contained in the SCN, resulting in the demand of service tax of ₹41.04 lacs along with interest and penalties. The Appeal was filed inter-alia on the grounds that the disputed taxable amount is only interest received on Gold Loan which is eligible for exemption from payment of service tax. Also, the money transfer services rendered by our Company represent export of service on which levy of service tax is not legally sustainable. Our Company has prayed that the Order be set aside. The matter was decided against our Company by the Office of the Commissioner of Central Excise, Customs and Service Tax (Appeals-I), vide an order dated September 9, 2016, wherein the penalty passed by the Authority was upheld. Our Company is currently in the process of filing an appeal within a period of 90 days.

3. The Office of the Commissioner of Central Excise and Customs, Cochin ("**Authority**") has issued a show cause notice no. 196/2013/ST dated October 15, 2013 ("**SCN**") to our Company alleging evasion of service tax, education cess and higher education cess for the period from December 1, 2011 to March 31, 2012. The SCN called upon our Company to show cause as to why the service tax amounting to ₹233.09 lacs, education cess amounting to ₹4.66 lacs and higher education cess of ₹2.33 lacs along with interest and penalty should not be demanded and recovered from our Company. We have submitted our reply dated December 13, 2013 wherein we have justified that no service tax is payable on the risk interest/token charges/postage charges and on commission received on money transfer services. Subsequently, the Commissioner of Central Excise, Customs and Service Tax vide order dated December 26, 2014 ("**Order**") confirmed the demand and disposed of the SCN. Our Company has filed an appeal dated March 31, 2015 with Customs Excise and Service Tax Appellate Tribunal, Bangalore. The matter is currently pending.

4. Our Company received a show cause notice No. 131/2014/ST dated May 12, 2014 ("**Notice**") from the Office of the Commissioner of Central Excise, Customs and Service Tax, Cochin. The Authority vide Notice demanded our Company to show cause as to why the differential service tax amounting to ₹221.60 lacs, education cess amounting to ₹4.43 lacs and secondary and higher education cess of ₹2.22 lacs not paid under the service category "Banking & other Finance Services" for the period April 01, 2012 to June 30, 2012 should not be demanded and recovered from them under section 73 (1) of the Finance Act, 1994; the service

tax amounting to ₹0.01 lacs, education cess of ₹299 and secondary and higher education cess of ₹149 not paid under the service category Rail Travel Agents Services for the period April 01, 2012 to June 30, 2012 should not be recovered and demanded under section 73 (1) of the Finance Act, 1994; the service tax amounting to ₹562, education cess of ₹11 and secondary and higher education cess of ₹6 not paid under the service category Travel Agents for the period April 01, 2012 to June 30, 2012 should not be recovered and demanded under section 73 (1) of the Finance Act, 1994; the service tax amounting to ₹0.23 lacs, education cess of ₹462 and secondary and higher education cess of ₹231 not paid under the service category Business Auxiliary Services for the period April 01, 2012 to June 30, 2012 should not be recovered and demanded under section 73 (1) of the Finance Act, 1994; the service tax amounting to ₹1.46 lacs, education cess of ₹2,923 and secondary and higher education cess of ₹1,462 not paid under the service category Business Auxiliary Services for the period April 01, 2012 to June 30, 2012 should not be recovered and demanded under section 73 (1) of the Finance Act, 1994. Further, why separate penalties should not be imposed under the provisions of section 76 and 77 of the Finance Act, 1994. Our Company replied to the Notice vide letter dated June 18, 2014. Subsequently, the Commissioner of Central Excise, Customs and Service Tax vide order dated December 26, 2014 ("**Order**") confirmed the demand and disposed of the SCN Our Company has filed an appeal dated March 31, 2015 with Customs Excise and Service Tax Appellate Tribunal, Bangalore The matter is currently pending.

5. The Office of the Commissioner of Central Excise and Customs, Cochin ("**Authority**") issued a Show Cause Notice bearing No. 228/2013/S'I' dated October 24 2013 ("**SCN**") to our Company. The SCN called upon our Company to show cause as to why ₹65,79,78,920 should not be included in taxable value under the head 'Banking and Financial Services', and an amount of service tax amounting to ₹6,62,52,174, education cess of ₹13,25,044 and higher education cess of ₹6,62,527 under the head of 'Banking & other financial service' for the period of October 2008 to November 2011 should not be demanded and recovered from our Company, the differential service tax amounting to ₹50,728, education cess amounting to ₹1,015 and higher education cess of ₹507 under the service category 'Rail Travel Services' for the commission received for the period 2009-10 to November 2011 should not be demanded and recovered from our Company, the differential service tax amounting to ₹13,42,864, education cess amounting to ₹26,857 and higher education cess of ₹13,429 under the service category 'business auxiliary services' for the period October 2008 to November 2011 and deferential tax of ₹815, education cess of ₹16 and higher education cess of ₹8 under the head of 'Travel agent service' for the period of November 2010 to November 2011 should not be demanded and recovered from our Company, an amount of ₹131,23, 879 received as commission on money transfer should not be included in the taxable value under the category 'Business Auxiliary Services', the amount of ₹13,42,864 being the service tax on the commission along with education cess for the period from October 2008 to November 2011 should not be demanded and recovered from our Company along with interest and penalty. Subsequently, the Authority vide order dated December 26, 2014 confirmed the demand and disposed of the SCN. Our Company has filed an appeal dated March 31, 2015 with Customs Excise and Service Tax Appellate Tribunal, Bangalore. The matter is currently pending.

6. The Office of the Commissioner of Central Excise and Customs, Cochin ("**Authority**") issued a Show Cause Notice bearing No 211/2014/ST dated September 30, 2014 ("**SCN**")**.** The SCN called upon our Company to show cause as to why, service tax and education cess amounting to ₹9,72,89,472 for services rendered for the period of July 1, 2012 to March 31, 2013, should not be included in taxable value under the head 'Banking and Financial Services' including risk interest, token charges and postage charges, business auxiliary service, on money transfer activities, air travel agent, rail travel agent and other travel agent's services. Subsequently, the Authority vide order dated March 18, 2016 ("**Order**") confirmed the demand of the outstanding tax liability of ₹9,72,89, 472 along with levying a total penalty of ₹97,38,000. Against the Order, our Company preferred an appeal dated August 16, 2016 before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore ("**Tribunal**"), wherein our Company in its prayer has requested the Tribunal to set aside the Order. The matter is currently pending.

7. The Office of the Commissioner of Central Excise and Customs, Cochin ("**Authority**") issued a Show Cause Notice bearing No. 224/2016/ST, C. No. V/ST/15/190/2016-STAdj dated April 22, 2016 ("**SCN**"). The SCN called upon our Company to show cause as to why a sum of ₹71,92,42,179 collected in excess of 18% per annum from the gold loan customers, accounted as interest on gold loan account, ₹ 76,06,355 accounted as token charges and ₹53,67,330 accounted as postage charges, should not be included in the value of taxable services rendered by them during the period from April 1, 2014 to March 31, 2015 ("**Taxable Period**"). Our Company was asked to show cause as to why a service tax amounting to ₹8,78,65,904, education cess of ₹17,57,318 and secondary higher education cess of ₹8,78,660 in the Taxable Period should not be levied. Our Company filed a reply to the SCN, dated May 21, 2016. The matter is currently pending.

8. The Office of the Commissioner of Central Excise and Customs, Cochin ("**Authority**") issued a Show Cause Notice bearing No. 01/2016/ST (R) C. No IV/10/15/KF/2015-ST(R) dated February 19, 2016 ("**SCN**"). The SCN called upon our Company to show cause, as to why the refund of ₹4,95,564 claimed for services provided to the Mobile Telephone Switching Office ("**MTSOs**") during the period covered in the Notification No. 19/2015 ST dated October 14, 2015, issued under Section 11C of Central Excise Act, 1944 should not be rejected. Subsequently, the Authority vide order dated March 31, 2016 rejected the claim for refund of ₹4,95,564 ("**Order**"). Our Company filed an appeal dated June 4, 2016, against the Order, before the Commissioner of Central Excise and Customs (Appeals), Cochin. The matter is currently pending.

9. The Office of the Inspecting Assistant Commissioner (Intelligence Branch), Commercial Taxes, Kottayam ("**Authority**") issued a Show Cause Notice bearing No. IBK/2/1/15-16 dated August 30, 2016 ("**SCN**"). The SCN called our Company to show cause as to a penalty of ₹ 1,17,90,000 should not be charged for evading Tax Deductible at Source ("**TDS**"), which was allegedly due under The Kerala Value Added Tax Act, 2003 ("**KVAT**") towards work contracts entered into with various dealers toward setting up wind mills. Our Company filed a reply dated October 06. 2016 to this SCN, stating that TDS under Section 10 of the KVAT, as claimed by the Authority, would be applicable only to a works contract. Our Company claims that the contracts entered into with the dealers are in the nature of divisible contracts, not work contracts, and therefore Section 10 of the KVAT would be inapplicable. Our Company also claimed that in case of inter-state transactions, the KVAT would be inapplicable. The matter is currently pending.

Civil Cases

1. Insight Investment Management Company ("**Plaintiff**") has filed a suit O.S. No. 277/2016 dated April 5, 2016 against our Company ("**Defendant**") before the Honourable Munsiff's Court, Kottayam ("**Court**"), under Section 26, Order VII Rule 1 of the Code of Civil Procedure 1908 praying inter alia for granting a permanent prohibitory injunction, restraining the Defendant from taking assistance and advice for the completion and commercial generalisation of power/electricity from a proposed energy generating project. The Plaintiff has contended that the Defendant, in breach of an agreement dated February 1, 2013 and subsequently amended on January 23, 2015 ("**Agreement**"), has failed to honour the bills raised by the plaintiff and has also engaged the services of a third party without prior intimation and payment of compensation under the terms of the Agreement. The Plaintiff filed an interlocutory application against the Defendant to restrain them from commercial generation and monetisation of electricity from the energy generating project. The Court of the Principal Munsiff issued an order dated May 20, 2016 wherein the interlocutory application was dismissed. Further, the Plaintiff filed a written statement dated October 17, 2016 before the Court, in relation to the matter. The matter is currently pending.

2. Insight Project Management Consultants ("**Plaintiff**") has filed a suit O.S. No. 418/2014 dated November 28, 2014 against Shriram EPC Limited ("**Defendant no 1**") and our Company before the Honourable Munsiff's Court Katttappana, under Section 26, Order VII Rule 1 of the Code of Civil Procedure 1908 praying inter alia for granting a permanent prohibitory injunction, restraining the Defendant No 1 from destroying the construction equipment kept in the property or causing any destruction of the construction materials stored by the plaintiff in the site. Though our Company has been made party to the suit no relief has been claimed against the Company. The matter is currently pending.

3. Tony John ("**Plaintiff**") has filed a suit O.S. NO. 385/2014 dated September 21, 2014 against our Company and 2 others ("**Defendants**"), before Munsiff's Court Kattappana, under Section 26, Order VII Rule 1 of the Code of Civil Procedure 1908 praying inter alia to restrain the Defendants from undertaking any construction in the suit property using the building material purchased by the Plaintiff or using the construction equipment of the Plaintiff. The matter is currently pending.

4. K.V. Chakrvarthi, Enquiry Officer ("**Authority**") issued summons dated December 16, 2014 ("**Summons**") to our Company's branch managers of the Madukkarai branch, Othakamandapam Branch and Kuruchi Branch directing our Company to hand over the possession of allegedly misappropriated jewels of the member/public who mortgaged the said jewels in K.746 Othakalmandapam Chittipalayam Primary Agriculture Cooperative Society Limited and which were allegedly misappropriated and re-mortgaged with our Company. The Authority issued another summon dated December 18, 2014 ("**Summons 1**") to our Company stating that non-compliance of the Summons will attract legal action as per law. Subsequently, the Authority filed a suit in the Court of Judicial Magistrate No. IV, where the court directed the branch managers to deliver the possession of the said jewels. The Authority on December 23 2014 seized 1358.8 grams of gold worth

₹26,80,900/- from the Madukkarai branch, 2996.7 grams of gold worth ₹59,89,100/- from the Othakkalmandapam Branch and 727.8 grams of gold worth ₹14,26,600/- form the Kuruchi Branch. Our Company has filed a complaint dated January 12, 2015 with the Deputy Registrar of Co-operative society, against the Authority and the seizure of the said jewels. The matter is currently pending.

Labour Cases

1. The District Labour Officer, Kozhikode ("**Authority**"), vide letter dated February 02, 2016, informed our Company of the complaint filed by P. Chandran ("**Petitioner**") regarding the alleged refusal of employment by our Company. Our Company in its reply to the Authority stated that the Petitioner was at no point an employee of the Company. The matter was referred to the Hon'ble District Labour Court, Kozhikode, where the matter is currently pending.

2. The Assistant Labour Officer, Vaikom ("**Petitioner**") vide letter dated February 22, 2016, sent an inspection report to our Company regarding the failure to display the statement of holidays in the office premises. Our Company promptly responded to this letter. On February 29, 2016, the Petitioner issued a show cause notice, to which our Company replied by submitting service register, holiday register, muster roll, wages register, wage slip and copy of festival holidays list. The matter was then referred to the Hon'ble Judicial First Class Magistrate Court, Vaikom, where the matter is currently pending.

3. Bhabitha P. ("**Applicant**"), filed a complaint before the Controlling Authority under the Payment of Gratuity Act, 1972 (Deputy Labour Commissioner), Kozhikode ("**Authority**"). The Applicant alleged that she was entitled to gratuity from the Company under the Payment of Gratuity Act, 1972. Our Company refuted this claim, by filing a written statement on the application claiming the Applicant has not completed five years of uninterrupted service and therefore is not eligible for gratuity. The matter is currently pending.

Potential litigations against our Company

Complaint

1. N. Aruna ("**Complainant**") has filed a complaint with the RBI, against our Company, dated October 30, 2015 ("**Complaint**"), wherein it was alleged that the Complainant had pledged certain jewels with our Company and that one of our Company's employee had absconded after misappropriating the funds. Our Company vide its letter dated April 5, 2016 suitably replied to the RBI and has refuted all the allegations. Our Company further clarified that the Complainant's pledge became a non-performing asset and that the Company auctioned the pledge in full compliance with the law. The RBI was further informed that the Complainant had failed to bring the issue of misappropriation of funds to our Company's notice and therefore since the Complaint lacked merit, the RBI was duly requested to dismiss the matter.

Litigations by our Company

Criminal cases

1. Our Company ("**Complainant**") has filed a first information report, bearing no 366/15 dated June 13, 2015 ("**FIR**") against Mr. Vinod. K. John (Branch manager) ("**Accused**") at Gudallur police station, for criminal misappropriation of funds amounting to ₹2.5 lacs by facilitation of fake and forged pledging. The customer remitted ₹2.5 lacs on June 18, 2015 against the above pledge which was honoured by our Company, on account of maintenance of customer relationship. Our Company has also reported details of the misappropriation to the RBI vide Fraud no. KFLK 15020003. The matter is pending for investigation by the Police.

