



MUTHOOTTU MINI FINANCIERS LIMITED

Muthoottu Mini Financiers Limited (“our Company” or “the Company” or “the Issuer”) was originally incorporated as ‘Muthoottu Mini Financiers Private Limited’, a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated March 18, 1998 issued by Registrar of Companies, Kerala and Lakshadweep (“RoC”). Pursuant to a special resolution passed in the general meeting of our Shareholders held on September 14, 2013, our Company was converted into a public limited company and a fresh certificate of incorporation was issued by the RoC on November 27, 2013, and our name was changed to ‘Muthoottu Mini Financiers Limited’. Our Company holds a certificate of registration dated April 13, 2002 bearing registration number N-16.00175 issued by the Reserve Bank of India (“RBI”) to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934. Pursuant to the name change of our Company, a fresh certificate of registration dated January 1, 2014, was issued by RBI. For further details about our Company, see “History and Certain Other Corporate Matters” on page 102.

Corporate Identification Number: U65910KL1998PLC012154

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

Corporate Office: Muthoottu Royal Towers, Kaloork, Kochi – 682 017, Kerala, India; **Telephone:** +91 484 291 2100; **Facsimile:** +91 484 291 2127

Compliance Officer and Contact Person: Smitha K. S.; **Telephone:** +91 484 291 2178; **Facsimile:** +91 484 291 2127

E-mail: cs@minimuthoottu.com; **Website:** www.muthoottumini.com

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

OUR PROMOTERS

Our Promoters are Nizzy Mathew and Mathew Muthoottu. For further details see, “Our Promoters” on page 112.

GENERAL RISKS

For taking an investment decision, the Investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to the chapter titled “Risk Factors” on page 17 and “Material Developments” on page 120, before making an investment in this Issue. This Prospectus has not been and will not be approved by any regulatory authority in India, including the RBI, the Securities and Exchange Board of India (“SEBI”), the RoC or any stock exchange in India.

ISSUER’S ABSOLUTE RESPONSIBILITY

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

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated ‘CARE BBB-; Stable’ (Triple B Minus; Outlook: Stable) by CARE Ratings Limited for an amount of up to ₹20,000 lakhs vide its letter dated March 12, 2020 and a revalidation letter dated May 19, 2020. The rating of the NCDs by CARE Ratings Limited indicate that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. The ratings provided by CARE Ratings Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and Investors should take their own decisions. Please refer to Annexure II on page 239 for the rationale for the above rating.

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

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount and eligible Investors of the NCDs, please see “Issue Structure” on page 133.

LISTING

The NCDs offered through this Prospectus are proposed to be listed on the BSE Limited (“BSE”). Our Company has obtained ‘in-principle’ approval for the Issue from BSE vide its letter dated March 24, 2020. BSE shall be the Designated Stock Exchange for this Issue.

PUBLIC COMMENTS

The Draft Prospectus was filed with BSE, pursuant to the Regulation 6(2) of the SEBI Debt Regulations to be kept open for public comments for a period of 7 (seven) Working Days i.e., until 5:00 pm on March 23, 2020.

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 - 400 013, Maharashtra, India Telephone: +91 22 6666 8040/41/42 Facsimile: +91 22 6666 8047 Email: mmf@vivro.net Website: www.vivro.net Investor Grievance Email: investors@vivro.net Contact Person/Compliance Officer: Jayesh Vithlani SEBI Registration Number: INM000010122	 VISTRA ITCL (INDIA) LIMITED The IL&FS Financial Center Plot C – 22, G Block Bandra Kurla Complex Bandra (East), Mumbai – 400 051 Maharashtra, India Telephone: +91 22 2659 3333 Facsimile: +91 22 2653 3297 Email: itclcomplianceofficer@vistra.com Website: www.vistraitcl.com Investor Grievance Email: itclcomplianceofficer@vistra.com Contact Person: Jatin Chonani SEBI Registration Number: IND000000578	 LINK INTIME INDIA PRIVATE LIMITED C-101, 247 Park L.B.S. Marg Vikhroli (West) Mumbai – 400 083 Maharashtra, India Telephone: +91 22 4918 6170/6171/6200 Facsimile: +91 22 4918 6195 Email: ncd1.mmfi2020@linkintime.co.in Website: www.linkintime.co.in Investor Grievance Email: ncd1.mmfi2020@linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration Number: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON JUNE 3, 2020

ISSUE CLOSES ON JUNE 26, 2020**

*Vistra ITCL (India) Limited, by its letter dated March 9, 2020, has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debenture issued pursuant to this Issue. For further details, please refer to “General Information – Debenture Trustee” on page 40.

**The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company (“Board”) or the Debenture Committee. In the event of such an early closure or extension of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a reputed national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

A copy of 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, Public Issue Account Bank, Refund Bank, Credit Rating Agency, the legal advisor, the Bankers to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities shall be filed with the RoC, in terms of Section 26 of the Companies Act, 2013 along with the requisite endorsed/certified copies of all requisite documents. For further details, please see “Material Contracts and Documents for Inspection” beginning on page 234.

TABLE OF CONTENTS

SECTION I - GENERAL	2
DEFINITIONS AND ABBREVIATIONS	2
PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION	13
FORWARD LOOKING STATEMENTS	15
SECTION II - RISK FACTORS	17
SECTION III – INTRODUCTION	38
GENERAL INFORMATION	38
CAPITAL STRUCTURE	45
STATEMENT OF TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS	52
OBJECTS OF THE ISSUE	62
SECTION IV - ABOUT OUR COMPANY	65
INDUSTRY OVERVIEW	65
OUR BUSINESS	84
HISTORY AND CERTAIN OTHER CORPORATE MATTERS	102
OUR MANAGEMENT	105
OUR PROMOTERS	112
RELATED PARTY TRANSACTIONS	114
SECTION V - FINANCIAL INFORMATION	115
FINANCIAL STATEMENTS	115
SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS	116
MATERIAL DEVELOPMENTS	120
FINANCIAL INDEBTEDNESS	123
SECTION VI – ISSUE RELATED INFORMATION	133
ISSUE STRUCTURE	133
TERMS OF THE ISSUE	139
ISSUE PROCEDURE	153
SECTION VII - LEGAL AND OTHER INFORMATION	178
OUTSTANDING LITIGATIONS	178
OTHER REGULATORY AND STATUTORY DISCLOSURES	190
KEY REGULATIONS AND POLICIES	201
SECTION VIII - SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION	214
SECTION IX - OTHER INFORMATION	234
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	234
DECLARATION	236
ANNEXURE I - DAY COUNT CONVENTION	237
ANNEXURE II – CREDIT RATING LETTER AND RATIONALE	239

SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

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

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

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

Company Related Terms

Term	Description
AoA/Articles/Articles of Association	Articles of Association of our Company, as amended from time to time
Auditor/Statutory Auditor	Vishnu Rajendran & Co.
Asset Under Management / AUM	For the six month period ended September 30, 2019, AUM represents gross loans including interest receivables without considering the impact of impairment loss allowance and impact of effective interest rate in accordance with IND AS. For the year ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, AUM represents aggregate value of outstanding loans including outstanding interest but before adjustment for provisions for NPA in accordance with IGAAP.
Board/Board of Directors	Board of directors of our Company or any duly constituted committee thereof
Company Secretary	The company secretary of our Company, i.e. Smitha K. S.
Compliance Officer	The compliance officer of our Company appointed in relation to this Issue, i.e. Smitha K. S.
Corporate Office	The corporate office of our Company, situated at Muthoot Royal Towers, Kaloor, Kochi – 682 017, Kerala, India
Debenture Committee	The committee of the Board of Directors of the Company constituted for the purposes of, <i>inter alia</i> , issuance of debentures of the Company. For further details, see “Our Management” on page 105
Equity Shares	Equity shares of face value of ₹100 each of our Company
KMP/Key Managerial Personnel	The key managerial personnel of our Company in accordance with the provisions of the Companies Act, 2013. For details, see “Our Management” on page 105
Group Companies/Muthoot Mini Group	Muthoot Mini Theatres Private Limited, Muthoot Mini Hotels Private Limited, Mini Muthoot Credit India Private Limited, Mini Muthoot Nirman & Real Estate Private Limited, Kandamath Cine Enterprises Private Limited, Kozhencherry MM Financial Services Private Limited, R M M Properties India Private Limited, Kozhencherry Properties India Private Limited, Mini Muthoot Nidhi Kerala Limited, Muthoot Mini Nidhi Limited and Cochin Mini Muthoot Nidhi Limited
Limited Review Financial Statements	The unaudited interim financial statements of our Company for the six month period ending on September 30, 2019, comprising of the balance sheet as at September 30, 2019 and the related statements of profit and loss

Term	Description
	for the six month period ending on September 30, 2019, prepared and presented in accordance with IND AS
Limited Review Report	Report dated November 18, 2019 on the Limited Review Financial Statements, prepared by the Statutory Auditor
Loan Assets	Assets under financing activities
Memorandum/MoA/Memorandum of Association	Memorandum of association of our Company, as amended from time to time
NBFC	Non-banking financial company as defined under Section 45-IA of the RBI Act, 1934
Promoters	Nizzy Mathew and Mathew Muthoottu
Reformatted Standalone Financial Statements/Reformatted Financial Statements	<p>The reformatted standalone statement of assets and liabilities as at March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, and the schedules forming part thereof; reformatted standalone statement of profits and losses for each of the years March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, and the schedules forming part thereof, and the reformatted standalone statement of cash flows for each of the years ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, the statement of significant accounting policies, and other explanatory statements.</p> <p>The audited financial statements of the Company as at and for the years ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 prepared in accordance with IGAAP form the basis for such Reformatted Financial Statements</p>
Reformatted Financial Report	The report dated March 14, 2020 on the Reformatted Financial Statements, prepared by the Statutory Auditor
Registered Office	The registered office of our Company is situated at 2/994, Muthoottu Buildings, Kozhencherry, Pathanamthitta – 689 641, Kerala, India
Risk Management Committee	The committee of the Board of Directors of the Company constituted for the purposes of, <i>inter alia</i> , to assist the Board in the execution of its risk management accountabilities. For further details, see “Our Management” on page 105
RoC	Registrar of Companies, Kerala and Lakshadweep
Shareholders	The shareholders of our Company

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of the Prospectus
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
Allot/Allotment/Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue
Allottee(s)	The successful Applicant to whom the NCDs are being/have been Allotted pursuant to the Issue
Applicant/Investor	Any prospective applicant who makes an Application pursuant to the Prospectus and the Application Form
Application/ ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA

Term	Description
	Account which will be considered as the application for Allotment in terms of the Prospectus
Application Amount	The aggregate value of NCDs applied for, as indicated in the Application Form for the Issue
Application Form/ ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process and which will be considered as the Application for Allotment of NCDs and in terms of the Prospectus
Application Supported by Blocked Amount/ASBA	The Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorising the SCSB to block the Application Amount in the specified bank account maintained with such SCSB
ASBA Account	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form by an ASBA Applicant
Base Issue	₹10,000 lakhs
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in “ <i>Issue Procedure – Basis of Allotment</i> ” on page 171
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms to a Trading Member. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchange
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for registered brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs
Collecting Depository Participants/CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the Debt Application Circular
Collecting Registrar and Share Transfer Agents/CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the Debt Application Circular
Credit Rating Agency	For the present Issue, the credit rating agency being, CARE Ratings Limited
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with the Prospectus. For further details, see “ <i>Issue Structure</i> ” on page 133
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the NCDs issued under the Issue
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated March 12, 2020 entered into between our Company and the Debenture Trustee
Debentures/NCDs	Secured, redeemable, non-convertible debentures issued pursuant to the Issue
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date as may be determined by the Board or Debenture Committee, and notified to the Stock Exchange. All benefits relating to the NCDs including interest on

Term	Description
	the NCDs shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Debt Application Circular	Circular No. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012 as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable
Depositories Act	The Depositories Act, 1996
Depository(ies)	National Securities Depository Limited and/or Central Depository Services (India) Limited
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time
Designated CDP Locations	Such centres of the Collecting Depository Participants where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the website of the Stock Exchange and updated from time to time
Designated Date	The date on which the Registrar to the Issue issues instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account in terms of the Prospectus and the Public Issue Account Agreement and following which the Board, shall Allot the NCDs to the successful Applicants
Designated Intermediaries	The Members of the Syndicate, SCSBs, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Designated Stock Exchange/DSE	BSE Limited
Designated RTA Locations	Such centres of the CRTAs where Applicants can submit the Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the website of the Stock Exchange (www.bseindia.com) and updated from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act
Direct Online Application	The application made using an online interface enabling direct application by Investors to a public issue of their debt securities with an online payment facility through a recognised stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialised form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange
Draft Prospectus	The Draft Prospectus dated March 16, 2020 was filed with the Designated Stock Exchange and with SEBI for receiving public comments, in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations
Existing Secured Creditors	The South Indian Bank Limited, Union Bank of India, Dhanlaxmi Bank Limited, Punjab National Bank (erstwhile Oriental Bank of Commerce), State Bank of India, Andhra Bank, IndusInd Bank Limited, the debenture holders of the privately placed secured non-convertible debentures and debenture holders of the secured non-convertible debentures issued by way of public issues

Term	Description
Fugitive Economic Offender	Fugitive economic offender means an individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
Interest Payment Date / Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment which will be specified in the Prospectus. Please see “ <i>Issue Structure – Interest and Payment of Interest</i> ” on page 137
Institutional Portion	Portion of Applications received from Category I of persons eligible to apply for the Issue which includes resident public financial institutions as defined under Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions, which are authorised to invest in the NCDs, provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity fund, which are authorised to invest in the NCDs, resident venture capital funds and/or alternative investment funds registered with SEBI, insurance companies registered with the IRDAI, national investment fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India), insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India, mutual funds registered with SEBI and systemically important non-banking financial companies
Issue	Public issue by our Company of NCDs aggregating up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs, on the terms and in the manner set forth herein
Issue Closing Date	June 26, 2020
Issue Opening Date	June 3, 2020
Issue Size	Public issue by our Company of NCDs aggregating up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs
Lead Manager	Vivro Financial Services Private Limited
Market Lot	1 (one) NCD
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date
NCD Holder/Debenture Holder	Any debenture holder who holds the NCDs issued pursuant to this Issue and whose name appears on the beneficial owners list provided by the Depositories
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs, educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs, trust including public/private charitable/religious trusts which are authorised to invest in the NCDs, association of persons, scientific and/or industrial research organisations, which are authorised to invest in the NCDs, partnership firms in the name of the partners, limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs

Term	Description
Prospectus	This Prospectus dated May 29, 2020 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(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs on the Designated Date
Public Issue Account Bank	HDFC Bank Limited
Public Issue Account Agreement	The agreement dated March 21, 2020 entered into amongst our Company, the Registrar, the Public Issue Account Bank, the Refund Bank and the Lead Manager for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Record Date	<p>The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 Working Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be</p> <p>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</p>
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in the Prospectus
Refund Bank	HDFC Bank Limited
Registrar to the Issue/Registrar	Link Intime India Private Limited
Register of NCD Holders	The statutory register in connection with any NCDs which are held in physical form on account of rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Companies Act
RTAs/ Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue at the Designated RTA Locations
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account, and a list of which is available on https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Manager, Members of the Syndicate or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time
Security	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with Existing Secured Creditors, on current assets, including book debts, loans and advances, cash and bank balances (not including reserves created in accordance with law) and receivables, both present and future of the Company

Term	Description
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form
Stock Exchange	BSE Limited
Syndicate ASBA	Applications through the Designated Intermediaries
Syndicate ASBA Application Locations	Collection centers where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in and at such other websites as may be prescribed by SEBI from time to time
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on https://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
Tenor	Tenor shall mean the tenor of the NCDs which will be specified in the Prospectus
Trading Member(s)	Individuals or companies registered with SEBI as “trading member(s)” under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which Investors can buy or sell securities listed on stock exchanges whose list is available on stock exchanges
Transaction Registration Slip/TRS	The acknowledgement slips or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of upload of the Application on the application platform of the Stock Exchange
Tripartite Agreement(s)	Agreements as entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company
Trustee/Debenture Trustee	Trustee for the holders of the NCDs, in this case being Vistra ITCL (India) Limited
Wilful Defaulter	A person who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes an issuer whose director or promoter is categorised as such
Working Days	All days excluding Sundays or a holiday of commercial banks in Mumbai and/or Kochi, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closing Date to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018, however, with reference to payment of interest/redemption amount of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai

Business/Industry Related Terms

Term	Description
ALM	Asset Liability Management
ALCO	Asset Liability Committee
AUM	Asset Under Management

Term	Description
CRAR	Capital-To-Risk-Weighted Assets Ratio
DPN	Demand Promissory Note
EMI	Equated Monthly Instalments
FIR	First Information Report
Gross Spread	Yield on the average minus the cost of funds
HFC	Housing Finance Company
IMF	International Monetary Fund
IND AS	Indian Accounting Standards
IRR	IRR Advisory Services Private Limited
IRR Report	Report titled “Gold Loan Industry in India”, dated March 13, 2020, prepared and issued by IRR Advisory Services Private Limited
KYC/KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
LTV	Loan to value
Master Directions	RBI’s Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systemically Important NBFC-ND, i.e. a non-banking financial company not accepting / holding public deposits and having total assets of ₹50,000 lakhs and above, as per the last audited balance sheet
NOF	Net Owned Fund
NPA	Non-performing asset
Public Issue 1	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹19,559 lakhs pursuant to the prospectus dated February 12, 2014
Public Issue 2	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,963 lakhs pursuant to the prospectus dated July 7, 2014
Public Issue 3	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹26,913 lakhs pursuant to the prospectus dated September 23, 2014
Public Issue 4	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,909 lakhs pursuant to the prospectus dated February 18, 2015
Public Issue 5	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹22,827 lakhs pursuant to the prospectus dated July 10, 2015
Public Issue 6	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,401 lakhs pursuant to the prospectus dated December 21, 2015
Public Issue 7	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹11,672 lakhs pursuant to the prospectus dated March 12, 2019

Term	Description
Public Issue 8	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹13,203 lakhs pursuant to the prospectus dated July 29, 2019
Public Issue 9	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹17,593 lakhs pursuant to the prospectus dated January 14, 2020
SME	Small and medium enterprises
Tier I Capital	Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier II capital includes the following: <ul style="list-style-type: none"> (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I Capital
WGC	World Gold Council

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual general meeting
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
CGST Act	Central Goods and Services Tax Act, 2017
Cr.P.C	Code of Criminal Procedure, 1973
Companies Act, 1956	The Companies Act, 1956 to the extent in force, repealed as of January 30, 2019
Companies Act/Companies Act 2013	The Companies Act, 2013 read with rules framed by the Government of India from time to time
DIN	Director identification number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India earlier known as Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India

Term	Description
DTH	Direct to home
DRR	Debenture redemption reserve
EGM	Extraordinary general meeting
EPS	Earnings per share
FDI Policy	FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy
FEMA	Foreign Exchange Management Act, 1999
FEMA Non-Debt Regulations	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Debt Regulations	Foreign Exchange Management (Debt Instrument) Regulations, 2019
FPI	Foreign Portfolio Investors defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
Financial Year/FY/Fiscal	Financial year ending March 31
GDP	Gross domestic product
GoI	Government of India
G-Sec	Government securities
GST	Goods and services tax
HUF	Hindu undivided family
IRDAI	Insurance Regulatory and Development Authority of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IGST Act	Integrated Goods and Services Tax Act, 2017
IND AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
Insurance Act	The Insurance Act, 1938
IT Act	The Income Tax Act, 1961
IT	Information technology
ISD	International subscriber dialling
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
MIS	Management information system
MoU	Memorandum of understanding
NA	Not applicable
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NII(s)	Non-institutional investor(s)
NIM	Net interest margin
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
OCI	Overseas Citizenship of India
PAN	Permanent account number
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RM	Relationship manager
RTGS	Real time gross settlement

Term	Description
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI Debt Regulations/ Debt Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2009
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SGST Act	State Goods and Services Tax Act, 2017, as enacted by various state governments
STD	Subscriber trunk dialling
TDS	Tax deducted at source
VOIP	Voice over internet protocol
WDM	Wholesale debt market

Notwithstanding anything contained herein, capitalised terms that have been defined in the chapters titled “*Capital Structure*”, “*Statement of Tax Benefits*”, “*History and Certain Other Corporate Matters*”, “*Our Management*”, “*Financial Statements*”, “*Financial Indebtedness*”, “*Issue Procedure*”, “*Outstanding Litigations*”, “*Key Regulations and Policies*”, “*Summary of Main Provisions of the Articles of Association*” and on pages 45, 52, 102, 105, 115, 123, 153, 178, 201 and 214, respectively will have the meanings ascribed to them in such chapters.

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

Certain Conventions

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

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

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

Financial Data

Our Company publishes its financial statements in Rupees.

Our Company’s Limited Review Financial Statements is prepared in accordance with IND AS, applicable standards and guidance notes specified by the ICAI, the Companies Act and financial statements for the year ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act and other applicable statutory and / or regulatory requirements.

The Reformatted Financial Statements of our Company included in this Prospectus are derived from the audited financial statements prepared in accordance with Indian GAAP for March 31, 2015 to March 31, 2019, which differs from IND AS in certain respects. The Ministry of Corporate Affairs (“MCA”), in its press release dated January 18, 2016, issued a roadmap for implementation of IND AS converged with IFRS for non-banking financial companies, scheduled 50 commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. The notification further explains that NBFCs whose equity and/or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having a net worth of less than ₹50,000 lakh, shall comply with IND AS for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending on March 31, 2019 or thereafter. Accordingly, IND AS is applicable to our Company with effect from April 1, 2019.

The Limited Review Financial Statements along with the Limited Review Report of our Company and the Reformatted Financial Statements along with examination report on the Reformatted Summary Financial Statements are included in this Prospectus, as issued by our Statutory Auditor, Vishnu Rajendran & Co., in the chapter titled “Financial Statements” on page 115.

Whilst SEBI in its circular no. CIR/IMD/DF/18/2013 dated October 29, 2013 provides that the companies proposing to make public issue of debt securities are required to give the audited financials in the offer document, which are not older than 6 months from the date of prospectus. Although, compliant listed entities are allowed to disclose unaudited financials with limited review report, instead of audited financials, for the stub period. However, in light of the COVID-19 pandemic, SEBI issued a circular no. SEBI/HO/DDHS/ON/P/2020/41, dated March 23, 2020, wherein it has granted a 60 day relaxation period from March 31, 2020, for disclosure of the Limited Review Financial Statements along with the Limited Review Report.

Unless stated otherwise, the financial data in this Prospectus is derived from the (i) Limited Review Financial Statements having been prepared in accordance with the recognition and measurement principles as laid down in IND AS 34; and (ii) our Reformatted Financial Statements for the Fiscals ended on March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015. The audited financial statements of our Company, prepared in accordance with Indian GAAP and the Companies Act, 2013 form the basis of such Reformatted Financial Statement.

Unless stated or context requires otherwise, the financial data used in this Prospectus for the six month period ended on September 30, 2019 is derived from the Limited Review Financial Statements prepared in accordance with IND AS, applicable standards and guidance notes specified by the ICAI, the Companies Act and other applicable statutory and / or regulatory requirements.

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

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

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

Currency and units of Presentation

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

Except where stated otherwise in this Prospectus, all figures have been expressed in ‘lakhs’. All references to ‘lakhs/lakh’ mean ‘one hundred thousand’ and ‘crore’ means ‘ten million’ and ‘billion/bn./billions’ means ‘one hundred crores’.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from industry publications and publicly available information. Industry publications and publicly available information generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although our Company believes that industry data used in this Prospectus is reliable, it has not been independently verified. Also, data from these sources may not be comparable. Similarly, internal reports, while believed by us to be reliable, have not been verified by any independent sources. The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. Certain information and statistics in relation to the industry in which we operate, which has been included in this Prospectus has been extracted from an industry report titled “Gold Loan Industry in India”, dated March 13, 2020 prepared and issued by IRR Advisory Services Private Limited (“**IRR Report**”). Please refer to “*Industry Overview*” on page 65 for further details. Following is the disclaimer of IRR Advisory Services Private Limited in relation to the IRR Report:

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

FORWARD LOOKING STATEMENTS

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

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

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

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

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

14. Volatility in global bullion prices; and
15. Other factors discussed in this Prospectus, including under the chapter titled “*Risk Factors*” on page 17.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the chapters “*Risk Factors*”, “*Industry Overview*” and “*Our Business*” on pages 17, 65 and 84, respectively.

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

SECTION II - RISK FACTORS

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled "Our Business" on page 84 and "Financial Statements" on page 115 before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialises, may in the future have a material adverse effect on our business, financial condition and results of operations. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with the Limited Review Financial Statements and the Reformatted Financial Statements.

Internal Risk Factors

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

In late 2019, the COVID-19 disease, commonly known as "novel coronavirus", was first reported in Wuhan, China. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020 it was declared a pandemic. Between January 30, 2020 and the date of this Prospectus, the COVID-19 disease has spread to many other countries, with the number of reported cases and related deaths increasing daily and, in many countries, exponentially.

Several countries' governments and numerous companies have imposed increasingly stringent restrictions to help avoid, or slow down, the spreading of COVID-19, including, for example, restrictions on international and local travel, public gatherings and participation in meetings, as well as closures of non-essential services, universities, schools, stores, restaurants and other key service providers, with some countries imposing strict curfews. In India, the Government of India initially announced a 21-day country-wide lockdown starting on March 25, 2020, which was further extended, with certain modifications, till May 31, 2020, and there can be no assurance that this lockdown will not be extended further on one or more occasions. However, some states, including Kerala have relaxed certain lockdown restrictions. These measures have led to a significant decline in economic activities.

We continue to monitor developments closely as the COVID-19 pandemic develops. The impact of the COVID-19 pandemic on our business will depend on a range of factors which we are not able to accurately predict, including the duration, severity and scope of the pandemic, the geographies impacted, the impact of the pandemic on economic activity in India, and the nature and severity of measures adopted by governments. These factors include, but are not limited to: (i) pursuant to RBI's directions, we have granted moratorium on payment of all instalments falling due between March 1, 2020 and August 31, 2020 (the "**Moratorium Period**") in respect of gold loans; (ii) Significant volatility in financial markets (including exchange rate volatility) and measures adopted by governments and central banks that further restrict liquidity, which may limit our access to funds, lead to shortages of cash or increase the cost of raising such funds; (iii) the Company's stress testing, changes in loan disbursement, and other measures to address the effects of the COVID-19 pandemic may fail (iv) in the event a member or members of our management team contracts COVID-19, it may potentially affect our business operations; and (v) the Company's branch level and other operations will be disrupted by social distancing, split-team, work from home and quarantine measures. As these are unforeseen circumstances, it may give rise to risks that we may not have anticipated.

If the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occur again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including

India, and could materially and adversely affect our business, cash flows, financial condition and results of operations. Similarly, any other future public health epidemics or outbreak of avian or swine influenza or other contagious disease in India could also materially and adversely affect our business, cash flows, results of operations and financial condition.

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

Our Company was subjected to RBI's inspection under Section 45N of the RBI Act, for the financial position as on March 31, 2019. Subsequently, RBI vide a letter dated February 19, 2020 ("**Letter**"), observed certain supervisory concerns, which inter alia included matters with regard to (a) adherence to applicable guidelines by our Company during the auctioning process of gold; (b) adherence to KYC guidelines; (c) issues pertaining to the fair practice code; (d) ensuring compliance with corporate governance requirements; (e) inadequacy of our Company's MIS and lack of system generated data for inspection; (f) disclosure of related party transactions in the Audit Committee; and (g) not complying with the reporting all the frauds below 1 lakh to the Board/Audit Committee. Due to the dislocations caused in our office on account of the COVID-19 situation, there was a delay in submitting our response to the Letter within the stipulated time. Our Company subsequently filed a letter with the RBI on May 22, 2020, replying to the observations made in the Letter.


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


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

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

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

We are subject to certain legal proceedings including civil suits, statutory and regulatory proceedings, recovery proceedings etc. We incur cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that we shall be successful in any or all of these actions. In the event we suffer any adverse order, our reputation may suffer and may have an adverse impact on our business and results of operations. Further, our Company has initiated certain criminal proceeding against few of our employees and third parties in relation to our business operations. Any adverse decision in such proceedings may have a material adverse effect on our business and results of operations. For, further details of the legal proceedings that we are subject to, please refer to the chapter titled "*Outstanding Litigations*" on page 178.

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

The trademark  is registered with the Registrar of Trademarks in India in the name of one of our Group Companies, Mini Muthoot Nidhi (Kerala) Limited. We have been authorised to use this trademark on a non-exclusive, non-assignable basis by way of letter dated May 2, 2009 ("Letter"). We cannot assure you that we will continue to have uninterrupted use of this trademark, if we are unable to conform to the requirements under the Letter. Further, termination or withdrawal of the permission may adversely affect our business, reputation, goodwill, financial condition and results of operations. Further, some of the intellectual property are subject to litigations. For further details of the legal proceedings that we are subject to, please refer to the chapter titled "Outstanding Litigations" on page 178.

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

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

Our liquidity and ongoing profitability are largely dependent upon our timely access to and the costs associated in, raising financial resources at low costs. Our funding requirements historically have been met from a combination of borrowings such as term loans, working capital limits from banks / financial institutions, issuance of secured and unsecured redeemable non-convertible debentures and subordinated debts. Thus, our business depends and will continue to depend on our ability to access diversified low-cost funding sources.

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

In case of a global financial crisis, the capital and lending markets typically become highly volatile and access to liquidity becomes significantly reduced. In addition, it may become more difficult to renew loans and facilities as many potential lenders and counterparties could also face liquidity and capital concerns, as a result of the stress in the financial markets. If any event of a similar nature and magnitude occurs again in the future, such as the recent liquidity crisis caused on account of debt default by one of the large Indian NBFCs, it may result in increased borrowing costs and difficulty in accessing debt in a cost-effective manner. Moreover, we are a NBFC-ND-SI, and do not have access to public deposits.

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

The RBI vide the Master Directions issued certain guidelines with respect to raising money through private placement by NBFCs in the form of non-convertible debentures. These guidelines include (i) restrictions on the minimum subscription amount for a single investor at ₹20,000; (ii) the issuance of private placement of non-convertible debentures shall be in two separate categories, those with a maximum subscription of less than ₹1 crore and those with a minimum subscription of ₹1 crore per investor; (iii) the restriction of number of investors in an issue to 200 investors for every financial year for a maximum subscription of less than ₹1 crore which shall be fully secured; (iv) there is no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹1 crore and above while the option to create security in favour of subscribers

will be with the issuers and such unsecured debentures shall not be treated as public deposits; (v) restriction on NBFCs for issuing debentures only for deployment of funds on its own balance sheet and not to facilitate resource requests of group entities/parent company/associates; and (vi) prohibition on providing loan against its own debentures. This has resulted in limiting our Company's ability to raise fresh debentures on private placement basis.

A significant portion of our debt matures each year. Out of the total amount of our outstanding non-convertible debentures (excluding interest thereon), Rs. 70,543.17 lakhs, issued by our Company as of March 31, 2020, non-convertible debentures amounting to Rs. 23,786.33 lakhs will mature during the next 12 months. In order to retire these instruments, we either will need to refinance this debt, which could be difficult in the event of volatility in the credit markets, or raise equity capital or generate sufficient cash to retire the debt.

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

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

7. *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 98.76%, 98.78%, 98.38%, and 99.02% of our total income for the six month period ended on September 30, 2019, Fiscals 2019, 2018 and 2017, respectively. Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors.

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

Our policy is to attempt to balance the proportion of the interest earning assets (which bear fixed interest rates), with interest bearing liabilities. A significant portion of our liabilities, such as our non-convertible debentures carry fixed rates of interest and the remaining are linked to the respective banks' benchmark prime lending rate/base rate. As of March 31, 2020, 74.42% of our borrowings were at fixed rates of interest. Moreover, we do not hedge our exposure to interest rate changes. We cannot assure you that we can adequately manage our interest rate risk in the future or can effectively balance the proportion of our fixed rate loan assets and liabilities. Further, changes in interest rates could affect the interest rates charged on interest earning assets and the interest rates paid on interest bearing liabilities in different ways. Thus, our results of operations could be affected by changes in interest rates and the timing of any re pricing of our liabilities compared with the re pricing of our assets.

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

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

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

financing requirements, the need for liquidity for assets held in gold and increased awareness and acceptance of gold loan financing.

There is increased competition from other lenders in the gold loan industry, including commercial banks and other NBFCs, who also have access to funding from customers' in the form of savings and current deposits. We rely on higher cost loans and debentures for our funding requirements, which could reduce our margins. Our ability to compete effectively will depend, on our ability to raise low cost funding. If we are unable to compete effectively with other participants in the gold loan industry, our business, financial condition and results of operations may be adversely affected.

The competition in the gold loan industry has increased in gold loans are becoming increasingly standardised. Variable interest rates, variable payment terms and waiver of processing fees are also becoming increasingly common.

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

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

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

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

We may not be able to realise the full value of our pledged gold, 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.

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

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

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

RBI vide the Master Directions has stipulated all NBFCs to maintain an LTV ratio not exceeding 75% for loans granted against the collateral of gold jewellery and further prohibits lending against bullion/primary gold and gold coins. This notification will limit our ability to provide loan on the collateral of gold jewellery and thereby putting us at a disadvantage vis-à-vis unregulated money lenders offering similar products. Further, RBI in the Master Directions, has mandated NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) to maintain a minimum Tier I Capital of 12%. Such restrictions imposed by RBI may erode our margins, impact our growth and business prospects.

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

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

Our growth strategy includes growing our AUM, expanding network of branches and expanding the range of products and services. We cannot assure you that we will be able to execute our growth strategy successfully or continue to achieve or grow at the levels of revenue earned in recent years, or that we will be able to expand further our AUM. Furthermore, there may not be sufficient demand for our services or they may not generate sufficient revenues relative to the costs associated with offering such services. Even if we were able to introduce new services successfully, there can be no assurance that we will be able to achieve our intended return on such investments. If we grow our AUM too rapidly or fail to make proper assessments of credit risks associated with borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

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

13. 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, 2019, Fiscals ended March 31, 2019, March 31, 2018, and March 31, 2017 was ₹3,060.96 lakhs, ₹2,987.43 lakhs, ₹3,254.83 lakhs and ₹4,669.96 lakhs, respectively.

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

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

As of March 31, 2020, we had an outstanding debt (including interest on bank borrowings and excluding interest on debentures) of ₹1,27,518.26 lakhs. We may incur additional indebtedness in the future. Many of our financing agreements include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender before carrying out such activities. For instance, our Company, *inter alia*, is required to obtain the prior written consent in the following instances:

- to declare and/or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
- to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking;
- to create or permit any charges or lien, sell or dispose of any encumbered assets;
- to alter its capital structure, or otherwise acquire any share capital;
- to effect a change of ownership or control, or management of our Company;
- to enter into long term contractual obligations directly affecting the financial position of our Company;
- to borrow or obtain credit facilities from any bank or financial institution;
- to undertake any guarantee obligations on behalf of any other company;
- to make any share capital investments or advance loans or funds to any other concern including group companies;
- to repay dues of promoter/group companies;
- to undertake any new project/further expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the bank from time to time and approved by the bank;
- to sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the banks; and
- any change of practice with regard to remuneration of the directors.

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

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

As of March 31, 2020, 98.47% of our branches i.e. 772 branches were located in the southern states of Andhra Pradesh, Telangana, Goa, Karnataka, Kerala and Tamil Nadu and the union territory of Puducherry and these constituted about 96.49% of our total gold loan portfolio as of March 31, 2020. For details please refer to “Our Business” on page 84. As a result, we are exposed to risks including any change in policies relating to these states, any localised social unrest, any natural disaster and any event or development which could make

business in such states less economically beneficial. Further, any disruption, disturbance or breakdown in these states could adversely affect the result of our business and operations. Our concentration in these southern states of India exposes us to adverse economic or political circumstances that may arise in that region as compared to other NBFCs and commercial banks that may have diversified national presence and may have an adverse effect on our business, market share and results of operations.

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

As on March 31, 2020, we have been sanctioned working capital limits of ₹7,500 lakhs from Andhra Bank, ₹5,000 lakhs from IndusInd Bank, ₹2,900 lakhs from Dhanalaxmi Bank Limited, ₹5,000 lakhs from Punjab National Bank (erstwhile Oriental Bank of Commerce), ₹16,500 lakhs from The South Indian Bank Limited, ₹5,000 lakhs from State Bank of India and ₹2,500 lakhs from Union Bank of India. We may have difficulty in obtaining funding on acceptable terms from these or other lenders and other sources which we have not accessed so far. Any impairment of our relationship with any, or all, of our lenders or our inability to secure additional loans and renewal of existing facilities on favourable terms from such lenders in future may have a material adverse effect on our business, results of operations and financial condition.

17. Our Company has in the past deviated from the accrual accounting policy.

Our Company has not recognised the interest accrued but not due on the non-convertible debentures issued by our Company, in accordance with the accrual method of accounting for the Fiscal 2012 till Fiscal 2016. However, in the Fiscal 2017, our Company provided for the entire amount of accrued interest but not due liability on such issued non-convertible debentures, amounting to ₹15,463.21 lakhs. For further details, see “Financial Statements” on page 115.

18. Our gold loans are of tenors not exceeding 1 year, and a failure to disburse new loans may result in a reduction of AUM and a corresponding interest income would decline.

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

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

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

20. We depend on customer supplied information when evaluating customer credit worthiness.

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

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

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

Our implementation of anti-money laundering measures required by the RBI, including KYC policies and the adoption of anti-money laundering and compliance procedures in all our branches, may not be completely effective. There can be no assurance that certain of our customers will not indulge in money laundering activities advertently misusing our business channels. If we were identified to be associated with money laundering operations, our reputation may be adversely affected, which in turn could have an adverse impact on our business and results of operations.

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

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

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

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

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

Mini Muthoottu Nidhi Kerala Limited ("MMNL"), one of our Group Companies, received a letter dated January 13, 2020 from the RoC ("Letter"), in relation to an investigation conducted under Section 210 (1)(a) and 210 (1)(c) of the Companies Act ("Investigation"). In this regard the Central Government has appointed the RoC, along with Deputy Official Liquidator, Kerala and the Deputy Registrar of Companies, Kerala as inspectors ("Inspecting Officers"). Vide the Letter, the Inspecting Officers have sought certain information and documents from MMNL. MMNL, vide its letter dated January 28, 2020, has submitted the requisite information and documents along with undertaking to submit certain other documents. Certain of our

Promoters and Directors are also the promoters and directors of MMNL. In the event the Inspecting Officers, during the course of the Investigation, finding adversely against MMNL or any of its promoters or directors, such findings could have a detrimental impact on the reputation of our Group, and that of our common Promoters and Directors.

25. *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.

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

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

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

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

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

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

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

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

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

We maintain insurance cover for our gold stock and cash with our branches, and cash in transit, against theft, loss or damage by fire as well as against natural calamities including earthquake and floods. As on March 31, 2020, our Company has a total insurance cover of ₹2,04,000 lakhs. While we exercise due care in taking out adequate cover, given the nature of fluctuating gold prices, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialise. There are many events that could significantly affect our operations, or expose us to third party liabilities, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could adversely affect our business, results of operations and financial condition.

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

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

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

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

RBI vide its master direction bearing reference no. DNBS.PPD. No.04/66.15.001/2016-17 dated June 8, 2017, issued the IT framework for the NBFCs (“**Framework**”). RBI in its annual review has, in the past, observed non-compliance by our Company with the requirements of the Framework. Per a GAP analysis exercise carried out by our Company, the major gaps in compliance, included, migration of IPV6 platform, digital signatures, sharing of information on cyber security incidents with RBI, MIS for supervisory requirements,

business continuity policy, etc. According to the Framework, RBI had directed NBFCs-Systemically Important to take necessary actions to be in compliance with the Framework by June 30, 2018. However, due to factors not within the control of our Company, we have not been able to comply with the requirements of the Framework. While we strive towards complying with all guidelines/directions issued by the RBI, in case the RBI decides to take an adverse action/levy penalty against our Company, it could have a material adverse effect on our business and results of operation.

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

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

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

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services. If any of these systems do not operate properly or are disabled, or if there are other shortcomings or failures in our internal processes or systems, financial loss, disruption of our business, regulatory intervention or damage to our reputation may result. In addition, our ability to conduct business may be adversely affected by a disruption in the infrastructure that supports our businesses and the localities in which we are located. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Constant connectivity between our branches across India and our Corporate Office is key to the functioning of our business. Each of our branches accesses the corporate data centre through the Internet, and all data is stored centrally in the corporate data centre. Our disaster recovery system is fully operational and we continue to engage in technical exercises to test and improve our disaster plan.

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

The cost and availability of capital is also dependent on our short term and long term credit ratings. India Ratings & Research Private Limited vide their rating rationale letter dated August 8, 2019 have rated our bank loans of ₹50,000 lakhs as 'IND BBB-;Stable'. Further, our Company has received rating of 'CARE BBB-; Stable' (Triple B Minus; Outlook: Stable) by CARE vide its letter dated March 12, 2020 and revalidation letter dated May 19, 2020 for the NCDs proposed to be issued pursuant to this Issue for an amount of up to ₹20,000 lakhs. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to debt and bank lending markets and, as a result, would adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement of financing arrangements. For details regarding ratings received by our Company, please refer to "Our Business - Our Borrowings and Credit Ratings" on page 100 and "Annexure II" on page 239.

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

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to

NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance. Through the Master Directions, RBI has amended the regulatory framework governing NBFCs to address concerns pertaining to risks, regulatory gaps and arbitrage arising from differential regulations and aims to harmonise and simplify regulations to facilitate a smoother compliance culture among NBFCs.

Moreover, under the amendment, the threshold for defining systemic significance for NBFCs-ND has been revised in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹50,000 lakhs and above as per the last audited balance sheet. Moreover, as per the requirements of the Master Directions, all NBFCs-ND with assets of ₹50,000 lakhs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential requirements as applicable to NBFCs-ND-SI. We cannot assure you that the Master Directions and its applicability to us will not have a material and adverse effect on our future financial conditions and results of operations.

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

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

RBI guidelines prescribe the provisioning required in respect of our outstanding loan portfolio. These provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. The RBI vide the Master Directions provides for the regulatory framework governing NBFCs pertaining to provisioning for standard assets. The requirement to make a provision for standard assets over a period of three years, i.e., 0.30% by the end of March 2016, 0.35% by the end of March 2017 and 0.40% by the end of March 2018 and thereafter, of the outstanding.

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

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

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

As of September 30, 2019, our microfinance AUM was ₹4,346.01 lakhs, representing 2.61% of our aggregate AUM as of such date. Our microfinance customers typically belong to the economically weaker sections and are diverse in nature, which include customers involved in income generating business activities, with limited sources of income, savings and credit records, and are therefore unable to provide us with any collateral or security for their loans. Such customers are at times unable to or may not provide us with accurate information about themselves which is required by us in connection with loans.

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

their ability to repay such loans, or as a result of adverse external factors such as natural calamities and forced migration.

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

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

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

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

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

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

38. *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.

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

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

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

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

For details regarding our related party transactions entered into by us as on March 31, 2019, please refer to “Related Party Transactions” on page 114.

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

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

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

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

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

Our branches are required to be registered under the relevant shops and establishments laws and verifications under Standards of Weights and Measures Act, 1976 of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays, leave and overtime compensation. If we fail to obtain or retain any of these approvals, exemptions or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any conditions, our certificate of registration may be suspended or cancelled and we may not be able to carry on such activities.

In addition, our employees are required to be registered under the provisions of certain labour laws such as the Employees' State Insurance Act, 1948, the Payment of Gratuity Act, 1972 the Kerala Shops and Commercial Establishments Act, 1960, the Kerala Labour Welfare Fund Act, 1975, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. We are also required to maintain certain records under the provisions of these laws, which add to our costs. If we are subject to penalties under these labour laws or if we do not obtain the requisite approvals, our business, financial condition and results of operations may be adversely affected.

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

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

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

44. *All our branch premises, except 14 branches, are acquired on lease. Any termination of arrangements for lease of our branches or our failure to renew the same in a favourable, timely manner, could adversely affect our business and results of operations.*

As on March 31, 2020, we had 784 branches in nine states and one union territory. Except 14 branches which are owned by us, the remaining are located on leased premises. If any of the owners of these premises does not renew an agreement under which we occupy the premises, attempts to evict us or seeks to renew an agreement on terms and conditions non-acceptable to us, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

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

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

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

We have little or no operating experience with such businesses, and you should consider the risks and difficulties we may encounter by entering into new lines of business. New businesses may require capital investments and commitments of time from our senior management, and there often is little or no prospect of

earnings in a new business for several years. Moreover, there is no assurance any new business we develop or enter will commence in accordance with our timelines, if at all, which could result in additional costs and time commitments from our senior management. There also can be no assurance that our management will be able to develop the skills necessary to successfully manage these new business areas. Our inability to effectively manage any of the above issues could materially and adversely affect our business and impact our future financial performance.

46. *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.

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

This Prospectus includes certain unaudited financial information in relation to our Company, for the six-month period ended September 30, 2019 in respect of which the Statutory Auditors of our Company have issued the Limited Review Report. As this financial information, has been subject only to limited review as required under Regulation 52(2)(a) of the SEBI Listing Regulations, and as described in the Standard on Review Engagements (“SRE”) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India, and not to an audit, any reliance by prospective investors on such unaudited financial information should accordingly, be limited. Moreover, our financial results for any given fiscal, including the six-month period ended September 30, 2019, may not be directly comparable with our financial results for any full fiscal or for any other fiscal. Further, since the Limited Review Financial Statements are prepared in accordance with IND AS and the Reformatted Financial Statements are prepared in accordance with IGAAP, the comparison to the audited financial statements should be construed accordingly. 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 Prospectus.

Whilst SEBI in its circular no. CIR/IMD/DF/18/2013 dated October 29, 2013 provides that the companies proposing to make public issue of debt securities are required to give the audited financials in the offer document, which are not older than 6 months from the date of prospectus. Although, compliant listed entities are allowed to disclose unaudited financials with limited review report, instead of audited financials, for the stub period. However, in light of the COVID-19 pandemic, SEBI issued a circular no. SEBI/HO/DDHS/ON/P/2020/41, dated March 23, 2020, wherein it has granted a 60 day relaxation period from March 31, 2020, for disclosure of the Limited Review Financial Statements along with the Limited Review Report.

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

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

RISKS PERTAINING TO THIS ISSUE

- 49. *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.

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

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

Further, in case of NCDs, although our Company will create appropriate security in favour of the Debenture Trustee for the Debenture Holders on the assets, adequate to ensure 100.00% asset cover for the total value of the NCDs, which shall be free from any encumbrances, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay in recovering the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss. For further details see “*Outstanding Litigations*” on page 178.

- 51. *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.

- 52. *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.

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

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

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

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

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

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

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending and for repayment of interest and principal of existing loans and also for general corporate purposes. For further details, see "*Objects of the Issue*" at page 62. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

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

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

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

While facts and other statistics in this Prospectus relating to India, the Indian economy as well as the gold loan industry have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the Gold Loan industry. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics, the same have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled "*Industry Overview*" beginning on page 65. 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**58. 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.

59. 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.

60. 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.

61. 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.

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

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

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalisation

policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalisation.

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

PROMINENT NOTES

1. This is a public issue of NCDs by our Company aggregating up to ₹10,000 lakhs with an option to retain over-subscription up to ₹10,000 lakhs, aggregating to a total of ₹20,000 lakhs.
2. For details on the interest of our Company's Directors, please see "*Our Management*" and "*Capital Structure*" beginning on pages 105 and 45, respectively.
3. Our Company has entered into certain related party transactions and disclosed in "*Financial Statements*" beginning on page 115.
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 "*Issue Procedure - Basis of Allotment*" on page 171.
7. Our Equity Shares are currently unlisted.
8. Our previous public issues of non-convertible debentures are currently listed on BSE.
9. Our Company has had contingent liabilities amounting to ₹1,111.87 lakhs as of March 31, 2019.
10. For further information, relating to certain significant legal proceedings that we are involved in, see "*Outstanding Litigations*" on page 178.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was originally incorporated as ‘Muthoottu Mini Financiers Private Limited’, a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated March 18, 1998 issued by the RoC. Pursuant to a special resolution passed in the general meeting of our Shareholders held on September 14, 2013, our Company was converted into a public limited company and a fresh certificate of incorporation was issued by the RoC on November 27, 2013, and our name was changed to ‘Muthoottu Mini Financiers Limited’. For further details about our Company, see “*History and Certain Other Corporate Matters*” on page 102.

Registration

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

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

Our Company has obtained a certificate of registration dated April 13, 2002 bearing registration no. – N-16.00175 issued by the RBI to carry on the activities of a NBFC under Section 45 IA of the RBI Act. Our Company is a systemically important non-deposit taking NBFC. Further, a fresh certificate of registration was issued by RBI on January 1, 2014, pursuant to the change of name of our Company from ‘Muthoottu Mini Financiers Private Limited’ to ‘Muthoottu Mini Financiers Limited.’

Our Company has also obtained a certificate of registration bearing registration no. – CA0122 issued by IRDAI, with effect from April 1, 2016, under Section 42D (1) of the Insurance Act, to act as a “Corporate Agent (Composite)” (renewed from April 1, 2019).

Our Company holds a certificate of registration dated July 5, 2012 bearing registration number IN-DP-CDSL-660-2012 issued by SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, renewed on August 21, 2017.

Registrar of Companies

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

Company Law Bhavan
BMC Road, Thrikkakara
Kochi – 682 021, Kerala, India
Telephone: +91 484 242 3749
Facsimile: +91 484 242 2327

Registered Office

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

Corporate Office

Muthoottu Royal Towers
Kaloor, Kochi – 682 017

Kerala, India

Telephone: +91 484 291 2100

Facsimile: +91 484 291 2127

E-mail: cs@minimuthoottu.com

Website: www.muthoottumini.com

Board of Directors

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

Name	Designation	DIN	Address
Nizzy Mathew	Chairman and Wholetime Director	01680739	Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India
Mathew Muthoottu	Managing Director	01786534	Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India
Thomas Cherian	Independent Director	00492598	Angadisseril House, Kollad P.O., Kottayam – 686 289, Kerala, India
Rajagopal M.S.	Non-Executive Director	08114376	Sreemangalam, Ambedkar Colony, Thiruvappu P.O, Kottayam – 686 020, Kerala, India
Maliakal Jose Paul	Independent Director	07218120	Chethalan, Church Road, Pariyaram, Thrissur – 680 721, Kerala, India
Rudran Puthukulangara	Additional Independent Director*	00546638	18, Green Gardens 73/452, Karshaka Road, Off S R M Road, Vaduthala, Ernakulam - 682023, Kerala, India

*Subject to approval by the Shareholders.

For further details of Directors of our Company, please see “Our Management” on page 105.

Chief Financial Officer

Ann Mary George

Muthoottu Royal Towers

Kaloor, Kochi – 682 017

Kerala, India

E-mail: annmary@muthoottumini.com

Telephone: +91 484 291 2107

Facsimile: +91 484 291 2137

Company Secretary and Compliance Officer

Smitha K. S.

Muthoottu Royal Towers

Kaloor, Kochi – 682 017

Kerala, India

E-mail: cs@minimuthoottu.com

Telephone: +91 484 291 2178

Facsimile: +91 484 291 2137

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

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

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

All grievances relating to ASBA process where the Application is submitted to a Member of Syndicate should be addressed to the Registrar to the Issue with a copy to the relevant Member of Syndicate and the relevant SCSB. All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the Stock Exchange.

Lead Manager to the Issue**Vivro Financial Services Private Limited**

607/608 Marathon Icon

Opposite Peninsula Corporate Park

Off. Ganpatrao Kadam Marg

Veer Santaji Lane, Lower Parel

Mumbai- 400 013

Maharashtra, India

Telephone: +91 22 6666 8040/41/42

Facsimile: +91 22 6666 8047

Email: mmfl@vivro.net

Investor Grievance Email: investors@vivro.net

Website: www.vivro.net

Contact Person/Compliance Officer: Jayesh Vithlani

SEBI Registration No.: INM000010122

Debenture Trustee**Vistra ITCL (India) Limited**

The IL&FS Financial Centre

Plot C – 22, G Block

Bandra Kurla Complex, Bandra (East)

Mumbai – 400 051

Maharashtra, India

Telephone: +91 22 2659 3333

Facsimile: +91 22 2653 3297

Email: itclcomplianceofficer@vistra.com

Investor Grievance mail: itclcomplianceofficer@vistra.com

Website: www.vistraitcl.com

Contact Person: Jatin Chonani

SEBI Registration Number: IND000000578

Vistra ITCL (India) Limited has by its letter dated March 9, 2020 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in the Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

All the rights and remedies of the NCD Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the NCD Holders. For details on the terms of the Debenture Trust Deed see, “*Issue Related Information*” on page 133 of this Prospectus.

Registrar to the Issue**Link Intime India Private Limited**

C-101, 247 Park

L.B.S. Marg, Vikhroli (West)

Mumbai 400 083

Maharashtra, India

Telephone: +91 22 4918 6170/6171/6200

Facsimile: +91 22 4918 6195

Email: ncd1.mmfl2020@linkintime.co.in
Investor Grievance mail: ncd1.mmfl2020@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058

Credit Rating Agency**CARE Ratings Limited**

Unit No O-509/C, Spencer Plaza
5th Floor, No. 769
Anna Salai
Chennai - 600 002
Telephone: 044 2849 7812/0876/0811
Facsimile: 044 2849 7812
Email: pradeep.kumar@careratings.com
Website: www.careratings.com
Contact Person: V. Pradeep Kumar
SEBI Registration No: IN/CRA/004/1999

Legal Advisor to the Issue**Khaitan & Co**

One Indiabulls Centre
10th and 13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai – 400 013
Maharashtra, India
Telephone: + 91 22 6636 5000
Facsimile: + 91 22 6636 5050

Statutory Auditors**Vishnu Rajendran & Co., Chartered Accountants**

3rd Floor, CSI Commercial Centre
Baker Jn, P.B. No. 227
Kottayam - 686 001
Telephone: 0481 2301999
Facsimile: NA
Email: kottayam@vrc.co.in
Firm Registration No: 004741S
Contact Person: CA. P.A. Joseph-Partner
Peer Review No: 011622

Public Issue Account Bank and Refund Bank**HDFC Bank Limited**

Lodha, I Think Techno Campus
O-3 Level
Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai 400 042
Telephone: +91 22 30752929/2928/2914
Email: vincent.dsouza@hdfcbank.com; siddharth.Jadhav@hdfcbank.com; neerav.desai@hdfcbank.com; prasanna.uchil@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Vincent Dsouza, Siddharth Jadhav, Prasanna Uchil

Syndicate Member**Vivro Financial Services Private Limited**

607/608, Marathon Icon

Opposite Peninsula Corporate Park

Off Ganpatrao Kadam Marg

Veer Santaji Lane

Lower Parel, Mumbai 400 013

Telephone: +91 22 6666 8040/41/42**Facsimile:** +91 22 6666 8047**Email:** mmfl@vivro.net**Investor Grievance e-mail:** investors@vivro.net**Contact Person:** Tushar Ashar**Compliance Office:** Jayesh Vithlani**SEBI Registration Number:** INM000010122**Bankers to our Company****Andhra Bank**

Ajay Vihar,

M. G. Road

Ernakulam 682 016

Telephone: 0484-2376920, 2375922, 2376101**Email:** bm0125@andhrabank.co.in**Website:** www.andhrabank.in**Contact Person:** A.K. Harinarayana, Chief Manager**State Bank of India**

SME Branch

Joy's Building, 1st Floor, Padma Junction

Ernakulam

Telephone: 0484 - 2355133**Email:** sbi.05387@sbi.co.in**Website:** www.sbi.co.in**Contact Person:** Georgekutty N J**The South Indian Bank Limited**

The South Indian Bank Limited,

Shema building

M.G. Road Branch

Ravipuram

Ernakulam 682 016

Telephone: 0484 2356662**Email:** br0025@sib.co.in**Website:** www.southindianabank.com**Contact Person:** Mary Sunitha Jose**IndusInd Bank**

First Floor, Gowrinarayan

(Opposite to New Jayalakshmi Skills)

40/8399, 8400, MG Road

Kochi 682 035

Telephone: 0484-4216247**Email:** soby.abraham@indusind.com**Website:** www.indusind.com**Contact Person:** Soby Abraham, Senior Relationship Manager**Dhanlaxmi Bank Limited**

Dhanlaxmi Buildings, Shanmugham Road Branch

Marine Drive

Kochi, Kerala 682 031

Telephone: 0484-2375259**Email:** dlb.shanmugamroadernakulam@dhanbank.co.in**Website:** www.dhanbank.com**Contact Person:** John Jose K, Branch Head**Punjab National Bank (erstwhile Oriental Bank of Commerce from April 1, 2020)**

1057, Jaya Enclave

Avinashi Road

Coimbatore 641 018

Telephone: 0422-2240190**Email:** bm1044@obc.co.in**Website:** www.pnbindia.in**Contact Person:** Thangapandi K. A.**Union Bank of India**

First Floor, CSI Building

Sastry Road

Kottayam

Telephone: 0481-2560468**Email:** kottayam@unionbankofindia.com**Website:** www.unionbankofindia.com**Contact Person:** D V Ramanjaneya Kumar, Chief Manager

Designated Intermediaries*Self-Certified Syndicate Banks*

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

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

Syndicate SCSB Branches

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

RTAs / CDPs

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

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

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

Arrangers to the Issue

There are no arrangers to the Issue.

Minimum Subscription

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

Credit Rating and Rationale

The NCDs proposed to be issued under this Issue have been rated 'CARE BBB-; Stable', by (Triple B Minus; Outlook: Stable), by CARE Ratings Limited, for an amount of up to ₹20,000 lakhs vide its letter March 12, 2020 and a revalidation letter dated May 19, 2020. The rating of the NCDs by CARE Ratings Limited indicate that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. The rating provided by CARE Ratings Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated

independently of any other rating. The rating is not a recommendation to buy, sell or hold securities. For the rationale for the rating, see “Annexure II” of this Prospectus.

Consents

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

Underwriting

This Issue is not underwritten.

Utilisation of Issue proceeds

For details on utilization of Issue proceeds, please refer to “Objects of the Issue” on page 62.

Issue Programme

ISSUE OPENS ON	June 3, 2020
ISSUE CLOSES ON	June 26, 2020*

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

Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period as mentioned above by the (a) by the Designated Intermediaries at the Collection Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange platform would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days. Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or Designated Branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of Investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

CAPITAL STRUCTURE

1. Details of share capital and securities premium account

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

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

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

2. Issue size

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

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

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

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

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

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

² Allotment of 12,12,121 Equity Shares to Muthoottu Mini Theatres Private Limited.

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

7. Shareholding pattern of our Company

The following table sets forth the shareholding pattern of our Company as on March 31, 2020:

Category (I)	Category of Shareholder (II)	Number of Shareholder s (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlyin g depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of shares underlying outstanding convertible securities (including warrants) (X)	Sharehold ing as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialise d form (XIV)
								No of voting rights					No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class - Equity	Total	Total as a % of (A+B+C)							
(A)	Promoter and Promoter Group	7	2,49,52,534	-	-	2,49,52,534	99.99	2,49,52,534	2,49,52,534	99.99	-	-	-	-	-	-	2,37,34,704
(B)	Public	5	5	-	-	5	Negligible	5	5	Negligible	-	-	-	-	-	-	5
(C)	Non- Promoter Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) (1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) (2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	12	2,49,52,539	-	-	2,49,52,539	100	2,49,52,539	2,49,52,539	100	-	-	-	-	-	-	2,37,34,709-

8. List of top ten holders of Equity Shares of our Company as on March 31, 2020 are as follows:

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

9. List of top ten debentures holders of our Company as on March 31, 2020 are as follows:
(a) Secured privately placed debentures

No.	Name of holders	Face value per debenture (in ₹)	Number of instruments held	Outstanding amount (in ₹)
1	Rudrappa Virupaksha	1,00,000	45	45,00,000
2	Mertily Clarence Cruz	1,000	3,200	32,00,000
3	Valsa Rajan	1,00,000	30	30,00,000
	Raghavan Krishnan Nair and Asha Kartha	1,00,000	30	30,00,000
	Rajappa Raja Assuntha	1,00,000	30	30,00,000
	M P Shantha	1,00,000	30	30,00,000
4	Arun P	1,00,000	29	29,00,000
5	Sony Baby	5,00,000	5	25,00,000
	M.J Kuriakose and John K.Maniyatt	5,00,000	5	25,00,000
	Raghavan Krishnan Nair and Asha Kartha	1,00,000	25	25,00,000
	Raghavan Krishnan Nair and Asha Kartha	1,00,000	25	25,00,000
	Patricia Joe Curian	1,00,000	25	25,00,000
	Shobhit Tandon	5,00,000	5	25,00,000
	Meera Abraham	1,00,000	25	25,00,000
	Jacob Manasseh Thomas and Shomreena Rachel Manasseh Thomas	5,00,000	5	25,00,000
	Shubhi Tandon	5,00,000	5	25,00,000
	B Shivananda Aradhya	1,00,000	25	25,00,000
	Mala Govind	1,000	2,500	25,00,000
6	M M Mathew	1,00,000	2,400	24,00,000
7	Elizabeth Jacob	1,000	2,000	20,00,000
	Thankamony Eapen	1,000	2,000	2,000,000
	Bindhu M S	1,000	2,000	2,000,000
	Elizabeth Jacob	1,000	2,000	2,000,000

No.	Name of holders	Face value per debenture (in ₹)	Number of instruments held	Outstanding amount (in ₹)
	Refolda Gomes A	1,000	2,000	20,00,000
	Thomas A.V.	1,00,000	20	2,00,000
	Sathyavan N	1,00,000	20	2,00,000
	Thomas A.V.	1,00,000	20	2,00,000
8	Thangamma Samuel	1,00,000	18	1,80,000
	Sheno K S	1,000	1,800	18,00,000.00
9	Wilson Gomez and Gladis J David	1,00,000	17	1,70,000
	Samuel E V	1,00,000	17	1,70,000
10	Jacob T Abraham	1,000	1,500	15,00,000
	K T Harilal	1,000	1,500	15,00,000
	Neethu L	1,000	1,500	15,00,000
	N A Mathai	1,00,000	15	15,00,000
	Thomas Abraham and Saramma Thomas	1,00,000	15	15,00,000
	M L Veetus and Tony Veetus	1,00,000	15	15,00,000
	Sasikumari S	1,000	1,500	15,00,000
	Subramanian. P P	1,00,000	15	15,00,000
	Prabhu V.M S/O Muthumanickam	1,00,000	15	15,00,000
	Bhagyam T A	1,00,000	15	15,00,000
	Renu John	1,00,000	15	15,00,000
	B Shivananda Aradhya	1,00,000	15	15,00,000
	Mariam Chandy	1,00,000	15	15,00,000
	Sunny Kunju Kunju Puthan Kandathil	1,000	1,500	15,00,000
	Thushara Sreedharan	1,00,000	15	15,00,000

(b) Unsecured privately placed debentures

No.	Name of holders	Face value per debenture (in ₹)	Number of instruments held	Outstanding amount (in ₹)
1	Anu Cashews	1,00,000	200	2,00,00,000
2	Vasanth K	1,00,000	181	1,81,00,000
3	S.M.Venkata Narayanan	5,00,000	21	1,05,00,000
	Tresa Rose	5,00,000	21	1,05,00,000
	Tresa Rose	5,00,000	21	1,05,00,000
4	Vidyadevi Sreenath	5,00,000	20	1,00,00,000
	Sreenath Gopalakrishnan	5,00,000	20	1,00,00,000
5	Lakshmi Gayathri R and J Nagaraja Kumari	5,00,000	11	55,00,000
6	Subash C Bose	5,00,000	7	35,00,000
7	Manoj Kumar L T	5,00,000	5	25,00,000.00
	Manoj Kumar L T	5,00,000	5	25,00,000.00
8	Araadhana Sangeeth represented by father and Gaurdian Sangeeth	1,000	100	1,00,000
	Azari	1,000	100	1,00,000
9	Latheefa Beevi	1,000	50	50,000
	Sunitha Ganesh M	1,000	50	50,000

10	Govindarajan R	1,000	25	25,000
	Mr Kunjumon C	1,000	25	25,000
	Fr.James.P.K	1,000	25	25,000

(c) Secured debentures issued *vide* Public Issues

No.	Name of holders	Number of instruments held	Face value per debenture (in ₹)	Outstanding amount (in ₹)
1	Varun Narayan K Pillai	12,085	1,000	12,085,000
2	Monetary Kuries Private Ltd	10,000	1,000	10,000,000
3	K Thomas Babu	7,500	1,000	7,500,000
4	Silvy Simon.	7,000	1,000	70,00,000
	Ajo Mathew	7,000	1,000	70,00,000
5	Raghavan	6,500	1,000	65,00,000
6	Jayakumar P G	5,500	1,000	55,00,000
7	Kuttappan Thomas	5,100	1,000	51,00,000
8	Rohit Chandra	5,000	1,000	50,00,000
	Trinadha Subramanyam Gupta Kolluru	5,000	1,000	50,00,000
	M T Mathew	5,000	1,000	50,00,000
	Shiju S	5,000	1,000	50,00,000
9	Rosamma Philip	4,900	1,000	49,00,000
10	Manu Devadasan	4,650	1,000	46,50,000

(d) Unsecured debentures issued *vide* Public Issues

No.	Name of holders	Number of instruments held	Face value per debenture (in ₹)	Outstanding amount (in ₹)
1	Nandakumar P. D.	7,000	1,000	70,00,000
2	G Lekshmi Pillai.	5,000	1,000	50,00,000
	Mita Suresh.	5,000	1,000	50,00,000
	Nita Suresh.	5,000	1,000	50,00,000
3	Neenu Susan Varkey	4,000	1,000	40,00,000
4	Elangattu Sukumaran.	3,766	1,000	37,66,000
5	Mariamamma Roy Manaloor	3,600	1,000	36,00,000
6	Mathew Ettolil Joseph	3,530	1,000	35,30,000
7	Rosamma Philip	3,350	1,000	33,50,000
8	Sheeba Sukumaran	3,200	1,000	32,00,000
9	Gloria Mathew George	3,000	1,000	30,00,000
	Jessi Mathews	3,000	1,000	30,00,000
	G Soman	3,000	1,000	30,00,000
10	George Philip K	2,750	1,000	27,50,000

(e) Subordinated debt as on March 31, 2020

No.	Name of holders	Number of instruments held	Face value per debenture (in ₹)	Outstanding amount (in ₹)
1.	M C Mammen	10,000	1,000	1,00,00,000
2.	Ravi Kumar Rajashekar	7,000	1,000	70,00,000
3.	Vinod Vikraman Nair	5,300	1,000	53,00,000

No.	Name of holders	Number of instruments held	Face value per debenture (in ₹)	Outstanding amount (in ₹)
4.	Manjula Tony	4,000	1,000	40,00,000
5.	Vinod Vikraman Nair	3,500	1,000	35,00,000
6.	Rossmilon Daniel R.S.	3,025	1,000	30,25,000
7.	Vinod Vikraman Nair	3,000	1,000	30,00,000
	Shakuntala Acharya	3,000	1,000	30,00,000
	Mary Thampi W/O Late M.C. Thampi	3,000	1,000	30,00,000
8.	K G Kamalakashi Amma and K R Girija Kumari	2,800	1,000	28,00,000
	Thomas Varghese	2,800	1,000	28,00,000
9.	Saji John and Annamma Kulaparampil	2,600	1,000	26,00,000
10.	Sasidharan S	2,500	1,000	25,00,000
	Thekkekunel V Antony	2,500	1,000	25,00,000
	Daisy Antony	2,500	1,000	25,00,000
	Venugopalan V	2,500	1,000	25,00,000
	Raveendran Pillai S	2,500	1,000	25,00,000
	N Ajit Kumar	2,500	1,000	25,00,000
	Maya S K	2,500	1,000	25,00,000
	Krishna Kumar S	2,500	1,000	25,00,000

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

No.	Name of the Promoter	Number of Equity Shares held	Total shareholding as a percent of total number of Equity Shares (in %)	No. of Equity Shares pledged	Total percentage of Equity Shares pledged with respect to total number of Equity Shares held (in %)
1.	Mathew Muthoottu	14,77,99,12	59.23	Nil	Nil
2.	Nizzy Mathew	33,54,446	13.44	Nil	Nil
Total		1,81,34,358	72.67	Nil	Nil

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

For details of shareholding of our Directors in the Company, please refer to “Our Management- Shareholding of our Directors” on page 109.

12. Debt - equity ratio

The debt-equity ratio of our Company, prior to this Issue is based on a total outstanding debt of ₹1,46,397.49 lakhs and Shareholder funds amounting to ₹44,939.98 lakhs as of September 30, 2019:

Particulars	As on September 30, 2019	
	Pre- Issue*	Post- Issue
Debt		
Debt Securities	1,06,063.42	1,26,063.42
Borrowings (other than Debt Securities)	40,334.07	40,334.07
Total Debts	1,46,397.49	1,66,397.49
Equity		
Equity Share Capital	24,952.54	24,952.54
Other Equity		
Special Reserve Fund	4,166.00	4,166.00
Securities Premium	7,844.15	7,844.15
Debenture Redemption Reserve	8,564.08	8,564.08
Retained Earnings	(586.79)	(586.79)

(in ₹ lakhs)

Particulars	As on September 30, 2019	
	Pre- Issue*	Post- Issue
Total Equity	44,939.98	44,939.98
Debt/Equity	3.26	3.70

*As per Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

#The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹20,000 lakhs from the Issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

Notes:

1. Debt Securities includes interest accrued but not due thereon but excluding unamortized expense of public issues.
2. The figures disclosed above are based on the Unaudited Limited Review Statement of Assets and Liabilities of our Company as at September 30, 2019.
3. Debt / Equity = Total Debt / Equity.
4. The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹20,000 lakhs from the proposed public issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.
5. The Company has raised secured non-convertible debenture amounting to ₹ 17,593.14 lakhs through public issue during October 2019 - February 2020 impact of which is not provided in the above table.
6. The Company has also raised privately placed secured non-convertible debenture and unsecured non-convertible debenture amounting to ₹115.00 Lakhs and ₹591.00 lakhs respectively during October 2019 – February 2020 impact of which is not provided in the above table.
7. The Company has raised funds through PTC transaction amounting to ₹5,158.90 lakhs during October 2019 – February 2020 impact of which is not provided in the above table.
8. Other Equity does not include revaluation reserve.
9. Debt Securities does not include unclaimed matured debentures and interest thereon amounting to ₹253.82 lakhs.
13. None of the members of the Promoter group, our Promoters, our Directors and their immediate relatives have sold or purchased the Equity Shares of our Company within six months preceding the date of filing this Prospectus with the RoC.
14. For details on the total outstanding debt of our Company, please refer to “Financial Indebtedness” on page 123.
15. Our Company has not made any acquisition or amalgamation in the last one year prior to the date of this Prospectus.
16. Our Company has not made any reorganization/reconstruction in the last one year prior to the date of this Prospectus.
17. Our Company does not have any outstanding borrowings taken/debt securities issued where taken/issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.
18. None of the Equity Shares held by the Promoters are pledged or encumbered otherwise.
19. As on the date of Draft Prospectus, 2,37,34,709 Equity Shares of our Company are in dematerialised form.
20. Our Company does not have any employee stock option scheme.

STATEMENT OF TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

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

Dear Sir,

Sub: Statement of possible tax benefits available to Debenture Holders of Muthoottu Mini Financiers Limited in connection with the proposed public issue of redeemable secured non-convertible debentures of face value of ₹ 1,000/- each (the “Debentures” or the “NCDS”) (hereinafter referred to as the “Issue”)

We refer to the proposed Issue by **Muthoottu Mini Financiers Limited** (the “Company”) and enclose the Statement of possible tax benefits available to the debenture holders under the Income-tax Act, 1961 (the “Statement”) showing the current position of taxation applicable to the debenture holders as per the provisions of the Income-tax Act, 1961 (the “Act”) and Income tax Rules, 1962 including amendments made by Finance Act 2020 as applicable for the financial year 2020-21, for inclusion in the Draft Prospectus and Prospectus (the “Offer Documents”) which is proposed by the Company to be issued in connection with the Issue. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence the ability of the debenture holders to derive these direct tax benefits is dependent upon their fulfilling such conditions.

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

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Statement are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to the debenture holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each debenture holder is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. We are neither suggesting nor are we advising the debenture holders to invest money based on this statement.

We accept no responsibility to debenture holders or any third party and this should be stated in the Offer Documents. The contents of the enclosed statement are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

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

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

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

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

Limitations

Our views expressed in the Statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are

based on the existing provisions of law and its reasonable interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

This Statement is addressed to you solely for the use of the Company in relation to the Issue and, except with our prior written consent, is not to be transmitted or disclosed to or used or relied upon by any other person or used or relied upon by you for any other purpose.

Yours Faithfully,

For Vishnu Rajendran & Co

Chartered Accountants

Firm Registration Number: 004741S

Peer Review Number: 011622

UDIN: 20201101AAAABX6814

P.A. Joseph, FCA

Partner

Membership No: 201101

Date : 26/05/2020

Place : Kottayam

ANNEXURE**STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE
DEBENTURE HOLDERS****Under the Income-tax Act, 1961 ("I.T. Act")****A. Tax benefits available to the Resident Debenture Holders**

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. Income tax is deductible at source at the rate of 10%¹ on interest on debentures, payable to resident debenture holders at the time of credit/ payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in the following situations:

- (a) On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under.
- (b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), 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.
- (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 accompany 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 amount of any income of the nature referred to in section 197A(1) or 197A(1A), as the case may be, or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income-tax. To illustrate, as on 01.04.2020
 - the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is ₹ 2,50,000;
 - in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is ₹ 3,00,000; 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 for Financial Year 2020-21.

Further, section 87A provides a rebate of 100 percent of income-tax or an amount of ₹ 12,500 whichever is less to a resident individual whose total income does not exceed ₹ 5,00,000.

(ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or

¹The Ministry of Finance vide its press release dated 13th May, 2020 had announced a reduced rate for deduction of tax at source. Accordingly, the TDS rate under Section 193 of Income Act is reduced to 7.5% for the period from 14th May, 2020 to 31st March, 2021.

paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

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

2. The rate at which tax shall be deducted at source while paying interest to a resident debenture-holder shall not be increased by surcharge and health and education cess ('cess').
3. Capital gains and other provisions
 - (a) As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. In all other cases such as unlisted Debentures, it is 36 months immediately preceding the date of its transfer.
 - (b) As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed Debentures are subject to tax at the rate of 10% [plus applicable surcharge and Health and Education Cess ("cess")] of capital gains calculated without indexation of the cost of acquisition. The capital gains shall be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the Debentures from the sale consideration.
 - (c) 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.
 - (d) As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at Para c above would also apply to such short term capital gains.
 - (e) Surcharge and Health and education cess
 - Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person –
 - (i) at the rate of 10% on tax where total income (including the income by way of dividend or income under the provisions of section 111A and section 112A of the I.T. Act) exceeds Rs.50,00,000 but does not exceed Rs. 1,00,00,000;
 - (ii) at the rate of 15% on tax where the total income (including the income by way of dividend or income under the provisions of section 111A and section 112A of the I.T. Act) exceeds Rs. 1,00,00,000 but does not exceed Rs. 2,00,00,000;
 - (iii) at the rate of 25% of tax where the total income (excluding the income by way of dividend or income under the provisions of section 111A and section 112A of the Income-tax Act) exceeds Rs. 2,00,00,000 but does not exceed Rs. 5,00,00,000;
 - (iv) at the rate of 37% of tax where the total income (excluding the income by way of dividend or income under the provisions of section 111A and section 112A of the Income-tax Act) exceeds Rs. 5,00,00,000; and
 - (v) at the rate of 15% of tax where the total income (including the income by way of dividend or income under the provisions of section 111A and section 112A) exceeds `2,00,00,000 but is not covered under (iii) and (iv) above.

- Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds Rs. 1,00,00,000.
 - Surcharge is levied on domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the I.T. Act) at the rate of 7% on tax where the income exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000 and at the rate of 12% on tax where the income exceeds Rs. 10,00,00,000.
 - Surcharge is levied on domestic companies availing benefit under section 115BAA and section 115BAB of the I.T. Act at the rate of 10%.
 - Surcharge is levied on every company other than domestic company at the rate of 2% on tax where the income exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000 and at the rate of 5% on tax where the income exceeds Rs. 10,00,00,000.
 - Health and Education Cess is to be applied at 4% on aggregate of base tax and surcharge.
- (f) As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.
- (g) In case debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. 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 depending whether the same is held as Stock in trade or investment. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterization 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.
- (h) Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act

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

1. A non-resident Indian has an option to be governed by Chapter XII -A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:
 - (a) As per section 115C(e) of the Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.
 - (b) As per section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
 - (c) As per section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax to the extent 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.

The exemption shall be as under:

- Where the cost of the new asset is equal to or higher than the net consideration received from sale of the debentures, the entire amount of capital gains shall not be chargeable to tax;
- Where the cost of the new asset is less than the net consideration in respect 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 new asset bears to the net consideration shall not be chargeable to tax.

The abovementioned tax benefits shall be available only where the new asset is held for a minimum period of 3 years from the date of its purchase. If the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the new assets are transferred or converted into money.

- (d) As per section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
 - (e) As per section 115H of the I.T. Act, where a non-resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII -A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
2. In accordance with and subject to the provisions of section 115-I of the I.T. Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII -A of the I.T. Act. In that case,
 - Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
 - 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
 3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E of the I.T. Act, and at the normal rates for Short Term Capital Gains if the payee debenture holder is a non-resident Indian. The tax rates shall be increased by applicable surcharge and cess.
 4. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.
 5. The rate at which tax is deducted shall be increased by a surcharge as under:
 - In the case of non-resident Indian surcharge at the rate of 10% of such tax where the income or the aggregate of such income (including the income by way of dividend or income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds ₹ 50,00,000 but not exceeding ₹ 1,00,00,000,

- 15% of such tax where the income or the aggregate of such income (including the income by way of dividend or income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds ₹ 1,00,00,000 but not exceeding ₹ 2,00,00,000,
 - 25 % of such tax where the income or the aggregate of such income (excluding the income by way of dividend or income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds ₹ 2,00,00,000 but not exceeding ₹ 5,00,00,000,
 - 37% of such tax where the income or the aggregate of such income (excluding the income by way of dividend or income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds ₹ 5,00,00,000 and
 - 15% of such tax where the income or the aggregate of such income (including the income by way of dividend or income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds ₹ 2,00,00,000 but is not covered under sub-clauses iii and iv.
6. In case of foreign companies, where the income paid or likely to be paid exceeds ₹ 1,00,00,000 but does not exceed ₹ 10,00,00,000 a surcharge of 2% of such tax liability is payable and when such income paid or likely to be paid exceeds ₹ 10,00,00,000, surcharge at 5% of such tax is payable.
 7. The rate at which tax is deducted shall further be increased by cess of 4%. Where surcharge is not applicable, the rate of cess shall be added directly to the rate at which tax shall be deducted. Where surcharge is applicable, the cess shall be added to the rate of tax arrived at after considering the surcharge rate.
 8. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated 30 October 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the Assessee. However, submission of tax residency certificate ("TRC") is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the prescribed particulars, a self - declaration in Form 10F would need to be provided by the Assessee along with TRC.
 9. 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 195(2) & 195(3) 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.
 10. 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 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 characterization (especially considering the provisions explained in Para V below) and hold the 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.

C. Tax benefits available to the Foreign Institutional Investors ("FIIs / FPIs")

1. As per Section 2(14) of the I.T. Act, any securities held by FIIs / FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs / FPIs as capital gains.
2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs / FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term

capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.

3. 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/FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2023 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(1) of the I.T. Act, the interest income received by the FII/FPI shall be subject to withholding tax @ 20% (plus surcharge and cess). Further, as per section 196D (2) of the I.T. Act, no tax shall be deducted at source on capital gains arising on the transfer of debentures by FIIs/FPIs.
5. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

D. Tax benefits available to Mutual Funds

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

Further, as per the provisions of section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

E. General Anti-Avoidance Rule ('GAAR')

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. 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 1-04-2017, the GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 68 75/2013 dated 23 September 2013.

F. Exemption under section 54E and section 54F of the I.T. Act

1. Section 54E of the I.T. Act provides that any long-term capital gains on transfer of a long term capital asset, including debentures, (hereinafter referred to as 'original asset') shall be exempt from capital gain tax to the extent the net consideration is invested, within six months after the date of transfer of the original asset, in any specified assets such as government saving certificates, rural development bonds, etc., in accordance with and subject to the provisions contained therein. The exemption shall be as under:
 - Where the cost of the new asset is equal to or higher than the net consideration received from sale of the debentures, the entire amount of capital gains shall not be chargeable to tax;
 - Where the cost of the new asset is less than the net consideration in respect 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 new asset bears to the net consideration shall not be chargeable to tax.

The abovementioned tax benefits shall be available only where the new asset is held for a minimum period of 3 years from the date of its purchase. Where the new asset is transferred within a period of 3 years from its date of purchase, the capital gain arising from transfer of the original asset claimed as exempt shall be deemed to be capital gains chargeable to tax in the year in which the new asset is transfer

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.

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

1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.
2. Section 139A(6A) of the I.T. Act requires every person entering into certain transactions, as may be prescribed, to quote his PAN or Aadhar number, in the documents pertaining to such transactions and also authenticate such PAN or Aadhar number, in the manner prescribed.
3. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB (“deductee”) to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:
 - (i) at the rate specified in the relevant provision of the I.T. Act; or
 - (ii) at the rate or rates in force; or
 - (iii) at the rate of twenty per cent.

However, new rule 37BC of the Income Tax Rules provides that the provisions of section 206AA of the Act shall not apply on payments made to non-resident deductee who do not have PAN in India. The non-resident deductee in this regard, shall be required to furnish few prescribed details inter alia TRC and Tax Identification Number (TIN).

A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case. Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (a) above will apply apart from penal consequences.

H. Taxability of Gifts received for nil or inadequate consideration

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

- (a) without consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures; or
- (b) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;

shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated in section 56(2)(x) of the I.T. Act.

NOTES:

1. The 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 is as per the current direct tax laws relevant for the Assessment Year 2021-22.
4. Further, several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.
5. This statement is intended only to provide general information to the Debenture Holder(s) and is neither
 - (a) designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax
 - (b) 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.
6. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.
7. 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.
8. 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 and applicable domestic law.
9. 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.

OBJECTS OF THE ISSUE

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“**Net Proceeds**”), estimated to be approximately ₹20,000 lakhs, towards funding the following objects (collectively, referred to herein as the “**Objects**”):

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

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

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

(in ₹ lakhs)

No.	Description	Amount*
1.	Gross proceeds of the Issue	Upto 20,000.00
2.	(less) Issue related expenses*	3,000.00
3.	Net Proceeds*	17,000.00

*Assuming the Issue is fully subscribed and our Company retains oversubscription up to ₹10,000 lakhs.

Requirement of funds and Utilisation of Net Proceeds

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

No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending, financing, and for repayment/prepayment of principal and interest on borrowings of the Company	At least 75%
2.	General corporate purposes*	Maximum of up to 25%
	Total	100%

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

For further details of our Company’s outstanding indebtedness, see “*Financial Indebtedness*” on page 123.

Funding plan

Not applicable

Summary of the project appraisal report

Not applicable

Schedule of implementation of the project

Not applicable

Interim Use of Proceeds

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

accordance with the investment policies approved by the Board or any committee thereof from time to time. Also, such investments shall be in line with the guidelines and regulations prescribed by RBI.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. Our Board shall monitor the utilization of the proceeds of the Issue. For the relevant Fiscals commencing from Fiscal 2020-2021, our Company will disclose in our financial statements, the utilisation of the Net Proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilise the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchange.

Variation in terms of contract or objects in Prospectus

The Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act, 2013.

Issue related expenses

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

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

(in ₹lakhs)

Activity	Amount	Percentage of overall Issue Size (%)
Fees to intermediaries (Lead Manager's fees, brokerage, rating agency, Registrar to the Issue, legal advisor, Debenture Trustee, etc.)	200.00	1.00
Advertising and Marketing Expenses	60.00	0.30
Printing, Stationery and Distribution	20.00	0.10
Other Miscellaneous Expenses	20.00	0.10
Total	300.00	1.50

*Assuming the Issue is fully subscribed, and our Company retains oversubscription up to ₹10,000 lakhs.

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

Our Company shall pay processing fees to the SCSBs for Application forms procured by the Designated Intermediaries and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹10.00 per Application Form procured (plus other applicable taxes). However, it is clarified that in case of Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee.

Other Confirmation

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

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

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

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

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

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

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

Utilisation of Issue Proceeds

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

SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, all of the information and statics disclosed in this section are extracted from an industry report titled “Gold Loan Industry in India”, dated March 13, 2020, prepared and issued by IRR Advisory Services Private Limited. For details of risks in relation to IRR Report and other publications, see “Risk Factors- “We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Gold Loan industry contained in this Prospectus” on page on 35. The information presented in this section, including forecasts and projections, have not been prepared or independently verified by us, our Directors, our Promoters, the Lead Manager or any of our or their respective advisors.

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

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OVERVIEW OF GLOBAL ECONOMY

International Monetary Fund’s (IMF) World Economic Outlook (WEO) report of January 2020 projects global growth to rise from an estimated 2.9% in 2019 to 3.3% in 2020 and 3.4% for 2021—a downward revision of 0.1% point for 2019 and 2020 and 0.2% point for 2021 compared to those in the WEO October 2020 report. The downward revision primarily reflects negative surprises to economic activity in a few emerging market economies, notably India, which led to a reassessment of growth prospects over the next two years. In a few cases, this reassessment also reflects the impact of increased social unrest. An overview of the WEO outlook projections is given in the table below:

World Economic Outlook	Actual (%)	Estimate (%)	Projections (%)	
Name of the Country/ Economy	2018	2019	2020	2021
World Output	3.6	2.9	3.3	3.4
Advanced Economies	2.2	1.7	1.6	1.6
United States	2.9	2.3	2	1.7
Euro Area	1.9	1.2	1.3	1.4
Germany	1.5	0.5	1.1	1.4
France	1.7	1.3	1.3	1.3
Italy	0.8	0.2	0.5	0.7
Spain	2.4	2	1.6	1.6
Japan	0.3	1	0.7	0.5
United Kingdom	1.3	1.3	1.4	1.5
Canada	1.9	1.5	1.8	1.8
Other Advanced Economies	2.6	1.5	1.9	2.4
Emerging Market & Developing Economies	4.5	3.7	4.4	4.6
China	6.6	6.1	6	5.8
India	6.8	4.8	5.8	6.5
ASEAN*	5.2	4.7	4.8	5.1
Emerging and Developing Europe	3.1	1.8	2.6	2.5
Russia	2.3	1.1	1.9	2
Latin America and the Caribbean	1.1	0.1	1.6	2.3
Brazil	1.3	1.2	2.2	2.3
Mexico	2.1	0	1	1.6
Middle East and Central Asia	1.9	0.8	2.8	3.2
Saudi Arabia	2.4	0.2	1.9	2.2
Sub-Saharan Africa	3.2	3.3	3.5	3.5
Nigeria	1.9	2.3	2.5	2.5
South Africa	0.8	0.4	0.8	1
Low-Income Developing Countries	5	5	5.1	5.1

*includes Indonesia, Malaysia, Philippines, Thailand, Vietnam.

Source - IMF's World Economic Outlook, January 2020

WEO Projections for Advanced Economies

Across advanced economies, growth is projected to stabilize at 1.6% in 2020–21 (0.1% point lower than in the October WEO for 2020, mostly due to downward revisions for the United States, Euro area and the United Kingdom, and downgrades to other advanced economies in Asia, notably Hong Kong SAR following protests).

WEO Projections for Emerging Market and Developing Economies

For the emerging market and developing economy group, growth is expected to increase to 4.4% in 2020 and 4.6% in 2021 (0.2% point lower for both years than in the October WEO) from an estimated 3.7% in 2019. The growth profile for the group reflects a combination of projected recovery from deep downturns for stressed and underperforming emerging market economies and an ongoing structural slowdown in China. India's growth is estimated at 4.8% in 2019, projected to improve to 5.8% in 2020 and 6.5% in 2021 (1.2 and 0.9 % point lower than in the October WEO), supported by monetary and fiscal stimulus as well as subdued oil prices.

Recent events having an impact on Global Economy

- Effects of Corona Virus on Global economy:** The coronavirus which started in the Chinese city of Wuhan has spread to more than 70 countries. Countries such as Iran, South Korea and Italy are now reporting faster infection rates than China. The slowdown in China's economy led to its manufacturing Purchasing Manager's Index (PMI) plunging to 37.5, its lowest reading since 2004. It implies a 2% reduction in its output on an annual basis (below 50 points is indicative of a contraction in an economy and one above 50 points to expansion). China, the world's 2nd biggest economy, is a key provider of components for many products including automobiles, mobile phones, medical equipment and clothing. Global trade is suffering and supply chains have taken a hit across sectors, with factories across China remaining idle or only partially operating as Beijing tries to curb the spread of the virus. For India, the trade impact is estimated to be the most for the chemicals sector, textiles and apparel, automotive sector, electrical machinery, leather products, metals and metal products and wood products. The World Bank along with the IMF are leading calls for a coordinated global monetary policy response to reduce the impact of the deadly outbreak that is threatening to derail the global economy's growth. The Organisation for Economic Co-operation and Development (OECD) revised down its estimate of global GDP growth by half a percentage point to 2.4% for 2020.
- Effects of falling Oil prices on Global economy:** Saudi Arabia slashed its export oil prices on 7th March 2020 in what is likely to be the start of a price war aimed at Russia but with potentially devastating repercussions for Russia's ally Venezuela, Saudi Arabia's enemy Iran, American oil companies and world

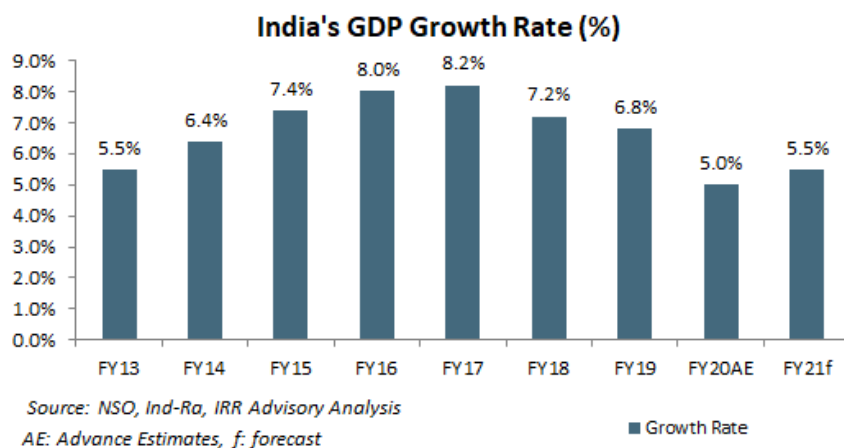
economies at large. The Saudi decision to cut prices was a move in retaliation for Russia's refusal to join the Organization of the Petroleum Exporting Countries (OPEC) in a large production cut as the coronavirus continues to slow the global economy. The effects were quickly felt, as the Brent Global Oil benchmark price collapsed from USD45/barrel to USD34/barrel, sharp drop of about USD11/barrel (approximately 25%) on late 8th March 2020 in the sharpest decline since at least 1991, and stock market tumbling in worldwide indices.

The collapse in oil prices will put extra pressure on the economies of all the major oil companies and producers. If prices remain at or below the current levels for any length of time there is potential for a wave of bankruptcies in the US energy sector, while economic woes and social unrest in countries like Iran, Iraq, Venezuela and Angola would intensify.

OVERVIEW OF INDIAN ECONOMY

India, the world's third largest economy in terms of its PPP (purchasing power parity) with population of over 1.3bn has witnessed significant economic growth since the country was liberalized in early 1990s. Industrial deregulation, divestment of state-owned enterprises, reduced governmental controls on foreign trade and investment, served to accelerate the country's growth and India has posted an average of 7.0% GDP growth since beginning of this millennium. According to IMF, India's GDP growth rate was at 6.8% in 2018. There is a downward revision to India's projection, where domestic demand has slowed more sharply than expected amid stress in the non-bank financial sector and a decline in credit growth. IMF estimates India's GDP growth at 4.8% in 2019, projected to improve to 5.8% in 2020 and 6.5% in 2021 supported by monetary and fiscal stimulus as well as subdued oil prices.

India Ratings and Research (Ind-Ra) expects gross domestic product (GDP) to grow at 5.5% y-o-y in FY21; however, the downside risks persist. This is a marginal improvement over the GDP growth of 5.0% estimated by National Statistical Office (NSO) for FY20.



FY20 had started on a fairly promising note; however as the year progressed, it turned out to be a year of significant downward revision. The slowdown is a combination of several factors of which the prominent ones are –

- (i) An abrupt and significant fall in the credit growth of non-banking financial companies close on the heels of a slowdown in bank lending
- (ii) Reduced income growth of households coupled with a fall in savings and higher leverage
- (iii) Inability of dispute resolution/judicial systems to quickly unlock the stuck capital.

These risks are going to persist, though some improvement in FY21 is expected. Economy is currently stuck in a phase of low consumption as well as low investment demand. A strong policy push coupled with some heavy lifting by the government is required to revive the domestic demand cycle and catapult the economy back into a high growth phase.

Ind-Ra expects fiscal deficit to come in at 3.4% of GDP in FY21. Immediately after the FY20 budget, Ind-Ra had stated that tax revenue growth of 11.1% assumed in the budget is optimistic in view of the growth slowdown and

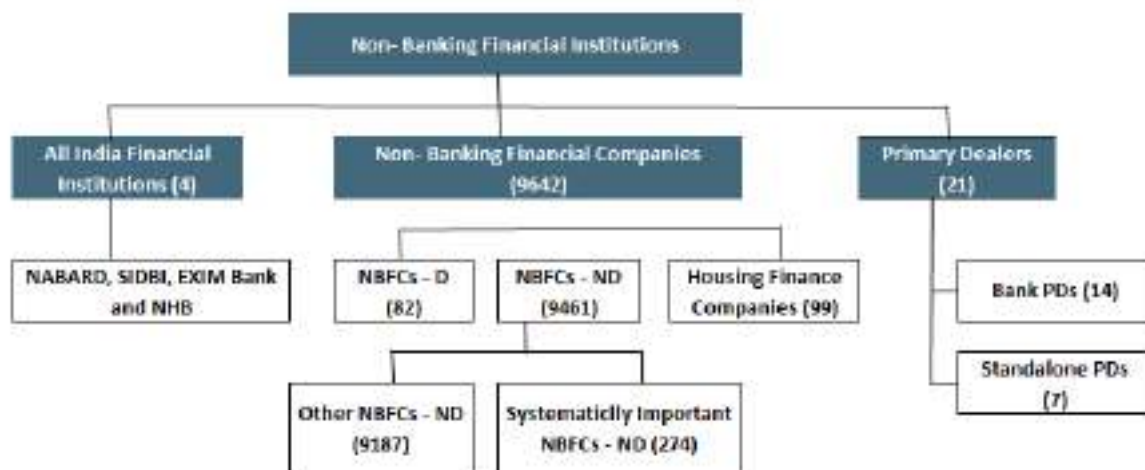
continued sluggishness in the goods and services tax collection and may fall short by INR1.5trn. Adding the reduction in corporate tax announced subsequently into the estimate, Ind-Ra believes tax revenue growth at best will be flat. This plus the expected shortfall in the non-tax revenue especially disinvestment receipts, the fiscal deficit of FY20 is estimated to slip to 3.6% of GDP even after accounting for the surplus transferred by the RBI.

OVERVIEW OF THE NBFC MARKET IN INDIA

Introduction

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

Structure of NBFIs under the Reserve Bank Regulation (as at September 2019)



Source: Reserve Bank of India

Notes: Figures in the bracket indicate the number of institutions

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

NBFCs are primarily governed by the RBI Act and the RBI Master Directions. NBFCs are permitted to operate in similar sphere of activities as banks; there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and
- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

Further, while an NBFC may be registered as a deposit accepting NBFC (“NBFC-D”) or as a non-deposit accepting NBFC (“NBFC-ND”), NBFCs registered with RBI are further classified as:

- **Asset Finance Companies:** The main business of these companies is to finance the assets such as machines, automobiles, generators, material equipment.

- **Investment Companies:** The main business of these companies is to deal in securities.
- **Systemically Important Core Investment Company (CIC-ND-SI):** A systematically important NBFC (assets INR1.0bn and above) which has deployed at least 90% of its assets in the form of investment in shares or debt instruments or loans in group companies is called CIC-ND-SI. Out of the 90%, 60% should be invested in equity shares or those instruments which can be compulsorily converted into equity shares. Such companies do accept public funds.
- **Loan Companies:** The main business of such companies is to make loans and advances (not for assets but for other purposes such as working capital finance etc.).
- **Infrastructure Finance Companies (IFC):** A company which has net owned funds of at least INR3.0bn and has deployed 75% of its total assets in Infrastructure loans is called IFC provided it has credit rating of A or above and has a CRAR of 15%.
- **Infrastructure Debt Fund – NBFCs (IDF-NBFC):** An IDF-NBFC is a non-deposit taking NBFC that has Net Owned Fund of INR3.0bn or more and which invests only in Public Private Partnerships and post commencement operations date (COD) infrastructure projects which have completed at least one year of satisfactory commercial operation and becomes a party to a Tripartite Agreement.
- **NBFC - Micro Finance Institutions:** Microfinance companies are non-deposit taking firms that are entitled to provide loans up to INR50K to individuals coming under low-income group living in rural or semi-urban areas.
- **NBFC – Factors:** An NBFC-Factoring Company should have a minimum Net Owned Fund (NOF) of INR50.0mn and its financial assets in the factoring business should constitute at least 75% of its total assets and its income derived from factoring business should not be less than 75% of its gross income.
- **Mortgage Guarantee Companies:** Mortgage Guarantee Company acts as an insurance against defaults on loans by the homebuyer, thereby reducing the loan exposure and credit risks for the lender.
- **NBFC-Non-Operative Financial Holding Company (NOFHC):** For permitting promoter/ promoter groups of NBFCs to set up a new bank.