2. Our Company, through its branch manager Mr. Divakaran ("**Complainant**") has registered a first information report bearing no. 70/2015 dated March 10, 2015 ("**FIR**") against Mr. Rameshkannan (Manager) and Ms. Remalakshmi (together referred to as the "**Accused**") before the Thovalai Police Station under section 390 of the Indian Penal Code. Our Company claims that the Accused had stolen one of the Gold packets (GL No: -7475) worth ₹4.16 lacs, from our Company. All the gold packets were in order on the date of verification by the Appraiser on December 30, 2014 and the missing packet was found by the Branch manager on January 02, 2015. Our Company has also reported details of the robbery to the RBI vide Fraud no. KFLK15020002. The matter is pending for investigation by the Police.

3. Our Company has filed a first information report No. 548 dated October 9, 2013 ("**FIR**") at Khajuri Khas Police Station against unknown accused for offences under Sections 397/34 of the Indian Penal Code, 1860 and 25/27 of the Arms Act, 1959. Gold ornaments amounting to a total value of ₹6.40 lacs were stolen from the Bhajanpura branch of our Company in New Delhi by two unknown persons. Our Company has also reported details of the robbery to the RBI. The matter is pending for investigation by the Police.

4. Our Company, through its branch manager has registered a FIR against Mr. Robin and Mr. Roni (together referred to as the "**Accused**") before the Chenkalpattu Police Station under section 409, 420, 468, 471 of the Indian Penal Code. Our Company claims that the Accused has stolen ₹3.24 lacs and cheated rent amount for ₹0.56 lacs and further pledged spurious gold of about 12,176 grams and misappropriated ₹23.89 lacs from our Company. The matter is under police investigation and an application for bail by the Accused was rejected by the Judicial Magistrate No. II, Chengalpattu vide order dated September 12, 2014. The matter has been reported to RBI for deficiency of funds at the branch vide Fraud no. KLF K 14030001 dated September 19, 2014. Further, our Company filed a petition 28442 of 2015 before the Madras High Court ("**Court**") against the Inspector of Police ("**Department**") under Section 482 of the Criminal Procedure Code, 1973 ("**Petition**"). Vide the Petition our Company requested the Court to direct Department to file a final report in this matter, within a stipulated time period. The Court vide an order dated November 25, 2015, directed the Department to file the final report as expeditiously as possible. The matter is currently pending.

5. Our Company through Ms Sherly Joseph, Area Manager of our Company ("**Complainant**") filed a FIR bearing no 0211/2014 dated April 09, 2014 against its employees of the Bangalore, Ayyapa nagar branch of the Company, namely Mr. Binu K Sam and Mrs. Ajitha P.P ("**Accused**") for criminal misappropriation of funds amounting to ₹12,50,000 by drawing the sum through a cheque under false pretence. The matter is under investigation and the cash shortage caused due to the misappropriation has been reported to RBI vide Fraud no. KLF K 14020001 dated May 09, 2014. Matter is currently pending.

6. Our Company through Ms Sheryl Joseph, Area Manager of our Company ("**Complainant**") has filed a FIR bearing no 0123/2014 dated April 15, 2014 against its employees at the Shivaji Nagar, Bangalore Branch namely, Mrs Anuradha Rajan and Mrs. Shiny Samuel and a customer, Mrs. Uma Bhaskar, ("**Accused**") for criminal misappropriation of funds amounting to ₹10,03,900 by facilitation of pledging spurious gold by the Accused customer. The matter is under investigation and the cash shortage caused due to the misappropriation has been reported to RBI vide Fraud no. KLF K 14020002 dated May 09, 2014. Matter is currently pending.

7. Our Company through Mr. Simon P.S, Manager of the Thripunithura Branch ("**Complainant**") has filed a FIR bearing no 0718/2014 dated April 15, 2014 against a customer Ms Radhalakshmi ("**Accused**") for pledging spurious gold for a loan amounting to ₹2,82,000. The matter is under investigation and the cash shortage caused due to the misappropriation has been reported to RBI vide Fraud no. KLF K 14020003 dated May 14 2014. Subsequently, on October 7, 2016, our Company filed a suit of recovery before the City Civil Judge, Bangalore seeking an amount of ₹ 1,25,38,345 from the Accused, being losses incurred due to the outstanding loan and expenses in their efforts to recover the loan. The matter is currently pending.

8. Our Company through Ms Sherly Joseph, Area Manager of the Company ("**Complainant**") has filed a FIR bearing no 220/2014 dated October 17, 2014 against Rajajinagar, Bangalore Branch Manager and Joint Custodian and customers Mr. Vimal Kumar and Mr. Ganesh Rao, ("**Accused**") on September 25, 2014 for criminal misappropriation of funds amounting to ₹99,45,000 by facilitation of fake and forged pledging. The Customer remitted ₹28,50,000 on October 13, 2014 against the above pledge. The matter is under investigation and the cash shortage of ₹66, 95,000 caused due to the misappropriation has been reported to RBI vide Fraud no. KLF K 14040001 dated November 15 2014. Our Company filed a writ petition bearing number W.P 9829/2015 dated March 10, 2015, before the High Court of Karnataka seeking the transfer of the matter to the Criminal Investigation Department (CID) and for issuance of a writ of mandamus to direct the Police department to conduct a fair, impartial and speedy investigation. Subsequently, on October 7, 2016, our Company filed a suit of recovery before the City Civil Judge, Bangalore seeking an amount of ₹1,25,38,345 from the Accused, being losses incurred due to the outstanding loan and expenses in their efforts to recover the loan. The matter is currently pending.

9. Our Company filed a complaint with the Periyakalpet Police station against our branch manager for misappropriation of cash to the tune of ₹6,18,277 for the Company. Our Company is in the process of settling the matter. Fraud has been reported to the RBI on April 21, 2014 vide Fraud no. KFLK16020002. The matter is currently pending.

10. Our Company filed a FIR bearing number 08/16 dated March 29, 2016, with the District Crime Branch, Dindugal, Tamil Nadu, against our branch manager M. Dharmendran ("**Accused**"). Vide the FIR, our Company has alleged that the Accused pledged spurious ornaments to a tune of ₹18,84,490, under the name of existing customers. The matter is currently under investigation and our Company has reported it to RBI vide Fraud no. KFLK16020001. The matter has been referred to the mediation centre attached to the Madurai Bench of the Madras High Court The matter is currently pending.

11. Our Company filed a FIR bearing number 60/16 dated January 31, 2016 with the Vadasery Police Station, Kanniyakumari District, against Biju Chacko ("**Accused**"). Vide the FIR, our Company alleged that the Accused misappropriated jewellery from our Company's branch. The matter is under investigation and has been reported to RBI vide Fraud no. KFLK16010001. The matter is currently pending.

12. Our Company filed an FIR bearing No. 800/30/08/2016 (the "**Complaint**"), under Section 379 of the Indian Penal Code, against the staff of our Company's Poyampalayam branch, Ms. Annalaksmi (the "**Accused**"). In the Complaint, our Company alleged that the Accused, after withdrawing ₹1,70,700 from a bank, for official purposes, returned with only ₹20,700 and the rest of the amount of ₹1,50,000 was unaccounted and was stolen by the Accused. The matter is currently pending.

Civil cases

1. Our Company has filed a special leave petition (civil) number SLP (C) 35042/2009 dated August 09, 2012 ("**SLP**") before the Supreme Court of India ("**Supreme Court**") against the order dated November 18, 2009 ("**Order**") passed by the High Court of Kerala ("**High Court**") in WA No. 564/2007. The High Court upheld the order of the single bench passed in WP (c) 8202/05 on February 14, 2007 holding our Company as "money lenders" within the meaning of the term contained in the Kerala Money Lenders Act, 1958 and directed our Company to remit licence fee arrears and apply for licence for the years involved and comply with the statutory requirements within one month from date of receipt of copy of the Order, the penal action taken against our Company would be revoked by the concerned officers and no penalty or other action for previous violations would be initiated. Aggrieved our Company filed the SLP. The matter is currently pending.

2. Our Company has filed a revision petition bearing Revision Petition no 3022 of 2014 dated November 19, 2014 ("**Petition**") against Anil Ravindran ("R**espondent**") before the National Consumer Dispute Redressal Commission New Delhi ("**NCDRC**"), praying inter alia for the review of the order dated March 21, 2013 ("**Order**") passed by the Kerala State Consumer Dispute Redressal Commission, Thiruvanathapuram ("**State Commission**"). The litigation was instituted with respect to the sale proceeds of certain gold pledged by the Respondent with our Company for three different loans amounting to ₹21,000, ₹24,000 and ₹22,000. Our Company filed a separate Civil Suit for the recovery of the balance amount as the selling price of the pledged gold was ₹76,384, which was less than the market price and the balance of the principle amount recoverable from Respondent. Vide order dated July 10, 2006, the civil court held that our Company was entitled to recover the balance sum of ₹3,370 from the Respondent, with interest at the rate of 6% per annum, on the original sum of ₹3,370/- with effect from May 31, 2006 and was also entitled to the cost of the suit.

   The Respondent subsequently filed a complaint before the concerned District Forum on 03 March, 2006 alleging deficiency in the services rendered by the petitioner company and seeking return of the gold on payment of the principal amount with interest after adjusting the excess amount awarded from him towards interest. The District Forum vide its order dated November 30, 2008 directed the company to pay a sum of ₹5,000/- as compensation to the Respondent. In appeal, the State Commission ruled in favour of the Respondent and directed the Company to pay a sum of ₹1,50,000 to the Respondent as compensation for deficiency in the services rendered by our Company. The company filled the revision petition before the NCDRC. NCDRC vide order November 27, 2014 remanded the matter to the District Consumer Forum for a fresh hearing. The matter is currently pending.

Litigation against Promoter Directors

Mathew K Cherian

Tax Litigations

1. Mathew K Cherian ("**our Promoter**") has filed an appeal bearing number 38/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2004-2005 assessing the total income at ₹786.2 lacs and raising a demand of ₹259.16 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, addition of ₹251.46 lacs being unsecured loan received as unexplained cash credit under section 68 be deleted and the addition of ₹538.38 lacs as deemed income under section 69C be deleted. The CIT(A), by an order dated September 15, 2016, directed the addition of ₹ 119.10 lacs with regard to unsecured loan under Section 68, instead of ₹ 251.46 lacs, which was considered by the Assessing Officer, and the addition of ₹ 257.99 lacs, with regard to the contention regarding deemed income, instead of ₹ 538.38 lacs. The matter is currently pending.

2. Mathew K Cherian ("**our Promoter**") has filed an appeal bearing number 39/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2005-2006 assessing the total income at ₹7.37 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, disallow the opening cash balance and delete the disallowance of drawings from Kosamattam Estate Investment and Kosamattam Chitty Funds and repayment of loan to Kosamattam Estate Investment. The CIT(A), by an order dated September 26, 2016, partly allowed the appeal, directing that the opening balance should not be Nil, as treated by the Assessing Officer. The CIT(A) allowed the addition of a part sum of ₹ 32.2 lacs with regard to Kosamattam Estate Investment, but disallowed the additions relating to Kosamattam Chitty Funds. The matter is currently pending.

3. Mathew K Cherian ("**our Promoter**") has filed an appeal bearing number 40/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2006-2007 assessing the total income at ₹6.85 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹199.12 lacs and delete the disallowance of repayment of loan to Kosamattam Estate Investment. The CIT(A), by an order dated September 28, 2016, partly allowed the appeal, directing the Assessing Officer to suitably modify the cash flow, and delete the disallowance of repayment of loan to Kosamattam Estate Investment. The matter is currently pending.

4. Mathew K Cherian ("**our Promoter**") has filed an appeal bearing number 41/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2007-2008 assessing the total income at ₹6.67 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹220.06 lacs and delete the disallowance of drawings from Kosamattam Bankers and from own sources. The CIT(A), by an order dated October 5, 2016, partly allowed the appeal, directing the Assessing Officer to give consequential appeal effect to the opening balance, and to disallow the addition of drawings from Kosamattam Bankers and from own sources. The matter is currently pending.

5. Mathew K Cherian ("**our Promoter**") has filed an appeal bearing number 42/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2008-2009 assessing the total income at ₹25.67 lacs and raising a demand of ₹9.61 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹11.36 lacs and delete the addition of ₹22.69 lacs as deemed dividend under section 2(22)(e) in the hands of the appellant. The CIT(A), by an order dated October 6, 2016, partly allowed the appeal, directing the AO to rework the cash balances, and directed the Assessing Officer to delete the addition of ₹ 22.69 lacs as deemed dividend. The matter is currently pending.

6. Mathew K Cherian ("**our Promoter**") has filed an appeal bearing number 43/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment

Year 2009-2010 assessing the total income at ₹34.23 lacs and raising a demand of ₹10.54 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹21.23 lacs and delete the addition of ₹27.84 lacs as deemed dividend under section 2(22)(e) in the hands of the appellant. The CIT(A), by an order dated October 7, 2016, allowed the appeal on both the ground, thereby directing the Assessing Officer to suitably modify the opening balance, and ordering the deletion of ₹ 27.84 as deemed dividend. The matter is currently pending.

7. Mathew K Cherian ("**our Promoter**") has filed an appeal bearing number 44/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2010-2011 assessing the total income at ₹511.38 lacs and raising a demand of ₹34.64 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹2.78 lacs, delete the disallowance of ₹191.00 lacs being loan taken from friends and relative and delete the addition of ₹32.15 lacs as deemed dividend under section 2(22)(e) in the hands of the appellant. The CIT(A), by an order dated October 7, 2016, partly allowed the appeal, by directing the Assessing Officer to recast the opening balance. However, the CIT(A) dismissed the other two contentions and refused to disallow ₹191.00 lacs, being taken as a loan from friends and relatives and also refused to delete the addition of ₹ 32.15 lacs as deemed dividend. The matter is currently pending.

8. Mathew K Cherian ("**our Promoter**") has filed an appeal dated April 16, 2016 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated March 31, 2016 passed by the Deputy Commissioner of Income Tax, Kottayam ("**DCIT**") for the Assessment Year 2012-2013 assessing the total income at ₹1,370.26 lacs and raising a demand of ₹364.39 lacs ("**Order**"). Our Promoter has filed the Appeal inter-alia praying that the Order passed by the DCIT be adjudged bad in law, the loan advanced by our Company be held to be in ordinary course of business and that the findings of the DCIT in the Order be set aside. The matter is currently pending.

Laila Mathew

Tax Litigations

1. Laila Mathew ("**our Promoter**") has filed an appeal bearing number 46/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2005-2006 assessing the total income at ₹0.39 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed and delete the disallowance of opening cash balance. The CIT(A), by an order dated October 13, 2016, partly allowed the appeal, directing the Assessing Officer to rework the cash flow statement. The matter is currently pending.

2. Laila Mathew ("**our Promoter**") has filed an appeal bearing number 47/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2006-2007 assessing the total income at ₹1.83 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed and to take the opening cash balance at ₹42.93 lacs. The CIT(A), by an order dated October 13, 2016, partly allowed the appeal, directing the Assessing Officer to rework the cash flow statement. The matter is currently pending.

3. Laila Mathew ("**our Promoter**") has filed an appeal bearing number 48/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2007-2008 assessing the total income at ₹1.63 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed and the opening cash balance be taken at ₹44.79 lacs. The CIT(A), by an order dated October 13, 2016, partly allowed the appeal, directing the Assessing Officer to modify the cash flow statement. The matter is currently pending.