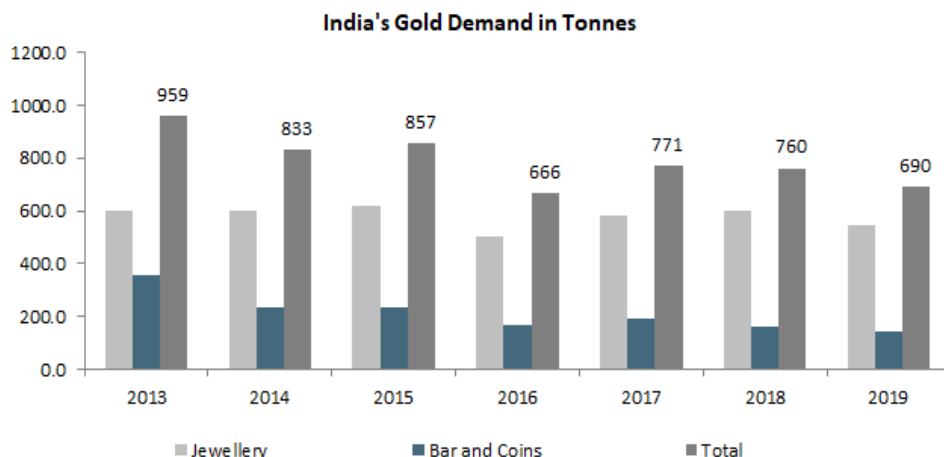
EVOLUTION OF GOLD LOAN MARKET IN INDIA

Introduction

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

Gold Demand in India

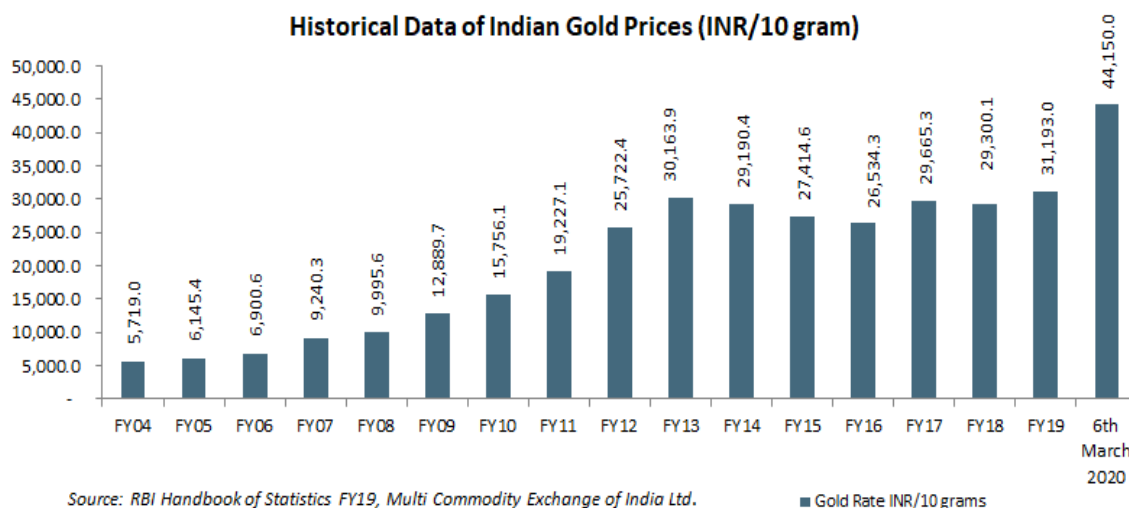
India is one of the largest markets for gold and growing affluence is driving growth in demand. Gold has a central role in the country's culture, considered a store of value, a symbol of wealth and status and a fundamental part of many rituals. WGC in its 2019 report stated that, India's gold demand in volume terms declined to 690 tonnes in 2019 from 760 tonnes in 2018, out of which jewellery demand fell 9% to 544 tonnes from 598 tonnes, while bar and coins demand dropped 10% to 146 tonnes from 162 tonnes in 2018. In value terms, the country's gold demand rose 3% to INR21,77,700.0mn in 2019 from INR21,18,600.0mn in 2018. A spike in domestic gold prices and a hike in the import duty (from 10% to 12.5%) slashed demand during 2019. Two-thirds of India's gold demand came from rural areas, where jewellery is a traditional store of wealth. Continued monsoon till October 2019 damaged the summer sown crops, thus resulting in weak rural sentiments. India's gold demand is expected to rebound in 2020 as the government seeks to bolster consumer confidence and spending power to revive the economy. India's gold consumption in 2020 will likely be 700-800 tonnes as per WGC. The introduction of mandatory hallmarking for gold jewellery from 15th Jan 2021 may enhance consumer trust; however, there may be potential initial disruption. The chart given below depicts the trend of India's gold demand (in tonnes) from 2013-19.



Source: World Gold Council 2019

Gold Price Movement in India

Gold prices in India have been showing an overall upward trend since the last 3 decades. There was a steady increase in the prices of gold from FY04 to FY13. From FY14 to FY16; there was a decline in gold prices owing to geopolitical stability, low oil prices, low inflation and strong growing equity market. During this period, gold lost its attractiveness to investors either from a capital appreciation perspective as a hedge against inflation or as a safe haven; causing a significantly reduced demand. However, from FY17 to FY19, gold prices started to surge to the pre-FY13 levels and is currently trading at INR44,150/- per 10 grams (as on 6th March 2020) which is its all-time high level. Currently, the rapid spread of coronavirus cases outside of China and its potential negative impact on the global economy are prompting investors to take refuge in safe havens like gold.



Gold Loan Market in India

Gold enjoys a unique connection with Indians in terms of social status, financial security and rich cultural legacy. Along with the country's growing population and ever increasing disposable income, India's inclination and liking for gold has also increased. Due to the emotional value associated with household jewellery, people are hesitant to sell their gold to meet their immediate financial needs; as an alternative, people pledge their gold ornaments as collateral and secure a short-term loan. The pledging of gold ornaments and other gold assets to local pawnbrokers and money lenders to avail loans has been prevalent in Indian society over ages. The increased holding of gold as an asset among large section of people, and the practices related to borrowing against gold in the informal sector, have encouraged some loan companies to provide loans against the collateral of used household gold jewellery. Over a period of time, many companies have emerged as 'specialised gold loan companies'.

Gradually, the market entered a period of rapid growth. The key factors that drove the rapid growth phase included low cost of funds (eligibility under Priority Sector Lending), rise of India's middle class, consumerism and urbanization, rising gold prices, and high Loan to Value (LTV) of up to 85%. Convenience of access, quick disbursements and lower interest rates compared to moneylenders led to NBFCs becoming the customer's de-facto choice.

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

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

Meanwhile, from the beginning of 2013, gold prices reduced drastically globally. With the pledged gold having lower market value, customers walked away from the loans resulting in increased Non-Performing Assets (NPAs). The gold loan industry was also subsequently impacted by demonetization in 2016 when cash crunch in the market led to immediate shortfall in business. However, digital eco-system is now leading to increased credibility and tilting scales of gold loan business in favour of the specialized gold loan NBFCs. Alongside, the introduction of GST in 2017 has also impacted the market. In the pre-GST era, the taxation on gold was 1% excise duty, along with a VAT of 1-1.5%, totalling to 2% tax. GST rates on gold have now been pegged to 3%. This is in addition to an import duty of 12.5% and 5% GST on making charges.

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

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

Gold Loan NBFCs in India

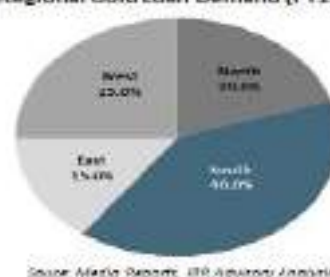
Till the last century, most of the lending was in the unorganised sector through pawnbrokers and money lenders. However, this scenario has changed over the last two decades post India's economic liberalization and financial sector reforms, and the organised sector has become more dominant. Buoyed by the spurt in gold prices during the last decade, organised lenders grew during the period FY09 to FY12. However, correction in gold prices in FY13, adverse regulatory scenario, restrictions on offering high LTV products, and increase in competition intensity has seen gold loan industry's AUM stagnating. This is also reflected in the stagnating portfolio of gold loan NBFCs. The total gold loan industry AUM stood at INR8,370.0bn as on FY19, out of which approximately 35% accounted for organised market. As of FY19, India's unorganised gold loan market is estimated to be around 65% of the total gold loan market. There are no official estimates available on the size of this market, which is characterised by the presence of numerous pawnbrokers, moneylenders and landlords operating at a local level. However, this market is believed to be almost double the size of organised gold loans market.

The demand for gold has a regional bias with southern Indian states accounting for around 40% of the annual demand. There is potential to expand gold loans market to the Northern and Western regions of India,

Gold Loan market (%) as of FY19



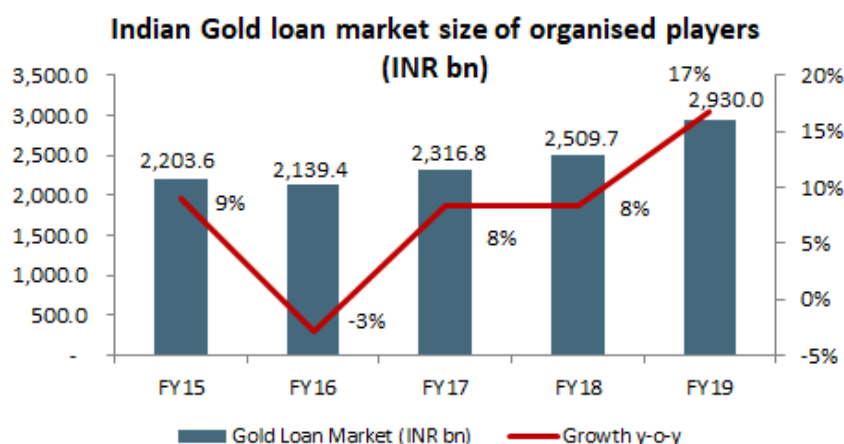
Regional Gold Loan Demand (FY19)



provided the branch network is expanded and the loans are available with ease and with flexible options. The prevalence of high level of rural indebtedness, easy availability of gold loans on extremely flexible terms, relative scarcity of personal and retail loans from the banks, and changing attitude of customers to gold loans will contribute to the growth in the gold loan AUM to newer regions.

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

As per WGC 2019 report, the organized gold loan industry is around 35% and unorganized industry is around 65%. The total gold loan industry AUM stood at INR8,370.0bn as on FY19, out of which approximately 35% valuing INR2930.0bn accounted for organised market.

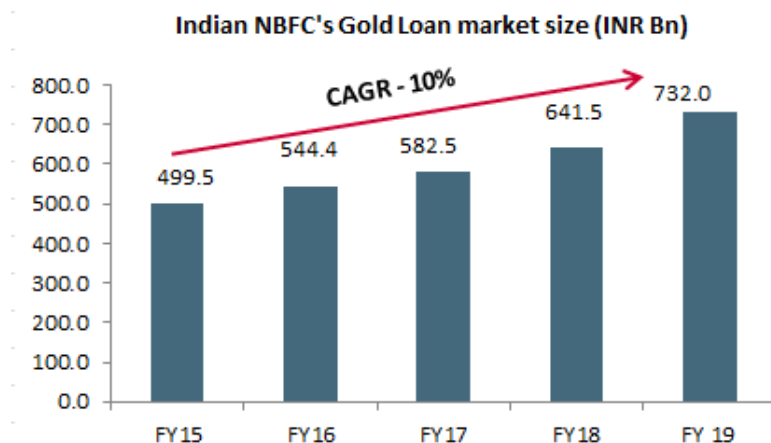


Source: Media Reports, IRR Advisory Analysis

NBFCs were marked by slowdown and weakening competitive positioning during FY12 and FY15 owing to withdrawal of eligibility for NBFCs under priority sector lending, RBI putting a ceiling on LTV ratio that could be given out by NBFCs at 60%, as against 75% for banks and RBI norms for conducting gold loan auctions. Industry reports state that Indian Gold loan market of organised players has increased at a CAGR of 7% from INR2203.6bn in FY15 to INR2,930.0bn in FY19 owing to increase in gold prices, good monsoon and favourable macroeconomic factors. During this period NBFCs' focused on improving the business per branch, undertook aggressive marketing and diversified into new regions.

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

As per industry reports, the gold loan AUM of NBFCs grew at a CAGR of 10.0% between FY15 and FY19. NBFCs witnessed a decline in gold loan AUM between FY12 and FY14, as RBI's regulations curbed the performance as mentioned earlier. However, due to NBFCs flexible loan offerings and quicker disbursement time helped them to grow their gold loan AUM from INR499.5bn in FY15 to INR544.4bn in FY16.



Source: Media Reports, IRR Advisory Analysis

Gold Loan NBFCs AUM further grew by an impressive 9.3% over the next 2 years from INR544.4bn in FY16 to INR641.5bn in FY18 due geographic expansion, rise in gold prices and higher marketing expenditure undertaken

by players in order to improve product awareness and build brand identity. NBFCs and banks approach the gold loan market differently, which is reflected in their interest rates, ticket sizes and loan tenures.

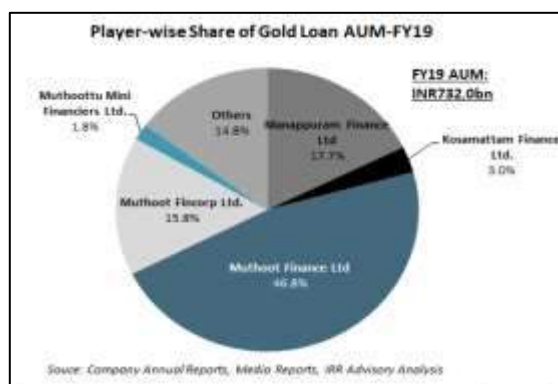
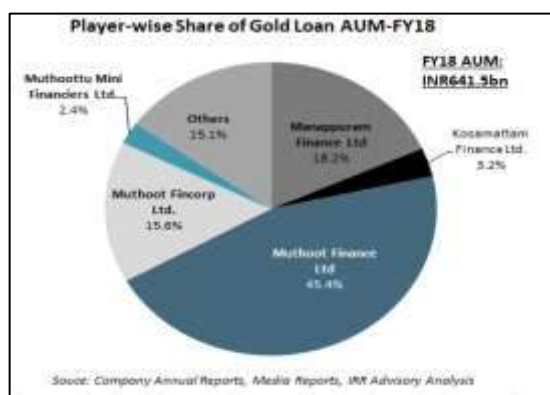
NBFCs focus more single-mindedly on the gold loans business and have accordingly built their service offerings by investing significantly in manpower, systems, processes and branch expansion. This has helped them attract and serve more customers.

Overview of some operational parameters of organized players is provided below:

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

Source: Industry Sources, IRR Advisory Analysis

Percentage share of organized players in Gold Loan market is provided below:



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

Muthoot Finance Ltd. had the major share of gold loan AUM in FY19 (46.8%) as well as in FY18 (45.4%). Manappuram Finance Ltd. market share marginally declined from 18.2% in FY18 to 17.7% in FY19. Muthootu Mini Financiers Ltd. market share declined from 2.4% in FY18 to 1.8% in FY19.

KEY GROWTH DRIVERS FOR GOLD LOAN

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

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

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

Expected Revival in Rural Consumption

WGC estimates that about 65% of the Indian household gold belongs to rural communities, who are the biggest purchasers of gold loan. Unpredictability of the rain and harvest season means farmers become cash-strapped frequently. For them, unlocking value of their household gold is the easiest way to meet their financial obligations. Consumption growth in rural India had outpaced urban spending by the widest margin in last decade, encouraged by relatively good rainfall and an increase in government spending on infrastructure. However, the year 2019 witnessed a slowdown in the rural market due to factors such as liquidity crunch, drop in gross domestic product (GDP), floods in several parts, weakened household spending, high food inflation due to spike in milk and onion prices impacted consumer wallet in rural regions. The rural consumption is expected to be back on high single digit growth in FY20, helped by factors including government spending in infra projects and increased rural spending. Additionally, the expected rise in consumerism in rural areas will lead to increased gold loans being taken for non-income generating purposes.

Changing Attitudes Towards Gold Loan

Few decades back, the gold loan was a high-cost affair, interest charged were around 35-50% (local moneylenders) but now organized players in the market (banks and NBFCs) offer the loan at 12-20% per annum. In recent, gold loan is becoming a word of mouth whether it is Tier1, Tier2 or Tier 3 cities – people are turning more towards depositing gold with banks and NBFCs because it is one of the easiest way to avail money. The overall process to avail gold loans has become more formal and transparent with an entry of organized financial players. Further, gold is a secured asset and there is no requirement of any additional collateral but however; to avail home loans & personal loans, one need to show income certificates, bank statements & income tax returns. One good thing about gold loan is that it can be used for any purpose so more and more people are migrating towards this loan. It is not only the rural communities who are willing to put household jewellery in the market – acceptance towards using family gold for financial needs is increasing in the relatively untapped urban market. Using gold loans to meet household exigencies is gaining popularity in Indian cities and metros.

Ease of Availability of Gold Loan

NBFCs offer very competitive gold loan schemes with a wide range of tenures, interest slabs and repayment options making it very attractive for the customer. Unlike the rigid products offered by traditional banks, gold

loan products are designed in a way that specifically meets the situation of the target customer segments. Disbursements are made within a quick time period after loan approval with a turnaround time (TAT) of around 10 minutes. A good number of loans do not have fixed Equated Monthly Instalment (EMI) facility - only the interest needs to be paid on a monthly basis while the principle should be paid at the end of the tenure. The ability to choose product features (repayment scheme, tenure) has facilitated increased gold loan penetration.

REGULATORY MEASURES IMPACTING THE GOLD LOAN MARKET IN INDIA

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

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

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

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

Verification of the Ownership of Gold: RBI has directed all NBFCs to put in place an explicit policy approved by their board of directors within their overall loan policy to verify ownership through a suitable document which is prepared to explain the manner in which ownership is determined, particularly in each case where the gold pledged at any one time or cumulatively on the loan outstanding is more than 20 grams.

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

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

Other Instructions:

- NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above INR0.5mn.

- High value loans of INR0.1mn and above must only be disbursed by cheque.
- Documentation across all branches must be standardized.
- NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Details of the key guidelines impacting the gold loan market in India are provided below:

Loan to Value Ratio (LTV)

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

Know Your Customer (KYC)

The RBI KYC directions are applicable to NBFCs and RBI has advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The KYC policies are required to have certain key elements, including, customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, diligence of client accounts opened by professional intermediaries, customer due diligence and diligence of accounts of politically exposed persons, adherence to RBI KYC directions and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents.

For verification purposes, a customer needs to submit the following: government issued identity proof (passport, PAN card, voter's ID or driving license, along with passport size photographs), address proof (either electricity bill, ration card or telephone bill) and signature proof. The NBFCs are now allowed to make use of e-KYC which uses Aadhaar card validation. The move towards e- KYCs is meant to reduce risk of fraud and forgery as well as improve application processing speeds.

Changes in classification of Non-Performing Asset

The RBI Master Directions require that every non-deposit taking NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard Assets;
- Sub-Standard Assets;
- Doubtful Assets; and
- Loss Assets

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

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

Source: RBI Circular

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

Verification of Gold Ownership

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

Gold Monetisation Scheme (GMS)

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

The objective of GMS is to mobilize gold held by households and institutions of the country and facilitate its use for productive purposes, and in the long run, to reduce country's reliance on the import of gold. All Scheduled Commercial Banks excluding Regional Rural Banks are eligible to implement the scheme. It includes Revamped Gold Deposit Scheme (R-GDS) and Revamped Gold Metal Loan Scheme (R-GML). The minimum deposit at any one time is 30 grams of raw gold (bars, coins, jewellery excluding stones and other metals). There is no maximum limit for deposit under the scheme. Also, the interest earned on the gold deposit will be exempted from not only income tax but also capital gains tax. There are 2 schemes in GMS:

1. Short Term Bank Deposit (STBD)

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

2. Medium and Long Term Government Deposit (MLTGD)

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

will be decided by Central Government and notified by RBI from time to time. The current rate of interest as notified by the Central Government is:

- (i) On medium term deposit – 2.25% p.a.
- (ii) On long term deposit – 2.50% p.a.

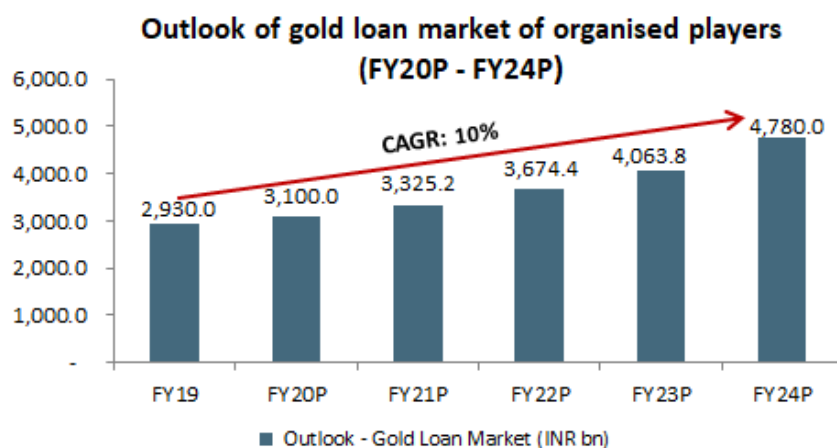
The periodicity of interest payment on these deposits is annual and shall be paid on 31st March every year. A depositor will have an option to receive payment of simple interest annually or cumulative interest at the time of maturity, in which case it will be compounded annually. This option shall be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

OUTLOOK OF THE GOLD LOAN MARKET IN INDIA

5 year outlook of the Gold Loan Market in India

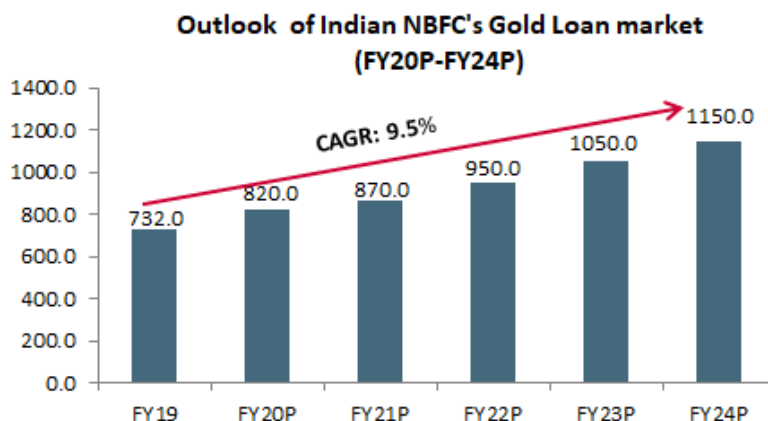
India is one of the largest markets for gold and in our Indian culture gold is considered as auspicious, particularly in Hindu and Jain cultures and gold is worn for important ceremonies and occasions. Gifting gold is a deeply ingrained part of marriage rituals in Indian society where weddings generate approximately about 50% of annual gold demand. Rural residents and low income groups are the major customers of gold loans, as gold is usually the only asset they possess. Gold loan has emerged as one of the most reliable credit sources for these categories of customers. Further the gold loan market is still underpenetrated, considering the abundant availability of gold as collateral with Indian private households. This could play a vital role in the expansion of gold loan market. IRR Advisory has estimated that the organized market size will grow to INR4,780.0bn by FY24P.

With the credit demand expected to rise, the gold loan industry is expected to grow over the next few years at a CAGR of 10.0% from INR2,930.0bn in FY19 to INR4,780.0bn in FY24P which would be driven by gold loan NBFCs moving into Non-Southern Indian territories, improving penetration, improving product awareness and building brand identity. Diversification into other regional geographies and untapped markets would be the key for industry AUM to grow. Gold loan industry AUM projection of the organized players is provided below:



Source: Media Reports, IRR Advisory Analysis

Organized players are adopting marketing initiatives to raise awareness against heavy interest rates charged by the unorganized players (which are in the range of 25-50%) especially in rural parts. Also, player's ability to leverage technology and improve their online gold disbursements could turn out to be a game changer. Along with these drivers, a favourable economic scenario will further drive up the funding needs of small businesses, and hence, improve demand for gold loans. Based on these growth drivers, we expect gold loan NBFCs' AUM to grow at 9.5% CAGR, from INR732.0bn in FY19P to INR1,150.0bn in FY24P. Indian NBFC's gold loan AUM projection for the coming 5 years is provided below:



Source: Media Reports, IRR Advisory Analysis

The overall organized NBFC's gold loan penetration level is around 25-30%, which confirms that there is headroom for growth in this market. So, financial institutions with the right focus, operational capabilities, availability of funds, refreshing products and modern technology can capture a large market share.

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

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

Source: World Gold Council

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

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

The Indian rupee has been depreciating against the US dollar over the past two months and touched a low of INR72.5 per US dollar on 4th March 2020. It is further expected to depreciate as investor sentiment remained fragile amid concerns over the impact of coronavirus outbreak. Higher inflation leads to increase in expenses and lesser savings thereby affecting personal finances. Higher inflation over a period can cause higher interest rates, thereby making loans expensive. A weak rupee against dollar affects any investment done abroad, foreign education and foreign travel. The inflationary pressures have led to interest rate hike by RBI which has already raised interest rates twice this year. A higher interest rate will lead to higher EMIs. For the investor of debt funds, rise in interest rates would bring down the bond prices and hence has a negative impact on the debt funds 'net asset values'. As explained above, the rising exchange rates and the resulting inflationary pressures will have an impact on the value of the assets of the retail investors and hence it is imperative for the retail investors to invest in class of assets which are good inflation hedgers. Among all the class of assets, gold is considered as a best hedge against inflation and seen as an ideal asset for portfolio diversification.

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

RBI is among the 10th largest holder of gold reserves among central banks globally, according to the latest WGC report with USA and Germany among the top holders. Ever since uncertainty over the dollar outlook mounted

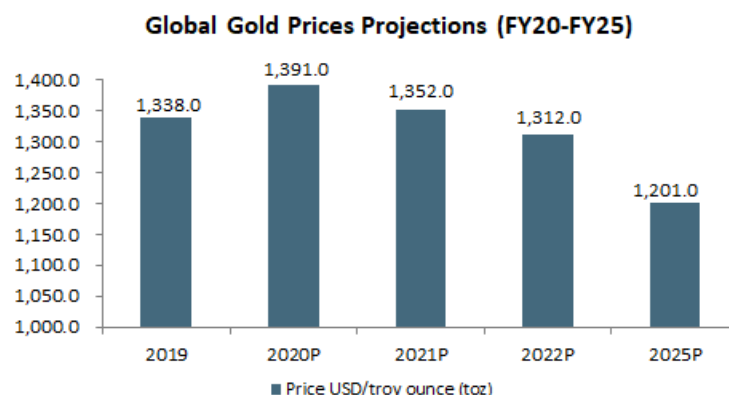
after the US-China trade war concerns in 2018, central banks across the globe started buying gold to diversify their foreign exchange reserves base. RBI also started buying gold after a long gap (after Nov 2009). The surge in foreign inflow and low yield on overseas sovereign bonds may have led to RBI buy gold. As at end September 2019, the RBI held 618.17 tonnes of gold, with 325.87 tonnes being held overseas in safe custody with the Bank of England and the Bank for International Settlements, while the remaining gold is held domestically.

The RBI decision to buy gold is significant because unlike Central banks it does not regularly trade in gold although the law permits it do so. The RBI's decision to buy gold is probably a decision for diversification of assets for deployment keeping in mind the evolving global risks due to rising policy rates in the USA and increasing market volatility.

KEY CHALLENGES FACED BY THE GOLD LOAN INDUSTRY

Volatility in Gold prices

Volatility in the gold prices has impact on the performance of the gold loan market. As per World Bank - Commodity Markets Outlook, October 2019 the global prices of gold are expected to decline from USD1,338.0 per toz in 2019 to USD1,201.0 per toz in 2025P. Falling gold price is a negative as far as growth outlook of gold loan companies is concerned. They will have to lend lower amounts against the same quantity of gold, so this will pressurize AUMs. At the same time, costs remain fixed and it will pull down profitability. Also, as gold prices decline the resale value of gold also decline, this might lead that the borrower is not willing to repay the loan which would increase the number of NPAs. This would affect the operational efficiency and profitability of the industry.



Source: World Bank - Commodity Markets Outlook, October 2019

Regulatory pressure

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

Security Threats and Risks of Theft

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

Lack of financial literacy among rural customers

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

Young Indians attraction to alternative jewellery

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

Change in Savings Pattern

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

Data Security

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

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

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

OVERVIEW OF MICRO FINANCE INDUSTRY IN INDIA

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

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

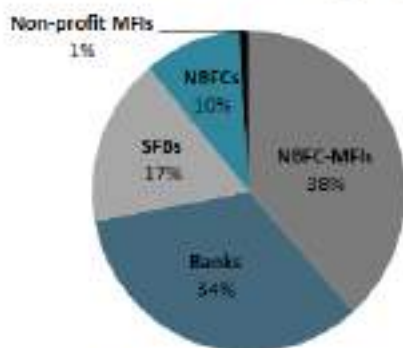
MFI consists of multiple players with diverse organizational structures. Loans in this sector are provided by banks, small finance banks (SFBs), non-banking financial company-microfinance institutions (NBFC-MFIs), other NBFCs and non-profit organizations. According to the Bharat Microfinance Report 2019 prepared by Sa-Dhan, MFIs operate in 29 States, 5 Union Territories and 570 districts in India. The MFIs are also expanding into newer territories for reducing their concentration risk. Industry reports state that Microfinance industry has total loan portfolio of INR1,785.5bn as on FY19 which represents a growth of 30% over the loan portfolio of INR1,366.3bn in FY18. The industry portfolio has grown at a CAGR of 28.2% during FY16 to FY19 period.

NBFC-MFIs hold the largest share of portfolio in micro-credit with total loan outstanding of INR681.6bn, which accounts for 38% of total industry portfolio. Banks are the second largest provider of micro-credit, with a loan amount outstanding of INR599.9bn, which includes both direct and indirect lending through BC partnerships, accounting for 34% of total micro-credit universe.

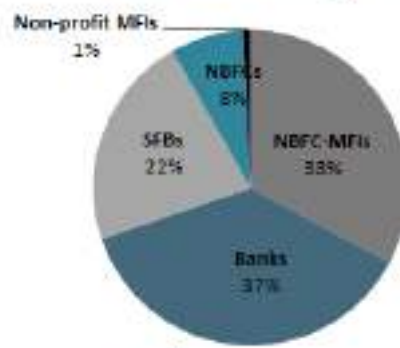
SFBs have a total loan amount outstanding of INR299.9bn, with total share of 17%. NBFCs account for 10% and Not-for-Profit MFIs account for 1% of the industry portfolio. The pie charts given below provide the % share by each player in the microfinance loan portfolio outstanding during FY18 and FY19.



Share of Various Lenders in Micro Finance Loan Portfolio Outstanding (FY19)



Share of Various Lenders in Micro Finance Loan Portfolio Outstanding (FY18)



Industry reports state that during FY19, Loan disbursement grew by 20% in terms of volume. Loan disbursed amount for FY19 is INR2,130.7bn, which has increased by 36% as compared to FY18. All India Average Ticket Size (ATS) as of FY19 is INR31,623.0 which had increased by 13% on Y-O-Y basis. ATS of bank loans is highest at INR42,086.0 whereas ATS of NBFC-MFIs is lowest at INR25,850. Highest number of loans in FY19 are disbursed in INR20,000.0 to INR30,000.0 ticket size category. In terms of regional distribution of portfolio; East and North East accounts for 40%, South accounts for 28%, North holds 10%, West has a share of 14% and Central contributes 7%. The Top 10 states constitute 82.7% in terms of the micro finance loan portfolio. Tamil Nadu is the largest state followed by West Bengal and Bihar.

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

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

The NBFC-MFIs adhere to RBI guidelines to fix interest rates. As NBFC-MFIs are non-deposit taking entities they borrow funds from external sources to cater to the micro-credit requirements of their clients. The interest rates what NBFC-MFI are heavily dependent on the cost of funds that it borrows and RBI stipulations. Over the years the average cost of funds for MFI has come down and many of the MFI have started passing on the benefits of the reduction in the cost of funds to their clients by charging lower interest rate to their client. RBI set an average base rate of 9.18% for non-banking financial companies and micro finance institutions to be charged from their customers for the quarter beginning July 2019.

A significant portion of the Indian population still lacks access to credit from the formal sector and consequently borrows from informal channels like moneylenders or relatives, indicating the scope of micro lending in achieving financial inclusion and overall industry growth. The prospective for Microfinance, particularly in Semi-Urban and Rural geography is quite large in India and with NBFC-MFIs are stepping up to integrate best practices and technology which would help them provide better customer service as well as achieve operational efficiencies and lower costs.

OUR BUSINESS

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

Some of the information in the following section, specifically the information in relation to our plans and strategies, contain certain forward looking statements that involve risks and uncertainties. You should read “Forward Looking Statements” on page 15 for a discussion of risks and uncertainties related to those statements and also “Risk Factors” on page 17, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Limited Review Financial Statements and Reformatted Financial Statements, included in this Prospectus on page 115. We have included various operational and financial performance indicators in this section, some of which may not have been derived from our Limited Review Financial Statements and Reformatted Financial Statements and which may not have been subject to an audit or review of the Statutory Auditor. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours. You should consult your own advisors and evaluate such information in the context of the Reformatted Financial Statements and Limited Review Financial Statements and other information relating to our business and operations included in this Prospectus.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular the report titled “Gold Loan Industry in India”, dated March 13, 2020, prepared and issued by IRR Advisory Services Private Limited. Unless otherwise indicated, all industry and other related information derived from IRR Report and other publications included herein with respect to any particular year refers to such information for the relevant calendar year.

Overview

We are a non-deposit taking systemically important NBFC in the gold loan sector lending money against the pledge of household gold jewellery (“**Gold Loans**”) in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry. We have also forayed into microfinance loan segment in financial year 2017 wherein we provide unsecured loans to joint liability group of women customers (minimum of 5 persons) who require funds to carry out their business activities through few of our branches in the state of Kerala. Our Gold Loan portfolio as on September 30, 2019 and March 31, 2019, March 31, 2018 and March 31, 2017, comprises of 4,20,949, 3,75,665, 4,11,558 and 5,16,004 Gold Loan accounts respectively, aggregating to ₹1,62,169.07 lakhs, ₹1,35,012.97 lakhs, ₹1,55,432.83 lakhs and ₹1,94,000.29 lakhs which is 97.31%, 97.50%, 95.31% and 99.01% of our total loans and advances as on such specific dates. We, as on March 31, 2020, had a network of 784 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry and we employ 3,168 persons in our business operations.

We are registered with RBI as a non-deposit taking, systemically important, NBFC (registration no. N-16.00175 dated April 13, 2002) under Section 45 IA of the Reserve Bank of India Act, 1934. Further, a fresh certificate of registration was issued by RBI on January 1, 2014, pursuant to the change of name of our Company from ‘Muthoottu Mini Financiers Private Limited’ to ‘Muthoottu Mini Financiers Limited’. Our Company has also obtained a certificate of registration bearing registration no. – CA0122 issued by IRDAI, with effect from April 1, 2016 (renewed w.e.f April 1, 2019), under Section 42D (1) of the Insurance Act, to act as a “Corporate Agent (Composite)”. Further, our Company holds a certificate of registration dated July 5, 2012 registration number IN–DP–CDSL–660–2012 issued by SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as renewed of August 21, 2017.

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

Our Company belongs to the Muthoottu Mini group. Muthoottu Mini group belongs to the Muthoottu family of Kozhencherry, which was founded by Ninan Mathai Muthoottu, who started the family business enterprise in

1887. In 1939, three sons of Ninan M. Muthoottu, viz, M. George Muthoot, M. Mathew and M. Pappachan Muthoot started a finance company named as Muthoot M. George & Brothers (“MGB”). In the early 1970s, they separated their business enterprises into three groups i.e. the current Muthoot Finance group of companies which is controlled by the sons of George M. Muthoot, the Muthoot Fincorp group which is controlled by the sons of M. Pappachan Muthoot and the Muthoottu Mini group which was earlier controlled by the son of M. Mathew i.e. Roy M. Muthoottu. Muthoottu Mini group is presently controlled by Mathew Muthoottu, son of Roy M. Muthoottu. Other than the aforementioned family connection, all the groups are distinct from each other and none of them are having any inter-group shareholdings or controls or business dealings. The Muthoottu Mini group commenced operations at Kozhencherry, Pathanamthitta, Kerala and has over three decades of established history in the money lending business, mainly in small scale money lending against used household gold jewellery. The Muthoottu Mini group has been in the gold loan financing since 1986 and our Company has been extending Gold Loans since its incorporation.

Our Gold Loan customers are individuals primarily from rural and semi-urban areas. We believe that what distinguishes us from banks is our focus on non-organized sections of society and our turnaround time. For the six month period ending on September 30, 2019 and for the Fiscals 2019, 2018 and 2017, the average loan amount advanced by us was ₹38,525, ₹35,940, ₹37,767 and ₹37,597 per loan transaction. Our Gold Loan product mix varies from 30 days upto 270 days tenure with varying rates of interest and amount of loan to suit the requirements of the customers. For the six month period ending on September 30, 2019 and for the Fiscals 2019, 2018 and 2017, our yield on Gold Loan assets was 18.68%, 19.17%, 18.18% and 22.20%, respectively.

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

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

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

Our microfinance loan customers are joint liability group of woman customers only (minimum of 5 persons) from rural and semi-urban areas of Kerala. Our microfinance loan portfolio as on September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017 comprised of 27,047, 25,749, 32,735 and 7,620 microfinance loan accounts respectively, aggregating to ₹4,346.01 lakhs, ₹3,215.18 lakhs, ₹7,240.57 lakhs and ₹1,329.45 lakhs which is 2.61%, 2.32%, 4.44% and 0.68% of our total loans and advances as on such specific dates. For the six month period ending on September 30, 2019 and for the Fiscals ended 2019, 2018 and 2017, the average loan amount advanced by us was ₹16,068, ₹12,487, ₹22,119 and ₹17,447 per loan transaction. For the six month period ending on September 30, 2019 and for the Fiscals ended March 31, 2019, March 31, 2018 and March 31, 2017, our yield on microfinance loan assets was 22.93%, 25.91%, 20.63% and 8.76% respectively.

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

For the six months period ended on September 30, 2019 and Fiscals 2019, 2018 and 2017, our total revenue was ₹14,644.47 lakhs, ₹29,815.48 lakhs, ₹33,493.39 lakhs and ₹43,546.42 lakhs, respectively. Our profit/(loss) after tax, for the six months period ended on September 30, 2019, Fiscals 2019, 2018 and 2017, was ₹472.61 lakhs, ₹2,095.60 lakhs, ₹1,424.59 lakhs and ₹(8,108.51) lakhs, respectively. For the six month period ended on September 30, 2019, Fiscals 2019, 2018 and 2017, our income from our Gold Loan business constituted 95.17%, 93.37%, 94.85% and 98.01%, respectively, of our total income. For the six month period ended on September 30, 2019, the Fiscals 2019, 2018 and 2017, revenues from our microfinance loan business constituted 2.96%, 4.54%, 2.46% and 0.13%, respectively, of our total income.

Gross non-performing loan assets were 1.84%, 2.16%, 2.09% and 2.38% of our gross loan portfolio under management as of the six month period ended on September 30, 2019 and for the Fiscals 2019, 2018 and 2017, respectively.

Key Operational and Financial indicators of our Company

A summary of our key operational and financial indicators for the six month period ended on September 30, 2019 have been derived from Limited Review Financial Statements prepared in accordance with IND AS¹ and for the last three Fiscals 2019, 2018 and 2017, have been derived from Reformatted Financial Information prepared in accordance with IGAAP are as follows:

A summary of our key operational and financial parameters for the six month period ended on September 30, 2019, are as follows:

(₹ in lakhs except percentage)	
Parameters	Six month period ended on September 30, 2019
Equity	44,939.98
Total Borrowings of which	
-Debt securities (including interest accrued but excluding unamortized expense of public issues)	78,462.20
-Borrowings (other than debt securities)	40,334.07
-Subordinated Liabilities	27,660.70
Property, Plant and Equipment and Other Intangible assets	19,275.40
Financial assets ²	1,74,210.07
Non-financial assets ³	21,761.31
Cash and cash equivalents including bank balances	6,091.01
Financial liabilities ⁴	1,49,165.41
Non-financial liabilities ⁵	1,515.96
Assets under Management ⁶	1,66,650.16
Contingent Liability	1,199.07
Interest Income	14,249.90
Finance Costs	8,089.12
Impairment on financial instruments	246.22
Profit after Tax (PAT)	472.61
Total Comprehensive Income	471.86
Gross NPA as % of Loan assets *	1.84%
Net NPA as % of Loan Assets **	1.08%
CRAR - Tier I Capital Ratio (%)	23.30%
CRAR - Tier II Capital Ratio (%)	6.22%

* Gross NPA % = Gross NPA / (Assets Under Management)

** Net NPA % = (Gross NPA – Provisions for NPA) / (Assets Under Management – Provisions for NPA)

Notes:

1. The Company has adopted Ind AS notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from April 1, 2019 and the effective date of such transition is April 1, 2018. Such transition has been carried out from the erstwhile Accounting Standards notified under the Companies Act. Some of the changes on account of the transition requires the Company to recognise upfront income on Gold loan portfolio assigned to Bank with respect to the direct assignment agreements, reversal of the Gold loan provision on the portfolio assigned, and the measurement of investments at fair value. Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2018 and the corresponding figures, presented in these results, have been restated/ reclassified. Therefore, the Financial Information on September 30, 2019 is not comparable with previous years Financial Information.

2. Financial assets includes cash and cash equivalents, bank balance other than cash and cash equivalents, loans, investments and other financial assets.

3. Non-Financial assets includes current tax assets, deferred tax assets, property plant and equipment, intangible assets and other non-financial assets

4. Financial liabilities includes debt securities, borrowings (other than debt securities), deposits, subordinated liabilities and other financial liabilities.

5. Non-Financial liabilities include provisions and other non-financial liabilities.

6. "Asset under Management" refers to gross loans including interest receivable without considering the impact of impairment loss allowance and effective interest rate.

A summary of our key operational and financial parameters for the last three Fiscals 2019, 2018 and 2017, are as follows:

(₹ in lakhs)

Parameters	Fiscal 2019	Fiscal 2018	Fiscal 2017
Net worth	44,280.10	42,193.84	36,575.24
Total debt	1,10,155.73	1,24,706.28	1,62,238.24
• Non-current maturity of long term debt	46,801.06	56,809.60	84,039.82
• Short term debt	35,510.20	37,795.19	38,330.00
• Current maturity of long term debt	27,844.47	30,101.49	39,868.42
Net fixed assets	19,443.07	20,202.82	22,068.25
Non-current assets	22,326.66	22,919.67	25,071.43
Cash and cash equivalents	8,342.95	10,212.30	7,784.98
Current investment	-	-	-
Current assets	1,61,269.14	1,75,430.71	2,06,066.86
Current liability	74,027.31	80,591.57	90,837.70
Assets under management	1,38,472.95	1,63,078.52	1,95,940.49
Off balance sheet assets	-	-	-
Contingent Liability	1,111.87	1,224.51	695.92
Interest income	29,453.05	32,951.83	43,118.95
Interest expenses	16,461.05	19,493.31	24,490.25
Provisioning and write-offs	286.65	(36.53)	103.11
Profit after Tax (PAT)	2,095.60	1,424.59	(8,108.51)
Gross NPA	2.16%	2.09%	2.38%
Net NPA	1.39%	1.58%	1.97%
Tier I Capital Adequacy Ratio (%)	25.11%	22.33%	16.18%
Tier II Capital Adequacy Ratio (%)	9.74%	11.58%	8.44%

The debt equity ratio of our Company as on September 30, 2019 is as follows:

Parameters	
Debt before Issue of the Debt Securities	3.26
Debt after of the Debt Securities	3.70

Note 1: The debt equity ratio post issue is indicative and is on account of inflow of ₹20,000 lakhs from the proposed public issue.

Note 2: The debt equity ratio pre-issue is calculated based on the unaudited limited reviewed financial statements as on September 30, 2019.

Note 3: The following events that occurred after September 30, 2019 may have an impact on the above calculation:

- 1.) The Company has raised secured non-convertible debenture amounting to ₹17,593.14 lakhs through public issue during October 2019 – February 2020 impact of which is not provided in the above table.*
- 2.) The Company has raised privately placed secured non-convertible debenture and unsecured non-convertible debenture amounting to ₹115.00 lakhs and ₹591.00 lakhs respectively during October 2019 – February 2020 impact of which is not provided in the above table.*
- 3.) The Company has raised funds through PTC transaction amounting to ₹5,158.90 lakhs during October 2019 – February 2020 impact of which is not provided in the above table.*

Our Strengths

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

We are a non-deposit taking systemically important NBFC in the Gold Loan sector in South India with a long operating history and large customer base.

We are registered with RBI as a non-deposit taking, systemically important, NBFC (registration no. N-16.00175 dated April 13, 2002) under Section 45 IA of the Reserve Bank of India Act, 1934. Further, a fresh certificate of registration was issued by RBI on January 1, 2014, pursuant to the change of name of our Company from ‘Muthoottu Mini Financiers Private Limited’ to ‘Muthoottu Mini Financiers Limited’. We operate, since our incorporation, in the gold loan sector lending money against the pledge of household gold jewellery (“**Gold Loans**”) in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi

and Goa and the union territory of Puducherry. We believe that we have, over the years, been successful in expanding our brand name, as well as our customer base to different geographical locations in India. As on March 31, 2020, we have a network of 784 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry. Our total number of Gold Loan accounts were 415,879 customer accounts as of March 31, 2020. We attribute our growth, in part, to our market penetration, particularly in areas which we believe are less served by organized lending institutions, which is reflected in the majority of our branches are located in rural and semi-urban areas as of March 31, 2020 and streamlined procedural formalities which our customers need to complete in order to complete a loan transaction with us, which we believe enables us to attract new and retain existing customers. We also attribute our growth to customer loyalty and believe that our customers return to us when they are in need of funds.

Flexible loan schemes and efficient customer service

We believe the growth in our Gold Loan portfolio is partly due to the flexible Gold Loan schemes that we offer to our customers and efficient customer service. Depending on the individual needs, we provide our customers multiple options with respect to the loan amount, advance rate per gram of gold and interest rate. We endeavour to provide our customers with a simple and transparent process to avail Gold Loans and other services with trained staff members at all our branch locations. We also endeavour to staff our branches with persons belonging to the same locality as our customers which enables us to know our customers and their specific requirements better and enables us to meet up to their expectations in an efficient manner. We believe that our technology support, skilled workforce and policies on internal processes enable us to achieve the above objective. Furthermore, since our Gold loans are all collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, which shorten our turnaround time.

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

As of March 31, 2020, we have 784 branches spread across the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry. For further details, please refer to “Our Business – Branch Network” on page 95. About 62% of our branches are in rural and semi-urban areas in South India.

Advanced technology systems and established processes

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

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

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

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

Once the Gold Loan is made, we have a system in place for continuous monitoring of the pledged gold by internal audit and risk management teams. In accordance with our internal audit policy, all of our branches are subject to inspection for once in three months depending upon management perception of the risk associated with the branch. High value Gold Loans of ticket size of ₹5 lakh and above are subject to the prior approval of the Regional Managers. The Regional Managers can approve Gold Loans to individual borrowers upto ₹25 lakhs, subject to strict compliance with quality as well as LTV criteria. Gold Loans to individual borrowers above the value of ₹25 lakhs shall be subject to the prior approval of the Regional Head Officer and the Gold Loans above of ₹50 lakhs shall be approved by the operations head at the Corporate Office with recommendation of the Regional head

officer. At the time of conducting an inspection, a quality check on the inventory is also carried out, which involves physical security checks and checks on the quality of pledged gold. All our branches are fitted with strong rooms which are reinforced concrete cement structures built per industry standards and practices and fitted with security cameras to ensure high level of security.