4. Laila Mathew ("**our Promoter**") has filed an appeal bearing number 49/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2008-2009 assessing the total income at ₹4.26 lacs and raising a demand of ₹0.83 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹44.31 lacs and delete the

addition of ₹2.55 lacs as remuneration from Kosamattam Chits and Kuries Private Limited. The CIT(A), by an order dated October 13, 2016, partly allowed the appeal, directing the Assessing Officer to modify the cash flow statement, thereby resulting in change in the opening balance, but dismissed the contention that ₹2.55 lacs as business income be deleted. The matter is currently pending.

5. Laila Mathew ("**our Promoter**") has filed an appeal bearing number 50/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2009-2010 assessing the total income at ₹13.38 lacs and raising a demand of ₹3.10 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹29.35 lacs and delete the addition of ₹9.26 lacs under section 69(c). The CIT(A), by an order dated October 13, 2016, partly allowed the appeal, directing the Assessing Officer to modify the cash flow statement. Since the addition of ₹ 9.26 lacs under Section 69C was a consequence of the Assessing Officer wrongly calculating the cash statement, this ground of appeal too was partly allowed. The matter is currently pending.

6. Laila Mathew ("**our Promoter**") has filed an appeal bearing number 51/CENT/KTYM/CIT A-1111/2011-12 dated February 02, 2012 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated December 29, 2011 passed by the Assessing Officer for the Assessment Year 2010-2011 assessing the total income at ₹13.38 lacs and raising a demand of ₹3.10 lacs. Our Promoter has filed the Appeal inter-alia praying that the Order be quashed, the opening cash balance be taken at ₹29.35 lacs, delete the disallowance of 9.26 under section 69C. The CIT(A), by an order dated October 14, 2016, partly allowed the appeal, directing the Assessing Officer to modify the cash flow statement. Since the addition under Section 69C was a consequence of the Assessing Officer wrongly calculating the cash statement, this ground of appeal too was partly allowed. The matter is currently pending.

7. Laila Mathew ("**our Promoter**") has filed an appeal dated April 16, 2016 ("**Appeal**") before the Commissioner of Income Tax Appeals ("**CIT(A)**") against the order dated March 31, 2016 passed by the Deputy Commissioner of Income Tax, Kottayam ("**DCIT**") for the Assessment Year 2012-2013 assessing the total income at ₹983.01 lacs and raising a demand of ₹397.85 lacs ("**Order**"). Our Promoter has filed the Appeal inter-alia praying that the Order passed by the DCIT be adjudged bad in law, the loan advanced by our Company be held to be in ordinary course of business and that the findings of the DCIT in the Order be set aside. The matter is currently pending.

Litigations against our Group Companies

1. 2013 ("**Writ Petition**"), before the High Court of Kerala against the order dated March 25, 2013 ("**Order**") passed by the Income Tax Settlement Commission, Chennai ("**Commission**") for the assessment years 2004-05 to 2010-11, granting immunity to our Group Company, Kosamattam Mathew K. Cherian Financiers Private Limited ("**MKC Finance**") from penalty and prosecution. Aggrieved by the Order, the Writ Petition was filed by CITK inter-alia on the ground that the Commission has no authority to grant immunity to MKC Finance from penalty and prosecution unless MKC Finance makes full and true disclosure of its income, manner in which it was derived and cooperates with the Commission in the proceedings. The CITK further alleged that the income admitted by MKC Finance was less than the income quantified by the Commission and hence full and true disclosure wasn't made and thus the Order passed by the Commission was against law. Further, the CITK has prayed for the issuance of writ of certiorari or any other appropriate order quashing the Order to the extent that it granted immunity to MKC Finance from prosecution and penalty. The matter is currently pending.

Indirect Tax

1. In furtherance to the show cause notice bearing number C. No. V/ST/15/194/2014 ST Adj 828/14 dated May 22, 2014, The Commissioner of Central Excise, Customs and Service Tax, Cochin vide an order bearing no. COC-EXCUS-0000COM-075/14-15 dated February 27, 2015 ("**Order**") directed Kosamattam Mathew K Cherian Financiers (P) Limited ("**MKC Finance**") that on account of charging risk interest, token charges, postage and other expenses over and above the rate of 18% interest on gold loan, which was held to be includible in the value of the taxable service. Therefore in contravention of Section 68, 69, 70 and 78 of Finance Act, 1994 ("**Act**"), read with Rule 6 of Service Tax Rules, 1994 ("**Rules**") and other applicable provisions, MKC Finance was directed to pay an amount to the tune of ₹139.10 lacs towards unpaid service tax, along with ₹2.78 lacs being the education cess, ₹1.39 lacs being the secondary and higher education cess, total amounting to ₹143.28 lacs with interest and penalty of ₹0.10 lacs while providing "Banking & other

Finance Services" for the period April, 2009 to June, 2012. MKC Finance has preferred an appeal no. ST/21302/2015-DB dated June 9, 2015 before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore ("**Tribunal**") against the Order ("**Appeal**") praying for the Order to be set aside and the amount of ₹139.10 lacs be included in the taxable value under 'Banking and Financing Services' in terms of Section 67 of the Act read with Rule 6 of the Rules along with setting aside the imposition of penalty and other demands. The matter is currently pending before the Tribunal.

2. Kosamattam Mathew K Cherian Financiers (P) Limited ("**MKC Finance**") has received a show cause notice bearing no. 106/2015/ST dated April 20, 2015 ("**Notice**") from the Office of the Commissioner of Central Excise and Customs, Cochin ("**Authority**"). The Notice was issued notifying MKC Finance of being in violation of Section 68, 69 and 70 of the Finance Act, 1994 read with Service Tax Rules 1994 ("**Act**") and directing that services provided to customers from April 1, 2013 to March 31, 2014 for which MKC Finance received consideration, is to be treated as taxable service along with the amount to the tune of ₹36,87,087 being the leviable service tax, amount to the tune of ₹73,742 being the leviable education cess and amount to the tune of ₹36,871 being the secondary and higher education cess on the taxable value of ₹3,07,25,720, along with imposition of penalty and interest is recoverable from MKC Finance. MKC Finance replied to the Notice vide a letter dated July 2, 2015. The Authority passed an order dated December 29, 2015 confirming the demand along with levying penalties of ₹3,79,770 for failure to pay service tax and ₹10,000 under Section 77 of the Act. Our Company filed an appeal bearing number ST/20869/2016-DB dated May 31, 2016 before the Customs Excise and Service Tax Appellate Tribunal, Bangalore. The matter is currently pending.

3. Kosamattam Mathew K Cherian Financiers (P) Limited ("**MKC Finance**") has received a show cause notice bearing no. 307/2014/ST dated October 27, 2014 ("**Notice**") from the Office of the Commissioner of Central Excise and Customs, Cochin ("**Authority**"). The Notice was issued notifying MKC Finance to show cause as to why the services provided by them to their customers from July 1, 2012 to March 31, 2013 for which MKC Finance received consideration should not be considered to be services as defined under Section 65B(44) and 65B(51) of the Finance Act, 1994 read with Service Tax Rules 1994 ("**Act**") and consequently be subject to a levy of ₹64,35,399 as service tax, ₹1,28,708 as education cess and ₹64,354 as secondary and higher secondary cess on the taxable value of ₹5,36,28,323. Our Company replied to the Notice vide a letter dated December 6, 2014. The Authority passed an order dated December 29, 2015 confirming the demand along with levying penalties of ₹6,62,846 for failure to pay service tax and ₹10,000 under Section 77 of the Act. . Our Company filed an appeal bearing number ST/20869/2016-DB dated May 31, 2016 before the Customs Excise and Service Tax Appellate Tribunal, Bangalore. The matter is currently pending.

4. Kosamattam Mathew K Cherian Financiers (P) Limited ("**MKC Finance**") has received a show cause notice bearing no. SCN/116/2016 dated March 29, 2016 ("**Notice**") from the Office of the Commissioner of Central Excise and Customs, Cochin ("**Authority**"). The Notice was issued notifying MKC Finance to show cause as to why the services provided to their customers from April 1, 2014 to March 31, 2015 for which MKC Finance received consideration should not be considered to be services as defined under Section 65B(44) and 65B(51) of the Finance Act, 1994 read with Service Tax Rules 1994 ("**Act**") and consequently subject to a levy of ₹ 27,55,092 as service tax, ₹55,102 as education cess and ₹27,551 as secondary and higher secondary cess or the taxable value of ₹28,37,745. Our Company replied to the Notice vide letter dated May 28, 2016. The matter is currently pending.

Litigations by our Group Companies

1. Kosamattam Mathew K Cherian Financiers (P) Limited through its employee Mr. Arun TM has lodged an FIR 504 dated December 07, 2010 before the Vandiperiyar Police Station against Mr. Faizal TA and Mr. Shainy Saji Joseph (together referred to as the "**Accused**") inter-alia for pledging spurious gold numbering to 21 for ₹30 lacs and for cheating. The matter is currently pending.

Details of material frauds, if any in the last five years

Sl. No.	Financial Year	Details of Fraud	Action taken by the Company
1.	2015-2016	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except theft of gold aggregating to ₹80.30 lacs and gold loan related misappropriations aggregating to ₹2.5 lacs.	Company has filed a complaint and a FIR at Gudallur and Vadaserry police station in relation to these matters. Another matter relating to theft at the Madurai branch has been settled and the case has been accordingly withdrawn.
2.	2014-2015	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except theft of gold aggregating to ₹4.16 lacs, gold loan related misappropriations amounting to ₹233.16 lacs.	Company has filed a complaint and a FIR at the relevant police stations in relation to these matters.
3.	2013-2014	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except theft of gold aggregating to ₹6.4 lacs.	Company has filed a complaint at Khajurikhas police station in this matter. Further we have engaged security guard for preventing such incidents in future
4.	2012-2013	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except gold loan related misappropriations aggregating to ₹1.16 lacs.	Company has recovered these amounts from respective parties
5.	2011-2012	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except gold loan related misappropriations aggregating to ₹16.51 lacs.	Company has recovered these amounts from respective parties

Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years:

Financial Year	Summary of Reservations/Qualifications/Adverse Remarks	Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
2015-2016	1. Our Company has not deposited disputed tax dues since the matters are pending before various forums	To the extent of tax not paid, profit/general reserve of the Company has been overstated.	Appeal has been filed in all the cases.

Governing Statutes	Nature of Dues	Amount (in ₹)	Financial year to which amount relates	Forum where dispute is pending
CBEC	Demand of Service Tax	410.04 lacs	For the period of September 2004-September 2008	Commissioner of Central Excise, Customs & Service Tax, Cochin
CBEC	Demand of Service Tax	696.76 lacs	For the period of October 2008-	Customs Excise and Service Tax

			November 2011	Appellate Tribunal, Bangalore
CBEC	Demand of Service Tax	240.09 lacs	For the period of December 2011- March 2012	Customs Excise and Service Tax Appellate Tribunal, Bangalore
CBEC	Demand of Service Tax	230.15 lacs	For the period of April 2012- June 2012	Customs Excise and Service Tax Appellate Tribunal, Bangalore
CBEC	Demand of Service Tax	972.89 lacs	For the period of July 2012- March 2013	Commissioner of Central Excise, Customs & Service Tax, Cochin
CBEC	Demand of Service Tax	541.97 lacs	For the period of April 2013- March 2014	Commissioner of Central Excise, Customs & Service Tax, Cochin

	2. During the year, there have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations/cash embezzlements have occurred aggregating an amount of ₹112.33 lacs of which the Company has recovered ₹ 7.30 lacs	Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements.	The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable.
2014-2015	1. Our Company has not deposited disputed tax dues since the matters are pending before various forums:	To the extent of fringe benefit tax not paid, profit/general reserve of the Company has been overstated.	Unless a clear judgment has been made by a High Court in this regards, the provision created in the balance sheet shall not be paid.

Governing Statutes	Nature of Dues	Amount (in ₹)	Financial year to which amount relates	Forum where dispute is pending
Income Tax Laws	Fringe Benefit Tax	0.67 lacs	2005-2006	Since divergent views are expressed by various High
		1.05 lacs	2006-2007	
		1.42 lacs	2007-2008	
		2.75 lacs	2008-2009	

				Courts, Company has not remitted Fringe Benefit Tax
CBEC	Demand of Service Tax	410.04 lacs	For the period of September 2004-September 2008	Commissioner of Central Excise, Customs & Service Tax, Cochin
CBEC	Demand of Service Tax	696.76 lacs	For the period of October 2008-November 2011	Customs Excise and Service Tax Appellate Tribunal, Bangalore
CBEC	Demand of Service Tax	240.09 lacs	For the period of December 2011- March 2012	Customs Excise and Service Tax Appellate Tribunal, Bangalore
CBEC	Demand of Service Tax	230.15 lacs	For the period of April 2012- June 2012	Customs Excise and Service Tax Appellate Tribunal, Bangalore

	2. During the year, there have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations/cash embezzlements have occurred for amounts aggregating an amount of ₹254.72 lacs of which the Company has recovered ₹35.28 lacs	Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements.	The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable
2013-2014	1. Our Company has not deposited disputed tax dues since the matters are pending before various forums:	To the extent of fringe benefit tax not paid, profit/general reserve of the company has been overstated	Unless a clear judgment has been made by a High Court in this regard, the provision created in the balance sheet shall not be paid

Governing Statutes	Nature of Dues	Amount (in ₹)	Financial year to which amount relates	Forum where dispute is pending
Income Tax Laws	Fringe Benefit	0.67 lacs	2005-2006	Since divergent
		1.05 lacs	2006-2007	

		Tax	1.42 lacs	2007-2008	views are expressed by various High Courts, Company has not remitted Fringe Benefit Tax		
			2.75 lacs	2008-2009			
	CBEC	Service Tax	41.04 lacs	2004-2008	Commissioner of Central Excise, Customs & Service Tax, Cochin		
	2.	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except theft of gold aggregating to ₹6.4 lacs				Company has debited the amount incurred for replacing the theft gold to profit and loss account and there is no further impact on profit and loss of the company on the replaced security. The compensation payable as on March 31, 2014 amounting to ₹2,03,487 is subject to fluctuation is market rate of gold. To that extend profit/reserve may overstate or understated.	Company has filed a complaint at Khajurikhas police station on this matter. Further we have engaged security guard for preventing such incidents in future
2012-2013	1.	The Company has issued bonus shares of ₹1,722 lacs by capitalising revaluation reserve during the year 2010-2011. Accordingly, the paid-up equity capital of the Company stands increased by ₹1,722 lacs and the revaluation reserve reduced by that amount. The issue of bonus shares is contrary to the circular issued by the department of Company Affairs issued in September, 1994 and the recommendation of the Institute of Chartered Accountants of India.				No Impact	It was observed in the apex court's judgment (Bhagavati Developers v. Peerless General Finance & Investment Company), that proviso to section 205 (3) of the Companies Act permits capitalisation of profits or reserve of a company for the purpose of issuing fully paid up bonus

			shares for paying up any amount foe the time being un paid on any shares held by the members of the Company
	2. The Company has not deposited disputed tax dues since the matters are pending before various forums:	To the extent of fringe benefit tax not paid, profit/general reserve of the company has been overstated	Unless a clear judgment has been made by a High Court in this regard, the provision created in the balance sheet shall not be paid

Governing Statutes	Nature of Dues	Amount (in ₹)	Financial year to which amount relates	Forum where dispute is pending
Income Tax Laws	Fringe Benefit Tax	0.67 lacs	2005-2006	Since divergent views are expressed by various High Courts, Company has not remitted Fringe Benefit Tax
		1.05 lacs	2006-2007	
		1.42 lacs	2007-2008	
		2.75 lacs	2008-2009	
CBEC	Service Tax	41.04 lacs	2004-2008	Commissioner of Central Excise, Customs & Service Tax, Cochin

	3. No fraud of material nature, on or by our Company was noticed or reported during the course of audit except gold loan related misappropriations aggregating to ₹1.16 lacs	Since company has recovered these amounts from respective party, it has no impact over financial position of the Company	Company has recovered these amounts from respective parties
2011-2012	1. The balance sheet and statement of profit and loss dealt with by the Audit Report comply with the accounting standards referred to in sub section 3 (C) of section 211 of the Companies Act, 1956; except para 49 of AS-15 of Companies (Accounting Standard) Rules, 2006.	Impact of non-compliance of AS-15 over the financial statement cannot be ascertained	Due to the non-availability of actuary, the valuation could not be made so far
	2. The Company has issued bonus shares of ₹1,722 lacs by capitalising revaluation reserve during the year 2010-2011. Accordingly, the paid-up equity capital of the Company stands increased by ₹1,722 lacs and the revaluation reserve reduced by that amount. The issue of bonus shares is contrary to the circular issued by the department of Company Affairs issued in September, 1994 and the recommendation of the Institute of Chartered Accountants of India.	No Impact	It was observed in the apex court's judgment (Bhagavati Developers v. Peerless General Finance & Investment Company), that proviso to section 205 (3) of the Companies Act permits capitalisation of profits or reserve of a company for the purpose of issuing fully paid up bonus shares for paying up

			any amount foe the time being un paid on any shares held by the members of the Company
3.	Our Company has not deposited disputed tax dues since the matters are pending before various forums:	To the extent of fringe benefit tax not paid, profit/general reserve of the company has been overstated	Unless a clear judgment has been made by a High Court in this regard, the provision created in the balance sheet shall not be paid

Governing Statutes	Nature of Dues	Amount (in ₹)	Financial year to which amount relates	Forum where dispute is pending
Income Tax Laws	Fringe Benefit Tax	0.67 lacs	2005-2006	Since divergent views are expressed by various High Courts, Company has not remitted Fringe Benefit Tax
		1.05 lacs	2006-2007	
		1.42 lacs	2007-2008	
		2.75 lacs	2008-2009	
CBEC	Service Tax	41.04 lacs	2004-2008	Commissioner of Central Excise, Customs & Service Tax, Cochin

4.	No fraud of material nature, on or by our Company was noticed or reported during the course of audit except gold loan related misappropriations aggregating to ₹16.51 lacs	Since the Company has recovered these amounts from respective parties, no impact over the financial position of the company	Company has recovered these amounts from respective parties

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company, held on October 17, 2016, the Board approved the Issue of NCDs to the public up to an amount not exceeding ₹30,000 lacs.

Prohibition by SEBI

Our Company, persons in control of our Company, our Directors and/or our Promoters have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Categorisation as a Wilful Defaulter

Our Company, our Directors and/or our Promoters have not been categorised as a Wilful Defaulter nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Disclaimer

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [•], WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE 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 HAVE BEEN GIVEN.**

3. **WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS**

SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008.

4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956, COMPANIES ACT, 2013, SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.

WE CONFIRM THAT ALL COMMENTS/COMPLAINTS RECEIVED ON THE DRAFT OFFER DOCUMENT FILED ON THE WEBSITE OF STOCK EXCHANGES WILL BE SUITABLY ADDRESSED.

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS LETTER DATED [•], PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

(a) **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
(b) **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
(c) **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED DECEMBER 19, 2013 BEARING REGISTRATION NO. B-16.00117 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/DISCHARGE OF LIABILITY BY THE COMPANY.

Disclaimer Clause of CRISIL

CRISIL Research, a division of CRISIL Limited ("**CRISIL**"), has taken due care and caution in preparing this Report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data/Report and is not responsible for any errors or omissions or for the results obtained from the use of Data/Report. This Report is not a recommendation to invest/disinvest in any company covered in the Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/users/transmitters/distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings

Division/CRISIL Risk and Infrastructure Solutions Limited ("**CRIS**"), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division/CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

Listing

An application will be made to BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 12 working days from the date of closure of the issue.

Consents

The written consents of (a) Directors of our Company; (b) Company Secretary and Compliance Officer; (c) Chief Financial Officer; (d) Statutory Auditors; (e) Legal Advisor to the Issue; (f) Lead Manager; (g) the Registrar to the Issue; (h) Escrow Collection Banks; (i) Refund Banks; (j) Credit Rating Agencies; (k) the Bankers to our Company; (l) the Debenture Trustee; and (m) the Syndicate Member to act in their respective capacities, have been obtained and will be filed along with a copy of the Draft Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of the Draft Prospectus with the Stock Exchange.

The consents of the Statutory Auditors of our Company, namely M/s. Cheeran Varghese & Co., Chartered Accountants for (a) inclusion of their name as the Statutory Auditor; (b) examination reports on Reformatted Standalone Financial Statements in the form and context in which they appear in this Draft Prospectus; and (c) the Limited Review Report in the form and context in which they appear in this Draft Prospectus, have been obtained and the same will be filed along with a copy of this Draft Prospectus with the RoC.

Expert Opinion

Except the (i) Limited Review Report on the unaudited financial results of our Company for the six-month period ending on September 30, 2016, dated October 26, 2016; (ii) Auditors report on our audited financials for the Financial Year ending March 31, 2016, 2015, 2014, 2013 and 2012 issued by M/s. Cheeran Varghese & Co., Chartered Accountants dated November 7, 2016; (iii) Statement of Tax Benefits issued by M/s. Cheeran Varghese & Co., Chartered Accountants dated October 27, 2016; and (iv) Credit Rating letter issued by India Ratings dated November 8, 2016, in respect of the credit rating issued thereby for this Issue which furnishes the rationale for its rating, our Company has not obtained any expert opinions.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in physical form and relevant provisions of the Companies Act, 1956, applicable provisions of the Companies Act 2013 and all other applicable laws shall be duly complied with in respect of all transfer of the NCDs and registration thereof.

NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depositary Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus and Prospectus

The Draft Prospectus and Prospectus have been filed with the designated Stock Exchange in terms of Regulation 6 and Regulation 7 of the SEBI Debt Regulations for dissemination on its website(s) prior to the opening of the Issue.

Debenture Redemption Reserve ("DRR")

Regulation 16 of the SEBI Debt Regulations and Section 71 of the Companies Act 2013, read with Rule 18(7) under Chapter IV of the Companies (Share Capital and Debentures) Rules, 2014, mandates that any company that intends to issue debentures must create a Debenture Redemption Reserve out of the profits of the company available for payment of dividend until the redemption of the debentures.

The Companies (Share Capital and Debentures) Rules, 2014 inter alia provides as follows:

"**Rule 18 (7)** The company shall create a Debenture Redemption Reserve for the purpose of redemption of debentures, in accordance with the conditions given below:

(a) the Debenture Redemption Reserve shall be created out of the profits of the company available for payment of dividend;

(b) the company shall create Debenture Redemption Reserve (DRR) in accordance with following conditions:

(i) No DRR is required for debentures issued by All India Financial Institutions (AIFIs) regulated by RBI and Banking Companies for both public as well as privately placed debentures. For other Financial Institutions (FIs) within the meaning of clause (72) of Section 2 of the Companies Act, 2013, DRR will be as applicable to NBFCs registered with RBI.

(ii) For NBFCs registered with the RBI under section 45-IA of the RBI (Amendment) Act, 1997 and for Housing Finance Companies registered with the National Housing Bank, 'the adequacy' of DRR will be 25% of the value of outstanding debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of privately placed debentures.

(iii) For other companies including manufacturing and infrastructure companies, the adequacy of DRR will be 25% of the value of outstanding debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and also 25% DRR is required in the case of privately placed debentures by listed companies. For unlisted companies issuing debentures on private placement basis, the DRR will be 25% of the value of outstanding debentures.

Provided that where a company intends to redeem its debentures prematurely, it may provide for transfer of such amount in Debenture Redemption Reserve as is necessary for redemption of such debentures even if it exceeds the limits specified in this sub-rule.

(c) every company required to create Debenture Redemption Reserve shall on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen per cent, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the following methods, namely:

(i) in deposits with any scheduled bank, free from any charge or lien;

(ii) in unencumbered securities of the Central Government or of any State Government;

(iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;

(iv) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882;

(v) the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen per cent of the amount of the debentures maturing during the year ending on the 31st day of March of that year;"

The said Companies (Share Capital and Debentures) Rules, 2014 further provides that the amount credited to the Debenture Redemption Reserve shall not be utilised by the company except for the purpose of redemption of debentures.

Issue Related Expenses

The expenses of this Issue include, among others, fees for the Lead Managers, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses to be incurred for the Issue size of up to ₹30,000 lacs (assuming the full subscription including the retention of over subscription of up to ₹15,000 lacs) are as follows:

(in ₹ lacs)

Activity	Amount	Percentage of Overall Issue Size
Fees to intermediaries (Lead Management Fees, brokerage, rating agency, Registrar, legal advisors, Debenture Trustee etc.)	[•]	[•]%
Advertising and Marketing Expenses	[•]	[•]%
Printing, Stationery and Distribution	[•]	[•]%
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 Allottees, market conditions and other relevant factors.

Underwriting

The Issue has not been underwritten.

Reservation

No portion of this Issue has been reserved

Public Issue of Equity Shares

Our Company has not made any public issue of Equity Shares in the last five years.

Previous Issues

Other than the issue of (i) secured redeemable non-convertible debentures of face value of ₹1,000 each aggregating to ₹10,000 lacs and ₹15,000 lacs, (ii) issue of secured and unsecured redeemable non-convertible debentures of face value of ₹1,000 each aggregating to ₹40,000 lacs in the year 2014-2015; (iii) secured and unsecured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹23,000 lacs and secured redeemable non-convertible debentures face value ₹1,000 each, aggregating to ₹20,000 lacs in the year 2015-2016; and (iv) secured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹25,000 lacs and secured and unsecured redeemable non-convertible debentures of face value ₹1,000 each, aggregating to ₹20,000 lacs in the year 2016-2017, our Company has not made any public issue of equity shares or debentures in the past.

Other than as specifically disclosed in this Draft Prospectus, our Company has not issued any securities for consideration other than cash.

Dividend

Our Company has no stated dividend policy. The declaration and payment of dividends on our shares will be recommended by the Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kottayam, India.

Details regarding lending out of issue proceeds of Previous Issues

A. Lending Policy

Please refer to the paragraph titled '***Gold Loan Business***' under Chapter '***Our Business***' on page 82.

B. Loans given by the Company

Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of Previous Issues.

C. Utilisation of Issue Proceeds of the previous Issues by our Company and Group Companies

Our Company

(₹ in lacs)

Sr. No.	Particulars of utilisation	1st Public Issue	2nd Public Issue	3rd Public Issue	4th Public Issue	5th Public Issue	6th Public Issue	7th Public Issue	8th Public Issue
	Total Issue Proceeds	**10,000.00**	**14,922.90**	**16,344.49**	**20,000.00**	**23,000.00**	**19,988.15**	**23,451.14**	**19,978.59**
a.	Issue Related Expense	56.62	57.51	32.97	7.67	70.60	14.26	25.86	0.57
	Issue Proceed Less Issue Expenses	**9,943.38**	**14,865.39**	**16,311.52**	**19,992.33**	**22,929.40**	**19,973.89**	**23,425.28**	**19,978.02**
1.	Onward lending	8,678.84	13,777.39	14.556.88	18,024.45	21,062.05	17,971.74	21,609.10	19,254.09
2.	Repayment of existing loans including interest	1,200.00	1,000.00	1,650.00	1,114.72	1,278.37	945.33	772.60	621.76
3.	General Corporate Purposes	64.54	88.00	104.64	853.16	588.98	1,056.82	1,043.58	102.17

Group Companies

Nil

Description of our loan portfolio

A. Type of loans:

The detailed break-up of the type of loans given by the Company as on March 31, 2016 is as follows:

(₹ in lacs)

Sl. No.	Type of Loans	Amount
1.	Secured	1,46,983.94
2.	Unsecured	256.48
	Total assets under management (AUM)	**1,47,240.42**

B. Sectoral Exposure as on March 31, 2016

Sl. No.	Segment wise break up of AUM	Amount
1.	**Retail**	
a.	Mortgages (home loans and loans against property)	10.67%
b.	Gold Loans	89.12%
c.	Vehicle Finance	-
d.	MFI	-
e.	M & SME	-
f.	Capital market funding (loans against shares, margin funding)	-
g.	Others	0.21%

2.	**Wholesale**	
a.	Infrastructure	-
b.	Real Estate (including builder loans)	-
c.	Promoter funding	-
d.	Any other sector (as applicable)	-
e.	Others	-
	Total	**100%**

C. Residual Maturity Profile of Assets and Liabilities as on March 31, 2016

(₹ in lacs)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	5,318.19	6,779.08	12,441.35	41,226.73	71,027.90	9,741.00	706.17	-	**1,47,240.42**
Investments	-	-	-	-	-	-	-	-	-
Borrowings	6,185.01	9,005.02	1,649.12	16,478.41	24,661.63	72,757.55	17,388.81	8,263.78	**1,56,389.33**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

D. Denomination of the loans outstanding by ticket size as on March 31, 2016:*

Sl. No.	Ticket size**	Amount
1.	Up to ₹ 2 lacs	84.53%
2.	₹ 2 lacs to 5 lacs	4.28%
3.	₹ 5 lacs to 10 lacs	0.61%
4.	₹ 10 lacs to 25 lacs	0.33%
5.	₹ 25 lacs to 50 lacs	0.64%
6.	₹ 50 lacs to 1 crore	0.73%
7.	₹ 1 crore to 5 crores	5.38%
8.	₹ 5 crores to 25 crores	3.50%
9.	₹ 25 crores to 100 crores	-
10.	Above ₹ 100 cores	-
	Total	**100%**

* Ticket size at the time of origination
**The details provided are as per borrower and not as per loan account.