Experienced management team and skilled personnel

Our Promoters, Nizzy Mathew has over 20 years of experience and Mathew Muthoottu has over five years of experience in our business. Our senior management teams have extensive experience in the areas of banking and financial services and we believe that their considerable knowledge of and experience in the industry enhances our ability to operate effectively. Our staff, including professionals, covers a variety of disciplines, including internal audit, technology, accounting, marketing and sales. Our workforce also consists of appraisers who are skilled in the evaluation of the worth and authenticity of the gold that is pledged with us.

Our Strategies

Our business strategy is designed to capitalize on our competitive strengths and enhance our leadership position in the Gold Loan industry and to expand our presence in micro finance loan segment. Key elements of our strategies include:

Further growth in Gold Loan business in rural and semi-urban markets to tap into the potentially large market for Gold Loans

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

We intend to increase our presence in rural and semi-urban markets, where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all. We believe we meet the expectation of a typical Gold Loan customer of high loan-to-value ratios, rapid and accurate appraisals, easy access, low levels of documentation, quick approval and disbursement and safekeeping of their pledged gold, and thus our focus is to expand our Gold Loan business. We believe that our brand is key to the growth of our business. We believe that we have built a recognizable brand in the rural and semi-urban markets of India, particularly in the southern states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana.

Diversifying our business into micro finance loan segment

We offer micro finance loans which are targeted to economically active, married women, having regular cash flow from certain income generating activities, including but not limited to, self-managed business, vegetable vendors and tailoring business. As on March 31, 2020, we are offering micro finance loan only through 67 branches in the state of Kerala. Going forward, we intend to increase the number of branches in Kerala and expand it to other southern states. As of September 30, 2019 and for the Financial Years ended March 31, 2019, March 31, 2018 and March 31, 2017, our micro finance loan represented 2.61%, 2.32%, 4.44% and 0.68% of our total assets under management as on that dates. We believe that our diverse revenue stream will reduce our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business and geography or customer segment.

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

Gold Loan and micro finance loan as on September 30, 2019 account for 97.31% and 2.61% of total loans of our Company, respectively. These contribute to over 98.13% of our total revenues, making us dependent on such income stream and interest on loans. With a view to diversify our incomes and be less dependent on interest alone, we continue to increase our revenue by broadening our fee based income by selling third party products. We currently provide services like money transfer, insurance, DP services, PAN card related services and travel agency services. Our Company has obtained registration with the IRDAI, to act as a corporate agent for procuring and soliciting insurance business both in the life insurance and general insurance category. The license no. CA0122 was assigned to our Company and is valid till March 31, 2022. Pursuant to such registration, we have entered into corporate agency agreements with various insurance providers of life, health and general insurance products for soliciting and procuring business for such insurance providers. We have also entered into agreements with securities provider for carrying out online trading in equity and derivative and commodity segments using our Depository Participant platform. Our Company intends to capitalise on the huge client base and large branch network, to offer these additional products and services.

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

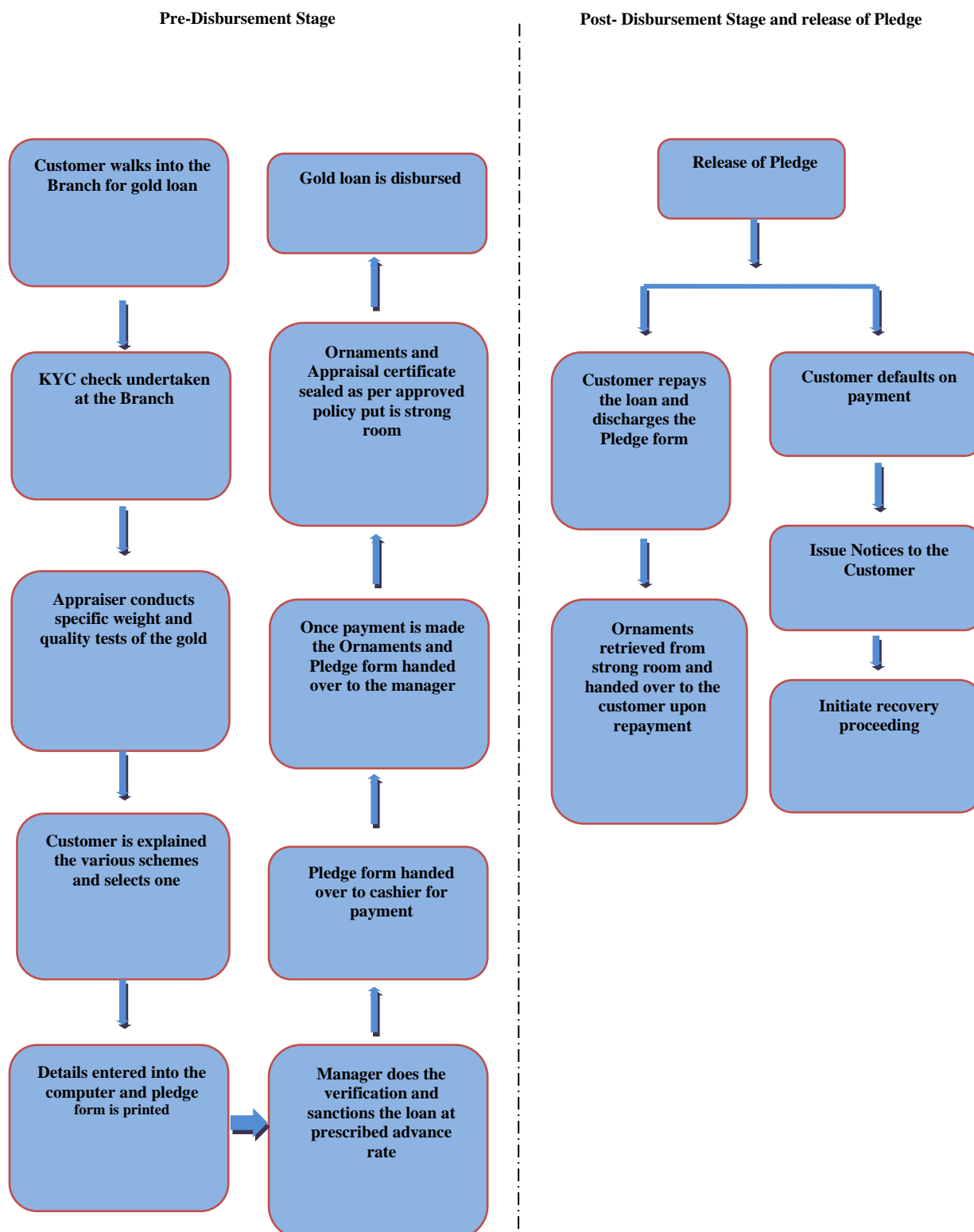
We believe that the risk management is a crucial element for the expansion of our Gold Loan / micro finance loan businesses. We believe that our integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal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

We are focused on improving our comprehensive knowledge base and customer profile and support systems, which in turn will assist us in the expansion of our business. We are also looking to revamp our IT infrastructure to address the current deficiencies in our current IT systems which will help us improve our MIS systems.

GOLD LOAN BUSINESS

Our core business is disbursement of Gold Loans secured by the pledge of household gold jewellery. Loan amounts advanced by us are typically within the range of ₹10,000 to ₹50,000 per loan transaction and typically remain outstanding approximately for an average tenor of 90 to 270 days. As at the six month period ending September 30, 2019 and for the Fiscals March 31, 2019, March 31, 2018 and March 31, 2017, we had approximately 4,20,949, 3,75,665, 4,11,558 and 5,16,004 Gold Loan accounts respectively, aggregating to balance of ₹1,62,169.07 lakhs, ₹1,35,012.97 lakhs, ₹1,55,432.83 lakhs, ₹1,94,000.29 lakhs. For the six month period ending September 30, 2019 and for the Fiscals 2019, 2018 and 2017, our Gold Loan portfolio yield representing interest income on Gold Loans as a percentage of average outstanding of Gold Loans, for the same period were 18.68%, 19.17%, 18.18% and 22.20%, respectively, per annum. For the six month period ending September 30, 2019, Fiscals 2019, 2018 and 2017, income from interest earned on our Gold Loans constituted 95.17%, 93.37%, 94.85%, and 98.01%, respectively, of our total income. We are able to offer a variety of Gold Loan schemes to our customers to suit their individual needs. As of March 31, 2020, we have various new and different schemes in place. The schemes differ in relation to the amount advanced per evaluated gram of gold, the interest rate concessions offered for the particular tenor and the amount of the loan.

Gold Loan disbursement process



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

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

The amount that we finance against the pledged gold jewellery is typically based on a fixed rate per gram of gold content in the jewellery. We value the gold jewellery brought by customers based on our corporate policies and guidelines. Our Company has adopted a loan policy on May 28, 2019 (“**Loan Policy**”). As per the Loan Policy, we grant Gold Loans on 22 carat gold ornaments. However, in case the gold jewellery that are being pledged is less than 22 carat, the branches are required to convert the carat of gold jewellery to the equivalent of 22 carat. We do not accept gold ornaments below 19 carat. The rates per gram is fixed by us on weekly intervals, based on the extant RBI guidelines and the 30 day average closing gold rate for 22 carat fixed by India Bullion and Jewellers Association Limited. The actual loan amount varies according to the type of jewellery pledged. While jewellery can be appraised based on a variety of factors, such as total weight, weight of gold content, production cost, style, brand and value of any gemstones, we appraise the gold jewellery solely based on its gold content. Our Gold Loans are, therefore, generally well collateralized because the actual value of the gold jewellery is higher than our appraised value of the gold jewellery when the loan is disbursed. The amount we lend against an item and the total value of the pledged gold we hold fluctuates according to the market price of gold. An increase in the price of gold will not automatically result in an increase in the value of our Gold Loan portfolio unless the rate per gram is revised by our Corporate Office. It only results in a favourable movement in the value of the security, pledged with us. Similarly, since adequate margins are built in at the time of the loan disbursement and owing to the short tenure of these loans, on average, a decrease in the price of gold generally has little impact on our interest income. However, a sustained decrease in the market price of gold could cause a decrease in the growth rate of Gold Loans in our loan portfolio.

All our Gold Loans have a maximum term of 270 days. In the event that a loan is not repaid on time and after providing due notice to the customer, the unredeemed pledged gold is disposed of, on behalf of the customer in satisfaction of the principal and interest charges. Any surplus arising out of the disposal of the pledged gold is refunded to the customer or is appropriated towards any other liability by the borrower. In the event that the recoverable amount is more than the realizable value of the pledged gold, the customer remains liable for the shortfall.

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

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

Pre-disbursement process

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

Gold Loan appraisal of a customer involves the following steps

- (a) *Customer identification* - Gold Loans are sanctioned only to genuine borrowers. Gold Loan can be sanctioned to the members of staff only with prior approval of regional manager, from the branch that such staff does not work in. The sanctioning authority should take all precautions to confirm that the applicant, pledging the ornaments, is the true owner of those ornaments.
- (b) *KYC documentation* – For mandatory compliance of KYC norms, as mandated by RBI and easy identification of each borrower at a later date, a photograph and proof of identity and address acceptable to the Company, are always obtained. Each branch has been provided with a webcam, which may be used to take the photograph, which is then uploaded into the system, also.

- (c) *Security appraisal* – Once the manager is satisfied regarding ownership of the ornaments, the ornaments would then be appraised by the manager himself and/or other staff members who are assigned with the responsibility of appraising the gold jewellery. The ornaments being tendered are not appraised by any person who is not associated with our Company nor are the ornaments sent out of the concerned branch for appraisal. We use the services of our in-house gold appraisers in case of large value loans. These gold appraisers are professionally qualified for appraising the quality of gold and usually have multiple years of experience in appraising gold.

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

- (d) *Documentation* - The standard set of documents that are executed in a typical Gold Loan transaction include the pawn ticket and the demand promissory note cum terms and conditions. Basic details of the pledge, such as the name of the customer and the net weight of the jewellery pledged is recorded on the gold loan slip, which is retained by us. The pawn ticket, which contains the details of the customer and the pledged jewellery, is filled in by the employee who appraised the gold and a copy is retained by the customer. The demand promissory note is an undertaking by the customer to repay the loan amount with the interest to the Company. The terms and conditions that are contained in the demand promissory note empower us to sell the pledged jewellery if the customer defaults on the Gold Loan. After execution of prescribed documents, a loan ticket detailing the particulars of the loan including the details of the items pledged, rate per gram, interest rate and maturity date is handed over to the customers along with disbursal of the loan.

Post-disbursement process

The post disbursement process involves the storage of the storage of the pledged gold jewellery. Ensuring the safety and security of the branch premises is vital to our business since cash and gold inventory are stored in each branch. Branch security measures implemented, by us, include:

- Every branch of the Company, without exception, is provided with a strong room constructed as per the specifications of RBI with fire proof strong room doors. This is a provision at each location to ensure safety of the pledged ornaments, of the clients.
- Access to the strong room is with the help of two distinct keys, which are in the hands of two different individuals attached to the branch. The strong room has a grill door, joint custody of whose keys are with the Branch Manager and another staff in rotation (the “**Joint Custodian**”). Both the branch head and the Joint Custodian hold the keys to grill in the strong room, which can only be opened if both keys are inserted at the same time.
- Electronic Security System: All our branches are installed with CCTV cameras. Such kind of a surveillance system helps to avert any major incidents of frauds, thefts, etc. in the branch premises.
- Insurance: Entire gold stock of the branches is insured for their gold content against theft and other calamities.

Release of pledge

Once a loan is fully repaid, the pledged gold jewellery is returned to the customer. The customer has to be present personally along with the gold loan token, at the branch where the pledge was originally made. The branch will verify the person with the photo taken at the time of pledge and confirm that there is no foul play and the amount

to be paid is informed to the customer from the software and clarifies doubts if any on the amount demanded. The customer pays the amount at the cash counter and the ornaments are taken out of the safe and handed over to the customer after confirming them with the list of ornaments mentioned in the token and gold loan application form.

Microfinance Loans

Our microfinance loans are typically small ticket loans, unsecured and given to joint liability groups forming of woman customers only. We started our Microfinance business in Fiscal 2017 and we provide loan amounts typically within the range of ₹10,000 to ₹50,000 per loan transaction and which remain outstanding approximately for an average tenor of 365 days to 730 days. As of the six month period ended on September 30, 2019 and as on March 31, 2019, March 31, 2018 and March 31, 2017, we had approximately 27,047, 25,749, 32,735 and 7,620 micro finance loan accounts respectively, aggregating to balance of ₹4,346.01 lakhs, ₹3,215.18 lakhs, ₹7,240.50 lakhs and ₹1,329.45 lakhs, respectively. For the six month period ended on September 30, 2019 and for the Fiscals 2019, 2018 and 2017, our microfinance loan portfolio yield representing interest income on micro finance loans as a percentage of average outstanding of microfinance loans, for the same period were 22.93%, 25.91%, 20.63%, and 8.76%, respectively. In the six month period ended on September 30, 2019, Fiscals 2019, 2018 and 2017, income from interest earned on our micro finance loans constituted 2.96%, 4.54%, 2.46% and 0.13%, respectively, of our total income. As of March 31, 2020, we offer only one type of scheme in micro finance.

Money Finance Loan disbursement process

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

Our Company has undertaken the following other business initiatives:

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

Insurance - Our Company has obtained registration with the IRDAI, to act as a corporate agent for procuring and soliciting insurance business both in the life insurance and general insurance category, with effect from April 1, 2016. The license no. CA0122 was assigned to our Company and is valid till March 31, 2022. Pursuant to such registration, we have entered into corporate agency agreements with various insurance providers of life, health and general insurance products for soliciting and procuring business for such insurance providers.

DP Services – Our Company holds a certificate of registration dated July 5, 2012 bearing registration number IN–DP–CDSL–660–2012 issued by SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as renewed of August 21, 2017. Currently, we are registered as a Depository Participant of CDSL for securities transactions. As on March 31, 2020 we have opened 32,537 securities DP accounts.

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

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

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

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

Branch Network

As on March 31, 2020, we had 784 branches in the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry. The branch network of the Company as on March 31, 2020, March 31, 2019, and March 31, 2018 are given below:

State	As on March 31		
	2020	2019	2018
Andhra Pradesh	59	48	118
Delhi	7	7	7
Goa	6	6	6
Haryana	3	3	3
Karnataka	108	109	109
Kerala	179	179	179
Maharashtra	2	2	2
Tamil Nadu	341	342	342
Puducherry (Union Territory)	1	1	1
Telangana	78	70	-
Total	784	767	767

Customer Care

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

Risk Management

As a lending institution, we are exposed to various risks that are related to our gold lending business, micro finance business and operating environment. Risk management forms an integral element of our business. Our objective in the risk management processes is to appreciate, measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture. We continue to improve our policies and procedures and to implement these rigorously, for the efficient functioning of our business. This also helps in managing the risks, associated with our business. Our Company has adopted a risk management policy on March 27, 2017 (“**Risk Management Policy**”). The major types of risk we face in our businesses are credit risk, operational risk, financial risk and market risk.

Credit Risk

Credit risk is the possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract with us. We believe that the credit risk in our Gold Loan business is relatively low because all our loans are generally over collateralized by pledged gold ornaments. We aim to reduce credit risk through a rigorous loan approval and gold appraisal process, KYC compliance procedures and a strong non-performing asset (“**NPA**”) monitoring and recovery mechanism. The credit risk is diminished because the gold jewellery used as security for our loans can be readily liquidated, and the possibility of recovering less than the amount due to us is relatively low. We also mitigate credit risk by not disbursing loans in excess of specified limits, as fixed by our Company from time to time, to the same customer, and for high value loans we undertake a credit check or profiling of the borrower before a loan is approved. We have developed methods to peg the value of the loan amount to the moving average price of gold. We also decrease credit risk by focusing on the quality of the pledged gold. Our internal control system ensures independent verification of the gold by at least two officials at the branch level. The level of verification at the branch level increases as the loan value increases. In addition, the quality of gold is checked by the inspecting officers of the Company through random check and by gold auditors through a detailed check.

Credit risk in our micro finance business is generally higher than our Gold Loan business as the amount advanced is on unsecured basis. However, our product is designed in such a way that the loans are granted to individuals who form a part of the group and the group is ultimately liable for each member repayment obligation under that group. We also mitigate credit risk by not disbursing loans in excess of specified limits which is currently ₹0.05 lakh to an individual customer. We also decrease credit risk by closely follow up with the group members on weekly basis.

Operational Risk

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

Financial Risk

Our business is cash intensive and requires substantial funds, on an ongoing basis, to finance the loan portfolio and to grow it. Any disruption in the funding sources would have a material adverse effect on our liquidity and financial condition. The Company is proactively pursuing a system of identifying and accessing newer and cheaper sources of funds, to finance the AUM and to grow the business. There is a regular meeting of our asset liability management committee which reviews the liquidity position of the Company and arranges for sufficient funding in advance, for growth.

Market Risk

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

Our Risk Management Policy

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes a Risk Management Committee, internal audit department, and a risk management department. Our Risk Management Committee, which is led by one of our Directors, oversees our risk management policies, which help us to identify, measure, monitor and mitigate the various risks that we face in our businesses. For details of membership of the Risk Management Committee, see “*Our Management*” on page 105. The terms of reference of our Risk Management Committee are as follows:

- (a) To assist the Board in setting risk strategy policies in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting;
- (b) To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work; and
- (c) To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed.

Internal Audit Department

Our internal audit department assists in the management of operational risk. Separate divisions of our internal audit department have been put in place to handle the audit of the departments of the Corporate Office and those of the branch offices. A branch inspection is carried out once in 3 months for all branches and once in 2 months for high risk branches with the focus on the verification of the Gold Loan pledges. In addition, an incremental high value loan check is carried out by Regional Managers as part of their periodical branch inspection.

Risk Management Audit

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

Assets-Liabilities Management Policy

Our Board adopted the asset-liability management policy (“**ALM Policy**”) on May 8, 2017. The primary objective of our ALM Policy is to ensure the stability of our net interest income as well as ensuring that we have liquidity and pricing stability. In order to monitor the ALM Policy, the Board at their meeting held on April 22, 2013 constituted an Asset Liability Committee (“**ALCO**”) comprising of the directors and senior management functionaries of the Company, which was re-constituted on March 27, 2017.

Non-performing Assets (NPA)

The Master Directions require that every non-deposit taking NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

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

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

Asset Classification	Provisioning Policy
Standard Assets	0.40%
Sub-standard Assets	10%
Doubtful Assets	100% of unsecured portion + 20-50% of secured portion(\$)
Loss Assets	100% provided if not written off

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

For further details, please refer to “Regulations and Policies” on page 201.

Based on the RBI Master Directions for asset classification, details of the classification of our gross NPAs for significant classes of our assets as of the six month period ended on September 30, 2019, and for the Fiscals March 31, 2019, 2018 and 2017 are furnished below:

(₹ in lakhs)

Asset Type	As on the six month period ended on September 30, 2019	As on March 31		
		2019	2018	2017
Sub-standard	534.67	457.17	1,217.67	2,483.24
Doubtful	2,249.68	2,322.06	1,922.65	2,117.52
Loss	276.61	208.20	114.51	69.20
Gross NPA	3,060.96	2,987.44	3,254.83	4,669.96
Less Provisions	1,274.95	1,090.47	799.17	826.55
Net NPA	1,786.01	1,896.97	2,455.66	3,843.41
Net NPA% of Total Assets under management	1.08	1.38	1.58	1.97

Secured loans are classified or provided for, as per management estimates, subject to the minimum provision required as per RBI Master Directions. We have not written off any amount for the six month period ended on September 30, 2019 and Fiscal 2019. We have written off ₹2.43 lakhs and ₹1.78 lakhs for Fiscals ended March 31, 2018 and March 31, 2017, respectively.

NPA Policy

Our Board adopted the Non Performing Asset policy (“**NPA Policy**”) on April 7, 2015. In terms of the NPA Policy, all loans outstanding beyond the loan validity are disposed of within three months from the expiry of the loan period. In order to undertake this, our Company has put in place a gold loan and micro finance loan monitoring, follow-up and disposal mechanism in place. Our Company has an Overdue Loans Cell (“**OLC**”) at the Corporate Office under Chief Operating Officer which interacts with branches and their controllers for speedy recovery of all loans which has exceeded the stipulated loan tenor.

Since disposal of Gold Loans through individual branches is not feasible, our Auction policy spells out the operational workflow for a centralized Gold Loan disposal set up as follows:

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

- (i) As further concession to customers, the Company may also consider settlement of loan dues by way of concessions in interest as a one-time settlement on a case-to-case basis, only with approval from Corporate Office.

Auction Policy

Under the various schemes offered by our Company, the loans are typically granted for a maximum tenure of 270 days. Under such schemes of our Company, the borrowers are obligated to repay the principal amount together with the accrued interest in a specified period. In a business such as ours, there are certain instances wherein the borrowers fail to repay the amount within the specified period. Consequently, our Company settles such overdue accounts by means of a public auction to realise the dues. Our Company vide a resolution of its Board on May 28, 2019 approved the auction policy of the Company (“**Auction Policy**”). Further, we identify the accounts for auction on the basis of:

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

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

Capital Adequacy Ratio

As per the Master Directions, every NBFC-ND-SI including us are subject to capital adequacy requirements. Currently, we are required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. Further, we need to maintain a Tier I capital of 12%. Also, the total of Tier II capital, at any point of time, shall not exceed one hundred percent of Tier I capital. Additionally, we are required to transfer up to 20% of our annual profit to a reserve fund and make provisions for NPAs. We had a capital adequacy ratio of 29.52%, 34.85%, 33.91%, and 24.62% on September 30, 2019, March 31, 2019, March 31, 2018, and March 31, 2017, respectively. We have satisfied the minimum capital adequacy ratios prescribed by the RBI for the six month period ended on September 30, 2019 and the financial year ended March 31, 2019.

Technology

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

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

Our Borrowings and Credit Ratings

As on March 31, 2020, our Company had outstanding secured borrowing of ₹ 87,618.17 lakhs (including PTC transaction of ₹ 3,510.80 lakhs) and unsecured borrowing of ₹ 39,900.09 lakhs. We believe that we have developed stable long term relationships with our lenders and have established a track record of timely servicing of our debts. Please refer to the sections titled “Financial Statements” and “Financial Indebtedness” on pages 115 and 123, respectively.

The NCDs proposed to be issued under this Issue have been rated ‘CARE BBB-; Stable’ (Triple B Minus; Outlook: Stable) by CARE for an amount of up to ₹20,000 lakhs vide its letter dated March 12, 2020 and a revalidation letter dated May 19, 2020. The rating of the NCDs by CARE indicate that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. The rating provided by CARE may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The rating is not a recommendation to buy, sell or hold securities and Investors should take their own decisions. Please refer to Annexure II for the rationale for the above rating.

Security threats and measures taken to mitigate them

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

- Physical security is provided by means of keeping the valuable gold ornaments in pucca strong rooms constructed as per the specifications of Reserve Bank of India with fire proof strong room doors.
- We have a system of Joint Custody of Gold and Cash in strong rooms to ensure that the keys of strong room doors are held in the custody of two different people i.e. the Branch Manager and another staff member, the Joint Custodian.
- All our branches are provided with Electronic Surveillance System and any movement within business area and in the strong room are recorded by the cameras placed inside the premises. All our existing branches have CCTV cameras installed.
- Entire gold stock of the branches is insured for their gold content against theft, dacoity.
- Proper checking of gold ornaments by appraiser, branch manager as well as audit by gold auditor and internal auditors at frequent intervals is undertaken to ascertain the quality of gold ornaments and ensure low purity of gold ornaments are not pledged.
- We have also in place a whistle blower policy which will ensure that any malpractices within the branch are reported to senior level executives


Competition

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

Property

Our Company has 784 branches, as on March 31, 2020, spread across the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Delhi and Goa and the union territory of Puducherry, which are taken either on leasehold or owned basis.

Intellectual Property

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

Employees and Training of Employees

Being a service industry, our key resource is our manpower. As on March 31, 2020, we have 3,168 employees. Our Company emphasizes on imparting effective and continual training to its employees in a planned and systematic manner, to acquire and sharpen capabilities required to perform various functions associated with their present/expected future roles in the business of our Company.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

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

Our Company has obtained a certificate of registration dated April 13, 2002 bearing registration no. – N-16.00175 issued by the RBI to carry on the activities of a NBFC under Section 45 IA of the RBI Act. Our Company is a systemically important non-deposit taking NBFC. Further, a fresh certificate of registration was issued by RBI on January 1, 2014, pursuant to the change of name of our Company from ‘Muthoottu Mini Financiers Private Limited’ to ‘Muthoottu Mini Financiers Limited.’

Our Company has also obtained a certificate of registration bearing registration no. – CA0122 issued by IRDAI, with effect from April 1, 2016 (renewed w.e.f April 1, 2019), under Section 42D (1) of the Insurance Act, to act as a “**Corporate Agent (Composite)**”.

Our Company holds a certificate of registration dated July 5, 2012 bearing registration number IN-DP-CDSL-660-2012 issued by SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, renewed on August 21, 2017.

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

Our Company belongs to the Muthoottu Mini group. Muthoottu Mini group belongs to the Muthoottu family of Kozhencherry, which was founded by Ninan Mathai Muthoottu, who started the family business enterprise in 1887. In 1939, three sons of Ninan M. Muthoottu, viz, M. George Muthoot, M. Mathew and M. Pappachan Muthoot started a finance company named as Muthoot M. George & Brothers (“**MGB**”). In the early 1970s, they separated their business enterprises into three groups i.e. the current Muthoot Finance group of companies which is controlled by the sons of George M. Muthoot, the Muthoot Fincorp group which is controlled by the sons of M. Pappachan Muthoot and the Muthoottu Mini group which was earlier controlled by the son of M. Mathew i.e. Roy M. Muthoottu. Muthoottu Mini group is presently controlled by Mathew Muthoottu, son of Roy M. Muthoottu. Other than the aforementioned family connection, all the groups are distinct from each other and none of them are having any inter-group shareholdings or controls or business dealings. The Muthoottu Mini group commenced operations at Kozhencherry, Pathanamthitta, Kerala and has over two decades of established history in the money lending business, mainly in small scale money lending against used household gold jewellery. The Muthoottu Mini group has been in the gold loan financing since 1986 and our Company has been extending Gold Loans since its incorporation.

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

Registered Office

The Registered Office of our Company is located at 2/994, Muthoottu Buildings, Kozhencherry, Pathanamthitta – 689 641, Kerala, India.

Change in Registered Office of our Company

There have been no changes in our Registered Office since incorporation.

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

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

Key milestones, events and achievements:

Date/Fiscal	Particulars
April 13, 2002	Certificate of registration issued by RBI to our Company to act as non-deposit taking NBFC
July 5, 2012	Certificate of registration issued by SEBI to our Company to act as Depository Participant which was renewed on August 21, 2017
November 27, 2013	Our Company was converted to a public limited company
January 1, 2014	Fresh certificate of registration was issued by RBI to act as a non-deposit taking NBFC, pursuant to name change of our Company
2013-2014	Listing of non-convertible debentures issued vide Public Issue 1 on BSE
2016-2017	Our Company commenced the business of microfinance loans
March 28, 2016	Certificate of registration issued by IRDAI to our Company to act as a Corporate Agent (Composite), with effect from April 1, 2016 (renewed w.e.f April 1, 2019)

Main objects of the MoA

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

- To borrow, raise or take money, to lend or advance money either upon or without security, to draw, make accept, discount, buy, sell collect and deal in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrant, debenture, certificates, scripts and other instruments and securities whether negotiable or transferable or not in accordance with the guide lines issued by the Reserve Bank of India.*
- To carry on the business of the hire purchasers by advancing or lending money upon or without security. But the Company shall not carry on the business of Banking Regulation Act 1949.*
- To acquire, hold issue on commission underwrite and to deal in stocks, funds, shares, bonds, securities, obligations and investments of all kinds, dealing in commodities and taking membership on commodity exchange and undertaking of depository participant activities.*
- To carry in India all or any or more of the following business, namely the leasing, buying, selling on such terms and conditions as may be determined by the Board of Directors of the Company from time to time.*
- To do business as corporate Insurance agents by soliciting, procuring and marketing all types of Insurance namely Life, medical and all other general insurance products.*
- To carry on the business as Authorised Dealer, Money Exchanger, Offshore Banker or any other person for the time being in authorised to deal in foreign exchange or foreign securities or such other activities and to undertake Cross Border Inward Money Transfer Activities subject to the rules and regulations of the Reserve Bank of India.*
- To promote the financial inclusion of masses by carrying on the business of providing microfinance services and catering to needs of a large number of underprivileged people directly or indirectly, by providing credit including collateral free credit to needy people, especially for empowering women, through their solidarity group, and to deliver micro credit and other permitted financial services to them at their group meetings in the cities, town, villages of India, with a view to providing them with a sustainable livelihood.*

Subsidiaries of the Company

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

Key terms of the material agreements**1. Trust Deed dated January 21, 2020 entered into between our Company (the “Settlor”) with Catalyst Trusteeship Limited (the “Trustee”)**

The Settlor entered into a Trust Deed on January 21, 2020 (“**Trust Deed**”), with the Trustee, for the establishment, settlement and setting up of a trust named Northern Arc 2019 GL Aurum Trust (the “**Trust**”), to which the securitised receivables from an identified pool of loans would be assigned. A sum of ₹ 1,000 is kept apart by the Settlor as the initial corpus of the Trust. The Trust intends to issue Pass Through Certificates (“**PTCs**”) to investors, which evidences their undivided beneficial interest in the receivables. The Trust property vests in the Trustee, who holds the same for the benefit of the beneficiaries of the Trust. The Trustee is entitled to be indemnified out of the Trust Property. The deeds of securitisation under the Trust Deed, includes the Trust Deed, the Assignment Agreement, the Servicing Agreement, the Credit Enhancement Documents, the power(s) of attorney and all other instruments, deeds and documents executed between the Trustee and our Company for securitising the Receivables (“**Deeds of Securitisation**”). The Information Memorandum is issued by the Trustee, which supplies information for the issuance of the PTCs. The Trust shall make payments of the proceeds in accordance with the Waterfall Mechanism, stipulating the following order of priority: (1) Until the Series A1 PTCs, which are the certificates to be issued by the Trustee to an investor evidencing their undivided beneficial interest in the Series A1 Investor Pay-outs – which means the amounts expected to be paid to the Series A1 Investors in accordance with the Waterfall Mechanism, have not been fully redeemed, the following order of priority should be followed: (i) payment of Senior Costs, which are the costs incurred by the Trustee; (ii) payment of Overdue Series A1 Interest, which is the Series A1 Interest payable at the Series A1 Interest Rate of 10.25% per annum but has not been so paid to the Series A1 Investors; (iii) payment of Series A1 Interest Due; (iv) payment of expected Series A1 Principal which aggregates to ₹5,158.90 lakhs; (v) any Prepayment proceeds will be utilized for pre-payment of Series A1 Principal; (vi) reimbursement of the Funded FLCE comprising of the cash collateral, to the extent drawn on any Investor Pay-out Date and not reimbursed already; and (vii) payment to the Residual Beneficiary i.e. the our Company; (2) On full redemption of the PTCs, any amounts received shall be paid in the following order of priority: (i) payment of senior costs; and (ii) payment to the residual beneficiary; (3) Amounts recovered pursuant to any legal proceedings and the clean-up purchase consideration shall be paid out in the following order of priority: (i) for application towards payments for the Series A1 PTCs; and following that, (ii) for payment to the residual beneficiary. The Cash Collateral placed by our Company with the approved bank amounts to ₹493.21 lakhs, which is 8.70% of the outstanding principal under the receivables.

2. Servicing Agreement dated January 21, 2020 entered into between the Company (“Servicer”) and Northern Arc 2019 GL Aurum Trust (the “Trust”) acting through Catalyst Trusteeship Limited (the “Trustee”)

The Servicing Agreement dated January 21, 2020 entered into between the Servicer and the Trust acting through the Trustee, provides the conditions governing the collection and facilitation of the collection of the amounts constituting the receivables, by the Servicer. Such amounts, including amounts received on enforcement of the security interest or the sale or realisation of the secured assets, would be deposited by the Servicer into the collection and pay out account, for its ultimate distribution to the investors and beneficiaries.

3. Assignment Agreement dated January 21, 2020 entered into between the Company (“Seller”) and Northern Arc 2019 GL Aurum Trust (“Trust”) acting through Catalyst Trusteeship Limited (“Trustee”)

The Assignment Agreement dated January 21, 2020 entered into between the Seller and Trust acting through the Trustee, defines the stipulations governing the assignment of the right, title and interest in the collateral and underlying Security Interest created to secure the repayment of facilities, and the underlying documents to the Trustee, in accordance with the Trust Deed, the Servicing Agreement and the other Deeds of Securitisation, as defined in the Trust Deed given above. The assigned assets do not form part of the properties or assets of the Seller or the Trustee in any event, including the winding up, insolvency or liquidation of the Trustee or the Seller. The Seller’s Funded Credit Enhancement and the Seller’s Credit Enhancement comprises of the Cash Collateral, which is the fixed deposit(s) aggregating up to an amount of ₹493.21 lakhs, assigned by the Seller to the Trust to be utilized in accordance with the Deeds of Securitisation.

OUR MANAGEMENT

Board of Directors

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

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

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

Name, Designation, Nationality, DIN, Occupation and Address	Age (years)	Date of Appointment/Re-appointment (Period of Directorship in Years)	Other Directorships
Nizzy Mathew Designation: Chairman and Wholtime Director DIN: 01680739 Nationality: Indian Occupation: Business Address: Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	66	3 years from January 1, 2019, liable to retire by rotation	1. Muthoottu Mini Theatres Private Limited; 2. Muthoottu Mini Nidhi Limited; 3. Cochin Mini Muthoottu Nidhi Limited; 4. Muthoottu Mini Hotels Private Limited; 5. Mini Muthoottu Nidhi Kerala Limited; 6. Mini Muthoottu Credit India Private Limited; 7. Mini Muthoottu Nirman and Real Estate Private Limited; 8. R M M Properties India Private Limited; 9. Kozhencherry Properties India Private Limited; and 10. Kozhencherry M M Financial Services Private Limited
Mathew Muthoottu Designation: Managing Director DIN: 01786534 Nationality: Indian Occupation: Business Address: Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	30	3 years from May 30, 2018, liable to retire by rotation	1. Muthoottu Mini Theatres Private Limited; 2. Mini Muthoottu Credit India Private Limited; 3. Mini Muthoottu Nirman and Real Estate Private Limited; 4. Muthoottu Mini Hotels Private Limited; 5. Kandamath Cine Enterprises Private Limited; 6. R M M Properties India Private Limited; 7. Kozhencherry Properties India Private Limited; and 8. Kozhencherry M M Financial Services Private Limited
Thomas Cherian Designation: Independent Director DIN: 00492598 Nationality: Indian Occupation: Professional	69	2 years from September 30, 2018	1. Ayyar and Cherian Consultants Private Limited; 2. Roshini Sea Foods Limited; 3. Beancounters Outsourcing Services Private Limited; 4. Wintos Plantations Private Limited; 5. Roshini Acquaculture Private Limited; and

Name, Designation, Nationality, DIN, Occupation and Address	Age (years)	Date of Appointment/Re-appointment (Period of Directorship in Years)	Other Directorships
Address: Angadisseril House, Kollad P.O., Kottayam – 686 289, Kerala, India			6. Enchakattu Resorts and Plantations Private Limited
Rajagopal M. S. Designation: Non-Executive Director DIN: 08114376 Nationality: Indian Occupation: Professional Address: Sreemangalam, Ambedkar Colony, Thiruvappu P.O., Kottayam – 686 020, Kerala, India	43	Appointed as a non-executive director from September 30, 2019; not liable to retire by rotation	Nil
Jose Paul Maliakal Designation: Independent Director DIN: 07218120 Nationality: Indian Occupation: Chartered Accountant Address: Chethalan, Church Road, Pariyaram, Thrissur – 680 721, Kerala, India	69	November 18, 2019 to March 31, 2021	Kosamattam Finance Limited
Rudran Puthukulangara Designation: Additional Independent Director* DIN: 00546638 Nationality: Indian Occupation: Director Address: 18, Green Gardens 73/452, Karshaka Road, Off S R M Road, Vaduthala, Ernakulam - 682023, Kerala, India	70	February 26, 2020 to March 31, 2021	Tattva Fincorp Limited

*Subject to approval by the Shareholders.

Relationship between Directors

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

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

Brief profiles of our Directors

Nizzy Mathew, aged 66 years, is the Chairman and Wholetime Director of our Company. She has been a Director of our Company since its incorporation and is responsible for overall management of the Company.

Mathew Muthoottu, aged 30 years, is the Managing Director of our Company. He holds a bachelor's degree in commerce from Mahatma Gandhi University, Kerala. He has been a Director of our Company since March 7, 2008 and is responsible for business promotion, expansion and brand building activities of our Company.

Thomas Cherian, aged 69 years, is an Independent Director of our Company. He is a Fellow Member of the Institute of Chartered Accountants of India and has been a Director of our Company since September 1, 2014.

Rajagopal M.S., aged 43 years, is the Non-Executive Director of our Company. He holds a master's degree in law from Mahatma Gandhi University, Kerala, and has been a Director of the Company since October 8, 2018.

Jose Paul Maliakal, aged 69 years, is an Independent Director of our Company. He is a Fellow Member of the Institute of Chartered Accountants of India. He has been a Director of our Company since November 18, 2019.

Rudran Puthukulangara, aged 70 years, is an Additional Independent Director of our Company. He has been a Director of our Company since February 26, 2020.

Confirmations

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

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

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

Terms of appointment of Directors***Managing Director***

Mathew Muthoottu was re-appointed as the Managing Director of our Company for a period of 3 years from May 30, 2018, pursuant to a resolution of the Board dated May 26, 2018 and a resolution of our Shareholders dated September 26, 2018. According to his term of appointment, he is authorised to receive ₹5 lakhs per month, which pursuant to a resolution of the Board dated February 26, 2020 was revised to ₹8 lakhs per month from February 1, 2020.

Chairman and Wholetime Director

Nizzy Mathew was re-appointed as the Chairman and Wholetime Director of our Company for a period of 3 years from January 1, 2019, pursuant to the Board resolution dated December 31, 2018. According to her term of appointment, she is authorised to receive ₹4.3 lakhs per month, which pursuant to a resolution of the Board dated February 26, 2020 was revised to ₹6 lakhs per month from February 1, 2020.

Non-Executive Directors

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

Remuneration paid to our Directors in the last Fiscal by our Company

The following table sets forth the remuneration (which includes sitting fees) paid by our Company to our Directors during Fiscal 2019:

(₹ in lakhs)

Name of Directors	Fiscal 2019
Mathew Muthoottu	60.00
Nizzy Mathew	51.60
Rajagopal M.S.	Nil
Thomas Cherian	1.40
Jose Paul Maliakal	NA
Mammen Mathews*	0.20
Krishnakumar K. R.**	1.00
Rudran Puthukulangara***	NA

*Mammen Mathews resigned from the Board with effect from July 23, 2018

**Krishnakumar K.R. resigned from the Board with effect from September 30, 2019

***Rudran Puthukulangara was appointed on the Board with effect from February 26, 2020

Interest of our Directors

All of our Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board. All of our Executive Directors may be deemed to be interested to the extent of remuneration payable to them. All of our Directors are interested to the extent of reimbursement of expenses payable to them by our Company.

Further, Mathew Muthoottu and Nizzy Mathew may also be regarded as interested to the extent of any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. Further, the Directors may also be interested to the extent of Equity Shares held by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

None of the other Directors have any interest in immovable property acquired or proposed to be acquired by the Company in the preceding two years as of the date of this Prospectus.

For further details regarding the interest of our Directors, refer to “*Related Party Transactions*” on page 114.

As on date of this Prospectus, none of the Directors are interested in any contracts, agreements/ arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations, except as disclosed in the section titled “*Related Party Transactions*” on page 114.

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

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

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

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company. Our Directors or their relatives have not purchased or sold any Equity Shares of our Company in the six month preceding the date of this Prospectus.

Borrowing Powers of the Board

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

Debenture holding of Directors

As on March 31, 2020, except as stated below, none of our Directors hold any debentures in our Company:

Name of Director	No. of debentures held	Aggregate amount outstanding as on March 31, 2020 (in ₹)
Nizzy Mathew	900	9,00,000
Mathew Muthoottu	1,320	13,20,000
Grand Total	2,220	22,20,000

Shareholding of our Directors

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

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

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

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

Name of Director, Designation and DIN	Date of Change	Reason
Krishnakumar K. R. Designation: Independent Director DIN: 07771403	September 28, 2017	Appointment as an Independent Director
Philomina Thomas Designation: Independent Director DIN: 02551080	September 30, 2017	Resignation as an Independent Director
Mammen Mathews Designation: Non-Executive Director DIN: 01786534	July 23, 2018	Resignation as a Non-Executive Director
Rajagopal M.S. Designation: Additional Director DIN: 08114376	October 8, 2018	Appointment as an Additional Director
Krishnakumar K. R. Designation: Independent Director DIN: 07771403	September 30, 2019	Cessation as an Independent Director
Jose Paul Maliakal Designation: Independent Director DIN: 07218120	November 18, 2019	Appointment as an Additional Independent Director

Name of Director, Designation and DIN	Date of Change	Reason
Rudran Puthukulangara Designation: Additional Independent Director DIN: 00546638	February 26, 2020	Appointment as an Additional Independent Director

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

Key Managerial Personnel

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

- Ann Mary George**, aged 44 years, is the Chief Financial Officer of our Company. She holds a bachelor's degree in commerce from the University of Calicut and she is also an Associate Member of the Institute of Chartered Accountants of India. She has 10 years of experience in finance and account and was appointed as the Chief Financial Officer of the Company on May 30, 2016.
- Smitha K. S.**, aged 47 years, is the Company Secretary of our Company. She holds a graduate degree in English Language and Literature from University of Calicut and she is also an Associate Member of the Institute of Company Secretaries of India. She joined our Company in 2015. Prior to joining our Company, she was associated with Aspinwall and Company Limited.

For details about our Managing Director and Whole Time Director, please refer to "Our Management – Brief Profile of our Directors" on page 107.

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

Committees of the Board

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

1. Audit Committee

The Audit Committee of our Company was constituted on December 10, 2013 and was re-constituted by a board resolution dated November 18, 2019.

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

Name of the Director	Designation	Designation in Committee
Thomas Cherian	Independent Director	Chairman
Maliakal Jose Paul	Independent Director	Member
Mathew Muthoottu	Managing Director	Member

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of our Company was formed *vide* a Board resolution dated April 10, 2014 and was re-constituted on November 18, 2019.

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

Name of the Director	Designation	Designation in Committee
Thomas Cherian	Independent Director	Chairman
Maliakal Jose Paul	Independent Director	Member
Rajagopal M.S.	Non-Executive Director	Member

3. Stakeholders Relationship Committee

The Investor Grievance Committee of our Company was constituted by a Board resolution dated December 10, 2013, has been renamed as “Stakeholders Relationship Committee” as per the provisions of Section 178(5) of Companies Act, 2013. The Stakeholders Relationship Committee was re-constituted on November 1, 2017.

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

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

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

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

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

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

5. Debenture Committee

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

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

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

6. Risk Management Committee

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

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

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

OUR PROMOTERS

The Promoters of our Company are:

1. Nizzy Mathew; and
2. Mathew Muthoottu.

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

Profiles of our Promoters

For the profiles of our Promoters, see “Our Management - Brief Profiles of our Directors” on page 107.

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

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

Interest of our Promoters in the Company

Except as stated under “Our Management” on page 105, to the extent of their shareholding in our Company, corresponding dividend payable to them and to the extent of remuneration/sitting fees received by them in their capacity as Directors, to the extent applicable, our Promoters do not have any other interest in our Company’s business.

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

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

Nizzy Mathew

Date of allotment/transfer	Nature of allotment/transfer	No. of Equity Shares	Face value (in ₹)	Issue price/transfer price (in ₹)	Nature of consideration	Sources
March 18, 1998	Subscription to MoA	1,000	100	100	Cash	Own funds
December 28, 1999	Preferential allotment	29,000	100	100	Cash	Own funds
March 28, 2013	Bonus issue*	3,333	100	-	-	-
November 26, 2013	Bonus issue**	4,761	100	-	-	-
September 29, 2016	Transfer from Roy M. Mathew	33,16,352	100	100	Cash	Own funds
Total		33,54,446				

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

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

Mathew Muthoottu

Date of allotment/transfer	Nature of allotment/transfer	No. of Equity Shares	Face value (in ₹)	Issue price/transfer price (in ₹)	Nature of consideration	Sources
March 7, 2008	Transfer from Sosamma Mathew [#]	1,000	100	100	Cash	Own funds
March 7, 2008	Transfer from Sosamma Mathew [#]	29,000	100	100	Cash	Own funds
March 28, 2013	Bonus issue [*]	3,333	100	-	-	-
November 26, 2013	Bonus issue ^{**}	4,761	100	-	-	-
November 30, 2013	Preferential allotment	13,50,000	100	200	Cash	Own funds
September 29, 2016	Transfer from Roy M. Mathew	1,22,90,000	100	100	Cash	Own funds
September 29, 2017	Preferential allotment	11,01,818	100	165	Cash	Own funds
Total		1,47,79,912				

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

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

[#] For further details, see "Risk Factors - Certain of our records including in relation to share transfer to one of our Promoters/Directors are not traceable." on page 33.

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

Other Confirmations

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

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

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

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

RELATED PARTY TRANSACTIONS

For details of the related party transactions of our Company during the last five Fiscals, see “*Annexure XII A & B*” on page F-44.

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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, 2019	F-1
2.	Unaudited financial information of our Company for the six-month period ending on September 30, 2019	F-2 to F-5
3.	Statutory Auditor's examination report on the Reformatted Financial Statements of our Company for the Fiscals ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015	F-6 to F-8
4.	Reformatted financial information of our Company for the Fiscals ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015	F-9 to F-50

REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

The Board of Directors, Muthoot Mini Financiers Limited.

Introduction

We have reviewed the accompanying unaudited standalone interim financial statements for the period ended September 30, 2019 (referred to u/s 2(40) of the Companies Act, 2013 hereinafter referred to as "the financial statements") of Muthoot Mini Financiers Limited (hereinafter referred to as "the Company").

The Company's Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards, specified under Section 133 of the Companies Act, 2013("the Act"), read with Companies (Accounts) Rule, 2014, the Companies (Indian Accounting Standards) Amendment Rules, 2019 and all other applicable financial reporting framework. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited standalone interim financial information does not give a true and fair view of the state of affairs of the entity as at September 30, 2019, and of its results of operations and its cash flows for the six months period then ended in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Amendment Rules, 2019.