*E. Denomination of loans outstanding by LTV as on March 31, 2016**

Sl. No.	LTV	Percentage of AUM
1.	Up to 40%	1.44%
2.	40%-50%	1.70%
3.	50%-60%	16.03%
4.	60%-70%	33.99%
5.	70%-80%	45.97%
6.	80%-90%	0.00%
7.	More than 90%	0.87%
	Total	**100%**

*LTV at the time of origination

F. Geographical classification of our borrowers as on March 31, 2016:

Sl. No.	Top 5 States	Percentage of AUM
1.	Kerala	43.07%
2.	Tamil Nadu	36.15%
3.	Karnataka	15.01%
4.	Andhra Pradesh	1.94%
5.	Telangana	1.88%
	Total	**98.05%**

G. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2016:

(₹ in lacs)

Particulars	Amount
Total advances to twenty largest borrowers	10,644.69
Percentage of advances to twenty largest borrowers to total advances to our Company	7.23%

(a) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2016:

(₹ in lacs)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	2,068.40	643.40
Percentage of exposure to twenty largest borrowers to total exposure to our Company	1.46%	0.45%

H. Details of loans overdue and classified as non-performing in accordance with RBI's guidelines as on March 31, 2016:

Movement of gross NPA	Amount (₹ in lacs)
Opening gross NPA	631.97
- Additions during the year	35.01
- Reductions during the year	-
Closing balance of gross NPA	666.98

Movement of provisions for NPA	Amount (₹ in lacs)
Opening balance	375.79
- Provisions made during the year	-
- Write-off/ write-back of excess provisions	6.41
Closing balance	369.38

I. Segment-wise gross NPA as on March 31, 2016

(₹ in lacs)

Sl. No.		Segment-wise gross NPA	Gross NPA*
1.		**Retail**	
	a.	Mortgages (home loans and loans against property)	0.75%
	b.	Gold Loans	0.35%
	c.	Vehicle Finance	-
	d.	MFI	-
	e.	M & SME	-
	f.	Capital market funding (loans against shares, margin funding)	-
	g.	Others	61.33%
2.		**Wholesale**	
	a.	Infrastructure	-
	b.	Real Estate (including builder loans)	-
	c.	Promoter funding	-
	d.	Any other sector (as applicable)	-
	e.	Others	-

**Gross NPA means percentage of NPAs to total advances in that sector.*

J. Classification of loans/advances given to associates, entities/persons relating to the Board, senior management, Promoters, others, etc.

Particulars	Amount (₹ in lacs)
Loans to Promoters	1,269.05
Other loans	145,971.37
Total	**1,47,240.42**

Disclosure of Track Record of Lead Managers to Issue

The details of the track record of the respective Lead Managers to the Issue, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on the website of the Lead Manager to the Issue.

Vivro Financial Services Private Limited – http://www.vivro.net/offerdocument.aspx

Revaluation of assets

Except the revaluation of fixed assets during 2009-10 and 2010-11 for ₹1,355.59 lacs and ₹367.12 lacs respectively, our Company has not revalued its assets.

Mechanism for redressal of investor grievances

Agreement dated October 27, 2016, between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of seven years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the applicant, number of NCDs applied for, amount paid on application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, option applied for, number of Bonds applied for, amount blocked on Application.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The contact details of Registrar to the Issue are as follows:

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032,
Tel: +91 40 6716 2222;
Fax: +91 40 2343 1551
Email: einward.ris@karvy.com
Investor Grievance Email: kosamattam.ncdipo9@karvy.com
Website: www.karisma.karvy.com
Contact Person: Mr. M. Murali Krishna
Compliance Officer: Mr. Rakesh Santhalia
SEBI Registration Number: INR000000221
CIN: U72400TG2003PTC041636

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be 3 (three) business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Mr. Sreenath P. has been appointed as the Compliance Officer of our Company for this issue.

The contact details of Compliance officer of our Company are as follows:

Mr. Sreenath P.
Kosamattam Finance Limited
Kosamattam MKC Building,
M. L. Road, Market Junction,
Kottayam – 686 001,
Tel.: +91 481 2586506
Fax: +91 481 258 6500
E-mail: cs@kosamattam.com

Change in Auditors of our Company during the last three years

There has been no change(s) in the Statutory Auditors of our Company in the last three (3) financial years preceding the date of this Draft Prospectus.

KEY REGULATIONS AND POLICIES

The regulations summarised below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, 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 Provisions Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The major regulations governing our Company are detailed below:

We are a non-deposit taking (which does not accept public deposits), systemically important, NBFC. As such, our business activities are regulated by RBI Regulations applicable to non-public deposit accepting NBFCs ("***NBFC-ND***").

As of September 1, 2016, the RBI issued an *updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016*, applicable to all NBFC-NDSI's.

Regulations governing NBFCs

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its 'principal business' is to be treated as an NBFC. The term 'principal business' has not been defined in any statute, however, RBI has clarified through a press release (Ref. No. 1998-99/1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50 percent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 percent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act, the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("Prudential Norms – D"), the Systemically Important Non-Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ("Prudential Norms – ND") and Non- Systemically Important Non-Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 and the provisions of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and

- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC ("***NBFC-D***") or as a non-deposit accepting NBFC ("***NBFC-ND***"). NBFCs registered with RBI are further classified as:

- Asset finance companies;
- Investment companies;
- Systemically Important Core Investment Company;
- Loan companies and/or
- Infrastructure finance companies.
- Infrastructure debt fund - NBFCs;
- NBFC - micro finance institutions;
- NBFC –Factors;
- Mortgage guarantee companies; and/or
- NBFC- non-operative financial holding company

Our Company has been classified as an NBFC-ND-SI.

Systemically Important NBFC-NDs

The RBI in its notification (RBI/2014-15/520 DNBR (PD) CC.No.024/03.10.001/2014-15) dated March 27, 2015 revised the threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹50,000 lacs and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹50,000 lacs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists. This amendment also requires that the NBFCs primarily engaged in lending against gold jewellery have to maintain a minimum Tier 1 capital of 12% with effect from April 01, 2014.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio of 15%.

Loan-to-value guidelines

The RBI vide its Master Circular No. DNBR (PD) CC. No. 043/03.10.119/2015-16 dated July 1, 2015, introduced the, the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 directing all NBFCs to: (i) maintain a loan-to-value ratio not exceeding 75% for loans granted against the collateral of gold jewellery and; (ii) disclose in their balance sheet the percentage of such loans to their total assets.

Further, NBFC's are also required to not grant any advance against bullion / primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) are required to maintain a minimum Tier I capital of 12.00%.

Rating of NBFCs

Pursuant to the RBI circular DNBS (PD) CC. No.134/03.10.001/2008-2009 dated February 04, 2009, all NBFCs with an asset size of ₹1,000 million are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

Prudential Norms

The Prudential Norms Directions amongst other requirements prescribe guidelines on NBFC-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. On a review vide Notification No. DNBR (PD) CC.No.077/03.10.001/2015-16 dated April 7, 2016 has it has been decided that concentration of credit/ investment norms shall not apply to a systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

Provisioning Requirements

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-Standard Assets, Doubtful Assets and Loss Assets in the manner provided for in the Prudential Norms Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated January 17, 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25% of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated June 11, 2015 has sought to raise the provision for standard assets to 0.40% by March 2018. The provisions on standard assets are not reckoned for arriving at net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier II capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II capital only up to a maximum of 1.25% of the total risk-weighted assets.

Capital Adequacy Norms

Every systemically important NBFC-ND is required to maintain, with effect from April 1, 2007, a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II capital of a NBFC-MFI shall not exceed 100% of the Tier I capital.

Tier-I Capital, has been defined in the Prudential Norms – ND as, owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by a systemically important NBFC-ND in each year to the extent it does not exceed 15% of the aggregate Tier I capital of such company as on March 31 of the previous accounting year. Further the RBI vide circular dated March 27, 2015 require the NBFCs primarily engaged in the business of lending against gold jewellery (such loans comprising 50% or more of their financial assets) to maintain a minimum Tier l capital of 12%.

Owned Funds, has been defined in the Prudential Norms – ND as, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier - II Capital has been defined in the Prudential Norms – ND, includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth percent of risk weighted assets; (d) hybrid debt capital

instruments; and (e) subordinated debt to the extent the aggregate does not exceed Tier - I capital; and (f) perpetual debt instrument issued by a systemically important NBFC-ND, which is in excess of what qualifies for Tier I Capital to the extent that the aggregate Tier-II capital does not exceed 15% of the Tier -I capital.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Prudential Norms, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFC-ND may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5% of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important NBFC-ND taken together may not exceed 25% of its owned funds to or in single party and 40% of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings.

Asset Classification

The Prudential Norms require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

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

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC is required to make a provision for standard assets at 0.25% of the outstanding. RBI, vide its notification dated November 10, 2014 has increased the requirement for standard assets for NBFCs-ND-SI and for all NBFCs-D to 0.40%, which is to be complied with in a phased manner as follows: (i) 0.30% by March 31, 2016 (ii) 0.35% by March 31, 2017 (iii) 0.40% by March 31, 2018.

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹2,00,00,000 (Rupees two crore only). For this purpose, the RBI Act has defined "net owned fund" to mean:

Net Owned Fund - The aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,

(i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

(ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10% of (a) above.

Further in accordance with RBI Notification No. DNBR.007/CGM (CDS)-2015 dated March 27, 2015 which provides that a non-banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than two hundred lacs of rupees, may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of:

ii. one hundred lacs of rupees before April 1, 2016; and
iii. two hundred lacs of rupees before April 1, 2017.

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI's Non- Deposit Accepting Companies Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no's, etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

All NBFCs (whether accepting public deposits or not) having an asset base of ₹10,000 lacs or more or holding public deposits of ₹2,000 lacs or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

Master Circular - Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 - Corporate Governance Directions 2015

All NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. RBI vide its recent Master Circular dated July 1, 2015, introduced the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 which requires all systematically important ND NBFCs having an asset size above ₹50,000 lacs are required to consider adopting best practices and transparency in their systems as specified below. RBI pursuant to its Master Circular No. DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 1, 2015 mandated that all NBFC having assets of ₹50,000 lacs and above as per its last audited balance sheet are required to constitute an audit committee, consisting of not less than three members of its Board of Directors. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various

stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, the Audit Committee are required to ensure that an Information Systems Audit of the internal systems and processes is conducted at least once in two years to assess operational risks.

Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016 dated February 25, 2016 ("RBI KYC Directions")

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The RBI KYC Directions also prescribe detailed instructions in relation to, inter alia, the due diligence of customers, record management and reporting requirements to Financial Intelligence Unit – India.

Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the Statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases our profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made.

Master Direction dated September 20, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

All NBFC-ND-SIs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of ₹1 lac and above, and if the fraud is of ₹100 lacs or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-SI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Master Circular dated July 1, 2015 – Frauds – Future approach towards monitoring of frauds in NBFCs

In order to prevent the incidence of frauds in NBFCs, the RBI established a reporting requirement to be followed by NBFCs, both NBFCs-Deposit taking and NBFCs-ND-SI. In terms of the circular, all NBFCs-ND-SI shall disclose the amount related to fraud, reported in the company for the year in their balance sheets. NBFCs failing to report fraud cases to the RBI would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act. Additionally, the circular provides for categorisation of frauds and the reporting formats in order to ensure uniformity in reporting.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI. RBI, vide notification dated November 26, 2015 titled "Online Returns to be submitted by NBFCs-Revised" changed the periodicity of NDSI returns from monthly to quarterly.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful

debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ND-SI, the auditor shall made a separate report to the Board of Directors of the company on inter alia examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI).

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding inter alia asset liability mismatches and interest rate risk, quarterly report on branch information, and CRILC on a quarterly basis as well as all SMA-2 accounts to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

Financing of NBFCs by bank

The RBI has issued guidelines *vide* a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) further lending to individuals for the purpose of subscribing to an initial public offer.

In addition to the above the RBI has issued guidelines *vide* a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against Gold has directed banks to (i) reduce their regulator exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks' capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks' capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

Norms for excessive interest rates

In addition, the RBI has introduced *vide* a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly

communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Supervisory Framework

In order to ensure adherence to the regulatory framework by systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("**ALM**") System in relation to NBFCs ("**ALM Guidelines**") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹10,000 lacs, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹2,000 lacs or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") provides for establishment of the Debts Recovery Tribunals (the "**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("**PMLA**") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹10 lacs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹10 lacs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹10 lacs.

Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

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

RBI Notification dated December 3, 2015 titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015.

SARFAESI Act

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is an NPA. A bank or financial institution or NBFC may sell a financial asset only if the borrower has a consortium or multiple banking arrangements and at least 75% by value of the total loans to the borrower are classified as an NPA and at least 75% by the value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale. In addition to the above, a financial asset may be sold by any bank or financial institution where the asset is reported, by the bank financial institution to Central Repository for Information on Large Credit, as an NPA wherein the principal or interest payment is overdue between 61-90 days.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issues by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting *inter alia* any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act

Companies Act, 2013

The Companies Act has been notified by the Government of India on August 30, 2013 (the "**Notification**"). Under the Notification, Section 1 of the Companies Act has come into effect and the remaining provisions of the Companies Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the Companies Act deals with the commencement and application of the Companies Act and among others sets out the types of companies to which the Companies Act applies. Further the Ministry of Corporate Affairs has by their notifications dated September 12, 2013 and March 26, 2014 notified certain sections of the Companies Act, which have come into force from September 12, 2013 and April 1, 2014.

The Companies Act is expected to replace the Companies Act, 1956 upon notification of all sections of the Companies Act, 1956. The Companies Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, requirements for independent directors, director's liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act. As mentioned above, certain provisions of the Companies Act, 2013 have already come into force and the rest shall follow in due course.

Additionally, section 465 (yet to be notified) of the 2013 Act provides for repeals and savings where under anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall, insofar as it is not inconsistent with the provisions of 2013 Act, be deemed to have been done or taken under the corresponding provisions of the 2013 Act.

Under the Companies Act every company having net worth of ₹50,000 lacs or more, or turnover of ₹100,000 lacs or more or a net profit of ₹500 lacs or more during any financial year shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every financial year, at least two% of the average net profits of the company made during the three immediately preceding financial years in pursuance of its corporate social responsibility policy.

Foreign Investment Regulations

Foreign direct investment (including foreign institutional investment, investments by non-resident Indians, persons of Indian origin and overseas corporate bodies) ("**FDI**") in an Indian company is governed by the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") read with the Consolidated Foreign Direct Investment Policy effective from April 05, 2013 ("**FDI Policy**") issued by the Department of Industrial Promotion and Policy, Ministry of Commerce, Government of India("**DIPP**").FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities. However, if the foreign investor has any previous joint venture/tie-up or a technology transfer/trademark agreement in the "same field" in India, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, the following are the relevant norms applicable for FDI in NBFCs:

(a) FDI investments up to 100% of the paid-up share capital of the NBFC is allowed under the automatic route in the following NBFC activities:

(i) Merchant banking;
(ii) Underwriting;

(iii) Portfolio Management Services;
(iv) Investment Advisory Services;
(v) Financial Consultancy;
(vi) Stock Broking;
(vii) Asset Management;
(viii) Venture Capital;
(ix) Custodial Services;
(x) Factoring;
(xi) Credit rating Agencies;
(xii) Leasing and Finance;
(xiii) Housing Finance;
(xiv) Forex Broking;
(xv) Credit card business;
(xvi) Money changing Business;
(xvii) Micro Credit; and
(xviii) Rural Credit.

(b) Minimum Capitalisation Norms for fund based NBFCs:

(i) For FDI up to 51% - US$ 0.5 million to be brought up front.
(ii) For FDI above 51% and up to 75% - US $ 5 million to be brought up front.
(iii) For FDI above 75% and up to 100% - US $ 50 million out of which US $7.5 million to be brought up front and the balance in 24 months
(iv) NBFCs (i) having foreign investment more than 75% and up to 100%, and (ii) with a minimum capitalisation of US$ 50.00 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. The minimum capitalisation condition as mandated by the FDI Policy at paragraph 3.10.4.1, therefore, shall not apply to downstream subsidiaries.

Joint venture operating NBFCs that have 75% or less than 75% foreign investment can also set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capitalisation norm mentioned in (b)(i), (ii) and (iii) above and (f) below.

Non- Fund based activities: US $0.5 million to be brought upfront for all permitted non-fund based NBFCs irrespective of the level of foreign investment subject to the following condition. It would not be permissible for such a company to set up any subsidiary for any other activity, nor can it participate in any equity of an NBFC holding/operating company.

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

Master Circular No.10/2015-16 on Memorandum of Instructions governing money changing activities, issued by RBI dated July 1, 2015 and updated on September 10, 2015.

Guidelines for Licencing and other Approvals for Authorised Money Changers (AMCs)

Full Fledged Money Changers (FFMCs) are authorised by the Reserve Bank to deal in foreign exchange for specified purposes, to widen the access of foreign exchange facilities to residents and tourists while ensuring efficient customer service through competition. FFMCs are authorised to purchase foreign exchange from residents and non-residents visiting India and to sell foreign exchange for certain approved purposes. AD Category –I Banks/ADs Category – II/FFMCs may appoint franchisees to undertake purchase of foreign currency*. No person shall carry on or advertise that he carries on money changing business unless he is in possession of a valid money changer’s licence issued by the Reserve Bank.

**** Note: -Franchisees of AD Category –I Banks/ADs Category – II/FFMCs functioning within 10 kilometres from the borders of Pakistan and Bangladesh may also sell the currency of the bordering country, with the prior approval of the Regional offices concerned of the Reserve Bank. Other franchises of AD Category –I Banks/ADs Category – II/FFMCs cannot sell foreign currency.***

Guidelines for appointment of Agents/Franchisees by Authorised Dealer Category –FFMCs.

Under the Scheme, the Reserve Bank permits FFMCs to enter into franchisee/agency agreements at their option for the purpose of carrying on Restricted Money Changing business i.e. conversion of foreign currency notes, coins or travellers' cheques into Indian Rupees.

A franchisee can be any entity which has a place of business and a minimum Net Owned Funds of ₹10 lacs. Franchisees can undertake only restricted money changing business.

FFMCs as the franchisers are free to decide on the tenor of the arrangement as also the commission or fee through mutual agreement with the franchisee. The Agency/Franchisee agreement to be entered into should include the salient features as mentioned under the master circular. The master circular also prescribes the procedure for application, due diligence of franchisees, selection of centres, training, reporting, audit and inspection of franchisees and Anti Money Laundering (AML)/Know Your Customer (KYC)/Combating the Financing of Terrorism (CFT) Guidelines.

Note: No licence for appointment of franchisees will be issued to any FFMC, against whom any major DoE/DRI/CBI/Police case is pending. In case where any FFMC has received one-time approval for appointing franchisees and subsequent to the date of approval, any DoE/DRI/CBI/Police case is filed, the FFMC should not appoint any further franchisees and bring the matter to the notice of the Reserve Bank immediately. A decision will be taken by the Reserve Bank regarding allowing the FFMC to appoint franchisees.

Operational Instructions

Foreign exchange in any form can be brought into India freely without limit provided it is declared on the Currency Declaration Form (CDF) on arrival to the Custom Authorities. When foreign exchange brought in the form of currency notes or travellers' cheques does not exceed US $10,000 or its equivalent and/or the value of foreign currency notes does not exceed US $5,000 or its equivalent, declaration thereof on CDF is not insisted upon.

Taking out foreign exchange in any form, other than foreign exchange obtained from an authorised dealer or a money changer is prohibited unless it is covered by a general or special permission of the Reserve Bank. Non-residents, however, have general permission to take out an amount not exceeding the amount originally brought in by them, subject to compliance with the provisions of sub-para above.

Authorised Money Changers (AMCs)/franchisees may freely purchase foreign currency notes, coins and traveller’s cheques from residents as well as non-residents. Where the foreign currency was brought in by declaring on form CDF, the tenderer should be asked to produce the same. The AMC should invariably insist on production of declaration in CDF.

AMCs may sell Indian Rupees to foreign tourists/visitors against International Credit Cards/International Debit Cards and take prompt steps to obtain reimbursement through normal banking channels.

AMCs may issue certificate of encashment when asked for in cases of purchases of foreign currency notes, coins and travellers cheques from residents as well as non-residents. These certificates bearing authorised signatures should be issued on the letter head of the money changer and proper record should be maintained.

In cases where encashment certificate is not issued, attention of the customers should be drawn to the fact that unspent local currency held by non-residents will be allowed to be converted into foreign currency only against production of a valid encashment certificate.

AMCs may purchase from other AMCs and ADs any foreign currency notes, coins and encashed travellers’ cheques tendered in the normal course of business. Rupee equivalent of the amount of foreign exchange purchased should be paid only by way of crossed account payee cheque/demand draft/bankers' cheque/Pay order.

AMCs may sell foreign exchange up to the prescribed ceiling (currently US $ 10,000) specified in Schedule III to the Foreign Exchange Management (Current Account Transaction) Rules, 2000 during a financial year to persons resident in India for undertaking one or more private visits to any country abroad (except Nepal and Bhutan). Exchange for such private visits will be available on a self-declaration basis to the traveller regarding the amount of foreign exchange availed during a financial year. Foreign nationals permanently resident in India are also eligible to avail of this quota for private visits provided the applicant is not availing of facilities for remittance of his salary, savings, etc., abroad in terms of extant regulations.

AMCs may sell foreign exchange to persons resident in India for undertaking business travel or for attending a conference or specialised training or for maintenance expenses of a patient going abroad for medical treatment or check-up abroad or for accompanying as attendant to a patient going abroad for medical treatment/check-up up to the limits as specified in Schedule III to FEMA (Current Account Transactions) Rules, 2000.

AMCs may convert into foreign currency, unspent Indian currency held by non-residents at the time of their departure from India, provided a valid Encashment Certificate is produced.

AMCs may convert at their discretion, unspent Indian currency up to ₹10,000 in the possession of non-residents if, for *bona fide* reasons, the person is unable to produce an Encashment Certificate after ensuring that the departure is scheduled to take place within the following seven days. FFMCs may provide facility for reconversion of Indian Rupees to the extent of ₹50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents- Valid passport and visa, ticket confirmed for departure within 7 days, Original ATM slip.

AMCs may issue a cash memo, if asked for, on official letterhead to travellers to whom foreign currency is sold by them. The cash memo may be required for production to emigration authorities while leaving the country.

AMCs may put through transactions relating to foreign currency notes and travellers' cheques at rates of exchange determined by market conditions and in alignment with the ongoing market rates.

AMCs should display at a prominent place in or near the public counter, a chart indicating the rates for purchase/sale of foreign currency notes and travellers' cheques for all the major currencies and the card rates for any day, should be updated, latest by 10:30 a.m.

AMCs should keep balances in foreign currencies at reasonable levels and avoid build-up of idle balances with a view to speculating on currency movements.

Franchisees should surrender foreign currency notes, coins and travellers' cheques purchased only to their franchisers within seven working days.

The transactions between authorised dealers and FFMCs should be settled by way of account payee crossed cheques/demand drafts. Under no circumstances should settlement be made in cash.

AMCs may obtain their normal business requirements of foreign currency notes from other AMCs/authorised dealers in foreign exchange in India, against payment in rupees made by way of account payee crossed cheque/demand draft.

Where AMCs are unable to replenish their stock in this manner, they may make an application to the Forex Markets Division, Foreign Exchange Department, Central Office, RBI, Mumbai through an AD Category-I for permission to import foreign currency into India. The import should take place through the designated AD Category-I through whom the application is made.

AMCs may export surplus foreign currency notes/encashed travellers' cheques to an overseas bank through designated Authorised Dealer Category - I in foreign exchange for realisation of their value through the latter. FFMCs may also export surplus foreign currency to private money changers abroad subject to the condition that either the realisable value is credited in advance to the AD Category – I bank's nostro account or a guarantee is issued by an international bank of repute covering the full value of the foreign currency notes/coins to be exported.

In the event of foreign currency notes purchased being found fake/forged subsequently, AMCs may write- off up to US $ 2000 per financial year after approval of their Top Management after exhausting all available options for recovery of the amount. Any write-off in excess of the above amount, would require the approval of the Regional

Office concerned of the Foreign Exchange Department of the Reserve Bank.

Further, provisions regarding the following are also mentioned-

- **Registers and Books of Accounts of Money-changing Business**
- **Submission of Statements to the Reserve Bank**
- **Inspection of Transactions of AMCs**
- **Concurrent Audit**
- **Temporary Money Changing Facilities**

Opening of Foreign Currency Accounts by AMCs

AMCs, with the approval of the respective Regional Offices of the Foreign Exchange Department, may be allowed to open Foreign Currency Accounts in India, subject to the following conditions: -

(i) Only one account may be permitted at a particular centre.

(ii) Only the value of foreign currency notes/encashed TCs exported through the specific bank and realised can be credited to the account.

(iii) Balances in the accounts shall be utilised only for settlement of liabilities on account of-

(a) TCs sold by the AMCs and
(b) Foreign currency notes acquired by the AMCs from AD Category-I banks.

(iv) No idle balance shall be maintained in the said account

All AMCs are required to submit their annual audited balance sheet to the respective Regional office of the Reserve Bank for the purpose of verification of their Net Owned Funds along-with a certificate from the statutory auditors regarding the NOF as on the date of the balance sheet. As AMCs are expected to maintain the minimum NOF on an ongoing basis, if there is any erosion in their NOF below the minimum level, they are required to bring it to the notice of the Reserve Bank immediately along with a detailed time bound plan for restoring the Net Owned Funds to the minimum required level.

FFMCs, which are not Regional Rural Banks (RRBs), Local Area Banks (LABs), Urban Co-operative Banks (UCBs) and Non-Banking Financial Companies (NBFCs) having a minimum net worth of ₹500 lacs, may participate in the designated currency futures and currency options on exchanges recognised by the Securities and Exchange Board of India (SEBI) as clients only for the purpose of hedging their underlying foreign exchange exposures. FFMCs and ADs Category–II which are RRBs, LABs, UCBs and NBFCs, may be guided by the instructions issued by the respective regulatory Departments of the Reserve Bank in this regard.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. We are required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

SECTION VIII - SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. In case of any inconsistency between the Articles of Association of our Company and the Companies Act, 1956 and Companies Act, 2013, the provisions of the Companies Act, 1956 and the Companies Act 2013 shall prevail over the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

Table "A" not to apply

1. (a) The regulations contained in Table marked "A" in Schedule I of the Companies Act, 1956, (hereinafter called the Act or the said Act) shall apply to the Company, except in so far as excluded, modified, varied or altered expressly or impliedly by the regulations of the Company hereinafter following or made from time to time.

Company to be governed by these Articles

(b) The regulations for the management of the Company and for the observance of the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed or permitted by Section 31 of the Act, be such as are contained in these Articles.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

(b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE REDUCTION AND ALTERATION OF CAPITAL

6. The Company may from time to time in General Meeting increase its Share Capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued

(a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the General Meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further issue of Shares

(b) Where at any time after the expiry of two years from the formation of a Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital, then

(i) such further shares shall be offered to the persons who at the date of offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the Capital paid up on those shares at that date.

(ii) the offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.

(iii) unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (b) shall contain a statement of this right. PROVIDED THAT the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

(iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of directors may dispose of them in such manner as they think most beneficial to the Company.

(c) Notwithstanding anything contained in the preceding sub-clause (1), the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-section (1)) in any manner whatsoever:

(i) if a special resolution to that effect is passed by the company in general meeting, or

(ii) where no such special resolution is passed if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(d) Nothing in clause (c) of sub-section (1) shall be deemed –

(i) to extend the time within which the offer should be accepted, or

(ii) to authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(e) Nothing in this article shall apply -

to the increase of the subscribed capital of the company caused by the exercise of an option attached to debentures issued or loans raised by the company –

(i) to convert such debentures or loans into shares in the company, or
(ii) to subscribe for shares in the company; (Whether such option is conferred in these Articles or otherwise.

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) either has been approved by the Central Government before the issue of debentures or the raising

of the loans, or is in conformity with the rules 197, if any, made by that Government in this behalf; and

(b) in the case of debentures or loans other than debentures issued to, or loans obtained from, the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or the raising of the loans.

Shares at the disposal of the Directors

(e) Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

Same as Original Capital

(f) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new shares shall be considered as part of the original Capital and shall be subject to the provisions herein contained with reference to the payment of calls, instalments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

Power to issue Redeemable Preference Shares

7. (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed;

Provided that:

(i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption;

(ii) no such shares shall be redeemed unless they are fully paid;

(iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Share Premium Account before the shares are redeemed.

(iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a Reserve Fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up Share Capital of the Company.

(b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.

(c) The redemption of preference shares under these provisions by the Company shall not be taken as

reducing the amount of its Authorised Share Capital.

(d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relate to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

(e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid up bonus shares.

Provision in case of Redemption of preference shares

8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, be giving not less than six-month's previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated up to the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect :

(a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its Registered Office in the presence of one Director at least; and

(b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the Registered Office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The Shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid, where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.

Reduction of Capital

9. The Company may from time to time by special resolution, subject to confirmation by the Court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its Share Capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may be:

(a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;

(b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up Share Capital which is lost or is unrepresented by available assets; or

(c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up Share Capital which is in excess of the wants of the Company;

and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its Share Capital and of its shares accordingly.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

10. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say it may;

(a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

(b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares;

(c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination;

(d) cancel, shares which at the date of such General Meeting have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled.

Notice to Register of Consolidation of Share Capital, Conversion of shares into stocks etc.

11. (a) If the Company has:

(i) consolidated and divided its Share Capital into shares of larger amount than its existing shares;

(ii) converted any shares into stock;

(iii) reconverted any stock into shares;

(iv) sub-divided its share or any of them;

(v) redeemed any redeemable preference shares; or

(vi) cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act,

the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.

(b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

Modifications of rights

12 If at any time the Share Capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being would up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to General Meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum.

SHARES AND CERTIFICATES

Issue of further Shares not to affect right of existing share holders

13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking *pari passu* therewith.

Provisions of Sections 85 to 88 of the Act to apply

14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

15. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.

    (b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.

    (c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, Copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Commencement of business

16. The Company shall comply with the provisions of Section 149 of the Act.

Restriction on allotment

17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares to be numbered progressively and no shares to be subdivided

18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Shares at the disposal of the Directors

19. Subject to the provisions of Section 81 of the Act and these Articles the shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in General Meeting to give to any person the option to call for any shares either at par or at a premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the Capital of the Company on payment in full or part for any property sold and transferred or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting

Every share transferable etc.

20. (i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.

(ii) Each share in the Company shall be distinguished by its appropriate number.

(iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie evidence of the title of the member of such shares.

Application of premium received on issue of shares

21. (a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called "the Share Premium Account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the Share Premium Account were paid-up Share Capital of the Company.

(b) The Share Premium Account may, notwithstanding, anything in clause (a) above, be applied by the Company.

(i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;

(ii) in writing off the preliminary expenses of the Company;

(iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or

(iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.