Place: Kochi

Date: November 18, 2019

For Vishnu Rajendran & Co,
Chartered Accountants
FRN: 0047415


Meslin Zacharias Abraham FCA
Partner
M.No:208529
UDIN: 19208529AAAAAP4793

Page 1 of 1



UNAUDITED STATEMENT OF ASSETS AND LIABILITIES		
Particulars		As at September 30, 2019 (Rupees in Lakhs)
I. ASSETS		
1 Financial assets		
a) Cash and cash equivalents		2,858.62
b) Bank Balance other than (a) above		3,232.40
c) Receivables		
(I) Trade receivables		-
(II) Other receivables		-
d) Loans		1,65,997.06
e) Investments		6.30
f) Other financial assets		2,115.70
2 Non-financial Assets		
a) Inventories		-
b) Current tax assets (Net)		1,625.42
c) Deferred tax assets (Net)		697.36
d) Property, Plant and Equipment		19,265.63
e) Other intangible assets		9.76
f) Other non-financial assets		163.12
Total Assets		1,95,971.37
II. LIABILITIES AND EQUITY		
LIABILITIES		
1 Financial Liabilities		
a) Debt Securities		78,462.20
b) Borrowings (other than debt securities)		40,334.07
c) Deposits		41.12
d) Subordinated liabilities		27,660.70
e) Other financial liabilities		2,667.33
2 Non-financial Liabilities		
a) Provisions		1,377.50
b) Other non-financial liabilities		138.46
3 Equity		
a) Equity share capital		24,952.54
b) Other equity		20,337.45
Total Liabilities and Equity		1,95,971.37

See accompanying notes to the financial statements

Place: Kochi

Date: 18/11/2019

For Muthootu Mini Financiers Limited

Mathew Muthootu
Managing Director
DIN: 01786534

Registered Office:

Corporate Office:

Muthootu Royal Towers,
Kaloor, Kochi, Kerala - 682 017, India

Tel: +91484 2912100, E-mail: info@muthootumini.com

Muthootu Buildings, Market Road,
Kammencherry, Pathanamthitta, Kerala - 689 641, India

Tel: +91 468 2314391, E-mail: mail@muthootumini.com



STATEMENT OF FINANCIAL RESULTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019			
Particulars		Half Year ended September 30, 2019 (Rupees in Lakhs) Unaudited	Half Year ended September 30, 2018 (Rupees in Lakhs) Unaudited
Revenue from operations			
(i)	Interest income	14,249.90	15,170.15
Net gain on derecognition of financial instruments under amortised cost category		212.45	-
(iii)	Sales of services	134.45	72.83
(I)	Total Revenue from operations	14,596.80	15,242.98
(II)	Other Income	47.67	74.40
(III)	Total Income (I + II)	14,644.47	15,317.38
Expenses			
(i)	Finance costs	8,089.12	8,579.22
(ii)	Net loss on fair value changes	2.70	5.53
(iii)	Impairment on financial instruments	246.22	105.84
(iv)	Employee benefits expenses	3,133.67	2,803.41
(v)	Depreciation, amortization and impairment	333.38	414.15
(vi)	Other expenses	2,018.34	1,787.37
(IV)	Total Expenses (IV)	13,823.43	13,695.52
(V)	Profit before tax (III- IV)	821.04	1,621.86
(VI)	Tax Expense:		
	(1) Current tax	186.45	447.18
	(2) Deferred tax	161.98	(81.29)
(VII)	Profit for the year (V- VI)	472.61	1,255.97
(VIII)	Other Comprehensive Income		
A)	(i) Items that will not be reclassified to profit or loss		
	- Remeasurement of defined benefit plans	-	-
	- Fair value changes on equity instruments through other comprehensive income	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.75)	-
	Subtotal (A)	(0.75)	-
B)	(i) Items that will be reclassified to profit or loss	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-
	Subtotal (B)	-	-
	Other Comprehensive Income (A + B) (VIII)	(0.75)	-
(IX)	Total Comprehensive Income for the year (VII+VIII)	471.86	1,255.97
(X)	Earnings per equity share		
	(Face value of Rs. 100/- each)		
	Basic (Rs.)	3.78	10.07
	Diluted (Rs.)	3.78	10.07

See accompanying notes to the financial statements.

Place: Kochi

Date: 18/11/2019

For Muthoottu Mini Financiers Limited

Mathew Muthoottu
Managing Director
DIN : 01786534

Corporate Office:

Muthoottu Royal Towers,
Kaloor, Kochi, Kerala - 682 017, India
Tel: +91484 2912100, E-mail: info@muthoottumini.com

Registered Office:

Muthoottu Buildings, Market Road,
Kozhencherry, Pathanamthitta, Kerala - 689 641, India
Tel: +91 468 2314391, E-mail: mail@muthoottumini.com



Notes to the financial statements:-

1. The above unaudited financial results were reviewed by the audit committee and recommended for approval and a limited review of the standalone financial statements for the half year ended September 30, 2019 has been carried out by the Statutory Auditors. The unaudited financial statements for the half year ended September 30, 2019 has been approved by the Board of Directors at their meeting held on November 18, 2019.
2. The Company has adopted Indian Accounting Standards ('Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules from April 01, 2019. The Financial results together with the results for the comparative reporting period of the company have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34- Interim Financial Reporting. The effective date of transition to Ind AS is April 01, 2018 and the same has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules of Companies (Accounts) Rules 2014, guidelines issued by the Reserve Bank of India ('RBI') and other generally accepted accounting principles in India (collectively referred to as "the Previous GAAP")

The impact of the above transition has been recorded in the opening reserves as at April 01, 2018 and the corresponding figures pertaining to comparative previous period as presented in these financial results have been restated/reclassified in order to conform to current period presentation. Provision created on loan assets in earlier periods towards non-performing assets and standard assets which is in excess of the amount currently determined on application of expected credit loss method as per IND AS 109 ('Financial Instruments') has been retained in the books of accounts, as a matter of prudence and carried under 'Provisions in Balance Sheet'.

These financial results may require further adjustments, if any, necessitated by guidelines/clarifications/ directions issued in the future by RBI, Ministry of Corporate Affairs or other regulators, which will be implemented as and when the same are issued/made applicable.

The financial statements have been presented in accordance with the format prescribed for Non-Banking Finance Companies under the Companies (Indian Accounting Standards) Rules, 2015 in Division III of Schedule III as per Notification No.C.S.R. 1022(E) dated 11.10.2018, issued by Ministry of Corporate Affairs, Government of India.



Corporate Office:

Muthoottu Royal Towers,
Kaloor, Kochi, Kerala - 682 017, India
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Kozhancherry, Pathanamthitta, Kerala - 689 641, India
Tel: +91 468 2314391, E-mail:mail@muthoottumini.com

3. Reconciliation of Net profit reported under Previous GAAP and Ind AS for the half year ended September 30,2018 (as per requirements of Para 32 of Ind AS 101) is as under:

Particulars	September 30,2018
	(figures in lakhs)
Net profit after tax under previous GAAP	1102.24
Adjustment of provision for Expected Credit Loss	157.33
Fair value changes of Equity investments	(5.53)
Tax adjustments on above items, to the extent applicable	1.93
Total Comprehensive Income (After tax) as reported under Ind AS	1255.97

4. Earnings per equity share for the half year ended September 30, 2019 and September 30, 2018 have been annualised.
5. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS – 108 dealing with Operating Segments.
6. As permitted under circular no. CIR/IMD/DF1/69/2016 dated, August 10, 2016 issued by SEBI, the Company has availed exemption for submission of Ind AS compliant unaudited financial results for the previous year ended March 31, 2019.
7. Previous period /year figures have been regrouped /reclassified wherever necessary to conform to current period/year presentation.

For Muthoottu Mini Financiers Limited




Mathew Muthoottu (DIN:01786534)
Managing Director

Place: Kochi
Date: 18.11.2019



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

Dear Sirs,

We have examined the attached reformatted standalone financial information of Muthoottu Mini Financiers Limited, (the "**Company**") annexed to this report, which is proposed to be included in the Draft Prospectus / Prospectus of the Company in connection with the proposed issue of Secured Redeemable Non-Convertible Debentures (NCDs) up to ₹ 10,000 lacs, with an option to retain over-subscription up to ₹ 10,000 lacs, aggregating up to ₹20,000 lacs ("**Issue**"), for issuance of additional NCDs in terms of the requirement of Section 26 of the Companies Act, 2013 read with rules thereto ("the Act"), Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("the Regulations") issued by Securities and Exchange Board of India (SEBI), as amended from time to time in pursuance of Section 11A of the Securities and Exchange Board of India Act, 1992 (the "SEBI Act") and related clarifications and in terms of our engagement letter dated February 26, 2020. 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 Schedule III of Companies Act, 2013 for the years ended March 31st 2019, 2018, 2017, 2016 and 2015.

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 31st 2019, 2018, 2017, 2016 and 2015 (Annexure I) and the schedules forming part thereof (Annexure IV);
- b) the "Reformatted Standalone Statement of Profits and Losses" for each of the years ended March 31st 2019, 2018, 2017, 2016 and 2015.(Annexure II) and the schedules forming part thereof (Annexure V); and
- c) the "Reformatted Standalone Statement of Cash Flows" for each of the years ended March 31st 2019, 2018, 2017, 2016 and 2015. (Annexure III), together referred to as "Reformatted Standalone Financial Statements".

The financial statements for the years ended as at March 31st 2019, 2018, 2017, 2016 and 2015 have been adopted by the Board of Directors and approved by the members of the Company.

The unaudited financials for six month ended as on September 30, 2019 is not included in the reformatted

Page 1 of 45

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

statement but annexed separately. Further, the unaudited financials for the six month ended as on September 30, 2019 has been prepared by the company based on IND AS as per the requirement of Companies Act, 2013.

We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Financial Information with the Company's audited financial statements for financial years ended March 31st 2019, 2018, 2017, 2016 and 2015 and regrouping and reclassification as per schedule III of Companies Act 2013 and requirements of 'SEBI Regulations'.

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

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

2. Other Standalone Financial Information of the Company

We have examined the following Other Standalone Financial Information of the Company for each year ended March 31st 2019, 2018, 2017, 2016 and 2015 proposed to be included in the Prospectus and annexed to this report:

- a) Capitalisation Statement (Annexure VI)
- b) Statement of Secured & Unsecured Loans (Annexure VII)
- c) Statement of Accounting Ratios (Annexure VIII)
- d) Statement of Dividends (Annexure IX)
- e) Statement of Contingent Liability (Annexure X)
- f) Statement of Tax Shelter (Annexure XI)
- g) Statement of List of Related Parties & transaction with them (Annexure XII A & B)
- h) Significant Accounting Policies & notes to the Financial Statements (Annexure XIII)

3. Based on our examination of these Reformatted Standalone Financial Information, we state that in our opinion, the "Reformatted Standalone Financial Statements as per Audited Standalone Financial Statements of the Company" and "Other Standalone Financial Information of the Company" mentioned above for the years ended March 31st 2019, 2018, 2017, 2016 and 2015 have been prepared in accordance with Section 26 of the



Act, rules prescribed under the Act and the Regulations amended by time to time, by SEBI Act.

4. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Draft Prospectus / Prospectus in connection with the Proposed public issue of NCD aggregating to ₹10,000 Lakhs with an option to retain over-subscription up to ₹10,000 Lakhs for issuance of additional NCDs and is not to be used, referred to or distributed for any other purpose without our prior written consent.


For Vishnu Rajendran & Co.

Chartered Accountants

Firm Registration No: 004741S

Peer Review No: 011622

UDIN : 20201101AAAABR2617


P.A. Joseph, FCA

Partner

Membership No: 201101



Place : Kottayam

Date : 14/03/2020

Annexure - I: Reformatted Summary Statement of Assets and Liabilities

(₹ in Lacs)

Particulars	Note No.	As at				
		31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
EQUITY AND LIABILITIES						
Shareholders' funds						
(a) Share capital	A	24,952.54	24,952.54	22,500.00	22,500.00	22,500.00
(b) Reserves and surplus	B	19,774.98	17,679.52	14,660.78	22,769.27	21,791.31
(c) Money Received against Share Warrants		-	-	-	-	-
Share application money pending allotment		-	-	-	-	-
Non-current liabilities						
(a) Long-term borrowings	C	46,801.06	56,809.60	84,039.82	1,11,202.31	83,614.90
(b) Deferred tax liabilities (net)		-	-	-	-	-
(c) Other long-term liabilities	D	17,906.00	18,171.68	18,991.79	-	-
(d) Long-term provisions	E	133.92	145.47	108.20	418.54	265.57
Current liabilities						
(a) Short-term borrowings	F	35,510.20	37,795.19	38,330.00	18,622.55	26,496.28
(b) Other current liabilities	G	36,834.52	41,400.44	51,072.81	64,929.30	46,312.08
(c) Short-term provisions	H	1,682.58	1,395.94	1,434.89	1,407.08	1,083.91
TOTAL		1,83,595.80	1,98,350.38	2,31,138.29	2,41,849.05	2,02,064.05
ASSETS						
Non-current assets						
(a) Fixed assets						
Tangible assets	I	19,428.79	20,171.24	21,987.41	31,373.48	14,629.82
Intangible assets	J	14.28	31.58	80.84	-	-
Intangible assets under development		-	-	-	-	-
Capital work-in-progress		-	-	-	857.09	814.51
(b) Non-current investments	K	5.81	5.81	5.81	373.42	373.42
(c) Deferred Tax Asset		908.77	727.40	795.00	744.04	94.82
(d) Long-term loans and advances	L	1,969.01	1,983.64	3,868.34	3,402.69	3,620.92
(e) Other Non-Current Assets		-	-	-	-	-
Current assets						
(a) Current Investments		-	-	-	39.56	39.56
(b) Cash and cash equivalents	M	8,342.95	10,212.30	7,784.98	12,808.85	4,087.26
(c) Short-term loans and advances	N	1,38,472.95	1,63,078.52	1,95,940.49	1,91,319.41	1,77,593.47
(d) Other current assets	O	14,453.24	2,139.89	675.42	930.51	810.27
TOTAL		1,83,595.80	1,98,350.38	2,31,138.29	2,41,849.05	2,02,064.05
The accompanying statement of significant accounting policies and notes to accounts on financial statements attached shall form an integral part of this statement						

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

Annexure - II : Reformatted Summary Statement of Profit and Loss

(₹ in Lacs)

Particulars	Note No.	For the year ended				
		31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
CONTINUING OPERATIONS						
Revenue from operations	P	29,612.44	33,260.16	43,391.40	39,105.35	35,253.90
Other income	Q	203.04	233.23	155.02	9.04	17.14
Total Revenue		29,815.48	33,493.39	43,546.42	39,114.39	35,271.04
Expenses						
Employee benefits expense	R	5,837.99	6,208.98	6,446.80	5,805.46	5,343.54
Finance costs	S	16,461.05	19,493.31	24,490.25	21,515.77	19,701.34
Depreciation and amortization Expense	T	881.90	1,343.45	1,753.91	2,202.34	1,436.74
Operating & other expenses	U	4,055.96	3,965.05	5,218.89	6,068.56	5,803.43
Total Expenses		27,236.90	31,010.79	37,909.85	35,592.13	32,285.05
Profit / (Loss) before exceptional and extraordinary items and tax		2,578.58	2,482.60	5,636.57	3,522.26	2,985.99
Exceptional &Extraordinary items		-	-	-	-	-
Profit / (Loss) before extraordinary items and tax		2,578.58	2,482.60	5,636.57	3,522.26	2,985.99
Prior Period Items		-	-	(13,783.55)	(1,609.00)	(10.45)
Profit / (Loss) before tax		2,578.58	2,482.60	(8,146.98)	1,913.26	2,975.54
Tax expense:						
Current Tax expense		664.35	990.41	12.50	1,584.52	1,081.50
Deferred Tax		(181.37)	67.60	(50.97)	(649.22)	46.23
Profit / (Loss) for the year		2,095.60	1,424.59	(8,108.51)	977.96	1,847.81





Annexure - III: Reformatted Summary of Cash Flow Statement

(₹ in Lacs)

Particulars	For the year ended				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
A. Cash Flow from Operating Activities					
Operating Profit/(Loss) for the year	2,578.58	2,482.60	(8,146.98)	1,913.26	2,975.54
Adjustment for:					
Provision for Standard Assets	(54.82)	(11.58)	97.63	81.90	(34.32)
Provision for NPA	291.30	(27.38)	3.70	167.74	382.22
Provision for Asset Under Securitisation	50.17	-	-	-	-
Provision for Gratuity (net)	(11.55)	37.26	(310.34)	152.98	132.10
Provision for Diminution in value of investment/ Investment w/off	-	-	294.09	73.52	-
(Profit)/Loss on sale of assets	(6.56)	(75.18)	(40.07)	0.89	(14.15)
Finance Cost	16,461.05	19,493.31	24,490.25	21,515.77	19,701.34
Depreciation	835.73	1,196.13	1,495.82	1,956.08	1,090.51
Prior Period Items	-	-	15,451.29	1,609.00	(0.23)
Income from Non Operating Business	(0.20)	(0.19)	(0.23)	(0.28)	(0.37)
Operating Profit/(Loss) before working capital Adjustments	20,143.70	23,094.97	33,335.16	27,470.86	24,232.63
Adjustments for:					
Short Term Loans & Advances	24,605.57	32,861.96	(4,621.07)	(13,725.94)	8,985.65
Current Investments	-	-	39.56	-	0.06
Other Current Assets	(12,313.35)	201.50	213.01	(120.24)	(313.57)
Long Term Loans & Advances	-	-	-	-	-
Short-term borrowings	(2,284.99)	(534.81)	19,707.45	(7,912.11)	3,129.25
Current Liabilities	(4,565.92)	(9,672.37)	(7,911.99)	18,617.22	(48,178.07)
Cash generated from operations	25,585.01	45,951.25	40,762.12	24,329.79	(12,144.05)
Income taxes paid	(664.35)	(990.41)	(1,390.23)	(1,451.82)	(1,081.50)
Net Cash from Operating Activity	24,920.66	44,960.84	39,571.89	22,877.97	(13,225.55)
B. Cash Flow from Investing Activities					
Income from Non Operating Business	0.20	0.19	0.23	0.28	0.36
Increase/(Decrease) in Investments	-	-	-	-	(0.63)
Increase/(Decrease) in Long Term Loans and Advances	14.62	218.73	722.81	85.53	(1,034.48)
Sale of fixed Assets	33.42	954.12	9,140.82	44.26	212.89
Purchase of fixed Assets	(102.97)	(209.64)	(422.33)	(20,358.09)	(1,285.54)
Net Cash Flow from Investment Activity	(54.73)	963.40	9,441.53	(20,228.02)	(2,107.40)
C. Cash Flow from Financing Activities					
Increase/(Decrease) in Long Term Borrowings	(10,008.54)	(28,050.32)	(14,083.83)	27,587.41	14,845.06
Increase/(Decrease) in Other Long-term Liabilities	(265.68)	-	-	-	-
Finance Cost	(16,461.05)	(19,493.31)	(39,953.46)	(21,515.77)	(19,701.34)
Increase/(Decrease) in Capital incl. Securities Premium	-	4,046.69	-	-	-
Net Cash Flow from Financing Activity	(26,735.27)	(43,496.94)	(54,037.29)	6,071.64	(4,856.28)
D. Net Increase/(Decrease) in cash & Cash Equivalents	(1,869.35)	2,427.32	(5,023.87)	8,721.59	(20,189.23)
E. Opening Balance of Cash & Cash Equivalents	10,212.30	7,784.98	12,808.85	4,087.26	24,276.49
F. Closing Balance of Cash & Cash Equivalents	8,342.95	10,212.30	7,784.98	12,808.85	4,087.26
Components of cash and cash equivalents					
Current Account with Banks	4,215.57	6,586.09	2,447.40	3,527.75	372.89
Deposits with Banks	2,870.35	2,227.92	3,897.27	7,433.55	844.68
Cash in Hand	1,257.03	1,398.29	1,440.31	1,847.55	2,869.69
Total	8,342.95	10,212.30	7,784.98	12,808.85	4,087.26



Page 6 of 45

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

Note A: Share Capital (₹ in Lacs)

	As at				
a. Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Share Capital					
Authorized Capital					
Equity shares of ₹ 100 each	32,500.00	32,500.00	22,500.00	22,500.00	22,500.00
Issued, Subscribed and Paid-Up Capital					
Equity shares of ₹ 100 each	24,952.54	24,952.54	22,500.00	22,500.00	22,500.00

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

	As at				
Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Shares outstanding at the beginning of the year	2,49,52,539	2,25,00,000	2,25,00,000	2,25,00,000	2,25,00,000
Shares Issued during the year	-	24,52,539	-	-	-
Shares outstanding at the end of the year	2,49,52,539	2,49,52,539	2,25,00,000	2,25,00,000	2,25,00,000

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

Name of Shareholder	No. of Shares Held as at				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Mr. Roy Mathew	-	-	-	1,66,06,347	1,66,06,352
Mr. Mathew Muthoottu	1,47,79,912	1,47,79,912	1,36,78,094	13,88,094	13,88,094
Mrs. Nizzy Mathew	33,54,446	33,54,446	33,54,446	-	-
M/s. Mini Muthoottu Hotels (P) Ltd	25,51,298	25,51,298	24,12,698	24,12,698	24,12,698
M/s. Mini Muthoottu Credit India Private Ltd	14,19,841	14,19,841	14,19,841	14,19,841	14,19,841

Name of Shareholder	Percentage Holding As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Mr. Roy Mathew	-	-	-	73.81%	73.81%
Mr. Mathew Muthoottu	59.23%	59.23%	60.79%	6.17%	6.17%
Mrs. Nizzy Mathew	13.44%	13.44%	14.91%	-	-
M/s. Mini Muthoottu Hotels (P) Ltd	10.22%	10.22%	10.72%	10.72%	10.72%
M/s. Mini Muthoottu Credit India Private Ltd	5.69%	5.69%	6.31%	6.31%	6.31%

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

	During the Year				
Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Equity 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 attached to each class of equity shares

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

Note B: Reserves and Surplus

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Reserves and Surplus					
Special Reserve Fund					
Opening Balance	3,652.54	3,367.63	3,367.63	3,172.03	2,802.47
(+) Current Year Transfer	419.09	284.92	-	195.59	369.56
(-) Written Back in Current year	-	-	-	-	-
Closing Balance	4,071.63	3,652.55	3,367.63	3,367.62	3,172.03
Securities Premium					
Opening Balance	7,844.15	6,250.00	6,250.00	6,250.00	6,250.00
(+) Securities premium credited on Share issue	-	1,594.15	-	-	-
(-) Written Back in Current year	-	-	-	-	-
Closing Balance	7,844.15	7,844.15	6,250.00	6,250.00	6,250.00
Revaluation Reserve					
Opening Balance	350.00	350.00	350.00	350.00	350.00
(+) Current Year Transfer	-	-	-	-	-
(-) Reduced in Current year	-	-	-	-	-
Closing Balance	350.00	350.00	350.00	350.00	350.00
Debenture Redemption Reserve					
Opening Balance	13,172.72	12,801.65	12,801.65	12,019.28	-
(+) Current Year Transfer	(4,608.64)	371.07	-	782.37	12,019.28
(-) Reduced in Current year	-	-	-	-	-
Closing Balance	8,564.08	13,172.72	12,801.65	12,801.65	12,019.28
Surplus in Profit and Loss A/c					
Opening Balance	(7,339.90)	(8,108.51)	-	-	10,541.03
(+) Net Profit / (Loss) for the Current Year	2,095.47	1,424.59	(8,108.51)	977.96	1,847.81
(-) Transfer to Special Reserve Fund	(419.09)	(284.92)	-	(195.59)	(369.56)
(-) Transfer to Debenture Redemption Reserve	4,608.64	(371.07)	-	(782.37)	(12,019.28)
Closing Balance	(1,054.88)	(7,339.90)	(8,108.51)	-	-
Total Reserves & Surplus	19,774.98	17,679.52	14,660.78	22,769.27	21,791.31

Page 8 of 45

Note 1: Statutory Reserve represents the Reserve Fund created u/s 45IC of the Reserve Bank of India Act, 1934. An amount representing 20% of the Net Profit is transferred to the Fund for the years.

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

The company has complied with the provisions of DRR as on 31st March, 2019





Note C: Long Term Borrowings

(₹In Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
I. Secured					
(a) Listed Secured Redeemable NCD - Public Issue (refer note C-1 below)	5,585.97	10,900.08	29,334.64	57,846.71	35,011.78
(b) Secured Redeemable Privately placed NCD (refer note C-2 below)	1,906.25	1,712.44	9,878.96	18,410.75	33,970.61
(c). Term Loan from Banks					
(i) South Indian Bank Ltd.	-	-	419.07	1,100.55	1,839.83
(Secured by Hypothecation of Fixed Assets purchased /Security Deposits of branches to be repaid in 10 equal half instalments with interest @13%)					
(ii) HDFC Bank Limited Car Loan (Benz G350)	-	-	-	18.11	37.95
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 9.95% p.a)					
(iii) HDFC Bank Limited Car Loan (Benz)	-	-	1.62	10.78	19.10
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 9.95% p.a)					
(iv) HDFC Bank Limited Car Loan (Jaquar)	-	-	9.60	36.44	60.56
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.75%)					
(v) HDFC Bank Limited Car Loan (Innova)	-	-	0.86	4.09	7.00
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.50%)					
(vi) South Indian Bank, Pathanamthitta Car Loan	-	-	-	29.00	92.68
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.50%)					
(vii) HDFC Bank Limited Car Loan BMW X-5	-	-	22.68	38.90	53.58
(Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with					





interest @ 10%)

(viii) HDFC Bank Limited Car Loan - Jetta	-	-	8.61	12.00	-
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(Secured by the hypothecation of the vehicle to be repaid in 60 equal installments with interest @ 10%)

(ix) SBI - Vehicle Loan

(Secured by hypothecation of vehicle to be repaid in 84 equal monthly installments with interest @10.40%)	-	-	70.23	-	-
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II. Unsecured

(a) Listed Unsecured Debentures - Public Issue(refer note C-3 below)	18,393.27	23,356.26	23,356.26	23,356.26	12,106.36
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(b) Unsecured Privately Placed Debentures(redemption year 2020 -2022 rate of interest 11.25% - 24.77%)	448.50	373.75	540.45	390.45	415.45
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(c) Subordinate Debt (redemption year 2021 - 2024 rate of interest 10.75% - 16.67%)	20,467.07	20,467.07	20,467.07	9,878.04	-
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(III) Loan from Directors	-	-	-	-	-
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(IV) Loan from Companies Under Same management	-	-	-	-	-
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Total Long Term Borrowings	46,801.06	56,809.60	84,039.82	1,11,202.31	83,614.90
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Note C-1: Listed Secured Redeemable NCD - Public Issues

(₹ in Lacs)

Particulars	Date of Allotment (Interest Rate)	As At					Redemption Period
		31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015	
(a) Listed Secured Redeemable NCD - Public Issue I	28/03/2014 (Interest rate 12% to 13.5%)	-	3,106.56	3,106.56	3,106.56	6,664.50	400 days to 66 months
(b) Listed Secured Redeemable NCD - Public Issue II	08-08-2014 (Interest rate 12% to 13.25%)	-	-	-	8,577.77	8,577.77	500 days to 66 months
(c) Listed Secured Redeemable NCD - Public Issue III	11-11-2014 (Interest Rate 11.50% to 13.43%)	-	-	2,172.64	6,075.88	19,769.51	18 months to 66 months
(d) Listed Secured	07/04/2015	-	-	6,866.81	6,866.81	-	17 months to 43

Page 11 of 45



Redeemable NCD - Public Issue IV	(Interest rate 11.5% to 13.1%)						months
(e) Listed Secured Redeemable NCD - Public Issue V	25-08-2015 (Interest rate 11.57% to 12.25%)	5,585.97	7,180.83	13,219.69	13,219.69	-	17 months to 73 months
(f) Listed Secured Redeemable NCD - Public Issue VI	27-01-2016 (Interest rate 10.25% to 11.25%)	-	612.69	3,968.94	20,000.00	-	17 months to 51 months

Note: Security: The above Listed Secured Redeemable NCD - Public Issue are secured by way of first pari passu charge on immovable property located at House of Hiranandhini, No.5/63, Old Mahabalipuram road, Egathur Village, Chennai - 600130 and first pari passu charge on Current Assets including Book Debts, Loans & Advances, Cash & Bank Balances and Receivables, both present and future ranking pari-passu with the existing secured lenders.



Note C-2: Secured Redeemable Privately placed NCD

(₹ in Lacs)

NCD Series	Date of Allotment (Interest Rate)	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015	Redemption Period
XVIII	15/03/2013 - till date (12% to 18.18%)	1,906.25	1,592.93	4,786.85	4,803.00	9,777.72	1 year to 6 years
XVII	01/11/2012 - 14/03/2013 (12.5% to 18.18%)	-	39.96	3,532.21	3,706.07	5,186.71	1 year to 6 years
XVI	29/09/2012 - 31/10/2012 (12.5% to 18.18%)	-	24.98	540.45	579.78	1,240.56	1 year to 6 years
XV	23/05/2012 - 28/09/2012 (12.5% to 18.18%)	-	18.03	528.89	3,431.49	4,811.73	1 year to 6 years
XIV	27/01/2012 - 31/03/2012 (12.5% to 18.18%)	-	20.22	195.58	410.56	2,618.80	1 year to 6 years
XIII	26/03/2012 - 22/05/2012 (12.5% to 18.18%)	-	14.32	239.56	1,535.42	3,268.89	1 year to 6 years
XII	10/01/2012 - 25/03/2012 (12% to 18.18%)	-	-	-	1,563.46	1,584.78	1 year to 6 years
XI	09/12/2011 - 09/01/2012 (11.5% to 18.18%)	-	-	-	838.31	851.29	1 year to 6 years
X	16/11/2011 - 08/12/2011 (11.5% to 18.18%)	-	2.00	18.24	503.42	589.27	1 year to 6 years
IX	22/08/2011 - 15/11/2011 (11.5% to	-	-	8.80	1,010.86	2,041.28	1 year to 6 years

Page 13 of 45

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

VIII	13.75%) 22/06/2011							
	- 21/08/2011 (11.5% to 13.75%)	-	-	-	-	1,371.04	1 year to 6 years	
VII	02/06/2011							
	- 21/06/2011 (11.5% to 13.75%)	-	-	24.88	24.88	602.36	1 year to 6 years	
VI	07/03/2011							
	- 01/06/2011 (11% to 13.25%)	-	-	-	-	20.85	1 year to 6 years	
V	04/11/2010							
	- 06/03/2011 (11.57% to 12.25%)	-	-	3.50	3.50	5.33	1 year to 6 years	

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

Note C-3: Listed Unsecured Debentures - Public Issue

Particulars	Date of Allotment (Interest Rate)						(₹ in Lacs)
		31-Mar- 2019	31-Mar- 2018	31-Mar- 2017	31-Mar- 2016	31-Mar- 2015	Redemption Period
(a) Listed Unsecured Debentures - Public Issue II	08-08- 2014 (13.29% - 13.43%)	-	4,962.99	4,962.99	4,962.99	4,962.99	66 months
(b) Listed Unsecured Debentures - Public Issue III	11-11- 2014 (12.75% - 13.43%)	7,143.37	7,143.37	7,143.37	7,143.37	7,143.37	66 months
(c) Listed Unsecured Debentures - Public Issue IV	07-04- 2015 (12.68% - 13.01%)	6,849.15	6,849.15	6,849.15	6,849.15	-	66 months
(d) Listed Unsecured Debentures - Public Issue VI	27-01- 2016 (11.02% - 11.25%)	4,400.75	4,400.75	4,400.75	4,400.75	-	78 months

Note D : Long Term Liabilities

		(₹ in Lacs)
As At		



Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Interest accrued but not Due on debenture & sub debt	17,906.00	18,171.68	18,991.79	-	-
Total Long Term Provisions	17,906.00	18,171.68	18,991.79	-	-

Note E. Long Term Provision

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Provision for Gratuity	133.92	145.47	108.20	418.54	265.57
Total Long Term Provisions	133.92	145.47	108.20	418.54	265.57

Note F. Short Term Borrowings

(₹ in Lacs)

Particulars	Rate of Interest as on March 31, 2019	As At				
		31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Secured Loan Repayable on Demand						
(a) South Indian Bank	10.00%	16,533.31	15,478.70	12,384.87	2,144.25	16,448.41
Secured by way of first pari passu charge along with existing secured lenders of the company on all receivables under gold loan both present and future of the company with 15% margin. Additional collateral security by way of immovable property owned by the company and group companies' viz. Muthoot Mini Theaters Pvt Ltd, Mini Muthoottu Credit India Pvt Ltd, Muthoottu Mini Hotels Pvt. Ltd, Kandamath Cine Enterprises (P) Ltd, Personal Guarantee of Directors viz. Mr. Mathew Muthoottu, Mr. Roy M Mathew and Mrs. Nizzy Mathew						
(b) Federal Bank Limited	12.75%	-	-	3,638.19	3,265.98	4,977.86
Secured by way of Gold loan, Receivable of specific branches allocated to bank						



exclusively to the bank with 15% margin. Additional collateral security of equitable mortgage of 34.39 acres of land, personal guarantee of directors viz. Mr. Mathew Muthoottu, Mr. Roy M Mathew and Mrs. Nizzy Mathew and Corporate Guarantee of Muthoottu Mini Theatres Pvt. Limited

(c) State Bank of India (earlier State Bank of Travancore)	12.25%	4,503.62	3,484.75	3,531.43	2,623.98	2,609.66
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Secured by way of First Charge on current assets of the company on pari passu basis with other lenders in MBA and NCD holders with 25% margin. Additional collateral security by way of immovable property owned by the M/s Muthoottu Mini Theatres (P) Limited and personal guarantee of directors viz. Mr. Roy. M. Mathew, Mr. Mathew Muthoottu, Mrs. Nizzy Mathew and Corporate Guarantee of Muthoottu Mini Theatres Pvt. Limited.

(d) Dhanalakshmi Bank	11.50%	1,213.46	1,566.41	2,008.02	1,207.06	2,460.35
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Secured by way of Paripassu first charge by way of hypothecation of current assets, loans and advances and book debts including Gold Loan receivables with a margin of 25%. Additional collateral security by way of immovable property owned by the M/s Muthoottu Mini Theatres (P) Limited and personal guarantee



of directors viz. Mr. Roy. M. Mathew, Mr. Mathew Muthoottu, Mrs. Nizzy Mathew and Corporate Guarantee of Muthoottu Mini Theatres Pvt. Limited.

(e) State Bank Of India	12.00%	-	-	-	4,929.45	-
Secured by way of Gold loan, Receivable of specific branches allocated to bank exclusively to the bank with 15% margin.						
(f) Andhra Bank	11.50%	5,047.70	7,457.11	4,945.20	2,002.55	-
Secured by way of Pari-passu first charge by way of hypothecation of Gold Loan Receivables of the company (excluding microfinance receivables) for the loans disbursed by them to individuals against pledge of gold ornaments with minimum asset cover of 133.33% with 15% margin. Additional collateral security by way of immovable property owned by the company and Muthoottu Mini Hotels Pvt Ltd. Personal guarantee: Nizzy Mathew and Mathew Muthoottu						
(g) Indus Ind Bank	10.90%	4,525.42	3,337.54	4,981.49	2,449.28	-
Secured by way of first Pari Pasu Charge on receivables including gold loan receivables with banks under MBA and NCD holders. Additional collateral security by way of immovable property owned by the company.						
(h) Oriental Bank Of Commerce, Coimbatore	11.25%	1,585.98	4,035.20	2,500.25	-	-
Secured by way of Pari						



passu first charge by way of hypothecation of Gold loan receivables of the company with minimum asset coverage of 1.33 times with a margin on 25%. And additional collateral security by way of immovable property owned by the Muthoot Mini Theaters Pvt Ltd and Managing Director Mr. Mathew Muthoottu. Personal guarantee: Nizzy Mathew and Mathew Muthoottu

(i) Union Bank Of India	11.50%	2,100.72	2,435.48	2,419.22	-	-
Secured by way of Paripassu charge over present & future receivables including advances against security of gold, gold jewellery, current assets, book debts, loans advances & receivables including gold loan receivables and Book debts and receivables. Personal guarantee of Mathew Muthoottu, Nizzy Mathew, Roy M Mathew.						
(j) Reliance Capital Ltd	14.00%	-	-	1,921.34	-	-
Secured by way of Paripassu first charge by way of hypothecation of Book Debts to the extent of 100% of the exposure created out of RCL funding. Additional cash collateral security to the extent of 5% of the loan amount to be maintained lien marked in favour of Reliance Capital Limited.						
Total Short Term Borrowings		35,510.20	37,795.19	38,330.00	18,622.55	26,496.28



Note G. Other Current Liabilities

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Current maturity of Long Term Borrowings	27,844.47	30,101.49	39,868.42	55,723.05	43,291.40
Interest accrued but not due on borrowings	8,015.81	10,082.49	10,145.83	8,710.71	2,720.51
Interest accrued on unclaimed debentures	169.97	259.99	272.49	-	-
Statutory payables	167.10	424.00	283.14	190.34	154.90
Other Payables	637.18	532.47	502.93	305.20	145.27
Total Other Current Liabilities	36,834.52	41,400.44	51,072.81	64,929.30	46,312.08

Note G -1- Current Maturities of Long Term Borrowing

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Current Maturity of Secured NCD - Privately placed (refer note G - 2 below)	1,626.94	9,865.11	10,049.75	16,108.12	18,230.73
Current Maturity of Secured Listed NCD - Public Issue (refer note G - 3 below)	5,314.11	18,434.56	28,512.07	38,051.77	24,316.30
Unsecured privately placed NCD (rate of interest 11.00% - 20.74%)	1,080.00	768.46	100.00	200.00	-
Current Maturity of Un Secured Listed NCD - Public Issue 2 (rate of interest 13.29% to 13.43%)	4,962.99	-	-	-	-
Term Loan-SIB	-	419.07	681.48	681.48	623.68
Term Loan - SIB (Securitisation)	14,614.93	-	-	-	-
Vehicle loans	9.63	33.77	76.96	150.37	120.69
Unclaimed matured Debentures	235.87	372.19	448.16	531.31	-
Term Loan- Dhanalakshmi Bank (Secured by way of Pari-passu first charge by way of hypothecation of Book Debts to the extent of 100% of the exposure created out of funding repayable in 15 months interest rate @ 11.50%)	-	208.33	-	-	-
Total Current Maturity of Long Term Debt	27,844.47	30,101.49	39,868.42	55,723.05	43,291.40



Page 19 of 45



Note G-2: Current Maturity of Secured NCD - Privately placed

(*in Lacs*)

NCD Series	Date of Allotment (Interest Rate)	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015	Redemption Period
XVIII	15/03/2013 - till date (12% to 18.18%)	1,510.93	4,898.51	1,696.39	6,498.30	2,248.17	1 year to 6 years
XVII	01/11/2012 - 14/03/2013 (12.5% to 18.18%)	36.46	3,488.75	65.04	1,328.78	4,192.48	1 year to 6 years
XVI	29/09/2012 - 31/10/2012 (12.5% to 18.18%)	24.98	514.97	10.45	427.89	4,853.59	1 year to 6 years
XV	23/05/2012 - 28/09/2012 (12.5% to 18.18%)	18.03	510.86	2,889.98	1,177.96	23.13	1 year to 6 years
XIV	27/01/2012 - 31/03/2012 (12.5% to 18.18%)	20.22	175.36	214.03	2,019.68	2,923.91	1 year to 6 years
XIII	26/03/2012 - 22/05/2012 (12.5% to 18.18%)	14.32	223.24	1,299.37	1,653.91	2,749.44	1 year to 6 years
XII	10/01/2012 - 25/03/2012 (12% to 18.18%)	-	-	1,559.04	1.00	299.57	1 year to 6 years
XI	09/12/2011 - 09/01/2012 (11.5% to 18.18%)	-	-	838.06	0.05	441.30	1 year to 6 years
X	16/11/2011 - 08/12/2011 (11.5% to 18.18%)	2.00	16.24	485.18	928.03	197.56	1 year to 6 years
IX	22/08/2011 - 15/11/2011 (11.5% to 18.18%)	-	8.80	992.21	152.32	158.80	1 year to 6 years

Page 20 of 45



VIII	13.75%) 22/06/2011 - 21/08/2011 (11.5% to 13.75%)	-	-	-	1,359.21	0.05	1 year to 6 years
VII	02/06/2011 - 21/06/2011 (11.5% to 13.75%)	-	24.88	-	542.75	4.50	1 year to 6 years
VI	07/03/2011 - 01/06/2011 (11% to 13.25%)	-	-	-	16.40	81.00	1 year to 6 years
V	04/11/2010 - 06/03/2011 (10% to 13.25%)	-	3.50	-	1.84	53.35	1 year to 6 years
IV	23/09/2010 - 03/11/2010 (10% to 13.25%)	-	-	-	-	3.88	1 year to 6 years
Total		1,626.94	9,865.11	10,049.75	16,108.12	18,230.73	

Note: Security: Refer Note C 1

Note G-3: Current Maturity of Secured Listed NCD – Public Issue

(₹ in Lacs)

Particulars	Date of Allotment (Interest Rate)	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015	Redemption Period
(a) Listed Secured Redeemable NCD - Public Issue I	28/03/2014 (Interest rate 12% to 13.5%)	3,106.56	-	-	3,557.94	12,894.07	400 days to 66 months
(b) Listed Secured Redeemable NCD - Public Issue II	08-08-2014 (Interest rate 12% to 13.25%)	-	-	8,577.77	-	11,422.23	500 days to 66 months
(c) Listed Secured Redeemable NCD - Public Issue III	11-11-2014 (Interest Rate 11.50% to 13.43%)	-	2,172.64	3,903.24	13,693.63	-	18 months to 66 months
(d) Listed Secured	07/04/2015 (Interest	-	6,866.81	-	11,192.77	-	17 months to 43 months

Page 21 of 45



Redeemable NCD - Public Issue IV	rate 11.5% to 13.1%)					
(e) Listed Secured Redeemable NCD - Public IssueV	25-08-2015 (Interest rate 11.57% to 12.25%)	1,594.86	6,038.86	-	9,607.43	17 months to 73 months
(f) Listed Secured Redeemable NCD - Public Issue VI	27-01-2016 (Interest rate 10.25% to 11.25%)	612.69	3,356.25	16,031.06	-	17 months to 51 months
Total		5,314.11	18,434.56	28,512.07	38,051.77	24,316.30
Note: Security: Refer Note C 2						





Note H: Short Term Provisions

(₹ in Lacs)					
Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Provision for Non-Performing Assets	1,090.47	799.17	826.55	822.85	655.10
Contingent Provision for Standard Assets	541.94	596.77	608.34	510.71	428.81
Provision for diminution in value of investments	-	-	-	73.52	-
Provision for Asset Under Securitisation	50.17	-	-	-	-
Total Short Term Provisions	1,682.58	1,395.94	1,434.89	1,407.08	1,083.91

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

(₹ in Lacs)					
Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Provision for Standard Assets					
Provision at the beginning of the year	596.76	608.34	510.71	428.81	463.13
Additional Provisions made during the year	(54.82)	(11.58)	97.63	81.90	(34.32)
Provision at the close of the year	541.94	596.76	608.34	510.71	428.81
Provision for Non- Performing Assets					
Provision at the beginning of the year	799.17	826.55	822.85	655.10	272.88
Add: Additional Provisions made during the year	291.30	(27.38)	3.70	167.74	382.22
Provision at the close of the year	1,090.47	799.17	826.55	822.85	655.10
Provision for Asset Under Securitisation					
Provision at the beginning of the year	-	-	-	-	-
Add: Additional Provisions made during the year	50.17	-	-	-	-
Provision at the close of the year	50.17	-	-	-	-

Page 23 of 45



Note I & J : Fixed Assets

(₹ in Lacs)

Type of Assets	Gross Block As at				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Tangible Assets					
Land	14,599.67	14,599.67	14,599.67	21,367.10	6,549.03
Buildings	3,352.75	3,609.12	4,585.01	5,961.12	1,029.74
Plant & Machinery	629.11	735.11	833.65	1,059.50	1,171.10
Furniture and Fixtures	1,382.08	1,952.17	2,797.01	4,979.89	7,128.67
Vehicles	100.82	183.01	303.48	644.66	844.46
Electrical Fittings	72.90	76.09	109.58	201.55	412.29
Computer	109.88	160.95	212.55	686.36	1,426.78
Total	20,247.21	21,316.12	23,440.95	34,900.18	18,562.07
Intangible Assets					
Software & Licences	31.58	82.84	67.60	-	-
Total	31.58	82.84	67.60	-	-
Type of Assets	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Accumulated Depreciation					
Land	-	-	-	-	-
Buildings	198.41	256.36	226.62	178.52	250.54
Plant & Machinery	119.00	140.91	154.96	319.12	271.98
Furniture and Fixtures	404.51	578.03	828.82	2,196.45	2,194.39
Vehicles	37.87	57.46	118.24	251.25	287.25
Electrical Fittings	17.09	23.23	33.50	92.03	91.21
Computer	41.54	88.89	91.40	489.33	836.91
Total	818.42	1,144.88	1,453.54	3,526.70	3,932.28
Intangible Assets					
Software & Licences	17.31	51.25	42.29	-	-
Total	17.31	51.25	42.29	-	-
Type of Assets	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Net Tangible Assets					
Land	14,599.67	14,599.67	14,599.67	21,367.10	6,549.03
Buildings	3,154.35	3,352.75	4,358.39	5,782.60	779.20
Plant & Machinery	510.11	594.21	678.69	740.38	899.12
Furniture and Fixtures	977.57	1,374.14	1,968.19	2,783.44	4,934.28
Vehicles	62.95	125.55	185.24	393.41	557.21
Electrical Fittings	55.80	52.85	76.08	109.52	321.09
Computer	68.34	72.07	121.15	197.03	589.88
Total	19,428.79	20,171.24	21,987.41	31,373.48	14,629.82
Intangible Assets					
Software & Licences	14.28	31.58	80.84	-	-
Total	14.28	31.58	80.84	-	-



Page 24 of 45



Note K Non-Current Investments

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Long Term Investments (At Cost)					
a) Quoted					
5000 Equity Shares of The South Indian Bank Ltd.	5.18	5.18	5.18	5.18	5.18
503 Equity Shares of Wonderla Holidays	0.63	0.63	0.63	0.63	0.63
b) Unquoted					
367000 Equity Shares of Kapico Kerala Resorts Pvt. Ltd.	-	-	-	367.61	367.61
Total Non-Current Investments	5.81	5.81	5.81	373.42	373.42

Note : Deferred Tax Assets

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Opening Balance	727.40	795.00	744.04	94.82	141.05
Created/(Reversed) during the year on account of depreciation and Provision of gratuity	181.37	(67.60)	50.96	649.22	(46.23)
Net Deferred Tax Asset/(Liability)	908.77	727.40	795.00	744.04	94.82





Note I: Long term Loans & Advances

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Other Loans and Advances					
a) Secured, Considered Good					
Income Tax including TDS (Net of Provisions)	-	-	1,665.97	488.24	620.94
b) Unsecured, Considered Good					
Rent Deposit	1,583.39	1,598.28	1,817.14	1,981.50	2,117.03
Security Deposit with NSE, BSE & CDSL	383.75	383.75	383.75	932.95	882.95
Other Deposits	1.87	1.61	1.48	-	-
Total Long Term Loans & Advances	1,969.01	1,983.64	3,868.34	3,402.69	3,620.92

Note : Current Investments

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Other Short Term Investments (At Cost)					
Investment in E Gold	-	-	-	39.56	39.56
Total	-	-	-	39.56	39.56

Note M: Cash and Cash Equivalents

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
a) Balance with banks					
In Deposit Account (For 12 months)	2,870.35	2,227.92	3,897.27	7,433.55	372.89
In Current Account	4,215.57	6,586.09	2,447.40	3,527.75	844.68
b) Cash in hand	1,257.03	1,398.29	1,440.31	1,847.55	2,869.69
Total Cash and Bank Balances	8,342.95	10,212.30	7,784.98	12,808.85	4,087.26



Note N: Short term Loans & Advances

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
(a) Secured					
Gold Loan					
Secured, Considered good	1,32,140.46	1,52,269.93	1,89,330.33	1,85,259.06	1,72,587.13
Secured considered Doubtful	2,872.51	3,162.90	4,669.96	5,296.91	3,275.51
Loan against Debentures					
Secured, Considered good	-	-	84.88	113.73	240.27
Loan against Property					
Secured, Considered good	152.87	313.19	525.87	-	-
Secured considered Doubtful	91.93	91.93	-	-	-
(b) Unsecured					
Education Loan					
Unsecured, Considered good	-	-	-	0.04	0.20
e) Personal Loan					
Unsecured, considered good	-	-	-	649.67	1,490.36
f) Micro Finance Loan					
Secured, Considered good	3,192.19	7,240.57	1,329.45	-	-
Secured considered Doubtful	22.99	-	-	-	-
g) Directors and Company Under Same Management					
Secured, Considered good	-	-	-	-	-
h) Others					
Unsecured, Considered good	-	-	-	-	-
Total Short Term Loans and Advances	1,38,472.95	1,63,078.52	1,95,940.49	1,91,319.41	1,77,593.47
Loan and advances due by					
a) Directors	-	-	-	-	-
b) Other Offices of the company either severally or jointly with any other persons	-	-	-	-	-
c) firms or private companies respectively in which any director is a partner or a director or a member	-	-	-	-	-
Total	-	-	-	-	-



Note O: Other Current Assets

(₹ in Lacs)

Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Deposits	0.96	0.96	0.85	0.85	1.28
Other Advances/Receivables	92.33	62.04	113.58	99.00	76.93
Asset Under Securitisation	12,542.62	-	-	-	-
Others	284.28	350.32	560.99	830.66	732.06
Income Tax Including TDS (Net of Provisions)	1,533.05	1,726.57	-	-	-
Total Other Current Assets	14,453.24	2,139.89	675.42	930.51	810.27

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

Note P: Revenue from Operation

(₹ in Lacs)

Particulars	For the year ended				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
a) Interest					
On Gold Loan	26,971.82	27,920.65	39,269.64	36,587.56	33,196.77
On Auction	866.71	3,847.78	3,410.96	1,797.98	-
On Income Generated Loan	1,354.33	883.93	58.21	-	-
On Loan Against Debentures	-	18.19	13.68	35.24	49.16
On Personal Loan	-	-	9.00	332.63	1,829.59
On Term Deposits	208.69	203.34	283.15	162.47	25.79
Others	51.49	77.94	74.31	9.27	1.60
	29,453.04	32,951.83	43,118.95	38,925.15	35,102.91
b) Other Financial Services					
Commission & Brokerage	74.57	153.15	180.49	154.89	127.74
Other operating Income	84.83	155.18	91.97	25.31	23.25
	159.40	308.33	272.45	180.20	150.99
Total Revenue from Operations	29,612.44	33,260.16	43,391.40	39,105.35	35,253.90





Note Q: Other Income

(₹ In Lacs)

Particulars	For the year ended				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
a) Dividend Income	0.20	0.19	0.23	0.28	0.37
b) Other Non Operating Income					
Rental Income	106.52	121.77	110.17	-	-
Agricultural Income	-	-	-	-	1.89
Profit on sale of Car	11.89	34.11	40.06	5.27	14.15
Profit on sale of Asset	-	42.68	-	-	-
Interest on Income Tax refund	-	-	-	-	-
Insurance claim received	20.67	-	-	-	-
Miscellaneous Income	63.76	34.48	4.56	3.49	0.73
Total Other Income	203.04	233.23	155.02	9.04	17.14

Note R: Employee Benefits Expenses

(₹ In Lacs)

Particulars	For the year ended				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
a) Salaries & Wages					
Directors remuneration	115.27	118.03	98.25	141.20	154.37
Others	688.67	772.22	812.29	763.64	689.51
Gratuity	31.57	87.94	(286.80)	164.90	140.84
b) Employee Cost	5,002.48	5,230.79	5,823.06	4,735.72	4,358.82
Total Employee Benefit Expenses	5,837.99	6,208.98	6,446.80	5,805.46	5,343.54

Note S: Finance Costs

(₹ In Lacs)

Particulars	For the year ended				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Interest Expenses:					
Interest on Debentures	4,173.27	5,925.73	7,675.73	5,026.79	12,322.17
Interest on Public Issue NCD	6,967.58	8,916.52	12,678.21	13,415.94	4,811.02
Interest on Application Money (NCD)	14.06	14.28	10.78	346.02	328.86
Interest on Loan	5,040.64	4,530.76	3,936.91	2,542.84	2,189.67
Others	265.50	106.02	188.61	184.18	49.62
Total Finance Cost	16,461.05	19,493.31	24,490.25	21,515.77	19,701.34

Note T: Depreciation and Amortization Expenses

(₹ In Lacs)

Particulars	For the year ended				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015

Page 29 of 45



Depreciation	835.73	1,196.13	1,495.82	1,956.08	1,090.50
Amortization of Public Issue Expenses	46.17	147.32	258.09	246.26	346.24
Total	881.90	1,343.45	1,753.91	2,202.34	1,436.74





Note U: Operating & Other Expenses

(₹ In Lacs)

Particulars	For the year ended				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Power and Fuel	205.41	211.45	219.51	171.65	190.95
Rent	1,846.65	1,798.72	2,089.00	2,347.68	2,687.90
Repairs & Maintenance	210.50	198.96	96.80	164.91	78.24
Insurance	80.03	89.15	131.62	112.28	102.26
Rate & Taxes, excluding tax on income	143.89	200.24	233.85	75.73	71.78
Payments to auditors	19.63	19.62	15.90	11.36	13.06
Other Expenses:					
Commission paid	-	-	119.29	82.22	13.37
Business Promotion Expenses	26.78	13.03	328.93	128.64	553.23
General Office Expenses	252.17	385.47	312.42	219.58	249.09
Advertisement Charges	11.33	24.53	50.83	93.99	219.52
Bad Debt written off	-	2.43	1.78	811.67	29.20
Travelling Expenses:					
Directors	-	-	-	-	-
Others	186.50	215.58	253.61	425.17	285.89
Legal Professional charges	81.81	139.08	78.41	111.24	70.81
Telephone Charges	164.59	195.50	236.80	255.91	279.34
Audit Expenses	-	-	-	-	-
Donation and Charity	-	-	-	-	-
Subscription & Periodicals	-	-	-	-	-
Postage & Courier	56.28	19.61	28.78	21.58	25.26
Printing and Stationery	133.59	147.30	157.44	177.24	106.59
Service Tax	-	-	-	-	-
Miscellaneous Expenses	125.90	38.89	13.92	2.23	-
Water Charges	-	-	-	-	-
Provision for Non-Performing Assets	291.30	(27.38)	3.70	167.74	382.22
Contingent Provision for Std. Assets	(54.82)	(11.58)	97.63	81.90	(34.32)
Provision for Asset Under Securitisation	50.17	-	-	-	-
Loss on Theft	-	-	-	-	1.00
Vehicle Running & Maintenance Exp.	11.68	12.29	12.79	21.00	17.39
Security Charges	161.42	215.48	304.43	305.73	312.90
Training & Meeting Expenses	-	-	11.86	43.48	23.46
Subscription Charges- Spot Exchange	16.14	2.39	2.66	1.60	5.10
Loss on sale of Fixed Asset	5.33	1.61	-	6.15	-
DP accounting Opening charges	-	-	0.11	3.13	2.05
Corporate Social Responsibility	-	7.45	-	89.07	114.80
Expenses of Public Issue NCD	29.69	65.20	122.70	62.16	2.34
Investments Written off	-	-	294.09	-	-
Provision for diminution in value of Investment	-	-	-	73.52	-
Total Operating & Other Expenses	4,055.96	3,965.05	5,218.89	6,068.56	5,803.43

Annexure - VI: Capitalization Statement as at 31/3/2019

(₹In Lacs)

Particulars	Pre- Issue	Post- Issue
Long Term Debts (incl. Current maturities of long term debt)	74,645.53	89,645.53
Short Term Debts	35,510.20	35,510.20
Total Debts	1,10,155.73	1,25,155.73
Shareholders' Funds		
Equity Share Capital	24,952.54	24,952.54
Reserves & Surplus		
Special Reserve Fund	4,071.64	4,071.64
Securities Premium	7,844.15	7,844.15
Debenture Redemption Reserve	8,564.08	8,564.08
Surplus in Profit and Loss A/c	(1,054.89)	(1,054.89)
Total Shareholders' Funds	44,377.52	44,377.52
Long Term Debts/ Equity	1.68	2.02
Debt/Equity	2.48	2.82

Notes:

- 1.Short term debts represent debts which are due within twelve months from March 31, 2019.
- 2.Long term debts represent debts other than short term debts, as defined above, including current maturities of long term debts
- 3.The figures disclosed above are based on the Reformatted Summary Statement of Assets and Liabilities of the Company as at March 31, 2019
- 4.Long Term Debts/ Equity = Long Term Debts / Shareholders' Fund.
- 5.The debt-equity ratio post- Issue is indicative and is on account of inflow of ₹20,000 lacs from the proposed public issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.
6. The Company has raised public issue of secured, redeemable, non-convertible debenture amounting to ₹42,468.31 Lakhs, secured privately placed non-convertible debenture ₹ 1,149.87 Lakhs, unsecured privately place debentures amounting to ₹ 591.00 Lakhs, taken a vehicle loan of ₹ 80.00 Lakhs, availed short term loan of ₹ 150.00 Lakhs and also raised ₹ 5,158.90 Lakhs through PTC transaction during April-2019 to February -2020 the impact of which is not provided in the table.
7. Shareholders fund does not include revaluation reserve.





Annexure - VII: Statement of Secured Loans and Unsecured Loans

1 Secured Loans					(₹ in Lacs)
Particulars	As At				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
(i) Debentures					
(a) Secured Redeemable NCD - Public Issue (For details relating to repayment terms, interest rate and security offered, refer Note C and F above)	10,900.08	29,334.64	57,846.71	95,898.48	59,328.08
(b) Secured Redeemable privately placed NCD (For details relating to repayment terms, interest rate and security offered, refer Note C and F above)	3,533.19	11,577.55	19,928.71	35,050.18	52,201.34
(ii) Term Loans from Banks					
(a) South Indian Bank Ltd. Secured by Hypothecation of Fixed Assets purchased /Security Deposits of branches.to be repaid in 10 equal half instalments with interest @13%	-	419.07	1,100.55	1,782.03	2,463.51
(b) South Indian Bank Ltd. Direct assignment of Receivables pertaining to the pool of asset purchased.	14,614.93	-	-	-	-
(b) Dhanalakshmi Bank Secured by way of Pari-passu first charge by way of hypothecation of Book Debts to the extent of 100% of the exposure created out of funding repayable in 15 months interest rate @ 11.50%	-	208.33	-	-	-
(c) HDFC Bank Limited Car Loan (Benz G350) (Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 9.95% p.a)	-	-	18.11	37.95	55.92
(d) HDFC Bank Limited Car Loan (Benz) (Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 9.95% p.a)	-	1.62	10.79	19.10	26.64
(e) HDFC Bank Limited Car Loan (Jaquar) (Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.75%)	-	-	36.44	60.55	82.23
(f) HDFC Bank Limited Car Loan (Innova) (Secured by	-	0.86	4.09	7.00	9.62



Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.50%)

(g) SIB, Pathanamthitta Car Loan (Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.50%)	-	-	-	96.43	150.27
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(h) HDFC Bank Limited car Loan BMW X 5 (Secured by Hypothecation on vehicle and is to be repaid in 60 equal instalments with interest @ 10%)	4.77	22.68	38.91	53.58	66.87
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(i) HDFC Bank Limited car Loan - Jetta (Secured by Hypothecation on vehicle and is to be repaid in 60 equal instalments with interest @ 10%)	4.86	8.61	12.00	15.07	-
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(j) SBI Car Loan (Secured against the hypothecation of Vehicle to be repaid in 84 equal monthly installments with interest @ 10.40%)	0	-	-	80.24	-
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(iii) Working Capital Loan from Banks

(a) South Indian Bank Ltd. (For details on interest rate and security offered, refer Note E)	16,533.31	15,478.70	12,384.87	2,144.25	16,448.41
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(b) Federal Bank Ltd. (For details on interest rate and security offered refer Note E)	-	-	3,638.19	3,265.98	4,977.86
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(c) State Bank of India (earlier State Bank of Travancore) (For details on interest rate and security offered refer Note E)	4,503.62	3,484.75	3,531.43	2,623.98	2,609.67
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(d) Dhanalakshmi Bank (For details on interest rate and security offered refer Note E)	1,213.46	1,566.41	2,008.02	1,207.06	2,460.35
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(e) State Bank of India (For details on interest rate and security offered refer Note E)	-	-	-	4,929.45	-
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(f) Andhra Bank (For details on interest rate and security offered refer Note E)	5,047.70	7,457.11	4,945.20	2,002.55	-
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(g) Indus Ind Bank (For details on interest rate and security offered refer Note E)	4,525.42	3,337.54	4,981.49	2,449.28	-
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(h) Oriental Bank Of Commerce (For details on interest rate and security offered refer Note E)	1,585.98	4,035.20	2,500.25	-	-
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(i) Union Bank Of India (For details on interest rate and	2,100.72	2,435.48	2,419.22	-	-
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security offered refer Note E)					
(j) Reliance Capital Limited (For details on interest rate and security offered refer Note E)	-	-	1,921.34	-	-
Total Secured Loans	64,568.04	79,368.55	1,17,326.32	1,51,723.16	1,40,880.77

2 Unsecured Loans	(₹ in Lacs)				
Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
a) Unsecured Debentures - Listed (For details on interest rate and repayment terms, refer Note C 3 and F1)	23,356.26	23,356.26	23,356.26	23,356.26	12,106.36
b) Unsecured Debentures (For details on interest rate and repayment terms, refer Note C and F1)	1,528.50	1,142.21	640.45	590.45	415.45
c) Loans from Directors	-	-	-	-	-
d) Subordinate Debt (For details on interest rate and repayment terms, refer Note C)	20,467.07	20,467.07	20,467.07	9878.04	-
Total Unsecured Loans	45,351.83	44,965.54	44,463.78	33,824.75	12,521.81



Annexure - VIII: Statement of Accounting Ratios

Particulars	(₹ In Lacs)				
	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Earnings Per Share - Basic (₹)	8.40	4.31	(36.04)	4.35	8.21
Earnings Per Share - Diluted (₹)	8.40	4.31	(36.04)	4.35	8.21
Return on Net Worth (%)	4.73%	3.38%	(22.17%)	2.20%	4.25%
Net Asset Value per Equity Share (₹)	177.46	169.10	162.56	197.51	193.30
Weighted Avg. No. of Equity Shares used in calculating Basic EPS	2,49,52,539	2,37,28,628	2,25,00,000	2,25,00,000	2,25,00,000
Weighted Avg. No. of Equity Shares used in calculating Diluted EPS	2,49,52,539	2,37,26,628	2,25,00,000	2,25,00,000	2,25,00,000
Total No. of Equity Shares outstanding at the end of the year / period	2,49,52,539	2,49,52,539	2,25,00,000	2,25,00,000	2,25,00,000

Notes: The ratios have been computed as below:

1. Earnings per Share = Net Profit/ (Loss) as reformatted, attributable to equity shareholders / Weighted average number of equity shares outstanding during the year (Reformatted)
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 / Number of equity shares outstanding at the end of the year
4. Net Worth = Equity Share Capital (+) Reserves and Surplus excluding revaluation reserves and deferred revenue expenditure.
5. Earning per share calculations are in accordance with Accounting Standard 20 "Earning per share".



Annexure - IX: Statement of Dividend

(₹In Lacs)					
Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
On Equity Shares					
Fully Paid-up Share Capital (Nos.)	2,49,52,539	2,49,52,539	2,25,00,000	2,25,00,000	2,25,00,000
Face Value / Paid Up Value (₹)	100.00	100.00	100.00	100.00	100.00
Equity Share Capital (₹In lacs)	24,952.54	24,952.54	22,500.00	22,500.00	22,500.00
Rate of Dividend	-	-	-	-	-
Dividend	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-

Annexure - X: Statement of Contingent Liabilities

(₹In Lacs)					
Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Contingent Liability	1,111.87	1,224.51	695.92	557.41	-

Annexure - XI: Statement of Tax Shelter

(₹In Lacs)					
Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Profits/ (Losses) before taxes as per books (A)	2,578.58	2,482.60	(8,146.98)	1,913.26	2,975.54
Income Tax Rates (including surcharge and education cess) applicable (B)	33.99%	33.99%	33.99%	33.99%	33.99%
Tax Expenses (C)	664.35	990.41	12.50	1,584.50	1,011.38
Permanent Differences					
Provision for NPA and standard assets	286.65	(38.96)	101.33	249.64	347.90
Any disallowances	0	-	-	-	17.30
Dividend Income	(0.20)	(0.19)	(0.23)	(0.28)	(0.37)
Agricultural Income	-	-	-	-	(1.89)
Total Permanent Differences (D)	286.45	(39.15)	101.10	249.36	362.94
Timing Differences					
Difference between Tax and book Depreciation or vice versa (DTA)/DTL	(181.37)	67.60	(50.97)	(649.22)	(133.92)
Other Adjustments (DTA)/DTL	-	-	-	-	-
Total Timing Differences (E)	(181.37)	67.60	(50.97)	(649.22)	(133.92)
Net Adjustments (F) = (D + E)	105.08	28.45	50.13	(399.86)	229.03
Tax impact of adjustments (G) = (F) * (B)	35.72	9.67	17.04	(135.91)	77.85
Taxable Income (H) = (A + F)	2,683.66	2,511.05	(8,095.87)	3,122.40	3,204.58
Tax provision based on taxable (I) = (H * B)	912.18	853.50	-	1,061.30	1,089.24
Total tax provision for current tax (J)	664.35	990.41	12.50	1,584.52	1,081.50
Deferred Tax Charges/ (Credit) (K)	(181.37)	67.60	(50.97)	(649.22)	46.22



Total tax expense/ (Credit) during the year on timing difference (M) = (J+K)	482.98	1,058.01	(38.47)	935.30	1,127.73
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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.



Annexure - XII - A: Statement of the list of Related Parties and Nature of Relationships

A. Key Managerial Personnel (with whom transactions have taken place during the years)

Sl. No.	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
1	-	-	-	Roy.M.Mathew*	Roy.M.Mathew
2	Nizzy Mathew	Nizzy Mathew	Nizzy Mathew	Nizzy Mathew	Nizzy Mathew
3	Mathew Muthoottu	Mathew Muthoottu	Mathew Muthoottu	Mathew Muthoottu	Mathew Muthoottu
4	Kurian P Abraham	-	-	-	-
5	Ann Mary George	-	-	-	-
6	Smitha K S	-	-	-	-

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

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

Sl. No.	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
1	Roy M Mathew	Roy M Mathew	Roy M Mathew	-	-
2	SarammaMammen	SarammaMammen	SarammaMammen	SarammaMammen	-
3	-	Rubben Mathew	Rubben Mathew	-	-
4	-	Minu Sara Mathew	Minu Sara Mathew	Minu Sara Mathew	-
5	Nirmal Mathew	Nirmal Mathew	Nirmal Mathew	Nirmal Mathew	-
6	-	-	-	Mono Mathew	-
7	Mammen Mathew	Mammen Mathew	Mammen Mathew	Mammen Mathew	-

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

Sl. No.	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
1	Mini Muthoottu Nidhi Kerala Ltd.	Mini Muthoottu Nidhi Kerala Ltd.	Mini Muthoottu Nidhi Kerala Ltd.	Muthoottu Mini Builders	Muthoottu Mini Builders.
2	Mini Muthoottu Nirman & Real Estate (P) Ltd.	Mini Muthoottu Nirman & Real Estate (P) Ltd.	Mini Muthoottu Nirman & Real Estate (P) Ltd.	Muthoottu Mini Hotels Private Limited	-
3	Muthoottu Mini Hotels Private Limited	Muthoottu Mini Hotels Private Limited	Muthoottu Mini Hotels Private Limited	-	-

Annexure - XII - B: Transactions with Related Parties

(₹ in Lacs)

1 Key Managerial Personnel

Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
A Transactions during the year					
Directors remuneration	111.80	112.00	89.10	121.60	132.4
Remuneration to Key Managerial Person	43.69	-	-	-	-
Travelling Expense	0.90	1.26	3.93	12.36	21.97
Rent paid	4.55	6.23	6.23	41.31	55.99
Rent received	3.54	3.54	-	-	-
Debenture redemption	-	0.75	-	302.28	-
Interest on debenture	-	1.76	8.81	96.43	-
Sale/(Purchase) of Fixed Assets	-	881.00	-	(20,000.00)	-
Issue of debentures	-	-	-	8.00	-

Page 39 of 45



B Net Amt. Receivable / (Due) as at the year end					
Amount Payable at the year/period end	-	-	-	-	-
Amt. Receivable at the year/period end	3.54	-	-	-	-
2 Relatives of Key Managerial Personnel					
Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
A Transactions during the year					
Salary & Allowances	6.00	18.00	18.00	25.20	-
Consultancy Charges	-	-	1.20	-	-
Debenture redemption	-	24.50	-	2.10	-
Interest on debenture	-	3.20	3.08	1.80	-
Travelling Expense	-	-	-	1.26	-
Rent paid	8.15	14.85	15.56	5.11	-
Sale / (Purchase) of Fixed Assets	-	-	9,008.58	-	-
B Net Amt. Receivable / (Due) as at the year end					
Amount Payable at the year/period end	-	-	-	-	-
Amt. Receivable at the year/period end	-	-	-	-	-
3 Entity in which KMP / relatives of KMP has significant influence					
Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016	31/03/2015
A Transactions during the year					
Loans taken / recovered during the year	-	-	-	-	-
Loan granted/ repaid during the year	-	-	-	-	-
Rent/Maintenance Charges paid	7.75	5.59	5.67	107.82	138.12
Rent/Maintenance Charges received	25.04	39.24	40.34	-	-
Rent Advance given	-	-	-	-	-
B Net Amt. Receivable / (Due) as at the year end					
Amount Payable at the year/period end	-	-	-	-	-
Amt. Receivable at the year/period end	-	-	-	-	-



Annexure - XIII - Significant Accounting Policies and Notes to the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

I. BACKGROUND

Muthoot Mini Financiers Limited was incorporated as a Private Limited Company on 18th March 1998 and was converted into a public Company on 27th November 2013. The Company is promoted by Dr. Nizy Mathew and Mr. M. Mathew collectively operating under the Brand Name of 'Muthoot Mini Group' which is in the business of lending money against the pledge of household used gold jewellery (gold loans). The group has diverse interests in the fields of Financial Services, Foreign Exchange, Insurance distribution, Hospitality etc. The company has obtained certificate of registration from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 13th April 2002 vide Regn. no. N-16.00175, which was renewed on 1st January 2014 pursuant to its conversion as a public limited company. The Company is presently classified as Systemically Important Non- Deposit Taking NBFC (NBFC-ND-SI).

The reformatted summary statement of assets and liabilities of the Company as on 31st March 2019, 31st March 2018, 31st March 2017, 31st March 2016 and 31st March 2015 and the related reformatted summary statement of profits and losses and cash flows for the years ended 31st March 2019, 31st March 2018, 31st March 2017, 31st March 2016 and 31st March 2015 (hereinafter collectively referred to as "Reformatted Summary Statements") relate to Muthoot Mini Financiers Limited ("the Company").

II. Statement Of Significant Accounting Policies Adopted By The Company In The Preparation Of Financial Statements For The Years Ended March 31st 2019/2018/ 2017/2016 and 2015 :

A. Basis for preparation of Financial statements

The Financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) in India which comprises of mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, except where otherwise stated, the accounting policies have been consistently applied.

B. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires making of estimates and assumptions by the management that affect the reported amounts of assets and liabilities of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialized.

C. Current – non-current classification

All assets and liabilities are classified into current and non – current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle.
- It is held primarily for the purpose of being traded.
- It is due to be settled within 12 months after the reporting date.



d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies the following criteria:

- a. It is expected to be settled in the company's normal operating cycle.
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within 12 months after the reporting date; or
- d. The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non current financial liabilities.

All other liabilities are classified as non-current.

D. Property Plant and Equipment

Tangible Assets

Tangible Assets except land are stated at historical cost of acquisition or construction less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs directly attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of the assets up to the date the asset is ready for the intended use or sale. And the borrowing cost is capitalized as per the provisions of Accounting Standard – 16. The residual values, useful life and method of depreciation of fixed assets are reviewed each year and adjusted appropriately.

Intangible Assets

Intangible Assets are amortized over their expected useful life. It is stated at cost, net of amortization. The computer software is amortized over a period of three years on written down value method.

E. Depreciation

Depreciation on Fixed Assets is provided on the basis of estimated useful life of assets as per Schedule II of the Companies Act, 2013.

F. Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date to ascertain impairment based on internal /external factors. An impairment loss is recognized when the carrying amount of asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of assets or their value in use. After impairment, the depreciation is provided on the revised carrying amount of asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on change in





circumstances. However, carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no depreciation.

G. Revenues Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognises income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Such interests, where instalments are overdue in respect of non-performing assets are recognised on realisation basis. Any such income recognised and remaining unrealised after the instalments become overdue with respect to non-performing assets is reversed. Revenues from fee-based activities are recognised as and when services are rendered.

H. Segment Reporting

The Company primarily operates in the business of "Gold Loan" and its operations are in India. Since the Company has not operated in any other reportable segments, as per AS 17 'Segment Reporting', no segment reporting is applicable.

I. Investments

i. Investments (Non-trade) are considered as long term and are stated at cost. Trade investments are recorded at the lower of cost and fair value determined either on an individual investment basis or by category of investment, but not on an overall (or global) basis.

J. Accounting for Taxes on Income

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

ii. Deferred tax is recognized on all timing differences between accounting income and taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

K. Earnings per Share

In accordance with Accounting Standard 20 (AS-20), 'Earnings per share' issued by the Institute of Chartered Accountants of India, basic and diluted earnings per share is computed using the weighted average number of equity shares outstanding during the period.

L. Accounting for Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Provision for non-performing assets are created as per management estimates, subject to minimum provision required as per Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2016, issued on 1st September, 2016 (updated as on 16th May, 2019)



M. Debenture Redemption Reserve

The transfer to debenture redemption reserve is from available distributable profit of the year subject to maximum of 25% of value of the non-convertible debentures raised through public issue as per the Circular No. 04/2013 issued by the Ministry of Corporate Affairs, for NBFCs registered with the RBI under section 45 of the RBI (Amendment) act, 1997.

N. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when the company has present, legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of obligation.

Contingent liability is disclosed for a possible obligations which will be confirmed only by future events not wholly within the control of the company or present obligation arising from past events where it is not probable that an out flow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are neither recognized nor disclosed in the financial statement.

O. Borrowing Costs and Debenture Issue Expenses

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are be capitalised as part of the cost of respective asset. All other borrowing cost are expensed in the period in which they occur.

Issue expenses of public issue of debentures and borrowings costs for raising other long term borrowings are amortized over the period of debentures and over the tenure of loan on pro rata basis.

P. Short term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. These benefits include benefits like salaries, wages, short term compensated absence such as paid annual leave and sick leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period.

Q. Long term Employee Benefits

Defined contribution plans:

Defined contribution plan is adopted for Provident Fund scheme administered by Government for all eligible employees. The company's contribution to defined contribution plan is recognized in the Statement of Profit & Loss in the financial year to which they relate.

Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The company makes provision for gratuity, every year end, for employees who has completed at least one year of service.

R. Events occurring after the Balance Sheet Date

Material Events occurring after the Balance Sheet date are taken into cognizance while preparing the financial statements.



S. Related Party Disclosures

Disclosures are made in accordance with the requirements of Accounting Standard 18 "Related Party Disclosures" read with the clarifications issued by the Institute of Chartered Accountants of India.

T. Surplus on auction of pledged gold

The Company has a policy of refund of any surplus that arises on auction of pledged gold which has been re-possessed by the Company in accordance with the terms of the agreement with the customers and auction policy.

U. Expenditure on Corporate Social Responsibility (CSR)

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

V. Cash Flow

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



SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

The reformatted financial statements of the Issuer included in this Draft Prospectus / Prospectus is presented in accordance with Indian GAAP for March 31, 2015 to March 31, 2019, which differs from Indian Accounting Standards (Ind AS) in certain respects. The Ministry of Corporate Affairs (MCA), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled 50 commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. The notification further explains that NBFCs whose equity and/or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having a net worth of less than ₹50,000 lakh, shall comply with Ind AS for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending on March 31, 2019 or thereafter. Therefore, the Issuer would be subject to this notification.

“Summary of Significant Differences among Indian GAAP and Ind AS”, does not present all differences between Indian GAAP and Ind AS which are relevant to the Issuer. Consequently, there can be no assurance that those are the only differences in the accounting principles that could have a significant impact on the financial information included in this Draft Prospectus / Prospectus. Furthermore, the Issuer has made no attempt to identify or quantify the impact of these differences or any future differences between Indian GAAP and Ind AS which may result from prospective changes in accounting standards. The Issuer has not considered matters of Indian GAAP presentation and disclosures, which also differ from Ind AS. In making an investment decision, investors must rely upon their Draft Prospectus / Prospectus. Potential investors should consult with their own professional advisors for a more thorough understanding of the differences between Indian GAAP and Ind AS and how those differences might affect the financial information included in this Draft Prospectus / Prospectus. The Issuer cannot assure that it has completed a comprehensive analysis of the effect of Ind AS on future financial information or that the application of IND AS will not result in a materially adverse effect on the Issuer’s future financial information.

Summary of Possible/Anticipated Differences among Indian GAAP and Ind AS:

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
1.	Presentation of Financial Statements	<u>Other Comprehensive Income:</u> There is no concept of ‘Other Comprehensive Income’ under Indian GAAP	<u>Other Comprehensive Income:</u> IndAS1 introduces the concept of Other Comprehensive Income (“OCI”). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other Ind AS. Such recognition of income and expenses in OCI is primarily governed by the income recognition norms and classification of financial instruments and assets as “Fair Value through OCI.”
		<u>Extraordinary items:</u> Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	<u>Extraordinary items:</u> Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
		<u>Change in Accounting Policies</u> Indian GAAP requires changes in accounting policies to be presented in the financial statements on a	<u>Change in Accounting Policies</u> Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
		<p>prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material.</p> <p>If a change in the accounting policy has no material effect on the financial statements for the current period but is expected to have a material effect in the later periods, the same should be appropriately disclosed.</p>	<p>component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied unless transitional provisions of an accounting standard require otherwise.</p>
2.	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	<p>As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/liabilities and their respective tax base.</p> <p>Using the balance sheet approach there could be additional deferred tax charge/income on account of all Ind AS opening balance sheet adjustments</p>
3.	Property, plant and equipment—reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation on written down value over the useful lives of the assets as per Schedule II of the Companies Act,2013	<p>Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively.</p> <p>Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS</p>
4.	Accounting for Employee benefits	Currently, all actuarial gains and losses are recognized immediately in the statement of profit and loss.	<p>Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re measurements and the change in asset is split between interest income and re measurements.</p> <p>Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re- measurements comprising of actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are to be recognized directly in OCI.</p>
5.	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognized only under a legal obligation. Also, discounting of provisions to present value is not permitted	Under Ind AS, provisions are recognised for legal as well as constructive obligations. IND AS requires discounting the provisions to present value, if the effect of time value of money is material.
6.	Presentation and classification of Financial Instruments and subsequent measurement	<p>Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term.</p> <p>Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific</p>	<p>Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value.</p> <p>Financial assets have to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (FVTPL) or recognized in other comprehensive income(FVOCI).</p>

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
		<p>identification basis. Current investments are carried at lower of cost and fair value.</p> <p>Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited.</p> <p>Currently under Indian GAAP, loan processing fees and/or fees of similar nature are recognized upfront in the Statement of Profit and Loss.</p>	<p>Financial assets include equity and debts investments, security receipts, interest free deposits, loans, trade receivables etc.</p> <p>Assets classified at amortized cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method.</p> <p>Loan processing fees and/or fees of similar nature would be measured and recognised using the Effective Interest Rate (EIR) method over the period of loan.</p> <p>There are two measurement categories for financial liabilities - FVTPL and amortized cost. Liabilities classified at amortized cost and the related expenses (processing cost & fees) have to be measured using the Effective Interest Rate (EIR) method.</p> <p>Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition. Disclosures under Ind AS are extensive.</p>
7.	Financial Instruments - Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on relevant information like past experience, financial position of the debtor, cash flows of the debtor, guidelines issued by the regulator etc.	The impairment model in Ind AS is based on expected credit losses and it applies equally to debt instruments measured at amortized cost or FVOCI, financing receivables, lease receivables, trade receivables and certain written loan commitments and financial guarantee contracts.
8.	Segment Reporting	Under Indian GAAP there is a requirement to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
9.	Financial Instruments - Disclosure	<p>Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an Announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements:</p> <ul style="list-style-type: none"> • Category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date; • The purpose, viz., hedging or speculation, for which such derivative instruments have been acquired; and 	<p>Requires disclosure of information about the nature and extent of risks arising from financial instruments:</p> <p>qualitative disclosures about exposures to each type of risk and how those risks are managed; and</p> <p>quantitative disclosures about exposures to each type of risk, separately for credit risk, liquidity risk and market risk (including sensitivity analysis).</p>

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
		<ul style="list-style-type: none"> The foreign currency exposures that are not hedged by a derivative instrument or otherwise. 	
10.	Gain on Derecognition of Financial Assets	There is no concept of Derecognition of financial assets' under Indian GAAP	<p>As per Para 3.2.5, When an entity retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met.</p> <p>(a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.</p> <p>(b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.</p> <p>(c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents (as defined in Ind AS 7 Statement of Cash Flows) during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.</p> <p>As per Para 3.2.12 on derecognition of a financial asset in its entirety, the difference between:</p> <p>1.(a) the carrying amount (measured at the date of derecognition) and</p> <p>2.(b) the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.</p>

MATERIAL DEVELOPMENTS

Other than as disclosed below, there have been no material developments since March 31, 2019 and there have arisen no circumstances that materially or adversely affect the operations, or financial condition or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

1. Raising of fund through issuance of secured, redeemable, non-convertible debentures

- (a) Our Company during April 1, 2019 – May 26, 2020 has raised secured privately placed debentures amounting to ₹1,149.87 lakhs and unsecured privately place debentures amounting to ₹591 lakhs.
- (b) Our Company has raised public issue of secured, redeemable, non-convertible debenture amounting to ₹42,468.31 lakhs.

2. Securitization and Assignment of Gold Loan Portfolio by Direct Assignment Agreement

- (a) Our Company had availed a term loan of ₹20,000 lakhs from South Indian Bank (“SIB”) by assigning its good loan portfolio amounting to ₹22,300 lakhs in favour of SIB on December 31, 2018. This term loan was repaid in its entirety on June 18, 2019.
- (b) Our Company, pursuant to an assignment agreement dated June 21, 2019 (“**Agreement**”) entered into with the South Indian Bank Limited (“SIB”), has assigned, on receipt of sanction ₹5,000 lakhs from SIB, against certain identified receivables (gold loan) and other assets, and all other collateral and underlying security interest created to secure the repayment of each of the facility provided by our Company to the customers, together with all rights, title, interests and benefits under the facility agreements and documents entered into between the customers and our Company, free and clear of any lien or encumbrance, subject to certain terms, as provided under the Agreement. Our Company has received the said amount on June 21, 2019 (₹ 3,000 lakhs) and July 22, 2019 (₹ 2,000 lakhs). As on May 26, 2020, our Company has repaid the same in entirety.
- (c) Our Company, pursuant to an assignment agreement dated August 1, 2019 (“**Agreement**”) entered into with the South Indian Bank Limited (“SIB”), has assigned, on receipt of sanction ₹4,200 lakhs from SIB, against certain identified receivables (gold loan) and other assets, and all other collateral and underlying security interest created to secure the repayment of each of the facility provided by our Company to the customers, together with all rights, title, interests and benefits under the facility agreements and documents entered into between the customers and our Company, free and clear of any lien or encumbrance, subject to certain terms, as provided under the Agreement. Our Company has received the said amount on August 1, 2019. As on May 26, 2020, our Company has repaid the same in entirety.
- (d) Our Company, pursuant to an assignment agreement dated October 29, 2019 (“**Agreement**”) entered into with the South Indian Bank Limited (“SIB”), has assigned, on receipt of sanction ₹4,964 lakhs from SIB, against certain identified receivables (gold loan) and other assets, and all other collateral and underlying security interest created to secure the repayment of each of the facility provided by our Company to the customers, together with all rights, title, interests and benefits under the facility agreements and documents entered into between the customers and our Company, free and clear of any lien or encumbrance, subject to certain terms, as provided under the Agreement. Our Company has received the said amount on October 31, 2019.
- (e) Our Company, pursuant to an assignment agreement dated November 20, 2019 (“**Agreement**”) entered into with the South Indian Bank Limited (“SIB”), has assigned, on receipt of sanction ₹4,943 lakhs from SIB, against certain identified receivables (gold loan) and other assets, and all other collateral and underlying security interest created to secure the repayment of each of the facility provided by our Company to the customers, together with all rights, title, interests and benefits under the facility agreements and documents entered into between the customers and our Company, free and clear of any lien or encumbrance, subject to certain terms, as provided under the Agreement. Our Company has received the said amount on November 20, 2019.
- (f) Our Company, pursuant to an assignment agreement dated December 27, 2019 (“**Agreement**”) entered into with the South Indian Bank Limited (“SIB”), has assigned, on receipt of sanction ₹9,910.70 lakhs from SIB, against certain identified receivables (gold loan) and other assets, and all other collateral and

underlying security interest created to secure the repayment of each of the facility provided by our Company to the customers, together with all rights, title, interests and benefits under the facility agreements and documents entered into between the customers and our Company, free and clear of any lien or encumbrance, subject to certain terms, as provided under the Agreement. Our Company has received the said amount on December 30, 2019 (₹ 5,000.00 lakhs) and December 31, 2019 (₹ 4,910.70 lakhs).

- (g) Our Company, pursuant to an assignment agreement dated May 14, 2020 (“**Agreement**”) entered into with the South Indian Bank Limited (“**SIB**”), has assigned, on receipt of sanction ₹ 2,845.00 lakhs from SIB, against certain identified receivables (gold loan) and other assets, and all other collateral and underlying security interest created to secure the repayment of each of the facility provided by our Company to the customers, together with all rights, title, interests and benefits under the facility agreements and documents entered into between the customers and our Company, free and clear of any lien or encumbrance, subject to certain terms, as provided under the Agreement. Our Company has received the said amount on May 20, 2020 (₹ 1,300.00 lakhs), May 23, 2020 (₹ 898.93 lakhs) and balance was receivable as on May 26, 2020.
3. Our Company has taken a vehicle loan from State Bank of India amounting to ₹80.00 lakhs and ₹ 72.36 lakhs is outstanding as on May 26, 2020.
4. Our Company has availed a short term loan of ₹500.00 lakhs from Dhanlaxmi Bank Limited pursuant to a sanction letter dated December 27, 2019. As of May 26, 2020, our Company has drawn down ₹300.00 lakhs under this arrangement.
5. Our Company has opened sub debt issue from April 21, 2020 to May 20, 2020 and has received applications for ₹ 2,861.28 lakhs, of which ₹ 771.22 lakhs is pending clearance from the bank as on May 26, 2020.
6. During the period between April 1, 2019 to May 26, 2020, there have been redemptions of the principal amount of the secured and unsecured non-convertible debentures, pursuant to public issuances and private placements, which amounts to ₹ 20,212.41 lakhs.
7. **Pass through Certificate Transaction**

Our Company has entered into a Pass through Certificate Transaction with Development Credit Bank on January 21, 2020 for securitization of its loan receivables arising from the pool of loans provided to various persons from time to time (“**Receivables**”) through Northern Arc 2019 GL Aurum (“**Trust**”), acting thorough the trustee Catalyst Trusteeship Limited.

Our Company as per the agreed terms and conditions has assigned Receivables to the Trust vide its assignment agreement dated January 21, 2020 along with corresponding rights, titles and interests to and in favour of the Trust for a consideration of ₹5,158.90 lakhs. Our Company has received the said amount on January 21, 2020. For further details, see “*History and Certain Other Corporate Matters*” on page 102.

8. **SEBI Adjudication Order**

SEBI has issued a show cause notice to our Company dated December 12, 2019 (“**SCN**”), under Rule 4(1) of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, asking our Company to show cause as to why an inquiry should not be held against us and why a penalty not be imposed under section 15HB of the SEBI Act, for the alleged issuance of a misleading advertisement on our website, in relation to the public issue of secured, redeemable non-convertible debentures aggregating to ₹10,000 lakh with an option to retain oversubscription upto ₹10,000 lakh (“**NCD Issue**”). SEBI in the SCN has alleged violation by our Company of Regulation 8 of the SEBI Debt Regulations. SEBI has sought response to the SCN supported by documentary evidence within 15 days from the date of the receipt of SCN (i.e. December 18, 2019). Our Company submitted its response to SEBI on January 16, 2020. The Adjudicating Officer of SEBI through its order dated February 26, 2020 imposed a penalty of ₹10 lakh under section 15HB of the SEBI Act for the violation of Regulation 8 of the SEBI Debt Regulations. Our Company subsequently paid the penalty on March 16, 2020.

9. **Resignation of Chief Executive Officer**

Kurian P Abraham, the Chief Executive Officer of the Company resigned with effect from March 1, 2020.

10. Changes in Board of Directors

Krishnakumar KR, on expiry of his term of appointment ceased to be an Independent Director, effective from September 30, 2019.

Maliakal Jose Paul was appointed as an Additional Independent Director in the Meeting of the Board of Directors held on November 18, 2019 for a period commencing from November 18, 2019 to March 31, 2021, which was regularized by the shareholders of the Company at the extraordinary general meeting held on December 12, 2019.

Rudran Puthukulangara was appointed as an Additional Independent Director on February 26, 2020 to March 31, 2021, subject to ratification by the shareholders of the Company at the ensuing general meeting of the Company. For further details, see “*Our Management*” on page 105.

FINANCIAL INDEBTEDNESS

As on March 31, 2020, our Company had outstanding secured borrowing of ₹ 87,618.17 lakhs (including PTC transaction of ₹ 3,510.80 lakhs) and unsecured borrowing of ₹ 39,900.09 lakhs. A summary of all the outstanding secured and unsecured borrowings together with a brief description of certain significant terms of such financing arrangements are as under:

Secured Loan Facilities

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on March 31, 2020 (in ₹ lakhs) [#]	Security	Repayment date/schedule
The South Indian Bank Limited <i>Cash Credit Open Loan-Working capital</i> Sanction letter dated July 2, 2019	16,500.00	14,425.49	First ranking <i>pari passu</i> charge along with existing secured lenders of the Company on all receivables under gold loan both present and future of the Company with 15% margin and equitable mortgage of immovable properties being land admeasuring 159.95 acres and ½ undivided share in Chengamanad village and land admeasuring 65.98 acres in Chengamanad village. Personal guarantee of Roy M. Mathew; Nizzy Mathew; and Mathew Muthootu Corporate guarantee of: 1. Muthootu Mini Theatres Private Limited; 2. Muthootu Mini Hotels Private Limited; 3. Mini Muthootu Credit India Private Limited; and 4. Kandamath Cine Enterprises	Validity of limit is 12 months
Dhanalaxmi Bank Limited <i>Cash Credit and working capital demand loan</i> Sanction letter dated December 27, 2019	2,400.00	1,380.18	Pari-passu charge by way of hypothecation of current assets, loans, advances and book debts including gold loan receivable, with a margin of 25% Collateral security: Equitable mortgage of 34.39 acres of vacant land at Pathanamthitta village, Kozhencherry Taluk, Pathanamthitta District in the name of Muthootu Mini Theatres (Private) Limited valued at ₹7.22 crores (MV) and ₹6 crores (DSV) as per EVR dated February 16, 2016 Personal guarantee of Roy M. Mathew; Nizzy Mathew and Mathew Muthootu	On demand

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on March 31, 2020 (in ₹ lakhs) [#]	Security	Repayment date/schedule
			Corporate guarantee of Muthoottu Mini Theatres Private Limited	
State Bank of India <i>Cash credit</i> Sanction letter dated January 31, 2019	5,000.00	4,454.74	First charge on current assets of the Company on pari passu basis with other lenders in MBA and non-convertible holders 25% margin to be maintained Equitable mortgage of 32.86 acres of land regarding serial number 219/2, block number 13 in Maradu village, in the name of Muthoottu Mini Theatres Private Limited Personal guarantee of Roy M. Mathew, Mathew Muthoottu and Nizzy Mathew Corporate guarantee of Muthoottu Mini Theatres Private Limited	On demand
Andhra Bank <i>Open Cash Credit</i> Sanction letter dated November 5, 2018*	7,500.00	3,563.14	Pari passu first charge by way of hypothecation of gold loan receivables of the Company (excluding microfinance receivables) for the loans disbursed by them to individuals against pledge of gold ornaments with minimum asset coverage of 133.33% Pari passu first charge on other current assets including cash and bank balances (excluding cash collateral specifically given to each bank and cash of microfinance division) Collateral security: (a) 16.17 ares (40 cents) of land in survey number 33/3/1, 33/3/1-1, 33/3/1-2, 33/3/1/3 and 33/3/1/4 situated at Pathanamthitta village, Kerala, and (b) pledge of KTD no. 01252010077984 in the name of Muthoottu Mini Financiers Limited Personal guarantee: Nizzy Mathew and Mathew Muthoottu Corporate guarantee: Muthoottu Mini Hotels Private Limited	On demand

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on March 31, 2020 (in ₹ lakhs) [#]	Security	Repayment date/schedule
Oriental Bank of Commerce <i>Cash Credit</i> Sanction letter dated October 25, 2018*	5,000.00	2,958.78	Pari passu first charge by way of hypothecation of Gold Loan receivables of the Company with minimum asset coverage of 1.33 times Collateral security: Equitable/Registered Mortgage of immovable property multiplex theatre Dhanya & Remya, situated at Survey No. 34, M. C. Road, Kottayam, Kerala Personal guarantee: Nizzy Mathew and Mathew Muthoottu	On demand
IndusInd Bank <i>Cash Credit</i> Sanction letter dated October 17, 2018*	5,000.00	4,848.67	First pari-passu charge on receivables including gold loan receivables with banks under MBA and non-convertible debenture holders Collateral security of: (a) 05.85 ares along with a three storied building comprises in re-survey number 83 in block number 179 of Kollam East Village, Kollam Taluk; (b) 09.250 cents (03.74 Ares) situated at Survey No. 2786/C-1, 2786/C-2-1 at Vanchiyoor, Trivandrum along with building bearing T.C. nos. 26/44 and 45; and (c) Property having an extent of 19 cents (07.69 acres) and all other things attached thereto comprised in old sy.no.290/3 (re-sy no 170/2-1) of Pandalam Village, Adoor Taluk	On demand
Union Bank of India <i>Cash Credit</i> Sanction letter dated February 15, 2019	2,500.00	991.39	Pari passu charge on gold receivables and other current assets. Personal guarantee of Mathew Muthoottu, Roy Mathew and Nizzy Mathew	On demand

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on March 31, 2020 (in ₹ lakhs) [#]	Security	Repayment date/schedule
State Bank of India <i>Vehicle Loan (BMW-X5)</i> Agreement of loan-cum-hypothecation dated September 19, 2019	80.00	74.83	Hypothecation by way of first and exclusive charge on the vehicle for the due payment	Repayable in not exceeding 84 monthly instalments
Dhanalaxmi Bank Limited <i>Short Term loan</i> Sanction letter dated December 12, 2019	500.00	300.00	Pari-passu charge by way of hypothecation of current assets, loans, advances and book debts including gold loan receivable, with a margin of 25% margin with other lenders and NCD holders. Collateral security: Equitable mortgage of 34.39 acres of vacant land at Pathanamthitta village, Kozhencherry Taluk, Pathanamthitta District in the name of Muthoottu Mini Theatres (Private) Limited and Commercial Land with building to the extent of 2.40 Ares Land with 4500 sq. ft. Building owned by Muthoot Hotels Pvt Limited at Konni Village, Konni Taluk, Pathanamthitta District. Personal guarantee of Roy M. Mathew; Nizzy Mathew and Mathew Muthoottu Corporate guarantee of Muthoottu Mini Theatres Private Limited and Muthoot Mini Hotels Private Limited.	₹41.50 lakhs per month for 11 months and ₹43.50 lakhs per month for 12 th month after initial moratorium for principal payment for 3 months. Interest to be cleared separately as and when debited.
Total		32,997.22		

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

*The facilities with above banks are under renewal.

Restrictive Covenants

Many of our financing agreements include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender before carrying out such activities. For instance, our Company, *inter alia*, is required to obtain the prior written consent in the following instances:

- to declare and/or pay dividend to any of its Shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
- to undertake or permit any merger, amalgamation or compromise with its Shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking;
- to create or permit any charges or lien, sell or dispose of any encumbered assets;

- to alter its capital structure, or otherwise acquire any share capital;
- to effect a change of ownership or control, or management of our Company;
- to enter into long term contractual obligations directly affecting the financial position of our Company;
- to borrow or obtain credit facilities from any bank or financial institution;
- to undertake any guarantee obligations on behalf of any other company; and
- sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the banks.