Sale of fractional shares

22. If and whenever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and these Articles and to the directions of the Company in General Meeting, if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Buy back of Shares'

22A. Notwithstanding anything contained in any other Article of the Articles of Association, but subject to the provisions of Section 77 A and 77 B of the Act and Securities & Exchange Board of India (Buy back of Securities) Regulations 1998 as may be in force at any time and from time to time, the Company may acquire, purchase, own, resell any of its own fully/partly paid or redeemable Preference Shares or Equity Shares and any other security as may be specified under the Act, Rules and Regulations from time to time and may make payment thereof out of funds at its disposal or in any manner as may be permissible or in respect of such acquisition/purchase on such terms and conditions and at such time or times in one or more instalments as the Board may in its discretion decide and deem fit. Such Shares which are so bought back by the Company may either be extinguished and destroyed or reissued as may be permitted under the Act or the Regulations as may be in force at the relevant time subject to such terms and conditions as may be decided by the Board and subject further to the rules and regulations governing such issue.

Acceptance of Shares

23. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purpose of these Articles be a member. The Director shall comply with the provisions of Sections 69, 70,

71, 72 and 73 of the Act in so far as they are applicable.

Deposits and calls etc. to be a debt payable immediately

24. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Trusts not recognised

25. Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holders of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of Competent jurisdiction or as by law required) be bound to recognise any benami, trust of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.

Issue of Certificates of Shares to be governed by Section 84 of the Act etc.

26. (a) The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any Stock Exchange where the shares of the Company may be listed for the time being.

Certificate of Shares

(b) The Certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorised persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.

(c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 84 of the Act.

Limitation of time for issue of certificate

27. (a) Every member shall be entitled, without payment, to one or more Certificate in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such Certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide. or within one month of the receipt of application of registration of transfer transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid up thereon and shall be in such form as the Directors may prescribe or approve provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

(b) The Company shall not entertain any application for split of share/debenture certificate for less than 10 (Ten) Equity Shares/10 (Ten) debentures (all relating to the same series) in market lots as the case may be.

Provided however this restriction shall not apply to an application made by the existing members or debenture holders for split of share/debenture certificates with a view to make an odd lot holding into a marketable lot subject to verification by the Company.

(c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where Shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulations) Act, 1956 as may be applicable.

Issue of new Certificate in place of one defaced, lost or destroyed

28. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any Certificate be lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under these Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Re. 2/- for each Certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchange or the Rules made under the Act or the Rules made under Securities Contracts (Regulations) Act, 1956 or any other Act, or Rules applicable in this behalf.

29. The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

UNDERWRITING COMMISSION AND BROKERAGE

Power to pay certain commission and prohibition of payment of all other commission, discounts etc.

30. (A) The Company may pay a commission to any person in consideration of:

(i) his subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company, subject to the restrictions specified in sub-section (4A) of Section 76 of the Act, or

(ii) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company, if the following conditions are fulfilled, namely:

(a) the commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price at which the debentures are issued;

(b) the amount or rate percent of the commission paid or agreed to be paid on shares or debentures offered to the public for subscription, is disclosed in the Draft Prospectus, and in the case of shares or debentures not offered to the public for subscription, is disclosed in the Statement in lieu of Draft Prospectus and filed before the payment of the commission with the Registrar, and where a circular or notice, not being a Draft Prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;

(c) the number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid and

(d) a copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the Draft Prospectus or the statement in lieu of Draft Prospectus for registration.

(B) Save as aforesaid and save as provided in Section 79 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of:

(i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;

(ii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company or the money be paid out of the nominal purchase money or contract price, or otherwise.

(C) Nothing in this Article shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.

(D) A vendor to, promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received for payment of any commission, the payment of which, if made directly by the Company would have been legal under Section 76 of the Act.

(E) The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash, or in shares, debentures or debenture-stocks of the Company.

CALLS

Directors may make Calls

31. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and such members/debenture holders shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Directors. A Call may be made payable by instalments. A call may be postponed or revoked as the Board may determine. The option or right to call of shares shall not be given to any of the person except with the sanction of the Issuer in general meeting.

Calls to date from resolution

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such Call was passed and may be made payable by members/debenture holders on a subsequent day to be specified by the Directors.

Notice of Call

33. Thirty days' notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.

Directors may extend time

34. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be Calls

35. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a Call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a Call duly made and notified.

Instalments on shares to be duly paid

36. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform basis

37. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amount have been paid up shall not be deemed to fall under the same class.

Liability of joint holders of shares

38. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares.

When interest on call or instalment payable

39. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

Partial payment not to preclude forfeiture

40. Neither a judgment nor a degree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Proof on trial of suits for money due on shares

41. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due of the shares in respect of which such money is sought to be recovered, and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry Interest

42. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the money due upon the shares held by him beyond the sum actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

(b) The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

43. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

LIEN

Company's lien on Shares/Debentures

44. The Company shall have first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares/debentures shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonus from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Clause. That fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

As to enforcing lien by sale

45. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.

Outsider’s lien not to affect Company's lien

(b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a Court of Competent jurisdiction or by statute required) be bound to recognise equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

COMMISSION ON SHARES

The Director may at any time pay a commission to any person for subscribing or agreeing to subscribe whether absolutely or conditionally or agreeing to subscribe whether absolutely or conditionally for any shares, debentures in the Company, but so that if the commission in respect of shares shall be paid out of capital, the statutory conditions and requirement shall be observed and complied with. The rate of commission shall not exceed 5 percent on the shares or 2.5 percent on debentures subscribed. The commission may be paid or satisfied in cash or shares or debenture of the Company.

FORFEITURE

If call or instalment not paid notice must be given

47. (a) If any member or debenture holder fails to pay the whole or any part of any call or instalment or any money due in respect of any shares or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any instalment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or instalment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of Notice

(b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or instalment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or instalment or such part or other moneys is or are payable will be liable to be forfeited.

In default of payment shares or debentures to be forfeited

48. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company, in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actual paid before the forfeiture.

Entry of forfeiture in Register of members/debenture holders

49. When any shares/debentures shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or Debenture Holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited share to be property of Company and may be sold

50. Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annul forfeiture

51. The Directors may, at any time, before any share forfeited shall have been sold, re-allotted or otherwise disposed of, annul forfeiture thereof upon such conditions as they think fit.

Shareholders still liable to pay money owing at time of forfeiture and interest

52. Any member whose shares or have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, instalments, interest, expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may

enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Effect of forfeiture

53. The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Certificate of forfeiture

54. A certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorised by the Directors for the purpose, that the call in respect of a share was made and notice thereof given and that default in payment of the call was made and that forfeiture of the share was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share

Validity of sales under Articles 45 and 50

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of Members or Register of Debenture Holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of Members or Debenture Holders in respect of such shares or debentures the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

Cancellation of share Certificate in respect of forfeited shares

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Directors shall be entitled to issue a duplicate certificate/s in respect of the said shares to the person/s entitled thereto.

Title of purchaser and allottee of forfeited shares

57. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof, and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share.

Surrender of Shares or Debentures

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering those on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of Transfers

59. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Form of Transfer

60. The instrument of transfer shall be common, in writing and all the provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly compiled with in

respect of all transfer of shares and registration thereof.

'Dematerialisation of Securities'

60A. (1) The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.

(2) (i) The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.

(ii) Option for Investors:

Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

(iii) Securities in Depository to be in fungible form:

All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C & 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

(iv) Rights of Depositories & Beneficial Owners:

(a) Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(c) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.

(v) Service of Documents:

Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities:

Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(vii) Allotment of Securities dealt with in a depository:
Notwithstanding anything contained in the Act, where Securities are dealt with by a depository,

the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) Register and Index of Members:

The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

Instrument of transfer to be executed by transferor and transferee

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

Directors may refuse to register transfer

62. (a) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion any by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either; alone or jointly with any other person or persons indebted to the company or any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

(b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

Transfer of Shares

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of Members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

(b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.

(c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the certificate relating to the shares and if no such certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is

proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.

(d) Nothing in clause (c) above shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.

(e) The Company shall accept all applications for transfer of shares/debentures, however, this condition shall not apply to requests received by the Company.

(A) for splitting of a share or debenture certificate into several scripts of very small denominations;

(B) proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.

(i) transfer of equity shares/debentures made in pursuance of any statutory provisions or an order of a Competent Court of law;

(ii) the transfer of the entire equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.

(iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) Debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.

(iv) the transfer of less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

(f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share. However, the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever;

Custody of Instrument of transfer

64. The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Transfer books and Register of members when closed

65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

Transfer to Minors etc.

66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of

unsound mind.

Title to shares of deceased holder

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognise as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Registration of persons entitled to share otherwise than by transfer

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.

(b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

'**Nomination**'

(c) (1) Every Shareholder or Debenture holder or Deposit holder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act.

(2) Where the Shares or Debentures or Deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under Section 58A(11) and 109A of the Act.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debenture holder or Deposit holder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

(4) Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or Deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

'**Transmission of Shares or Debentures**'

(d) (1) A nominee, upon production of such evidence as may be required by the Board and subject to provisions of Section 109B of the Act and as hereinafter provided, elect, either –

(a) to register himself as holder of the Share or Debenture, as the case may be; or

(b) to make such transfer of the Share or Debenture, as the deceased Shareholder or Debenture holder, as the case may be, could have made.

(2) if the nominee elects to be registered as holder of the Share or Debenture himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debenture holder, as the case may be.

(3) a nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with.

Claimant to be entitled to same advantage

69. The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interest, bonuses or other moneys payable in respect of the share unit the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.

71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

Refusal to register nominee

72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Directors may require evidence of transmission

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

No Fees on transfer or transmission

74. No fees shall be charged for registration of transfer transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death of Marriage, Power of Attorney or similar other document.

The Company not liable for disregard of a notice prohibiting registration of transfer

75. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give affect thereto if the Directors shall so think fit.

76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

JOINT HOLDERS

Joint-holders

77. Where two or more persons are registered as the holders of any shares/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders

(a) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debentures.

Transfer by joint holders

(b) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

(c) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share/debenture.

Death of one or more joint holders

(d) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognised by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Receipt of one sufficient

(e) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.

Delivery of certificate and giving of notices to first named holder

(f) Only the person whose name stands first in the Register of Members/debenture holders as one of the

joint holders of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holders

(g) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.

(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

BORROWING POWERS

Restriction on powers of the Board

78. The Board of Directors shall not, except with the consent of the Company in General Meeting and subject to Article 172 of the Articles of Association of the Company:

(a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

(b) remit, or give time for the repayment of any debt due by a Director.

(c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition alter the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.

(d) borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

(e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial year immediately preceding, whichever is greater.

Explanation: Every resolution passed by the Company in General Meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount up to which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

Conditions on which money may be borrowed

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable or such other types of debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its

uncalled Capital for the time being.

Terms of Issue of Debentures

80. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution

Bonds, debentures etc. to be subject to the control of Directors

Any bonds, debentures, debenture stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture stocks or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting by a special resolution.

Securities may be assignable free from equities

81. Debentures, debenture stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Issue at discount etc. or with special privileges

82. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following:

Debentures with voting rights not to be issued

(a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.

(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

(d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.

(e) The term 'charge' shall include mortgage in these Articles.

(f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

Limitation of time for issue of Certificate

(g) The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register

and does not register.

Right to obtain copies of the inspect Trust Deed

(h) (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.

(1) In the case of a printed Trust Deed of the sum of Rupee One and

(2) In the case of a Trust Deed which has not been printed of thirty-seven paise for every one hundred words or fractional part thereof required to be copied.

(ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of Members of the Company.

Mortgage of uncalled Capital

83. If any uncalled Capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled Capital in trust for the person in whose favour such mortgage or security is executed.

Indemnity may be given

84. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Registration of charges

85. (a) The provisions of the Act relating to registration of charges shall be complied with.

(b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.

(c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 125 of the Act.

(d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any persons acquiring such property or any part thereof or any share as interest therein shall be deemed to have notice of the charge as from the date of such registration.

(e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.

(f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders *pari passu*.

(g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.

(h) The Provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.

(i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.

(j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.

(k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered office of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Managers as therein provided.

(l) The Company shall also comply with the provisions of section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.

(m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:

(i) a short description of the property charged;

(ii) the amount of the charge; and

(iii) except in the case of securities to bearer, the names of persons entitled to the charge.

(n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

Trust not recognised

86. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders.

SHARE WARRANTS

Power to issue share warrants

87. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 and accordingly, the Board may, in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the share and the amount of the stamp duty on the warrant and such fee as the board may from time to time require issue a share warrant.

Deposit of share warrant

88. (a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of Members as the holder of the share included in the deposited warrant.

(b) Not more than one person shall be recognised as depositor of the share warrant.

(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.

Privileges and disabilities of the holders of share warrant

89. (a) Subject as herein otherwise expressly provided, no person shall as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any of privileges of a

member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the share included in the warrant, and he shall be a member of the Company.

Issue of new share warrant or coupon

90. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted into stock

91. The Company in general meeting may convert any paid up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interests, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

Rights of stock holders

92. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the company, and other matters, as if they held the shares from which the stock arose, but no such privileges or advantage (except participation in the dividends and profit of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privileges or advantages.

GENERAL MEETINGS

93. **Annual General Meeting**

Subject to the provisions contained in Sections 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the Notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Summary of Annual General Meeting

The Company may in any one general meeting fix the place for its any annual general meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor. At every annual general meeting of the Company, there shall be laid on the table, the Director's Report the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statement of accounts). The proxy registered with the Company and Register of Director's Share holdings of which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Time and place of Annual General Meeting

94. Every annual general meeting shall be called at any time during business hours, on a day that is not a public holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting.

Sections 171 to 186 of the Act shall apply to meetings.

95. Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debenture holders of the Company in like manner as they apply with respect to general meetings of the Company.

Powers of Director's to call Extraordinary General Meeting

96. The Directors may call an extraordinary general meeting of the Company whenever they think fit.

Calling of Extra Ordinary General Meeting on requisition

97. (a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.

(b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the Company.

(c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.

(d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid-up share capital of the Company as at that date carried the right of voting in regard to that matter.

(e) Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.

(f) If the Board does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called:

(i) by the requisitionists themselves;

(ii) by such of the requisitionists as represent either a majority in value of the paid-up share capital held by all of them or note less than one tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less.

Explanation: For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act.

(g) A meeting, called under clause (f) above, by the requisitionists or any of them:

(i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but

(ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

Explanation: Nothing in clause (g) (ii) above, shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

(h) Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some of them shall, for the purpose of this Article, have the same force and effect as if it had been signed by all of them.

(i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of notice for calling meeting

98. (a) A general meeting of the Company may be called by giving not less than twenty-one days' notice in writing.

(b) A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;

(i) in the case of an annual general meeting by all the members entitled to vote thereat; and

(ii) in the case of any other meeting, by members of the Company holding not less than 95 (ninety-five) percent of such part of the paid-up capital of the Company as gives a right to vote at the meeting;

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served

99. (a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(b) Notice of every meeting of the Company shall be given:

(i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act;

(ii) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;

(iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of any member of members of the Company and

(iv) to all the Directors of the Company

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

(c) The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Explanatory statement to be annexed to notice

100. (A) For the purpose of this Article:

(i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to

(a) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.