Secured Non-Convertible Debentures

The details of the secured non-convertible debentures issued by our Company, outstanding as on March 31, 2020 is provided below:

1. Private placement of secured redeemable non-convertible debentures

Our Company has issued, on private placement basis, secured redeemable non-convertible debentures under various series of which ₹3,055.87 lakhs was cumulatively outstanding as on March 31, 2020, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in ₹ lakhs)	Tenure	Redemption Date	Security	Credit Rating
XVIII	March 15, 2013	8.75 to 18.18	3,055.87	1 year to 5.5 years	Various	Secured pari passu charge on current assets including book debts, loans and advances, cash and bank balances and receivables both present and future of the company with the secured lender	N.A.

2. Public issue of secured redeemable non-convertible debentures

(a) Public Issue 5

Our Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹5,585.97 lakhs was outstanding as on March 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in ₹ lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	72 months	11.00 to 12.25	5,585.97	August 25, 2015	August 25, 2021	22,827.12	Secured by way of first pari passu charge on immovable property located at house of Hiranandhini, no. 5/63, Old Mahabalipuram Road, Egathur	CARE: BBB- Outlook: Stable

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in ₹ lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
							Village, Chennai - 600130 and first charge on current assets including book debts, loans and advances, cash and bank balances and receivables both present and future except those receivables specifically and exclusively charged in favour of the existing lenders ranking pari passu with the existing secured debenture holders	

(b) Public Issue 7

Our Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹11,671.79 lakhs was outstanding as on March 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in ₹ lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	480 days to 60 months	9.25 to 10.47	11,671.79	April 24, 2019	August 17, 2020 to April 24, 2024	11,671.79	First ranking pari-passu charges with existing secured creditors, on current assets including book debts, loans and advances, cash and bank balances (not including reserves created in accordance with law) and receivables both present and future of the Company	IND-BBB-: Stable Outlook

(c) Public Issue 8

Our Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹13,203.38 lakhs was outstanding as on March 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in ₹ lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	480 days to 60 months	9.89 to 10.65	13,203.38	September 12, 2019	January 1, 2021 to September 9, 2024	13,203.38	First ranking pari passu charges with existing secured creditors, on current assets including book debts, loans and advances, cash and bank balances (not including reserves created in accordance with law) and receivables both present and future of the Company	CARE-BBB-:Stable Outlook

(d) Public Issue 9

Our Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹17,593.14 lakhs was outstanding as on March 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in Rs. lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in Rs. lakhs)	Security	Credit rating
Secured redeemable non-convertible debentures	480 days to 85 months	9.40 to 10.50	17,593.14	February 18, 2020	June 11, 2021 to March 17, 2027	17,593.14	First ranking pari passu charges with existing secured creditors, on current assets including book debts,	CARE-BBB-:Stable Outlook

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in Rs. lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in Rs. lakhs)	Security	Credit rating
							loans and advances, cash and bank balances (not including reserves created in accordance with law) and receivables both present and future of the Company	

Pass through Certificate Transaction

Our Company has entered into a Pass through Certificate Transaction with Development Credit Bank on January 21, 2020 for securitization of its loan receivables arising from the pool of loans provided to various persons from time to time (“**Receivables**”) through Northern Arc 2019 GL Aurum (“**Trust**”), acting thorough the trustee Catalyst Trusteeship Limited.

Our Company as per the agreed terms and conditions has assigned Receivables to the Trust vide its assignment agreement dated January 21, 2020 along with corresponding rights, titles and interests to and in favour of the Trust for a consideration of ₹ 5,158.90 lakhs. Our Company has received the said amount on January 21, 2020. As on March 31, 2020, the total amount outstanding is ₹ 3,510.80 lakhs. For further details, see “*History and Certain Other Corporate Matters*” on page 102.

Unsecured Non-Convertible Debentures

The details of the unsecured non-convertible debentures issued by our Company, outstanding as on March 31, 2020 is provided below:

1. Private placement of unsecured redeemable non-convertible debentures

Our Company has issued, on private placement basis, unsecured redeemable non-convertible debentures under various series of which ₹ 1039.75 lakhs was cumulatively outstanding as on March 31, 2020, the details of which are set forth below:

Debenture series	Date of allotment	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in ₹ lakhs)	Tenure	Redemption Date/schedule	Credit rating
Unsecured redeemable non-convertible debenture	June 2013 to January 2020	10.75 to 24.77	1039.75	13 to 100 months	April 2020 to November 2021	NA

2. Public issue of unsecured redeemable non-convertible debentures

(a) Public Issue 3

Our Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which ₹7,143.37 lakhs was outstanding as on March 31, 2020, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in ₹ lakhs)	Tenure	Redemption Date	Total issue size (Principal amount) (in ₹ lakhs)	Credit Rating
Unsecured redeemable non-convertible debentures	November 12, 2014	12 to 13.43	7,143.37	66 months	May 11, 2020	7,143.37	IND-BBB-: Stable Outlook

(b) Public Issue 4

Our Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which ₹6,849.15 lakhs was outstanding as on March 31, 2020, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in ₹ lakhs)	Tenure	Redemption Date	Total issue size (Principal amount) (in ₹ lakhs)	Credit Rating
Unsecured redeemable non-convertible debentures	April 7, 2015	12.00 to 13.01	6,849.15	68 months	December 7, 2020	6,849.15	IND-BBB-: Stable Outlook

(c) Public Issue 6

Our Company vide an initial public offer, issued unsecured redeemable non-convertible debentures of which ₹4,400.75 lakhs was outstanding as on March 31, 2020, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in ₹ lakhs)	Tenure	Redemption Date	Total Issue Size (principal amount) (in ₹ lakhs)	Credit Rating
Unsecured redeemable non-convertible debentures	January 27, 2016	10.50 to 11.25	4,400.75	78 months	July 27, 2022	4,400.75	IND-BBB-: Stable Outlook

3. Sub-ordinated debt

Subordinated debt is subordinated to the claims of other creditors and qualifies as Tier II Capital subject to discounting as may be applicable under the Systemically Important NBFC (Non-deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. The outstanding amount of privately placed subordinated debt was ₹20,467.07 lakhs as on March 31, 2020, the details of which are set forth below:

Debt Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on March 31, 2020 (in ₹ lakhs)	Tenure	Redemption Date	Total issue size (Principal amount) (in ₹ lakhs)	Credit Rating
Subordinated debt	January 2016 to November 2016	10.75 to 16.67	20,467.07	72 months	January 2022 to May 2023	20,467.07	NA

Commercial Papers

Our Company has not issued any commercial papers.

Loan from Directors and Relatives of Directors

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

Inter Corporate Loans

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

Servicing behaviour on existing debt securities, payment of interest on due dates on financing facilities or securities

Our Company has not defaulted upon or delayed in payment of any interest and/or principal for the existing term loan, the non-convertible debentures and other financial indebtedness. Our Company has not issued any corporate guarantee.

SECTION VI – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

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

The Issue has been authorized by resolution of the Board passed during meeting held on February 26, 2020.

Principal Terms and Conditions of the Issue

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

Issuer	Muthoottu Mini Financiers Limited
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	Vistra ITCL (India) Limited
Registrar to the Issue	Link Intime India Private Limited
Type and nature of Instrument	Secured, redeemable, non-convertible debentures
Face Value of NCDs (₹/NCD)	₹1,000
Issue Price (₹/NCD)	₹1,000
Minimum Application	10 NCDs i.e., ₹10,000 (across all Options of NCDs)
In Multiples of	One NCD after the minimum Application
Seniority	<p>Senior (the claims of the Debenture Holders holding NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements).</p> <p>The NCDs would constitute secured obligations of our Company and shall have first ranking <i>pari passu</i> 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 one time of the debentures outstanding plus interest accrued thereon</p>
Mode of Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e. ₹7,500 lakhs
Issue	Public issue by our Company of NCDs aggregating up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs, on the terms and in the manner set forth herein
Base Issue	₹10,000 lakhs
Stock Exchange proposed for listing of the NCDs	BSE Limited
Listing and timeline for Listing	The NCDs shall be listed within 6 Working Days of Issue Closure
Depositories	NSDL and CDSL
Security	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking <i>pari passu</i> charge with Existing Secured Creditors, on current assets, including book debts, loans and advances, cash and

	bank balances (not including reserves created in accordance with law) and receivables, both present and future of the Company																		
Security Cover	Our Company shall maintain a minimum 100% security cover on the outstanding balance of the NCDs plus accrued interest thereon																		
Who can apply *	Category I <ul style="list-style-type: none">• Resident public financial institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;• Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity fund, which are authorised to invest in the NCDs;• Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;• Resident venture capital funds registered with SEBI;• Insurance Companies registered with the IRDAI;• National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);• Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;• Mutual Funds registered with SEBI; and• Systemically Important NBFCs. Category II <ul style="list-style-type: none">• Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;• Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;• Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs;• Association of persons;• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;• Partnership firms in the name of the partners;• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and• Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs. Category III* <ul style="list-style-type: none">• Resident Indian individuals; and• Hindu undivided families through the Karta. <i>* applications aggregating to a value not more than ₹5 lakhs</i>																		
	Credit Rating	<table><tr><th>Rating agency</th><th>Instrument</th><th>Rating symbol</th><th>Date of credit rating letter</th><th>Amount rated (in ₹ lakhs)</th><th>Rating Definition</th></tr><tr><td>CARE</td><td>Non-convertible</td><td>CARE BBB-;</td><td>March 12, 2020 and</td><td>20,000</td><td>Moderate degree of</td></tr></table>						Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated (in ₹ lakhs)	Rating Definition	CARE	Non-convertible	CARE BBB-;	March 12, 2020 and	20,000	Moderate degree of
	Rating agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated (in ₹ lakhs)	Rating Definition													
CARE	Non-convertible	CARE BBB-;	March 12, 2020 and	20,000	Moderate degree of														

	debentures	Stable (Triple B Minus; Outlook: Stable)	revalidation letter dated May 19, 2020		safety regarding timely servicing of financial obligations and carry moderate credit risk
Issue Size	Public issue by our Company of NCDs aggregating up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating up to ₹20,000 lakhs				
Pay-in date	Application Date. The entire Application Amount is payable on Application				
Application money	The entire Application Amount is payable on submitting the Application				
Mode of payment	Please see “ <i>Issue Procedure</i> ” on page 153				
Record Date	<p>The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 Working Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.</p> <p>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</p>				
Issue Schedule	The Issue shall be open from June 3, 2020 to June 26, 2020 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 the Prospectus.				
Objects of the Issue	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 62				
Put/Call Option	None				
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 62				
Coupon rate and redemption premium	Please refer to the chapter titled “ <i>Terms of Issue</i> ” on page 139				
Working Days convention	If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the redemption date (also being the last interest payment date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment				
Issue Closing Date	June 26, 2020				
Issue Opening Date	June 3, 2020				
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed				
Deemed Date of Allotment	The date on which the Board or the Debenture Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment				

Day count basis	Actual
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date
Redemption premium/discount	Not applicable
Transaction documents	The Draft Prospectus and this Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Public Issue Account Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. Refer to section titled “ <i>Material Contracts and Documents for Inspection</i> ” on page 234
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. Further, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed
Events of default	Please refer to the chapter titled “ <i>Terms of Issue – Events of Default</i> ” on page 141
Cross Default	Please refer to the chapter titled “ <i>Terms of Issue – Events of Default</i> ” on page 141
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled “ <i>Terms of Issue – Debenture Trustees for the Debenture Holders</i> ” on page 141
Settlement Mode	Please refer to the chapter titled “ <i>Terms of Issue - Payment on Redemption</i> ” on page 149
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Kochi

*Note: (a) The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company (“**Board**”) or the Debenture Committee. In the event of such an early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

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

**Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.*

In case of Application Form being submitted in joint names, the Applicants should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please refer to “Issue Procedure” on page 153.

Terms of the NCDs

Tenure	480 Days	24 months	24 months	36 months	50 months	60 months	85 months
Nature	Secured						
Options	I	II	III	IV	V	VI	VII
Frequency of Interest Payment	Monthly	Monthly	Cumulative	Monthly	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	9.50%	9.75%	NA	10.00%	NA	10.50%	NA
Coupon Type	Fixed						
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	1,000	1,000	1,205	1,000	1,500	1,000	2,000
Effective Yield (%) (per annum) – Category I, II and III	9.92%	10.20%	9.77%	10.47%	10.22%	11.02%	10.28%
Put and Call Option	Not Applicable						
Deemed Date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.						

Interest and Payment of Interest

1. Monthly interest payment options

Interest would be paid monthly under Options I, II, IV and VI at the following rates of interest in connection with the relevant categories of Debenture holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of NCD Holder	Rate of Interest (p.a.) for the following tenures			
	Option I	Option II	Option IV	Option VI
	480 Days	24 months	36 months	60 months
All categories	9.50%	9.75%	10.00%	10.50%

For avoidance of doubt where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs, and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options if the Deemed Date of Allotment is prior to the fifteenth of that month, interest for that month will be paid on first day of the subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

2. Cumulative interest payment options

Option III, V and VII of the NCDs shall be redeemed as below:

Category of NCD Holder	Redemption Amount (per NCD)		
	Option III	Option V	Option VII
	24 months	50 months	85 months
All categories	1,205	1,500	2,000

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

Terms of Payment

The entire face value per NCDs is payable on Application. The entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in “*Terms of Issue – Manner of Payment of Interest/ Redemption Amounts*” on page 147.

Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

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

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

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue. For further details, please see the chapter titled “*Issue Procedure*” on page 153.

TERMS OF THE ISSUE

Authority for the Issue

This Issue has been authorised by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on February 26, 2020. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013, duly approved by the Shareholders' *vide* their resolution passed at their EGM held on December 10, 2013.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trusteeship Agreement, the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, the Government of India, BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs being offered through this Issue would constitute direct and secured obligations of the Company and shall rank *pari passu charge inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first charge on the identified movable assets of our Company. The claims of the Debenture Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

Security

The Issue comprises of public issue of NCDs of face value of ₹1,000 each.

The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with the Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.

Our Company will create the security for the NCDs in favour of the Debenture Trustee for the Debenture Holders holding the NCDs on the assets to ensure 100.00% security cover of the amount outstanding including interest in respect of the NCDs at any time.

Our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof intends to enter into a deed of agreement with the Debenture Trustee, ("**Debenture Trust Deed**"), the terms of which shall govern the appointment of the Debenture Trustee and the issue of the NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and shall utilise the funds only after the stipulated security has been created.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding the NCDs the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rate specified in this Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security subject to prior written consent of the Debenture Trustee and/or may replace with another asset of the same or a higher value.

Our Company confirms that the Issue Proceeds shall be kept in the Public Issue Account until the documents for creation of security i.e. the Debenture Trust Deed, is executed.

Further, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed.

Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, listed NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws.

Face Value

The face value of each NCD to be issued under this Issue shall be ₹1,000.

Debenture Holder not a Shareholder

The Debenture Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of Debenture Holders

Some of the significant rights available to the Debenture Holders are as follows:

1. The NCDs shall not, except as provided under the Companies Act, 2013, confer upon the Debenture Holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered Debenture Holders for their consideration. The opinion of the Debenture Trustee as to whether such resolution is affecting the right attached to the NCDs is final and binding on Debenture Holders. In terms of Section 136 of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.
2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned Debenture Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered Debenture Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned Debenture Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Debenture Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the SEBI Debt Regulations, the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Form, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. The Depositories shall maintain the up to date record of holders of the NCDs in dematerialised form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCD in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a register of Debenture Holders for this purpose.
6. A register of Debenture Holders holding NCDs in physical form pursuant to rematerialisation of the NCDs issued pursuant to this Issue (“**Register of Debenture Holder**”) will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest/redemption amounts and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of Debenture Holders as on the Record Date.
7. Subject to compliance with RBI requirements, NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days’ prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the Debenture Holders are merely indicative. The final rights of the Debenture Holders will be as per the terms of Draft Prospectus, the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Debenture Trustees for the Debenture Holders

We have appointed Vistra ITCL (India) Limited to act as the Debenture Trustees for the Debenture Holders in terms of Regulation 4(4) of the SEBI Debt Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to the NCDs. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by us to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge us *pro tanto* to the Debenture Holder(s).

The Debenture Trustee will protect the interest of the Debenture Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee, at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the Debenture Holders, (subject to being indemnified and/or secured by the Debenture Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deed:

- (i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
- (ii) default is committed in payment of any interest on the NCDs on the due date(s).

Market Lot and Trading Lot

Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment, see “*Issue Procedure*” on page 153.

Nomination facility to Debenture Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 (“**Rule 19**”) and Section 72 of the Companies Act, 2013, the sole Debenture Holder, or first Debenture Holder, along with other joint Debenture Holders’ (being individual(s)), may nominate, in the **Form No. SH.13**, any one person in whom, in the event of the death of Applicant the NCDs Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No. SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder’s death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

Debenture Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the Debenture Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption amounts or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialized form.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Debenture Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

For all NCDs held in the dematerialised form and since the allotment of NCDs pursuant to this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. The nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialised form.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kochi, Kerala India.

Application in the Issue

Applicants shall apply in this Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI Debt Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD (“**Market Lot**”). Allotment in this Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment please see “*Issue Procedure*” on page 153.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. The seller should give delivery instructions containing details of the buyer’s DP account to his Depository Participant.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Company or Registrar.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 read with SEBI Press release (no. 49/ 2018) dated December 3, 2018, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 1, 2019. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and
- the NCD held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of Debenture Holders as Debenture Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the Debenture Holder.

No transfer of title of NCD will be valid unless and until entered on the Register of Debenture Holders or the register and index of Debenture Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Debenture Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act/ the relevant provisions of the Companies Act applicable as on the date of this Prospectus shall apply, mutatis mutandis (to the extent applicable) to the NCD(s) as well.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Debenture Holder(s). It will be sufficient for our Company to delete the name of the deceased Debenture Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased Debenture Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, the Company will recognise the executors or administrator of the deceased Debenture Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of the Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of Debenture Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased Debenture Holder. He shall approach the respective Depository Participant of the Debenture Holder for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased Debenture Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialization of NCDs

Debenture Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.**

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs Allotted pursuant to this Issue. Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, with effect from April 1, 2019.

Period of Subscription

The subscription list shall remain open for a period as indicated below, with an option for early closure or extension by such period, as may be decided by the Board or a duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given one day prior to such early date of closure through advertisement/s in a leading national daily newspaper.

Issue Programme

Issue Opening Date	June 3, 2020
Issue Closing Date	June 26, 2020[#]

[#] The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company (“**Board**”) or the Debenture Committee. In the event of such an early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

Application and any further changes to the Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, “**IST**”) during the Issue Period as mentioned above by the Designated Intermediaries at the bidding centre and by the SCSBs directly at the Designated Branches of SCSBs, except that on the Issue Closing Date when the Applications and any further changes in details in Applications, if any, shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange platform would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for Allocation under the Issue. Applications will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or Designated Branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

Basis of payment of Interest

NCDs once Allotted under any particular category of NCDs shall continue to bear the applicable tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of Debenture Holder on any Record Date, and such Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

Payment of Interest/Maturity Amount will be made to those Debenture Holders whose names appear in the Register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the Interest Payment Date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help Debenture Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Please see, “- *Manner of Payment of Interest / Redemption Amounts*” on page 147.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 working (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company’s books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the “**Effective Date**”), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 is disclosed at “*Annexure P*” on page 237.

Maturity and Redemption

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 480 days from the Deemed Date of Allotment for Option I, 24 months from the Deemed Date of Allotment for Option II and III, 36 months from the Deemed Date of Allotment for Option IV, 50 months from the Deemed Date of Allotment for Option V, 60 months from the Deemed Date of Allotment for Option VI and 85 months from the Deemed Date of Allotment for Option VII.

Application Size

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof. The minimum Application size for each Application would be ₹10,000 (for all kinds of Options I, II, III, IV, V, VI and VII) NCDs either taken individually or collectively) and in multiples of ₹1,000 thereafter.

Applicants can apply for any or all options of NCDs offered hereunder provided the Applicant has applied for minimum Application size using the same Application Form.

Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹1,000 per NCD is blocked in the ASBA Account on Application itself. In case of Allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on Application in accordance with the terms of this Prospectus.

Manner of Payment of Interest / Redemption Amounts

The manner of payment of interest / redemption in connection with the NCDs is set out below:

For NCDs held in dematerialised form:

The bank details will be obtained from the Depositories for payment of interest / redemption amount as the case may be. Holders of the NCDs, are advised to keep their bank account details as appearing on the records of the Depository Participant updated at all points of time. Please note that failure to do so could result in delays in credit of interest/redemption amounts at the Applicant's sole risk, and the Lead Manager, our Company or the Registrar shall have no responsibility and undertake no liability for the same.

For NCDs held in physical form on account of re-materialization:

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see “- Procedure for Re-materialization of NCDs” on page 144.

The mode of payment of interest/redemption amount shall be undertaken in the following order of preference:

- 1. Direct Credit/ NACH/ RTGS:** Investors having their bank account details updated with the Depository shall be eligible to receive payment of interest / redemption amount, through:
 - (i) **Direct Credit.** interest / redemption amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.
 - (ii) **NACH:** National Automated Clearing House which is a consolidated system of ECS. Payment of interest / redemption amount would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of interest / redemption amount through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the interest / redemption amount through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get interest / redemption amount through NEFT or Direct Credit or RTGS.
 - (iii) **RTGS:** Applicants having a bank account with a participating bank and whose interest / redemption amount exceeds ₹2 lakhs, or such amount as may be fixed by RBI from time to time, **have** the option to receive the interest / redemption amount through RTGS. Such eligible Applicants who indicate their preference to receive interest / redemption amount through RTGS are required to provide the IFSC code

in the Application Form or intimate our Company and the Registrar to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest / redemption amount shall be made through NECS subject to availability of complete bank account details for the same as stated above.

- (iv) **NEFT:** Payment of interest / redemption amount shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("IFSC"), which can be **linked** to a Magnetic Ink Character Recognition, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of the interest / redemption amounts, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest / redemption amount will be made to the Applicants through this method.

- 2. Registered Post/Speed Post:** For all other Debenture Holders, including those who have not updated their bank particulars with the MICR code, the interest payment / redemption amount shall be paid by way of interest/ redemption warrants dispatched through speed post/ registered post only to Applicants that have provided details of a registered address in India.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of interest/ redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs held dematerialised form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the Investors are advised to submit their bank account details with our Company / Registrar at least seven working (7) days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the Debenture Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by Debenture Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the Debenture Holder at the time of redemption and the redemption proceeds would be paid to those Debenture Holders whose names stand in the register of Debenture Holders maintained by us on the Record Date fixed for the purpose of redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the Debenture Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. Debenture Holder(s) may be requested to surrender

the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those Debenture Holders whose names stand in the register of Debenture Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see “- *Payment on Redemption*” on page 149.

NCDs held in electronic form:

No action is required on the part of Debenture Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialisation

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the redemption date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those Debenture Holders whose names stand in the Register of Debenture Holders maintained by us/Registrar to the Issue on the Record Date fixed for the purpose of redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least 7 working (seven) days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 working (seven) days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties *inter se* and no claim or action shall lie against us or the Registrar.

Our liability to holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the Debenture Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories’ records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of Debenture Holders.

Our liability to Debenture Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the Debenture Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the Debenture Holders available with us, and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the Debenture Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Kerala and/or will be sent by post/ courier or through email or other electronic media to the registered holders of the NCD(s) from time to time.

Issue of duplicate NCD Certificate(s)

If any NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the Debenture Holders or the Debenture Trustee in this connection.

Impersonation

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

“Any person who:

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

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

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close this Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription (75% of the Base Issue, i.e. ₹7,500 lakhs). Our Company shall allot NCDs with respect to the Application Forms received at the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date for this Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of Base Issue Size i.e. ₹7,500 lakhs, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within six Working Days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of this Prospectus with RoC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Listing

The NCDs offered through this Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated March 24, 2020. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange is taken within six Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the option, such option(s) of NCDs shall not be listed. If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Guarantee/Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for this Issue.

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. Our Board shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in the Company's financial statements for the relevant financial year commencing from Financial Year 2020-21, the utilisation of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue

Lien

Not Applicable

Lien on Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the Debenture Holder against pledge of such NCDs as part of the funding.

ISSUE PROCEDURE

This chapter applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs.

Applicants should note that they may submit their Application Forms at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e. to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations. For further information, please see “- Submission of Completed Application Forms” on page 167.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

Please note that this section has been prepared based on the circular no. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI (“Debt Application Circular”) as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI (“Debt ASBA Circular”). The procedure mentioned in this section is subject to the Stock Exchange putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by Stock Exchange and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI.

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility as provided for in the Debt Application Circular have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBs AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE STOCK EXCHANGE.

For purposes of this Issue, the term “Working Day” shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai and/or Kochi, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

The Abridged Prospectus containing the salient features of this Prospectus together with Application Form may be obtained from:

- (a) Our Company's Registered Office and Corporate Office;
- (b) Offices of the Lead Manager/Syndicate Member;
- (c) the CRTA at the Designated RTA Locations;
- (d) the CDPs at the Designated CDP Locations;
- (e) Trading Members at the Broker Centres; and
- (f) Designated Branches of the SCSBs.

Electronic copies of the Draft Prospectus and this Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the website of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I

- Resident public financial institutions as defined in Section 2(72) of the Companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident venture capital funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Systemically Important NBFCs.

Category II

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
- Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of persons;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
- Resident Indian individuals and Hindu undivided families through the Karta applying for an amount aggregating to a value exceeding ₹5 lakhs.

Category III*

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

** applications aggregating to a value not more than ₹5 lakhs.*

For Applicants applying for NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

- (a) Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
- (b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- (c) Persons resident outside India and other foreign entities;
- (d) Foreign Portfolio Investors;

- (e) Foreign Venture Capital Investors;
- (f) Qualified Foreign Investors;
- (g) Overseas Corporate Bodies; and
- (h) Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please see “- *Rejection of Applications*” on page 169 for information on rejection of Applications.

Method of Application

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible Investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application Form to any of the Designated Intermediaries. Applicants should submit the Application Form only at the Collection Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the registered broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at <https://www.sebi.gov.in>.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without

blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

APPLICATION PROCESS – OPTIONAL MECHANISM

Subject to SEBI, granting a relaxation from the strict enforcement of the SEBI Debt Regulations, read with the Debt ASBA Circular, on account of the COVID-19 pandemic and the lockdown measures imposed by Central and State Governments, an Applicant may be permitted to make an Application in this Issue using an optional mechanism, other than the ASBA mechanism, i.e., make an application using alternative modes of payments such as through cheques, bank draft, net banking, United Payment Interface (UPI) or any other non-cash mode mechanism, and for the submission of Applications to either Members of Syndicate/ Trading Members of Stock Exchange or through any other means as may be permitted by SEBI.

PLEASE NOTE THAT AS ON THE DATE OF THIS PROSPECTUS, SEBI HAS NOT PERMITTED ANY RELAXATIONS TO THE APPLICATION PROCESS AND AS PER THE DEBT ASBA CIRCULAR, THE ASBA MECHANISM REMAINS THE SOLE MODE OF APPLYING IN THIS ISSUE.

In the event SEBI permits such relaxations either prior to the Issue Opening Date or during the Issue Period, our Company, in consultation with the Lead Manager, shall issue a public notice, with the details of such relaxations along with other terms and conditions of the Application process, by way of advertisement(s) in leading national daily newspapers with wide circulation. There can be no assurance, that SEBI will relax the Application process for the Issue, in time for the Applicants to make an Application in this Issue, if at all. The Investors are advised to ensure that Applications in this Issue are made through eligible modes only, failing which the Applications may be liable to be rejected.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 (“**SEBI Circular 2016**”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making Applications on their own account using ASBA Facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("IRDAI"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefore.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "SEBI AIF Regulations") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefor.

Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by 'Associations of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under

applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions or Statutory Corporations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any act/rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

The Application must be accompanied by certified true copies of certified copy of certificate of the partnership deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (<https://www.sebi.gov.in>) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (<https://www.sebi.gov.in>) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applications can be submitted through either of the following modes:

- (a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

- (b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at <https://www.sebi.gov.in>).

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at <https://www.sebi.gov.in>). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

- (a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.
- (b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 44. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Prospectus and the Application Form;
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta;

- Applicants must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs;
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same option or across different option. Applicants may apply for one or more option of NCDs Applied for in a single Application Form;
- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;
- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;
- Every Applicant should hold valid Permanent Account Number and mention the same in the Application Form;
- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form; and
- All Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected.

The option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

B. Applicant's Beneficiary Account Details

Applicants must mention their DP ID and Client ID in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN

is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue. Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

C. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e. either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in this Prospectus and in multiples of thereafter as specified in this Prospectus. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹5 lakhs shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law.
2. Read all the instructions carefully and complete the Application Form in the prescribed form.
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.
4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details is mandatory for all Applicants.
5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.
6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder.
7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.
8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.
9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.
10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.
11. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
12. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.

13. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see “General Information – Issue Programme” on page 44.
14. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
15. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
16. All Applicants should choose the relevant option in the column “Category of Investor” in the Application Form.
17. Choose and mark the option of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

Don'ts:

1. Do not apply for lower than the minimum Application size.
2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.
3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.
4. Do not submit the Application Form to any non-SCSB bank or our Company.
5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.
6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.
9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account.
10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.
12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.

13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.
14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.
15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).
16. Do not make an Application of the NCD on multiple copies taken of a single form.
17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.
18. Do not submit more than five Application Forms per ASBA Account.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at <https://www.sebi.gov.in>).

Please see “- *Rejection of Applications*” on page 169 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at <https://www.sebi.gov.in>). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application to the Designated Intermediaries or to the Designated Branches of the SCSBs. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	<p>(i) If using <u>physical Application Form</u>, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or</p> <p>(ii) If using <u>electronic Application Form</u>, to the SCSBs, electronically through internet banking facility, if available.</p>

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

- (a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. **The Members of Syndicate, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange.**

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

- (b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see “*General Information – Issue Programme*” on page 44.
- (c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category
 - DP ID

- Client ID
 - Option of NCDs applied for
 - Number of NCDs Applied for in each option of NCD
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Location
 - Application amount
- (d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:
- Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Option of NCDs applied for
 - Number of NCDs Applied for in each option of NCD
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Location
 - Application amount
- (e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.
- (f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.
- (g) The permission given by the Stock Exchange to use its network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange

- (h) **Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment.** The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or the Debenture Committee thereof, reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- (a) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;
- (c) Applications not being signed by the sole/joint Applicant(s);
- (d) Investor Category in the Application Form not being ticked;
- (e) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- (f) Applications where a registered address in India is not provided for the non-Individual Applicants;
- (g) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);
- (h) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- (i) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;
- (j) DP ID and Client ID not mentioned in the Application Form;
- (k) GIR number furnished instead of PAN;
- (l) Applications by OCBs;
- (m) Applications for an amount below the minimum Application size;
- (n) Submission of more than five ASBA Forms per ASBA Account;
- (o) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- (p) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;

- (q) Applications accompanied by stockinvest/ cheque/ money order/ postal order/ cash;
- (r) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- (s) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;
- (t) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- (u) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;
- (v) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;
- (w) ASBA Applications not having details of the ASBA Account to be blocked;
- (x) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN;
- (y) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- (z) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
- (aa) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- (bb) Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- (cc) Applications by any person outside India;
- (dd) Applications not uploaded on the online platform of the Stock Exchange;
- (ee) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- (ff) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, this Prospectus and as per the instructions in the Application Form and this Prospectus;
- (gg) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- (hh) Applications providing an inoperative demat account number;
- (ii) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;
- (jj) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);
- (kk) Investor category not ticked;

- (II) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application; and

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please see “*Information for Applicants*” below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

- (a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, (“**Institutional Portion**”);
- (b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped together, (“**Non-Institutional Portion**”);
- (c) *Applications received from Category III applicants:* Applications received from Category III, shall be grouped together, (“**Retail Individual Portion**”).

For removal of doubt, “**Institutional Portion**”, “**Non-Institutional Portion**” and “**Retail Individual Portion**” are individually referred to as “**Portion**” and collectively referred to as “**Portions**”.

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹10,000 lakhs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the “**Overall Issue Size**”.

Basis of Allotment for NCDs

Allotments in the first instance:

- (i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or online acknowledgement));
- (ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));
- (iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the Allotments would be made to the Applicants on proportionate basis.

- (a) Under Subscription:

Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:

- (i) Individual Portion
- (ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹5 lakhs;
- (iii) Institutional Portion
- (iv) on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

For each Portion, all Applications uploaded in to the electronic book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion respectively.

Minimum allotment of 10 NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

- (b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of the same, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com for details in respect of subscription.

(c) **Proportionate Allotments:** For each Portion, on the date of oversubscription:

- (i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;
- (ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference;
- (iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalised by draw of lots in a fair and equitable manner; and
- (iv) The total Allotment under Option I to Option VII of the NCDs shall not exceed a value more than ₹20,000 lakhs.

(d) **Applicant applying for more than one Options of NCDs:**

If an Applicant has applied for more than one Options of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of oversubscription, the option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager will Allot the residual NCD (s) in the following order:

- (i) first with monthly interest payment in decreasing order of tenor i.e. Options VI, IV, II and I;
- (ii) followed by payment on cumulative options in decreasing order of tenor i.e. Options VII, V and III.

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: VI, IV, II, I, VII, V and III.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Our Company would Allot Option I NCDs to all valid applications, wherein the Applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹1,000 in accordance with the pecking order mentioned above.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION**Withdrawal of Applications during the Issue Period**

Retail Individual Investors (“**RII**”) can withdraw their Applications until the Issue Closing Date. In case an RII wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

In case of Applications were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB to unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection

with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

- (i) Tripartite agreement dated January 30, 2014 among our Company, the Registrar and CDSL and tripartite agreement dated February 5, 2014 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.
- (ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- (iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- (iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- (v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.
- (vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.
- (vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where

the Application was submitted, ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Our Company undertakes that:

- (a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- (b) Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- (d) Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
- (e) Undertaking by our Company for execution of the Debenture Trust Deed. Further, as per Regulation 15 of SEBI Debt Regulations, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed;
- (f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e. ₹7,500 lakhs and receipt of listing and trading approval from the Stock Exchange;
- (g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies; and
- (h) Application money shall be unblocked within six Working Days from the closure of this Issue or such lesser time as may be specified by SEBI, or else the Application money shall be refunded to the Applicants in accordance with applicable law, failing which interest shall be due to be paid to the Applicants for the delayed period, if applicable in accordance with applicable law.

Other Undertakings by our Company

Our Company undertakes that:

- (a) Complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;

- (b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
- (c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;
- (d) Funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;
- (e) Our Company will forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on a half-yearly basis;
- (f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Prospectus;
- (g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report; and
- (h) Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

SECTION VII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the Materiality Policy (as defined hereinafter below), each involving our Company, Directors or Promoters.

*Our Board, in its meeting held on June 21, 2019, has adopted a policy on the identification of material litigations (“**Materiality Policy**”). As per the Materiality Policy, other than for the purposes of (i) to (iii) above, all outstanding litigation, wherein:*

- (a) the quantified monetary amount of claim by or against the relevant person in any such pending litigation proceeding is or is in excess of 5% of our Company’s net profit after tax as per our last audited financial statements, i.e., for Fiscal 2019, 5% of our Company’s net profit after tax amounts to ₹104.78 lakhs; or*
- (b) the outcome of such litigation proceeding may have a material adverse effect on the business, operations, prospects or reputation of the Company,*

has been considered as ‘material litigation’, and accordingly has been disclosed in this Prospectus.

Further, except as mentioned in this section, there are no proceedings involving our Group Companies, which may have a material adverse effect on the position of our Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, Promoters or Group Companies shall, unless otherwise decided by our Board of Directors, not be considered as litigation until such time that our Company or Directors or Promoters or Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

Further, except as stated in this section, there are no: (i) litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last five years immediately preceding the year of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority; (ii) pending litigation involving our Company, our Promoter, our Directors, Group Companies, or any other person, whose outcome could have material adverse effect on the position of our Company; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues, etc; (v) inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act or any previous companies law in the five years immediately preceding the year of this Prospectus; (vi) prosecutions filed (whether pending or completed), fines imposed or compounding of offences done in the five years immediately preceding the year of this Prospectus; and (vii) material frauds committed against our Company in the last five years.

Further from time to time, we have been and shall continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India.

Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

(a) Litigations involving our Company

Against our Company

Civil cases

1. M. Mathew (“**Plaintiff**”) had filed a suit (bearing number OS No. 6 of 2013) dated June 16, 2013 (“**Suit**”) before the District Court, Kottayam (“**Court**”) under section 134 of the Trade Mark Act, 1999 read with Order VII Rule I read with Section 26 of the Code Of Civil Procedure, 1908 against our Company and other (together referred to as the “**Defendants**”). The Plaintiff claims that the trademark “Muthoot” is the exclusive

property of the Plaintiff and no one else can claim the right to use the name in their business. The Plaintiff has prayed that a judgment and decree of permanent prohibitory injunction to be issued restraining the Defendants from directly or indirectly using the trade mark “Muthoot” allegedly registered in the name of the Muthoot and thereby infringing it, interfere with or cause harm to the trade of business of Plaintiff in any manner whatsoever, to grant a permanent prohibitory injunction restraining the Defendants from using in any manner the allegedly registered trade mark of the Plaintiff “Muthoot”, in connection with their business and to grant such other relief as the Court may think fit. The Plaintiff has also filed an application (bearing number 1277 of 2013) dated June 16, 2013 for interim injunction restraining the Defendants from using the trade mark ‘Muthoot’. A counter affidavit was filed by Roy M. Mathew, as the Chairman of our Company, on August 23, 2013 denying all the claims of the Plaintiff and alleging that this was the Plaintiff’s attempt to stall the functioning of the companies. An Affidavit was filed by the Plaintiff on December 3, 2015 impleading additional parties to the matter. Thereafter, Mr Mathew Muthootu, our Managing Director, filed a written statement on May 28, 2019 categorically raising objections in relation to the Suit, inter alia, claiming that the proceedings challenging the validity of the trademark are pending before the relevant authority and therefore the Suit should be stayed and further substantiating the arguments advanced by the Defendants. The matter is currently pending.

- Our Company received a notice bearing number ROC(K)/STAT/F92/196/2012 dated May 2, 2012 (“**Notice**”) from the Registrar of Companies, Kerala and Lakshadweep (“**ROC**”). The ROC had received a letter dated January 31, 2012 from M Mathew (“**Complainant**”), requesting not to register any company with the name “Muthoot” as the same is registered in the Complainants name on September 19, 2005 by the trademark registry, Mumbai. Hence ROC issued the Notice requesting us to offer our comments within 15 days of receipt of the Notice. Our Company replied to the Notice *vide* letter dated May 31, 2012 stating that we have secured registration for our logo and the “Mini Muthootu” in class 36 *vide* registration dated April 30, 2009 and have absolute right to carry on the business by using “Muthootu” as part of our trademark. The matter is pending.
- M. Murgan and others (“**Plaintiffs**”) filed a suit (O.S. 183/2018) (“**Suit**”) against R. Parvathy, our Company and others (“**Defendants**”) before the Principal District Judge, Chengalpattu (“**Court**”) alleging that various sale deeds (“**Sale Deeds**”) for the property situated at Kancheepuram district, Thirupporur Taluk, Kelambakkam Firka, Eagattur Village (“**Property**”) were entered into without the knowledge of the Plaintiffs, the alleged owners of the Property. The Plaintiffs have sought for the annulment of such Sale Deed and for the partition of the Property. The matter is currently pending.

Tax Proceedings involving our Company

Nature of case	Number of cases outstanding	Amount involved (in ₹ lakhs)
Direct Tax	9	1,799.93
Total	9	1,799.93

By our Company

Civil cases

As on date of this Prospectus, there are no civil proceedings filed by our Company.

Criminal cases

- Our Company has filed a petition (bearing no. CC. No. 1096 of 2016) (“**Petition**”) under Section 138 of the Negotiable Instruments Act, 1881 before the Judicial Magistrate First Class, Kochi (“**Court**”) against V. Senthil Vel Murugan (“**Accused**”), the landlord of our branch located at Nagarcoil Tower Junction, for an amount of ₹3.87 lakhs being the interest free security deposit amount for which a cheque was issued and was dishonoured due to insufficiency of funds in the account of the Accused. This matter was transferred to a Negotiable Instruments Court, Ernakulam and is currently pending.
- Our Company has filed various criminal complaints against customers and ex-employees of our Company before various judicial forums under section 138 of the Negotiable Instruments Act, 1881 for certain cheques

that bounced on presentation and others which were remained unpaid. The aggregate amount involved in these matters is ₹63.32 lakhs. These matters were transferred to a Special's Court and are currently pending.

(b) Litigations involving our Directors

As on the date of this Prospectus, there are no outstanding litigations involving our Directors, which can have a material adverse effect on the position of our Company.

(c) Litigations involving our Promoters

As on the date of this Prospectus, there are no outstanding litigations involving our Promoters, which can have a material adverse effect on the position of our Company.

(d) Litigations involving our Group Companies

Nil

(e) Litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoters during the last five years immediately preceding the year of the issue of this Prospectus and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action:

Nil

(f) Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last five years immediately preceding the year of this Prospectus

Except as disclosed below, there are no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last five years immediately preceding the year of this Prospectus:

- (a) The Registrar of Companies, Kerala and Lakshadweep issued five show cause notices, each dated July 5, 2018, against our Company for not creating charges on the credit facilities availed from HDFC Bank Limited within the prescribed time period under Section 77 of the Companies Act, 2013. Our Company filed petitions under Section 87 of the Companies Act, 2013 before the Regional Director (Southern Region), Ministry of Corporate Affairs, Chennai ("**Regional Director**") for condonation of delay in creating the charges. The Regional Director vide its orders dated August 10, 2018 and September 20, 2018 condoned the delay by our Company in creating the charges, and we filed relevant forms with RoC subsequently.
- (b) RBI issued a show cause notice dated July 25, 2014 ("**Notice**") to our Company in relation to the violations of Section 58G(1)(b) read with Section 58B(5)(aa) of the RBI Act. During the inspection of our books of account and other records under Section 45 N of the RBI Act, RBI observed certain violations of guidelines on, inter alia, loan to value ratio pertaining to gold loans, issuance and renewal of non-convertible debentures, loans against non-convertible debentures, adherence to Fair Practices Code, disclosures in the balance sheet, communication of the changes in the board of directors and disclosures with respect to the related party transaction. Our Company vide its reply dated August 7, 2014 responded to the alleged violations stated in the Notice, however RBI vide its order dated July 16, 2015 imposed a penalty of ₹5 lakh in relation to the violations observed in the Notice.
- (c) SEBI had issued a show cause notice to our Company dated December 12, 2019 ("**SCN**"), under Rule 4(1) of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, for the alleged issuance of a misleading advertisement on our website, in relation to the public issue of secured, redeemable non-convertible debentures aggregating to ₹10,000 lakh with an option to retain oversubscription upto ₹10,000 lakh ("**NCD Issue**"). SEBI in the SCN has alleged violation by our Company of Regulation 8 of the SEBI Debt Regulations.

SEBI had sought response to the SCN supported by documentary evidence within 15 days from the date of the receipt of SCN (i.e. December 18, 2019). Our Company submitted its response to SEBI on January 16, 2020. The Adjudicating Officer of SEBI through its order dated February 26, 2020 imposed a penalty of ₹10 lakh under section 15HB of the SEBI Act for the violation of Regulation 8 of the SEBI Debt Regulations. Our Company subsequently paid the penalty on March 16, 2020.

(g) Details of acts of material frauds committed against our Company in the last five Fiscals, if any, and if so, the action taken by our Company

Except as disclosed below, there are no material frauds committed against our Company in the last five Fiscals:

Sl. No	Branch	Date Of Detection / Date Of Reporting To RBI	Amount (in ₹ lakhs)	Modus Operandi & Action Taken	Recovery (in ₹ lakh)	Amount Written-off	Provision	Remarks
1	PUTHU KOTTA I	11-06-2014/ 11-07-2014	5.08	Gold Loan packets number 314 & 315 were removed by Staff without being closed.	0.00	5.08	NIL	We have filed a case against the staff and now the case is under Dist. Crime branch Puthukottai. No recovery till date.
2	GOREG AON	28-05-2014/ 11-07-2014	5.15	Borrower has pledged spurious ornaments for taking gold loan. The Branch has sanctioned 6 loans to the borrower on the same day.	0.00	5.15	NIL	No recovery till date. Customer absconded. The said amount was written off
3	SHENK OTTAI	07-07-2015/ 25-07-2015	1.00	BM absconded with cash of ₹1.00 lakh and 123 GL packets with total advance of ₹41.95 lakh	0.00	-	1.00	We filed a case against the BH at Shenkottai police station. Now the case is running at Tenkasi dist. Court. Joint custody violation resulted in the malpractice. Staff left the keys in the branch and went outside. CCTV installed in the branch at the time of incident but was not in working condition.
4	SHENK OTTAI	07-07-2015/ 25-07-2015	41.95	BM absconded with cash of ₹1.00 lakh and 123 GL packets with total advance of ₹41.95 lakh	5.00	-	36.95	We filed a case against the BH at Shenkottai police station. Now the case is running at Tenkasi dist. Court. Joint custody violation resulted in the malpractice. Staff left the keys in the branch and went outside. CCTV installed in the branch at the time of incident but was not in working condition.

Sl. No	Branch	Date Of Detection / Date Of Reporting To RBI	Amount (in ₹ lakhs)	Modus Operandi & Action Taken	Recovery (in ₹ lakh)	Amount Written-off	Provision	Remarks
5	DWAR AKA	20-11-2015 / 09-12-2015	30.42	Pledged Spurious Gold in the Branch in fictitious names. Audit staff and BM were involved.	30.42	0.00	NIL	Since 100% recovery has been effected, the service of all staff including auditor were terminated from service
6	NETHAJI ROAD	02-01-2016/ 18-01-2016	54.68	BM and staff had procured spurious jewellery and pledged. Connivance of some others is suspected, which is being investigated by Police. Negligence by Audit staff is also suspected. FIR filed and Police enquiry in progress	2.20	-	52.48	FIR No: 1/2016 Terminated all staffs involved in fraud. 17 spurious packets handed over to the court on 12-10-2017 via Police and completed the appraising process by the court's appraiser and allotted the PR No:122/2017
7	BUCHI REDDY PALEM	25-07-2016/ 06-09-2016	20.08	Collected cash from borrowers for closure of loans and returned ornaments without remitting cash to the account.	20.08	-	NIL	Since 100% recovery has been effected, the service of all staff were terminated from service
8	CHANNAPATNA	25-07-2016/ 06-09-2016	103.07	Branch Manager obtained possession of all the keys of the vault room by mis-guiding the other staff. Then he came early morning on 23.07.2016 and removed cash and valuables from vault. Rs103.07 lakh (₹98.74 lakh gold and ₹4.33 cash)	90.12	4.33	8.62	Branch staff was terminated. Criminal case against the accused is going on at the court
9	PANTHALKUDI	02-07-2016/ 06-09-2016	87.20	3 Persons came like customers and looted all the ornaments kept in strong room. The 3 turned not to be accomplices of our staff	75.38	2.99	8.83	We filed a case against the staff and other culprits at Aruppukottai Town police station and the case is running at Aruppukottai judicial magistrate court. At the time of robbery there was no CCTV installed in the branch. Now we have installed the same and working in good condition. No joint custody violations observed.
10	GANGAVALI	16-08-2016/ 04-10-2016	102.66	₹102.66 lakh (Rs 101.31 gold and ₹1.35 lakh cash), Previous Branch Manager cut the	100.20	1.35	1.11	Terminated BM and Joint custodian Full recovery has been made in our

Sl. No	Branch	Date Of Detection / Date Of Reporting To RBI	Amount (in ₹ lakhs)	Modus Operandi & Action Taken	Recovery (in ₹ lakh)	Amount Written -off	Provision	Remarks
				window grill and entered into the Branch and cut the safe room grill door also				Gangavalli theft issue except the following things. <ul style="list-style-type: none"> • 1 Missing packet GL NO: 2171 (Customer Name Sasikala Net Wt: 26gm and Gross weight 26.6gm) • GL NO: 2019 two chains weighing 20.520 gram were missing in the court. • Cash balance of ₹1,34,873.00 is not recovered.
11	SUMM ANAHA LLI	14-11-2016/ 26-11-2016	15.78	Internet account was opened and Company's funds were transferred through NEFT to personal account. Some of the GL packets were tampered with and jewels stolen. Rent payments to the landlord to the extent of ₹75000/- has been miss appropriated by preparing cash vouchers without paying the Landlord.(₹4.54 lakh gold and ₹11.24 lakh Cash)	3.50	11.24	1.04	All staffs were terminated. The main accused Rajesh has taken anticipatory bail and the police is yet to file a counter petition.
12	N I T FARID ABAD	21-03-2017	3.17	Fake/Low purity /Spurious Gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold. This was not traceable on touch stone. Made duplicate KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. During Audit, on getting suspicious ornaments were pierced and tested, when fraud come to light	0.00	-	3.17	All Employees terminated
13	OLD RAILWAY ROAD	24-03-2017	6.89	Fake/Low purity /Spurious Gold ornaments were pledged. The ornaments were made of metal	0.00	-	6.89	All Employees terminated

Sl. No	Branch	Date Of Detection / Date Of Reporting To RBI	Amount (in ₹ lakhs)	Modus Operandi & Action Taken	Recovery (in ₹ lakh)	Amount Written -off	Provision	Remarks
				other than gold but were coated heavily with gold. This was not traceable on touch stone. Made duplicate KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. During Audit, on getting suspicious ornaments were pierced and tested, when fraud come to light				
14	SECTOR 37 HUDA MARKET	24-03-2017	3.89	Fake/Low purity /Spurious Gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold. This was not traceable on touch stone. Made duplicate KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. During Audit, on getting suspicious ornaments were pierced and tested, when fraud come to light	0.00	NIL	3.89	All Employees terminated
15	SHEET ALA MATA ROAD	24-03-2017	4.75	Fake/Low purity /Spurious Gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold. This was not traceable on touch stone. Made duplicate KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. During Audit, on getting suspicious ornaments were pierced and tested, when fraud come to light	0.00	-	4.75	All Employees terminated

Sl. No	Branch	Date Of Detection / Date Of Reporting To RBI	Amount (in ₹ lakhs)	Modus Operandi & Action Taken	Recovery (in ₹ lakh)	Amount Written-off	Provision	Remarks
16	SONA CHOWK	24-03-2017	3.50	Fake/Low purity /Spurious Gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold. This was not traceable on touch stone. Made duplicate KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. During Audit, on getting suspicious ornaments were pierced and tested, when fraud come to light	0.00	-	3.50	All Employees terminated
17	N R PURA	03-06-2017	1.16	The branch in charge removed ornaments in 4 packets and accepted spurious gold for pledge.	1.16	-	-	All Employees terminated
18	SATTE NAPALI	17-07-2017	41.80	All 3 staff members colluded to commit the fraud. Intentionally inflating weight of ornaments / preparing fake pledge documents / renewing existing loans for higher amounts without borrowers' knowledge.	18.00	-	23.80	All Employees terminated. FIR filed and proceedings are underway
19	CHARKOP	23-07-2018	186.90	109 gold packets (overdue packets) held at Charkop Branch in possession of Mr. Maju Mathew, Cluster head were found to be missing. Mr. Maju Mathew had raised fake gold loans. Remittances received for investments were then used to close these fake loans. Meanwhile the remitters were issued fake investment Certificates. All these fraudulent acts were committed with the knowledge of Savitha Ajayan and Babaso Shamrao Surve. Branch employees	-	50 lakhs as on 30/09/2018	50.33	FIR filed and all employees terminated.