(b) the declaration of a dividend;

(c) the appointment of Directors in the place of those retiring, and

(d) the appoint of and the fixing of the remuneration of the auditors, and

(ii) in the case of any other meetings, all business shall be deemed special.

(B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the manager, if any.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates, to or affects, any other Company, the extent of shareholding interest in that other Company of any such person shall be set out in the circumstances specified in the proviso to sub-section (2) of Section 173 of the Act.

(C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Quorum for meeting

101. (a) Five members personally present shall be the quorum for a general meeting of the company.

If quorum not present meeting to be dissolved or adjourned

(b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.

(ii) In any other case, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place, as the Board may determine.

Adjourned meeting to transact business

(c) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.

Presence of quorum

102. (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Business confined to election of chairman whilst chair vacant

(b) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.

Chairman of general meeting

(c) (i) The chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be Chairman and in default of their doing so, the members present

shall choose one of the Directors to be Chairman and if no Directors present be willing to take the chair, the members present shall choose one of the themselves to be the Chairman.

(ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

Chairman with consent may adjourn the meeting

(d) The Chairman with the consent of the meeting may adjourn any meeting from time to time and place to place in the city, town or village where the registered office of the Company is situated.

Business at adjourned meeting

(e) No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Notice of adjourned meeting

(f) When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.

In what cases poll taken with or without adjournment

(g) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

103. Proxies

(a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

(b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.

(c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty-eight) hours before the meeting in order that the appointment may be effective thereat.

(d) The instrument appointing a proxy shall:

(i) be in writing, and

(ii) be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

Form of proxy

(e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.

(f) An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.

(g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty-four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

VOTES OF MEMBERS

Restrictions on exercise of voting rights of members who have not paid calls

104. (a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.

(b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Restriction on exercise of voting right in other cases to be void

105. A member is not prohibited for exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.

Equal rights of share holders

106. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Voting to be by show of hands in first instance

107. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

108. (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

No voting by proxy on show of hands

(b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

How member's non-compos minutes and minor may vote

(c) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

(d) **Votes in respect of shares of deceased or insolvent members etc.**

Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was

the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

(e) **Custody of Instrument**

If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects, a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

(f) **Validity of votes given by proxy notwithstanding death of members etc.**

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.

(g) **Time for objections for vote**

No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

(h) **Chairman of any meeting to be the judge of any vote**

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Chairman's declaration of result of voting by show of hands to be conclusive

109. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll

110. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

(b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

111. (a) A poll demanded on a question of adjournment shall be taken forthwith.

(b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty-eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently

112. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case

may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

Scrutinizers at poll

113. (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the votes given on the poll and to report thereon to him.

(b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutinizer from office and to fill vacancies in the office of scrutinizer arising from such removal or from any other cause.

(c) Of the two scrutinizers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

Manner of taking poll and result thereof

114. (a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Casting Vote

115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Representation of Body Corporate

116. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

Circulation of member's resolution

117. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolution.

Resolution requiring special notice

118. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Resolutions passed at adjourned meeting

119. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

Registration of resolutions and agreements

120. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

Minutes of proceedings of general meeting and of Board and other meetings

121. (a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.

(b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:

(i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(ii) in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

(c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

(f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:

(i) the names of the Directors present at the meetings, and

(ii) in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.

(g) Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:

(i) is or could reasonably be regarded, as defamatory of any person

(ii) is irrelevant or immaterial to the proceedings; or

(iii) in detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.

Minutes to be considered to be evidence

(h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Presumptions to be drawn where minutes duly drawn and signed

122. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 193 of the Act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken placed and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

Inspection of Minutes Books of General Meetings

123. (a) The books containing the minutes of the proceedings of any general meeting of the Company shall;

(i) be kept at the registered office of the Company, and

(ii) be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.

(b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty-seven paise for every one hundred words or fractional part thereof required to be copied.

Publication of reports of proceeding of general meetings

124. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

MANAGERIAL PERSONNEL

Managerial Personnel

125. The Company shall duly observe the provisions of Section 197A of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

175. Where any shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

DIVIDENDS

Division of Profits

176. The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively.

Dividend payable to registered holder

177. No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time of payment of dividend

178. Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.

Capital paid up in advance and interest not to earn dividend

179. Where the Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

180. (a) The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

(b) Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in General Meeting may declare dividends

181. The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

Power of Directors to limit dividend

182. No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

183. No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that :

(a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;

(b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

Directors' declaration as to net profits conclusive

184. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

185. The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

186. The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under the clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement there from

187. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Transferred shares must be registered

188. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend how remitted

189. Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Unpaid or Unclaimed Dividend

190. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of KOSAMATTAM FINANCE LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund account of the Central Government.

No claim for such transferred amount will lie against the Company or Central Government.

(c) No unpaid or unclaimed dividend shall be forfeited by the Board before the claim becomes barred by law

Dividend and call together

191. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

192. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

CAPITALISATION

Capitalisation

193. (a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any money's investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalised;

(i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or

(ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.
Provided that any amounts standing to the credit of the Share Premium Account may be applied in;

(1) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;

(2) in writing off the preliminary expenses of the Company;

(3) in writing of the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or

(4) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares.

(b) Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a)(i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital.

(c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a) (ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.

(d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.

(e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

194. When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

DOCUMENTS AND NOTICES

Service of Notice by member

212. A notice may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by post under a Certificate or posting or by registered post or by leaving it at its Registered Office.

The term "Notice" in this and the following clauses shall include summons, notice, requisition, order, judgement or other legal papers and any document.

Service of Notice on Register

213. A notice may be served on the Registrar by sending it to him at his office by post under a certificate of posting or by registered post, or by delivering it to, or leaving it for him at his office.

Service of Notice on member by the Company

214. (a) A Notice may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for giving Notice to him.

(b) Where a Notice is sent by post:

(i) Service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the document, provided that, where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgment due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and

(ii) Such service shall be deemed to have been effected:

(1) in the case of a Notice of a meeting at the expiration of forty-eight hours after the letter containing the same is posted, and

(2) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

By Advertisement

(c) A Notice advertised in a newspaper circulating in neighbourhood of the registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of Notice to him.

On joint holder

(d) Any notice may be served by the Company on the Joint-holders of a Share/debenture by serving it on the joint holder named first in the Register of member/debenture holders in respect of the share/debenture.

On Personal Representative

(e) A Notice may be served by the Company on the person entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title representatives of the deceased or assignees of the insolvent or by any like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.

Notice by Company and signatures thereto

215. Any Notice given by the Company shall be signed by a Director, or by such Officer as the Directors may appoint and the signatures thereto may be written printed or lithographed.

Authentication of documents and proceedings

216. Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by the director, the Managing Director, the Manager, the Secretary or other authorised Officer of the Company and need not be under its Common Seal

WINDING UP

Distribution of Assets

217. (a) Subject to the provisions of the Act, if the Company shall be would up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.

(b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

218. Subject to the provisions of the Act.

Distribution in specie or kind

(a) If the Company shall be would up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributors, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.

(b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.

(c) In case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

219. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

SECTION IX -OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been entered or/are to be entered into by our Company. These Contracts which are or may be deemed material shall be attached to the copy of the Prospectus to be delivered to the Registrar of Companies, Kerala and Lakshadweep for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10:00 am to 4:00 pm on Working Days from the date of the filing of the Prospectus with the Stock Exchange until the Issue Closing Date.

Material Contracts

1. Agreement dated October 28, 2016, between the Company and the Lead Manager;

2. Agreement dated October 27, 2016, between the Company and the Registrar to the Issue;

3. Debenture Trusteeship Agreement dated October 28, 2016, between the Company and Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited), the Debenture Trustee;

4. Escrow Agreement dated [•], executed by our Company, the Registrar, the Escrow Collection Bank(s) and Lead Manager;

5. Syndicate Agreement dated [•], between the Company and the Syndicate Member for marketing of the Issue;

6. Tripartite Agreement dated March 21, 2014 between CDSL, the Company and the Registrar to the Issue; and

7. Tripartite Agreement dated March 27, 2014 between NSDL, the Company and the Registrar to the Issue.

Material Documents

1. Certificate of Incorporation of Company dated March 25, 1987, issued by Registrar of Companies, Kerala and Lakshadweep;

2. Fresh Certificate of Incorporation of the Company dated June 08, 2004, issued by Registrar of Companies, Kerala and Lakshadweep pursuant to change of name;

3. Fresh Certificate of Incorporation of the Company dated November 22, 2013, issued by Registrar of Companies, Kerala and Lakshadweep pursuant to the conversion of our Company from private limited company to a public limited company;

4. Memorandum and Articles of Association of the Company, as amended to date;

5. The certificate of registration No. B-16.00117 dated December 19, 2013 issued by RBI under section 45IA of the RBI Act;

6. Full-fledged money changers license bearing license number FE. CHN.FFMC.40/2006 dated February 7, 2006 issued by the RBI;

7. Credit rating letter dated November 8, 2016, from India Rating & Research Private Limited, granting credit ratings to the NCDs, for the long term non-convertible debenture issue;

8. Copy of the Board Resolution dated October 17, 2016, approving the Issue;

9. Resolution passed by the shareholders of the Company at the Extraordinary General Meeting held on January 24, 2014 approving the overall borrowing limit of Company;

10. Copy of the Debenture Committee Resolution dated December 6, 2016, approving the Draft Prospectus;

11. Copy of the Debenture Committee Resolution dated [•], approving the Prospectus;

12. Memorandum of Understanding dated May 07, 2004 between Mr. Mathew K Cherian (representative of the "**Buyers**") and Mr. Thomas Porathur (representative of the "**Sellers**");

13. Consents of the Directors, Chief Financial Officer, Lead Manager, Debenture Trustee, Syndicate Member, Credit Rating Agency for the Issue, Company Secretary and Compliance Officer, Legal Advisor to the Issue, Bankers to the Issue, Refund bank, Bankers to the Company and the Registrar to the Issue, to include their names in the Draft Prospectus;

14. The consent of the Statutory Auditors of our Company, namely M/s Cheeran Varghese & Co, Chartered Accountants dated November 7, 2016, for inclusion of their names as the Statutory Auditors and experts;

15. Annual Reports of the Company for last five Financial Years ending March 31, 2012 to March 31, 2016;

16. The Report on review of Interim Financial Information of the Statutory Auditors M/s Cheeran Varghese & Co, Chartered Accountants dated October 26, 2016 on Limited Review Financial Statements for the six-month period ended on September 30, 2016;

17. The examination report of the Statutory Auditors M/s Cheeran Varghese & Co, Chartered Accountants dated November 7, 2016, in relation to the Reformatted Standalone Financial Statements included herein;

18. A statement of tax benefits dated October 27, 2016, received from M/s. Cheeran Varghese & Co, Chartered Accountants regarding tax benefits available to us and our debenture holders;

19. Due Diligence certificate dated [•] filed with SEBI by the Lead Manager; and

20. In-principle listing approval letter dated [•] issued by BSE, for the Issue.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the applicants, subject to compliance of the provisions contained in the applicable provisions of Companies Act, 1956, provisions of the Companies Act, 2013 and other relevant statutes.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act, 2013, the Companies Act, 1956, and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, have been complied with and no statement made in this Draft Prospectus is contrary to the applicable provisions of the Companies Act, 1956, relevant provisions of the Companies Act, 2013, the Securities Contracts (Regulations) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements.

Signed by the Directors of our Company

Mathew K Cherian

Laila Mathew

Jilu Saju Varghese

Narayanaswamy Chidambara Iyer

C Thomas John

Date: December 06, 2016

Place: Kottayam

ANNEXURE I - DAY COUNT CONVENTION

Day count convention

Interest on the NCDs shall be computed on an actual/actual basis for the broken period, if any. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs for Options I, III, V, VI and VIII which have tenors on cumulative basis.

For Options II, IV and VII the interest shall be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date of Allotment/anniversary date of Allotment till one day prior to the next anniversary/redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per NCD for all Categories of NCD Holders.

INVESTORS SHOULD NOTE THAT THIS EXAMPLE IS SOLELY FOR ILLUSTRATIVE PURPOSES AND IS NOT SPECIFIC TO THE ISSUE.

Company	Kosamattam Finance Limited	
Face Value	₹1,000	
Day and Date of Allotment (tentative)	[•]	
Option	II	V
Tenure	18 months	36 months
Coupon (%) for NCD Holders in Category I, II and III	[•]%	N A
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly	Cumulative
Day Count Convention	Actual/Actual	

Option II

Company	Kosamattam Finance Ltd.
Face Value	₹1,000
Day and date of Allotment (tentative)	[•]
Tenure	18 months
Coupon (%) for NCD Holders in Category I, II and III	[•]%
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment*	No. of days in Coupon/maturity period	Amount (in ₹)
1st coupon	[•]	[•]	[•]
2nd coupon	[•]	[•]	[•]
3rd coupon	[•]	[•]	[•]
4th coupon	[•]	[•]	[•]
5th coupon	[•]	[•]	[•]
6th coupon	[•]	[•]	[•]
7th coupon	[•]	[•]	[•]
8th coupon	[•]	[•]	[•]
9th coupon	[•]	[•]	[•]
10th coupon	[•]	[•]	[•]
11th coupon	[•]	[•]	[•]
12th coupon	[•]	[•]	[•]
13th coupon	[•]	[•]	[•]
14th coupon	[•]	[•]	[•]
15th coupon	[•]	[•]	[•]

Cash flow	Date of interest/redemption payment*	No. of days in Coupon/maturity period	Amount (in ₹)
16th coupon	[•]	[•]	[•]
17th coupon	[•]	[•]	[•]
18th coupon	[•]	[•]	[•]
Principal/ Maturity value	[•]		[•]

Option V

Company	Kosamattam Finance Limited
Face Value	₹1,000
Day and Date of Allotment (tentative)	[•]
Tenure	36 months
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	[•]
Frequency of the Interest Payment with specified dates starting from date of allotment	Cumulative
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment	No. of days in Coupon/maturity period	Amount (in ₹)
Principal/Maturity value	[•]	[•]	[•]

NOTES

1. Effect of public holidays has been ignored as these are difficult to ascertain for future period.
2. If the interest payment date is falling on a non-Working Day, the next day has been considered as the effective interest payment date. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday.
3. Deemed date of allotment has been assumed to be [•].
4. The last coupon payment will be paid along with maturity amount at the redemption date.
5. The number of days in a leap year has taken as 366 and all other case it has been taken as 365.

ANNEXURE II - RATING RATIONALE

Please refer next page.

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Mr George Thomas
Chief Executive Officer
Kosamattam Finance Limited
Kosamattam Building, Market Jn,
ML Road, Kottayam,
Kerala 686001

November 08, 2016

Dear Mr Thomas,

Re: Credit Ratings of Kosamattam Finance Limited (KFL) debt instrument

India Ratings & Research Private Limited (India Ratings) has assigned the following debt rating to KFL:-

INR 1bn Bank Loan: 'IND BBB-': Outlook Stable
INR 3bn Non-convertible debenture: 'IND BBB-': Outlook Stable

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the

website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Notwithstanding the above, ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at +91-22-4000-1700.

Sincerely,
India Ratings

Rakesh Valecha
Senior Director

Abhishek Bhattacharya
Director