Sl. No	Branch	Date Of Detection / Date Of Reporting To RBI	Amount (in ₹ lakhs)	Modus Operandi & Action Taken	Recovery (in ₹ lakh)	Amount Written-off	Provision	Remarks
20	MARUTHISEV A NAGAR	11-01-2019	19.86	Thickly Gold coated spurious bangles were pledged	16.09	NIL	3.77	Police complaint filed.
21	TML-RAJA STREET	14-06-2019/08-07-2019	NIL	Ms. Aneesha, branch head collected funds on the pretext of raising resource and got it routed to her own personal account using fraudulent and forged means. Subsequently, forged a deposit certificate and sent soft copy. On receiving query from the investor, fraud came to light.	NA	NA	NA	Full amount has been settled by Ms. Aneesha directly to the customer

(h) *Summary of reservations, qualifications, or adverse remarks of auditors in the last five Fiscals and the six months period ended September 30, 2019 immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks*

Other than as disclosed below, there are no reservations or qualifications or adverse remarks in the Company's audited financial statements in the last five Fiscals or Limited Review Financial Statement for six month period September 30, 2019 preceding this Prospectus:

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
<u>2015 -16</u>	In our opinion and as per our examination of the documents presented for our verification no financial transaction or matter has been identified as having an adverse effect on the functioning of the company, except impact, if any, of the matters disclosed in Note No. 13 and Note No. 16 of Notes to Financial Statements		
	Note-13 Subordinated Debt The Company has raised Rs 9878.04 lakhs during the year by way of private placement of Subordinated Debt Instrument having a maturity of 66 months.	No impact on the financial statements	To ensure that the Subordinated Debt is within the limits prescribed by RBI, we have stopped subordinated debt with effect from November, 2016
	Note-16 Purchase of Fixed Assets (Land and Buildings) In order to facilitate functioning of branches and corporate office in an efficient manner, the Company has entered into an agreement to acquire fixed assets comprising land and buildings which is presently being occupied by the Company as tenant for the functioning of its Corporate Office and branches, for a total consideration of Rs21,900.00 lakhs. The Company has paid an aggregate amount of ₹20,000.00 lakhs as part of purchase consideration and has taken possession of the assets. Since substantial part of the consideration has	No impact on the financial statements	No corrective steps was required. However, subsequently due to fall in property prices on account of demonetization and taking into account the observations of RBI during their inspection in November 2016, the Company took a fresh valuation of the

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
	been paid and assets have been put to use by the Company, the amount paid has been capitalized in the books of the company as fixed assets (Land and Building).		property purchased and the difference in the valuation amounting to ₹9,000.00 lakhs was brought back to the books of accounts of the Company. To such extend the Fixed Assets valued have been reduced.

- (i) *Summary of other observations of the auditors in the last five Fiscals and the six months period ended September 30, 2019 immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said observation:*

Financial Year	Summary of Other Observations	Impact on the Financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken								
<u>2015 -16</u>	In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, except AS 15, Accounting for Employee Benefit Expenses with regard to provision for gratuity made without actuarial valuation;	The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.	Company has started making provision as per actuarial valuation for the subsequent years.								
<u>2015 -16</u>	<div>According to the information and explanations provided to us, the following dues of income tax, have not been deposited by the Company on account of disputes pending</div> <table><tr><td>Amount In Lakhs</td><td>Forum where the dispute is pending</td></tr><tr><td>₹11.26</td><td>Income Tax Appellate Tribunal, Kochi</td></tr><tr><td>₹206.7</td><td>Commissioner of Income Tax (Appeals), Trivandrum</td></tr><tr><td>₹338.6</td><td>Commissioner of Income Tax (Appeals), Kottayam</td></tr></table>	Amount In Lakhs	Forum where the dispute is pending	₹11.26	Income Tax Appellate Tribunal, Kochi	₹206.7	Commissioner of Income Tax (Appeals), Trivandrum	₹338.6	Commissioner of Income Tax (Appeals), Kottayam	To the extent of tax not paid, profit /general reserve of the company has been overstated.	Appeal has been filed in all cases.
Amount In Lakhs	Forum where the dispute is pending										
₹11.26	Income Tax Appellate Tribunal, Kochi										
₹206.7	Commissioner of Income Tax (Appeals), Trivandrum										
₹338.6	Commissioner of Income Tax (Appeals), Kottayam										
<u>2015 -16</u>	According to the information and explanations provided to us, the following frauds on the Company by its employees have been noticed, involving pledge of spurious gold amounting to ₹97.63 lakhs in Shenkottai and Netaji Road branches of the Company.	Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements.	The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable								
<u>2016-17</u>	According to the information and explanations provided to us, the following dues of Income Tax, have not been deposited by the Company on account of disputes pending,	To the extent of tax not paid, profit /general reserve of the company has been overstated.	Appeal has been filed in all cases.								

Financial Year	Summary of Other Observations		Impact on the Financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
	Amount In Lakhs	Forum where the dispute is pending		
	₹68.58 Lakhs	Commissioner of Income tax (Appeals), Kottayam		
	₹150.33 Lakhs	Commissioner of Income tax (Appeals), Kottayam		
	₹338.57 Lakhs	Commissioner of Income tax (Appeals), Kottayam		
2016-17	According to the information and explanations provided to us, the following frauds on the Company by its employees have been noticed, involving pledge of spurious gold and misappropriation and theft of cash totalling to ₹330.71 lakhs across 9 branches of the Company of which ₹265.8 lakhs have been recovered during the period.		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.
2017-18	As per the records produced for our verification and information and explanations provided to us there are no dues of income tax, value added tax, sales tax, service tax, goods and service tax, cess and other material statutory dues, which have not been deposited on account of any dispute except the following:		To the extent of tax not paid, profit /general reserve of the company has been overstated.	Appeal has been filed in all cases.
	Forum where the dispute is pending	Period of Dispute		
	Commissioner of Income tax (Appeals), Kottayam	AY 2010-11		
	Commissioner of Income tax (Appeals), Kottayam	AY 2011-12		
	Commissioner of Income tax (Appeals), Kottayam	AY 2012-13		
	Commissioner of Income tax (Appeals), Kottayam	AY 2012-13		
	CPC	AY 2013-14		
	CPC	AY 2013-14		
	Deputy Commissioner, Dept. of Commercial Taxes, Ernakulam	FY 2012-13		
2017-18	According to the information and explanations provided to us: a) there have been certain instances of fraud by employees of the Company amounting to ₹42.96 lakhs across 2 branches of the company of which ₹19.16 lakhs have been recovered during the period.		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

Financial Year	Summary of Other Observations	Impact on the Financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
			of recovering these amounts from the employees and taking legal actions, where applicable.
2018-19	According to the information and explanations given to us, fraud on the Company by its officers or employees has been noticed, amounting to ₹206.76 lakhs across two branches of the Company during the current year out of which ₹16.09 lakhs was recovered.	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.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company held on February 26, 2020, the Directors approved this Issue of NCDs to the public up to an amount not exceeding ₹20,000 lakhs.

Prohibition by SEBI

Our Company, persons in control of our Company, Directors of our Company and/or our Promoters have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Categorisation as a Wilful Defaulter

Our Company, our Directors and/or our Promoters have not been categorised as a Wilful Defaulter nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Declaration as a Fugitive Economic Offender

None of our Promoters or Directors have been declared as a Fugitive Economic Offender.

Other confirmations

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

Disclaimer

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE 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 PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MAY 29, 2020, 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 PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE PROSPECTUS AND CERTIFY THAT ANY MATERIAL**

DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDs OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.

3. WE CONFIRM THAT THE PROSPECTUS CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED.
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.
5. WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT PROSPECTUS HOSTED ON THE WEBSITE OF BSE (DESIGNATED STOCK EXCHANGE).

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS APPROVAL DATED MARCH 24, 2020, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS PROSPECTUS AS THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS PROSPECTUS FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- (a) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS PROSPECTUS; OR
- (b) WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
- (c) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS PROSPECTUS HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED APRIL 13, 2002 AND A FRESH CERTIFICATE OF REGISTRATION DATED JANUARY 1, 2014 BEARING REGISTRATION NO. N-16.00175 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/DISCHARGE OF LIABILITY BY THE COMPANY.

Disclaimer clause of IRR Advisory Services Private Limited

Following is the disclaimer clause of IRR Advisory Services Private Limited in relation to the IRR Report:

THIS REPORT IS PREPARED BY IRR ADVISORY SERVICES PVT LTD (IRR ADVISORY). IRR ADVISORY HAS TAKEN UTMOST CARE TO ENSURE ACCURACY AND OBJECTIVITY WHILE DEVELOPING THIS REPORT. IRR ADVISORY IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS IN ANALYSIS/INFERENCES/VIEWS OR FOR RESULTS OBTAINED FROM THE USE OF INFORMATION CONTAINED IN THIS REPORT AND ESPECIALLY STATES THAT IRR ADVISORY HAS NO FINANCIAL LIABILITY WHATSOEVER TO THE USER OF THIS REPORT. THIS REPORT IS FOR THE INFORMATION OF THE INTENDED RECIPIENTS ONLY AND NO PART OF THIS REPORT MAY BE PUBLISHED OR REPRODUCED IN ANY FORM OR MANNER WITHOUT PRIOR WRITTEN PERMISSION OF IRR ADVISORY.

DISCLAIMER CLAUSE OF CARE

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Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Manager	Website
Vivro Financial Services Private Limited	http://www.vivro.net/offerdocuments

Listing

An application will be made to BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 Working Days from the date of closure of the issue.

Consents

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

Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

- (a) Our Company has received written consent from the Statutory Auditor, namely Vishnu Rajendran & Co., to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the (a) Limited Review Financial Statements dated November 18, 2019 (b) Reformatted Financial Statement dated March 14, 2020, and (c) its report dated May 26, 2020 on the statement of tax benefits, included in this Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus.
- (b) Our Company has received written consent from CARE Ratings Limited to include the credit rating rationale letter dated March 12, 2020 and revalidation letter dated May 19, 2020 in respect of the credit rating issued for the NCDs to be issued pursuant to this Issue which furnishes the rationale for its rating.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus

The Draft Prospectus has been filed with the Designated Stock Exchange in terms of Regulation 6 of the SEBI Debt Regulations for dissemination on its website(s) prior to the opening of the Issue.

Filing of this Prospectus

This Prospectus shall be filed with the RoC in accordance with Section 26 of the Companies Act, 2013.

Debenture Redemption Reserve (“DRR”)

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, listed NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose

other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws.

Issue related expenses

For details of Issue related expenses, see “*Objects of the Issue*” on page 62.

Reservation

No portion of this Issue has been reserved.

Details regarding the Company and other listed companies which are associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

Except as disclosed below, there are no other listed companies under the same management / associate companies as described under the Companies Act, 2013, which have made any public capital issuances during the previous three years from the date of this Prospectus.

Public issue of Equity Shares

Our Company has not made any public issue of Equity Shares or rights issuances in the last five years.

Previous Public Issues of Non-Convertible Debenture

Other than the Public Issue 1, Public Issue 2, Public Issue 3, Public Issue 4, Public Issue 5, Public Issue 6, Public Issue 7, Public Issue 8 and Public Issue 9, our Company has previously not made any public issues of non-convertible debentures.

Other than as specifically disclosed in this Prospectus, our Company has not issued any securities for consideration other than cash.

Dividend

Our Company has no formal dividend policy. The declaration and payment of dividends on our Equity Shares will be recommended by the Board of Directors and approved by our Shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Our Company has not declared any dividend during the last 5 Fiscals and for the six months period September 30, 2019.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kochi, India.

Commissions and Brokerage on previous issue

1. An expense of ₹139.66 lakhs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000.00 each aggregating to ₹19,558.57 lakhs pursuant to the prospectus dated February 12, 2014.
2. An expense of ₹189.00 lakhs was incurred towards commission and brokerage in connection with the public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,962.99 lakhs pursuant to the prospectus dated July 7, 2014.
3. An expense of ₹203.00 lakhs was incurred towards commission and brokerage in connection with the public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹26,912.88 lakhs pursuant to the prospectus dated September 23, 2014.

4. An expense of ₹97.65 lakhs was incurred towards commission and brokerage in connection with the public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,909 lakhs pursuant to the prospectus dated February 18, 2015.
5. An expense of ₹48.45 lakhs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹22,827.12 lakhs pursuant to the prospectus dated July 10, 2015.
6. An expense of ₹41.24 lakhs was incurred towards commission and brokerage in connection with the public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,400.75 lakhs pursuant to the prospectus dated December 21, 2015.
7. An expense of ₹41.38 lakhs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹11,671.79 lakhs pursuant to the prospectus dated March 12, 2019.
8. An expense of ₹47.21 lakhs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹13,203.38 lakhs pursuant to the prospectus dated July 29, 2019.
9. An expense of ₹105.31 lakhs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹17,593 lakhs pursuant to the prospectus dated January 14, 2020.

Impersonation

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

“Any person who:

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

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

Details regarding lending out of issue proceeds of Previous Issues

A. Lending Policy

Please refer to “*Our Business - Gold Loan Business*” on page 90.

B. Loans given by the Company

Our Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of previous issues.

Utilisation of Issue Proceeds of the previous issues by our Company and Group Companies

Our Company

(₹in lakhs)

No	Particulars of utilization	Public Issue 1	Public Issue 2	Public Issue 3	Public Issue 4	Public Issue 5	Public Issue 6	Public Issue 7	Public Issue 8	Public Issue 9
	Total Issue Proceeds	19,559	24,963	26,913	24,909	22,827	24,401	11,672	13,203	17,593
(a)	Issue Related Expense	377	291	303	274	257	111	149	177	352
	Issue Proceed Less Issue Expenses	19,182	24,672	26,610	24,635	22,570	24,290	11,523	13,026	17,241
1.	Onward lending	19,182	4,648	14,602	11,117	2,762	14,107	7,932	5,814	13,502
2.	Repayment of existing loans including interest	-	16,450	10,072	11,286	18,330	10,156	1,688	7,212	
3.	General Corporate Purposes	-	3,574	1,936	2,232	1,478	27	1,903	-	3,739

C. Group Companies

Nil

D. Type of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by the Company as on March 31, 2019 is as follows:

(₹in lakhs)

No.	Type of Loans	Amount
1.	Secured	1,35,257.77
2.	Unsecured	3,215.18
Total assets under management (AUM)		1,38,472.95

E. Sectoral Exposure as on March 31, 2019

No.	Segment wise break up of AUM	Percentage of AUM (%)
1.	Retail	
(a)	Mortgages (home loans and loans against property)	0.18
(b)	Gold loans	97.50
(c)	Vehicle finance	-
(d)	MFI	2.32
(e)	M & SME	-
(f)	Capital market funding (loans against shares, margin funding)	-
(g)	Others	-
2.	Wholesale	-
(a)	Infrastructure	-
(b)	Real estate (including builder loans)	-
(c)	Promoter funding	-
(d)	Any other sector (as applicable)	-

No.	Segment wise break up of AUM	Percentage of AUM (%)
(e)	Others	-
	Total	100.00

F. Residual Maturity Profile of Assets and Liabilities as on March 31, 2019
(in ₹ lakhs)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	24,938.14	6,237.16	7,254.37	31,772.53	67,832.25	438.50	-	-	1,38,472.95
Investments	-	-	-	-	-	-	-	5.81	5.81
Borrowings	290.53	4,305.13	10,487.41	5,608.72	42,662.88	31,035.77	15,765.29	-	1,10,155.73
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

G. Denomination of the loans outstanding by ticket size as on March 31, 2019*

No.	Ticket size**	Percentage of AUM (%)
1.	Up to 2 lakhs	94.28
2.	2 lakhs to 5 lakhs	4.66
3.	5 lakhs to 10 lakhs	0.64
4.	10 lakhs to 25 lakhs	0.19
5.	25 lakhs to 50 lakhs	0.09
6.	50 lakhs to 1 crore	0.14
7.	1 crore to 5 crores	-
8.	5 crores to 25 crores	-
9.	25 crores to 100 crores	-
10.	Above 100 cores	-
	Total	100.00

* Ticket size at the time of origination

**The details provided are as per borrower and not as per loan account.

H. Denomination of loans outstanding by LTV as on March 31, 2019*

No.	LTV	Percentage of AUM (%)
1.	Up to 40%	0.71
2.	40%-50%	1.28
3.	50%-60%	4.25
4.	60%-70%	17.88
5.	70%-80%	75.88
6.	80%-90%	-
7.	More than 90%	-
	Total	100.00%

*LTV at the time of origination

I. Geographical classification of our borrowers as on March 31, 2019

No.	Top 5 states	Percentage of AUM (%)
1.	Tamil Nadu	41.87
2.	Karnataka	20.45
3.	Andhra Pradesh & Telangana	20.33
4.	Kerala	12.40
5.	Delhi (NCR including Uttar)	1.68
	Total	96.73

J. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2019

(in ₹ lakhs)

Particulars	Amount
Total advances to twenty largest borrowers	312.40
Percentage of Advances to twenty largest borrowers to Total Advances to our Company	0.23%

(b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2019

(in ₹ lakhs)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	312.40	9.85
Percentage of exposure to twenty largest borrowers to Total exposure to our Company	0.23%	0.31%

K. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2019

(in ₹ lakhs)

Movement of gross NPA	Amount
Opening gross NPA	3,254.83
- Additions during the year	-
- Reductions during the year	267.40
Closing balance of gross NPA	2,987.43
Movement of net NPA	
Opening net NPA	2,455.66
- Additions during the year	-
- Reductions during the year	558.69
Closing balance of net NPA	1,896.97
Movement of provisions for NPA	
Opening balance	799.17
- Provisions made during the year	291.30
- Write-off / write-back of excess provisions	-
Closing balance	1,090.47

L. Segment-wise gross NPA as on March 31, 2019

No.	Segment wise break up of gross NPA	Gross NPA (%)*
1.	Retail	
(a)	Mortgages (home loans and loans against property)	37.55%
(b)	Gold Loans	2.13%
(c)	Vehicle Finance	-
(d)	MFI	0.72%

No.	Segment wise break up of gross NPA	Gross NPA (%)*
(e)	M & SME	-
(f)	Capital market funding (loans against shares, margin funding)	-
(g)	Others	-
2.	Wholesale	
(a)	Infrastructure	-
(b)	Real Estate (including builder loans)	-
(c)	Promoter funding	-
(d)	Any other sector (as applicable)	-
(e)	Others	-
Total of Gross NPA		2.16%

* Gross NPA means percentage of NPAs to total advances in that sector

M. Classification of loans/advances given to associates, entities/person relating to the board, senior management, promoters, others, etc. as on March 31, 2019:

(in ₹ lakhs)

Particulars	Amount
Loans to Promoters	-
Other Loans	-

Revaluation of assets

Except the revaluation of fixed assets viz land during Fiscal 2012-13 for ₹4,600 lakhs, our Company has not revalued its assets.

Mechanism for redressal of investor grievances

Agreement dated March 9, 2020 between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of eight years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on Application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, option applied for, number of NCDs applied for, amount blocked on Application.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) Working Days from the date of receipt of the complaint.

In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Registrar to the Issue

Link Intime India Private Limited

C- 101, 247 Park

L.B.S. Marg, Vikhroli (West)

Mumbai 400 083

Maharashtra, India

Telephone: +91 22 4918 6170/6171/6200

Facsimile: +91 22 4918 6195
Email: ncd1.mmfl2020@linkintime.co.in
Investor Grievance mail: ncd1.mmfl2020@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058

Compliance Officer of our Company

Smitha K. S. has been appointed as the Compliance Officer of our Company for this Issue. The contact details of Compliance Officer of our Company are as follows:

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

Change in Auditors of our Company during the last three years

There has been no change in the auditor of our Company during the last three years.

Disclaimer statement from the Issuer

The Issuer accepts no responsibility for statements made other than in this Prospectus issued by our Company in connection with the Issue of the NCDs and anyone placing reliance on any other source of information would be doing so at his / her own risk.

KEY REGULATIONS AND POLICIES

The regulations summarized below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions, Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

We are a non-deposit taking (which does not accept public deposits), systemically important, NBFC. As such, our business activities are regulated by RBI regulations applicable to non-public deposit accepting NBFCs (“**NBFC-ND**”).

As of November 22, 2019, the RBI has issued an updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016 as amended, (“**Master Directions**”) applicable to all NBFC-NDs.

Following are the regulations governing an NBFC in India:

Regulations governing NBFCs

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the purchase or sale of any goods or providing of any service or the sale/purchase/construction of immovable property.

As per the prescribed law any company that carries on the business of a non-banking financial institution as its ‘principal business’ is to be treated as an NBFC. The term ‘principal business’ has not been defined in any statute; however, RBI has clarified through a press release (Ref. No. 1998-99/1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company’s principal business. The company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration (“**CoR**”). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI has raised the requirement of minimum net owned fund (“**NoF**”) from ₹25 lakhs to ₹200 lakhs for the NBFC which commences business on or after April 21, 1999. Also, it was mandatory for all NBFCs to attain a minimum NoF of ₹200 lakhs by the end of 1 April 2017. NBFCs failing to maintain NOF of ₹200 lakhs are not eligible to hold a certificate of registration as an NBFC.

Regulation of NBFC registered with RBI

NBFCs are primarily governed by the RBI Act and the RBI Master Directions. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Types of Activities that NBFCs are permitted to carry out

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- (i) an NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and
- (ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself.

Types of NBFCs

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the RBI in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC (“**NBFC-D**”) or as a non-deposit accepting NBFC (“**NBFC-ND**”). NBFCs registered with RBI are further classified as:

The RBI has recently harmonised the categories of NBFCs into: (i) investment and credit companies (which erstwhile consisted of asset finance companies, investment companies, and loan companies); (ii) infrastructure finance companies; (iii) infrastructure debt funds; (iv) NBFC – micro finance institutions; and (v) NBFC – factors.

Our Company has been classified as an NBFC-ND-SI.

Systemically Important NBFC-NDs

As per the NBFC Master Directions, the revised the threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹50,000 lakh and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹50,000 lakh and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio of 15 per cent.

Rating of NBFCs

Pursuant to the RBI Master Directions, all NBFCs with an asset size of ₹50,000 lakh are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

Provisioning Requirements

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

In the interests of counter cyclical and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI vide their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated January 17, 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25 per cent of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC

No. 037/03.01.001/2014-15 dated June 11, 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The provisions on standard assets are not reckoned for arriving at Net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier II Capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II Capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Capital Adequacy Norms

Every systemically important NBFC-ND is required to maintain, a minimum capital ratio consisting of Tier I and Tier II Capital of not less than 15 per cent of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II Capital of a NBFC-MFI shall not exceed 100 per cent of the Tier I Capital.

Tier-I Capital, has been defined as, owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10 per cent of the owned fund and perpetual debt instruments issued by a systemically important NBFC-ND in each year to the extent it does not exceed 15 per cent of the aggregate Tier I Capital of such company as on 31st March of the previous accounting year.

Owned Funds, has been defined as, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier - II Capital includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55 per cent; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth per cent of risk weighted assets; (d) hybrid debt capital instruments; 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 per cent 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 Master Directions, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFCs-ND may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5% of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important NBFC-ND taken together may not exceed 25% of its owned funds to or in single party and 40% of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings.

Asset Classification

The Master Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

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

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC is required to make a provision for standard assets at 0.40 per cent.

Other stipulations

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The Master Directions also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹200 lakh. For this purpose, the RBI Act has defined “net owned fund” to mean:

Net Owned Fund - The aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,

- investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and
- the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10 per cent of (a) above.

Further, in accordance with RBI Notification No DNBR.007/CGM (CDS) 2015 dated 27 March 2015 which provides that a non-banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than ₹200 lakh may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of:

- ₹100 lakh before April 1, 2016; and
- ₹200 lakh before April 1, 2017

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved

securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI's Non- Deposit Accepting Companies Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no'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 lakh or more or holding public deposits of ₹20,000 lakh or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

RBI *vide* circular bearing reference number RBI/2018-19/130 DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, has harmonised different categories of NBFCs into fewer ones, based on the principle of regulation by activity rather than regulation by entity. Accordingly, RBI has merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Further differential regulations relating to bank's exposure to the three categories of NBFCs viz., AFCs, LCs and ICs were harmonised. Further, a deposit taking NBFC-ICC shall invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC, an amount not exceeding twenty per cent of its owned fund.

Lending against security of gold

The RBI pursuant to the Master Direction –Non-Banking Financial Company –Systemically Important Non Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended from time to time ("RBI Master Directions") has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier I capital of 12%. The RBI Master Directions has issued guidelines with regard to the following:

- (i) Appropriate infrastructure for storage of gold ornaments: A minimum level of physical infrastructure and facilities is available in each of the branches engaged in financing against gold jewellery including a safe deposit vault and appropriate security measures for operating the vault to ensure safety of the gold and borrower convenience. Existing NBFCs should review the arrangements in place at their branches and ensure that necessary infrastructure is put in place at the earliest. No new branches should be opened without suitable storage arrangements, including safe deposit vault, having been made thereat. No business of grant of loans against the security of gold can be transacted at places where there are no proper facilities for storage/security.
- (ii) NBFCs shall not grant any advance against bullion / primary gold and gold coins. NBFCs shall not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund.
- (iii) Prior approval of RBI for opening branches in excess of 1,000: It is henceforth mandatory for NBFC to obtain prior approval of the Reserve Bank to open branches exceeding 1,000. However NBFCs which already have more than 1,000 branches may approach the Bank for prior approval for any further branch expansion. Besides, no new branches will be allowed to be opened without the facilities for storage of gold jewellery and minimum security facilities for the pledged gold jewellery.
- (iv) Standardization of value of gold in arriving at the loan to value ratio: For arriving at the value of gold jewellery accepted as collateral, it will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by BBA or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.

- (v) Verification of the Ownership of Gold: NBFCs should have an explicit Board approved policy in their overall loan policy to verify ownership of the gold jewellery, and adequate steps be taken to ensure that the KYC guidelines stipulated by the Reserve Bank are followed and due diligence of the customer undertaken. Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. The method of establishing ownership should be laid down as a Board approved policy. Auction Process and Procedures: The following additional stipulations are made with respect to auctioning of pledged gold jewellery:
- (a) The auction should be conducted primarily at the branch level and where the same has failed NBFCs can pool gold jewellery from different branches in a district and auction it at any location within the district, after ensuring that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met.
 - (b) While auctioning the gold the NBFC should declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85% of the previous 30 day average closing price of 22 carat gold as declared by The Bombay Bullion Association Limited and value of the jewellery of lower purity in terms of carats should be proportionately reduced.
 - (c) It will be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.
 - (d) NBFCs must disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.
- (vi) Other Instructions:
- (a) NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above ₹500,000.
 - (b) Every NBFC shall ensure compliance with the requirements under sections 269SS and 269T of the Income Tax Act, 1961, as amended from time to time.
 - (c) Documentation across all branches must be standardized.
 - (d) NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards (“IAS”) and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made. The Ministry of Corporate Affairs has amended the existing IAS *vide* Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 and the same shall be applicable to the Company from April 1, 2018.

Implementation of Indian Accounting Standards: RBI Notification

The Reserve bank of India vide notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation.

The guidelines cover aspects on Governance Framework, Prudential Floor for ECL and Computation of Regulatory Capital and Regulatory Ratios.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016

All NBFCs and NBFCs-ND-SI shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of ₹1 lakh and above, and if the fraud is of ₹100 lakhs or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-SI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Master Circular dated July 1, 2015 – Frauds – Future approach towards monitoring of frauds in NBFCs

In order to prevent the incidence of frauds in NBFCs, the RBI established a reporting requirement to be followed by NBFCs, both NBFC-D and NBFCs-ND-SI. In terms of the circular, all NBFCs-ND-SI shall disclose the amount related to fraud, reported in the company for the year in their balance sheets. NBFCs failing to report fraud cases to the RBI would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act. Additionally, the circular provides for categorisation of frauds and the reporting formats in order to ensure uniformity in reporting.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI. RBI vide notification dated November 26, 2015 titled “Online Returns to be submitted by NBFCs-Revised” changed the periodicity of NBFC-ND-SI returns from monthly to quarterly.

Master Direction – Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016

Auditor’s Report Master Directions are applicable to auditors of all NBFCs. In addition to the reports to be furnished under Companies Act, the auditors of NBFCs are mandated to provide a report as prescribed under Auditor’s Report Master Directions. While matters pertaining to all NBFCs are covered under section 3(A) of Auditor’s Report Master Directions, matters specifically pertaining to NBFCs-ND are mentioned in section 3(C). The report furnished by the auditors under Auditor’s Report Master Directions shall include, amongst other things, if the NBFC has obtained the certificate of registration from the RBI to operate as an NBFC, clarification with respect to correctness of the capital adequacy ratio mentioned in the return submitted to RBI, status of furnishing of annual statement of capital funds, risk assets/exposures and risk asset ratio by NBFCs to the RBI and passing of resolution by the board of the NBFCs for non- acceptance of deposits from public. Every NBFC shall submit a certificate that is engaged in the business of being an NBFC and it holds a valid certificate of registration issued by the RBI.

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc.

Ombudsman scheme for customers of NBFCs

The RBI had under its Statement on Development and Regulatory Policies-February 2018 dated February 7, 2018 announced the proposed ombudsman scheme for NBFCs to provide cost-free and expeditious grievance redressal to customers of all NBFC-Ds and all NBFCs with customer interface having an asset size exceeding ₹1 billion (“Covered NBFCs”).

The RBI has on February 23, 2018 introduced the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the “**Scheme**”). The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by certain categories of NBFCs registered with the RBI to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The Scheme provides for the appointment by RBI of one or more officers not below the rank of general manager as ombudsmen (the “**Ombudsmen**”) for a period not exceeding three years at a time, to carry out the functions entrusted to Ombudsmen under the Scheme. The Scheme describes the nature of complaints which any person could file with an Ombudsman alleging deficiency in services by an Covered NBFC, which include *inter alia* failure to convey in writing the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide adequate notice on proposed changes being made in the sanctioned terms in vernacular or a language understood by the borrower, levying of charges without adequate prior notice to the borrower/customer and failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues. The complaints may be settled by the Covered NBFC within a specified period or may be decided by an award passed by Ombudsman after affording the parties a reasonable opportunity to present their case, either in writing or in a meeting. Where the Ombudsman decides to allow the complaint, the award passed is required to contain the direction/s, if any, to the Covered NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the Covered NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the Covered NBFC. The Covered NBFC is required to implement the settlement arrived at with the complainant or the award passed by the Ombudsman when it becomes final and send a report in this regard to the RBI within 15 days of the award becoming final. The Ombudsman is required to send a report to the RBI governor annually (as on June 30 every year) containing general review of the activities of his office during the preceding financial year and provide such other information as may be required by the RBI.

Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended (“RBI KYC Directions”)

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC’S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, *inter alia*, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies, and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident’s Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further amended on January 9, 2020, in view of Government of India Gazette Notification No. G.S.R. 582(E) dated August 19, 2019 and Gazette Notification G.S.R. 840(E) dated November 13, 2019, notifying amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. With a view to leveraging the digital channels for Customer Identification Process (CIP) by Regulated Entities (REs), the Reserve Bank has decided to permit Video based Customer Identification Process (V-CIP) as a consent based alternate method of establishing the customer’s identity, for customer onboarding.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management (“**ALM**”) System in relation to NBFCs (“**ALM Guidelines**”) that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹10,000 lakhs, irrespective of whether they are accepting/holding public deposits or not, or holding public deposits of ₹2,000 lakhs or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days’ time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the “**DRT Act**”) provides for establishment of the Debts Recovery Tribunals (the “**DRTs**”) for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 (“**PMLA**”) is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹10 lakhs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹10 lakhs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹10 lakhs. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

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

RBI Notification dated December 3, 2015 titled “Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards” states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document ‘Improving Global AML/CFT Compliance: on-going process’ as on October 23, 2015.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All systematically important NBFCs must implement the security enhancement requirements under the Master Direction with respect to enhancing security of its Information Technology/Information Security Framework (“IT”) business continuity planning, disaster recovery and management. NBFCs must constitute an IT Strategy Committee and IT Steering Committee and formulate an IT and Information Security Policy in furtherance of the same. Further, a Cyber Crisis Management Plan must be formulated to address cyber intrusions and attacks.

Appointment of Chief Risk Officer

RBI vide circular bearing reference number RBI/2018-19/184 DNBR (PD) CC. No.099/03.10.001/2018-19 dated May 16, 2019 directed that NBFCs with asset size of more than ₹50 billion shall appoint a Chief Risk Officer (“CRO”) with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management. To ensure independence, the CRO will have a fixed tenure with the approval of the Board. The CRO shall report directly to the managing director/CEO/risk management committee of the Board. The CRO shall be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks. The CRO’s role in deciding credit proposals shall be limited to be an advisor.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs (“Risk Management Directions”). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI”)

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-day notice on the borrower demanding repayment of the amount due and specifying the borrower’s assets over which the secured creditor proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-day notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹100 lakhs, agricultural land and any case where the amount due is less than 20.00% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 (“Code”) consolidates laws relating to insolvency, reorganisation and liquidation/ bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships (“LLPs”). The Code has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The Code prescribes a timeline

of 330 days for the insolvency resolution process, which begins from the date the application is admitted by the NCLT. During this period, the creditors and the debtor shall negotiate and finalise a resolution plan (accepted by 66% of the financial creditors) and in the event, they fail, the debtor is placed in liquidation and the moratorium lifted. The Code stipulates an interim-moratorium period which would commence after filing of the application for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company or be involved in the promotion or management of a company during the moratorium period. In light of the COVID-19 pandemic, the Government of India, introduced economic reforms to contribute to the ease of doing business. One of the reforms introduced is the suspension of the Code for a period of one year. An ordinance detailing the changes pursuant to this reform is expected to be introduced by the government. Further, the GoI *vide* notification dated March 24, 2020 (“**Notification**”) has amended section 4 of the Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, Government of India has increased the minimum amount of default under the insolvency matters from ₹1,00,000 to ₹1,00,00,000.

*The Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules 2019 (“**IBC Rules, 2019**”)*

The Code, which regulates the insolvency resolution process for “corporate persons” previously excluded financial service providers from its purview. With the notification of the IBC Rules, 2019, the provisions of the Code will apply to financial service providers as well, which are subject to modifications and additional conditions as set out in the IBC Rules, 2019. Financial service providers are defined to mean persons engaged in the business of providing financial services in terms of authorisation issued or registration granted by a financial sector regulator under the Code. “Financial services” is broadly defined in the Code, and includes, inter alia, services in the nature of acceptance of deposits, administration of assets, underwriting services, advisory services with respect to dealings in financial products, operation of an investment scheme, and maintenance of records of ownership of a financial product. The IBC Rules, 2019, lays down the provisions for setting up an advisory committee, resolution plan and the liquidation process of Financial service providers.

Laws relating to employment

Shops and establishments legislations in various states

The provisions of various shops and establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

Our Company is required to comply with various labour laws, including the Code of Wages, 2019, the Payment of Gratuity Act, 1972 and the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.

Laws relating to intellectual property

The Trade Marks Act, 1999 and the Indian Copyright Act, 1957 *inter-alia* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

Miscellaneous

*Foreign Exchange Management (Debt Instrument) Regulations, 2019 (“**Debt Regulations**”)*

The Debt Regulations prohibits investments by non-residents in debt instruments in contravention of the rules laid down by the RBI. Similarly, restriction have also been placed on individuals, entities, mutual funds, venture capitals, firms, or association of persons from receiving investments in violation to the Debt Regulations. The Debt Regulations differs on the basis of whether the transaction is being made by FPI, or NRI/OCI citizen on a repatriation or a non- repatriation basis. If the transaction is being made by NRI/OCI on a non-repatriation basis then it becomes essential to understand if it is occurring on the account of demerger, merger, or an amalgamation taking place. All transactions of this nature are mandatorily required to be channelled through a bank. The sale

proceeds to be required to be remitted as per the Debt Regulations. All requisite conditions, as laid down by SEBI, needs to be complied with.

Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (“FPI Regulations”)

The FPI Regulations makes it mandatory for the FPI to obtain the necessary certificate from the designated depository participant on behalf of SEBI. The eligibility criteria for FPI, includes the applicant to not be an NRI, or OCI. The applicant’s country’s central bank should be a member of the Bank for international settlements. The FPI Regulations also differentiates FPIs into Category I (Governments, Pension Funds, University Funds) and Category II (corporate bodies, individuals). The FPI Regulations, specifically lays down the kind of investments FPI are allowed to transact in, namely shares, debentures, mutual funds, REIT and states the responsibilities of the depository participants.

Foreign Direct Investment (“FDI”)

FDI in an Indian company is governed by the provisions of the FEMA read with FEMA Regulations and the FDI Policy. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities. Under the approval route, prior approval from the relevant ministry/ministries of the Government or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route. Further, as per the sector specific guidelines of the Government, 100% FDI/NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

In addition to the above, our Company is required to comply with the provisions of the Companies Act, 2013, and the rules made thereunder, as amended, the Foreign Exchange Management Act, 1999, various tax related legislations and other applicable statutes.

Regulatory measures on account of the COVID-19 pandemic

The RBI has issued circulars, the Statement of Developmental and Regulatory Policies dated May 22, 2020 and Monetary Policy Statement, 2020-2021: Resolution of Monetary Policy Committee dated May 22, 2020 announcing certain additional regulatory measures with an aim to revive growth and mitigate the impact of COVID-19 on business and financial institutions in India, including:

- (a) permitting banks to grant a moratorium of six months on all term loan instalments and working capital facilities sanctioned in the form of cash credit/overdraft (“CC/OD”), falling due between March 1, 2020 and August 31, 2020, subject to the fulfilment of certain conditions;
- (b) permitting the recalculation of ‘drawing power’ of working capital facilities sanctioned in the form of cash/credit overdraft facilities by reducing the margins till the extended period, being August 31, 2020, and permitting lending institutions to restore the margins to the original levels by March 31, 2021;
- (c) permitting the increase in the bank’s exposures to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank, up to June 30, 2021;
- (d) deferring the recovery of the interest applied in respect of all working capital facilities sanctioned in the form of cash/credit overdraft facilities during the period from March 1, 2020 to August 31, 2020;
- (e) permitting lending institutions to convert the accumulated interest on working capital facilities up to the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than the end of the current financial year (being, March 31, 2021);
- (f) permitting the lending institutions to exclude the moratorium period wherever granted in respect of term loans as stated in (a) above, from the number of days past-due for the purpose of asset classification under the income recognition and asset classification norms, in respect of accounts classified as standard as on February 29, 2020, even if overdue;

- (g) permitting the lending institutions to exclude deferment period on recovery of the interest applied, wherever granted as stated in (d) above, for the determination of out of order status, in respect of working capital facilities sanctioned in the form of CC/OD where the account is classified as standard, including special mention accounts, as on February 29, 2020; and
- (h) requiring lending institutions to make general provisions of not less than 10% of the total outstanding of accounts in default but standard as on February 29, 2020 and asset classification benefit is availed, to be phased over two quarters as provided: (i) not less than 5% for the quarter ended March 31, 2020; and (ii) not less than 5% for the quarter ended June 30, 2020, subject to certain adjustments.

SECTION VIII - SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. In case of any inconsistency between the Articles of Association of our Company and the Companies Act, 1956 and Companies Act, 2013, the provisions of the Companies Act, 1956 and the Companies Act, 2013, as applicable, shall prevail over the Articles of Association of our Company. The main provisions of the Articles of Association of our Company are detailed below:

PRELIMINARY

In the interpretation of these Articles, the following expressions shall have the following meanings, unless repugnant to the subject or context.

“The Act” or “The said Act” means the Companies Act, 1956 (Act 1 of 1956) and subsequent amendments thereto or any statutory modifications or re-enactment thereof for the time being in force

(1) “The Company” or “this Company” means Muthoottu Mini Financiers Limited

(2) “The Seal” means the Common Seal of the Company.

Table “A” not to apply

1. (a) The regulations contained in Table marked “A” in Schedule I of the Companies Act, 1956, (hereinafter called the Act or the said Act) shall apply to the Company, except in so far as excluded, modified, varied or altered expressly or impliedly by the regulations of the Company hereinafter following or made from time to time.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.
- (b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE REDUCTION AND ALTERATION OF CAPITAL

6. The Company may from time to time in General Meeting increase its Share Capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued

- (a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the General Meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets

of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further issue of Shares

- (b) Where at any time after the expiry of two years from the formation of a Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital, then
 - (i) such further shares shall be offered to the persons who at the date of offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the Capital paid up on those shares at that date.
 - (ii) the offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
 - (iii) unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (b) shall contain a statement of this right. PROVIDED THAT the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - (iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of directors may dispose of them in such manner as they think most beneficial to the Company.
- (c) Notwithstanding anything contained in the preceding sub-clause (1), the further shares aforesaid may be offered to any persons whether or not those persons include the persons referred to in clause (a) of sub-section (1) in any manner whatsoever:-
 - (i) if a special resolution to that effect is passed by the company in general meeting, or
 - (ii) where no such special resolution is passed if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
- (d) Nothing in clause (c) of sub-section (1) shall be deemed –
 - (i) to extend the time within which the offer should be accepted, or
 - (ii) to authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (e) Nothing in this article shall apply –
 - to the increase of the subscribed capital of the company caused by the exercise of an option attached to debentures issued or loans raised by the company –
 - (i) to convert such debentures or loans into shares in the company, or

- (ii) to subscribe for shares in the company; (Whether such option is conferred in these Articles or otherwise.)

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of debentures or the raising of the loans, or is in conformity with the rules 197, if any, made by that Government in this behalf; and
- (b) in the case of debentures or loans other than debentures issued to, or loans obtained from, the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or the raising of the loans.

Shares at the disposal of the Directors

- (a) Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

Same as Original Capital

- (a) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new shares shall be considered as part of the original Capital and shall be subject to the provisions herein contained with reference to the payment of calls, instalments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

SHARES AND CERTIFICATES

Issue of further Shares not to affect right of existing share holders

- 13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking *pari passu* therewith.

Provisions of Sections 85 to 88 of the Act to apply

- 14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

- 15.
 - (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.
 - (b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.

- (c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, Copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Restriction on allotment

17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares to be numbered progressively and no shares to be subdivided

18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Shares at the disposal of the Directors

19. Subject to the provisions of Section 81 of the Act and these Articles the shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in General Meeting to give to any person the option to call for any shares either at par or at a premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the Capital of the Company on payment in full or part for any property sold and transferred or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting

‘Buy back of Shares’

- 22A. Notwithstanding anything contained in any other Article of the Articles of Association, but subject to the provisions of Section 77 A and 77 B of the Act and Securities & Exchange Board of India (Buy back of Securities) Regulations 1998 as may be in force at any time and from time to time, the Company may acquire, purchase, own, resell any of its own fully/partly paid or redeemable Preference Shares or Equity Shares and any other security as may be specified under the Act, Rules and regulations from time to time and may make payment thereof out of funds at its disposal or in any manner as may be permissible or in respect of such acquisition/purchase on such terms and conditions and at such time or times in one or more instalments as the Board may in its discretion decide and deem fit. Such Shares which are so bought back by the Company may either be extinguished and destroyed or reissued as may be permitted under the Act or the Regulations as may be in force at the relevant time subject to such terms and conditions as may be decided by the Board and subject further to the rules & regulations governing such issue.

CALLS**Directors may make Calls**

31. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and such members/debenture holders shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Directors. A Call may be made payable by instalments. A call may be postponed or revoked as the Board may determine. The option or right to call of shares shall not be given to any of the person except with the sanction of the Issuer in general meeting.

Calls to date from resolution

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such Call was passed and may be made payable by members/debenture holders on a subsequent day to be specified by the Directors.

Notice of Call

33. Thirty days' notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.

Directors may extend time

34. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be Calls

35. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a Call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a Call duly made and notified.

Instalments on shares to be duly paid

36. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform basis

37. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amount have been paid up shall not be deemed to fall under the same class.

Liability of joint holders of shares

38. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares.

When interest on call or instalment payable

39. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

Payment in anticipation of calls may carry Interest

42. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the money due

upon the shares held by him beyond the sum actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

- (b) The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

43. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of Transfers

59. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Form of Transfer

60. The instrument of transfer shall be common, in writing and all the provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

'Dematerialisation of Securities'

60A. (1) The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.

- (2) (i) The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.

- (ii) Option for Investors:

Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

- (iii) Securities in Depository to be in fungible form:
All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C & 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

- (iv) Rights of Depositories & Beneficial Owners:

- (a) Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.

- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (c) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.
- (v) **Service of Documents:**
Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.
- (vi) **Transfer of Securities:**
Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- (vii) **Allotment of Securities dealt with in a depository:**
Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- (viii) **Register and Index of Members:**
The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

Instrument of transfer to be executed by transferor and transferee

61. (a) Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

Directors , the Directors may, at their own absolute and uncontrolled discretion any by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either; alone or jointly with any other person or persons indebted to the company or any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

- (b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

Transfer of Shares

62. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of Members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- (b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- (c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the certificate relating to the shares and if no such certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.
- (d) Nothing in clause (c) above shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.
- (e) The Company shall accept all applications for transfer of shares/debentures; however, this condition shall not apply to requests received by the Company.
- (A) for splitting of a share or debenture certificate into several scripts of very small denominations;
- (B) proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.
- (i) transfer of equity shares/debentures made in pursuance of any statutory provisions or an order of a Competent Court of law;
- (ii) the transfer of the entire equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.
- (iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) Debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.
- (iv) the transfer of less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

- (f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share. However, the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever;

Transfer books and Register of members when closed

65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year.

Transfer to Minors etc.

66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title to shares of deceased holder

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognise as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Registration of persons entitled to share otherwise than by transfer

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.
- (b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

'Nomination'

- (c) (1) Every Shareholder or Debenture holder or Deposit holder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act.

- (2) Where the Shares or Debentures or Deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under Section 58A(11) and 109A of the Act.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debenture holder or Deposit holder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or Deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

‘Transmission of Shares or Debentures’

- (d) (1) A nominee, upon production of such evidence as may be required by the Board and subject to provisions of Section 109B of the Act and as hereinafter provided, elect, either –
 - (a) to register himself as holder of the Share or Debenture, as the case may be; or
 - (b) to make such transfer of the Share or Debenture, as the deceased Shareholder or Debenture holder, as the case may be, could have made.
- (2) if the nominee elects to be registered as holder of the Share or Debenture himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debenture holder, as the case may be.
- (3) a nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.
71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

Refusal to register nominee

72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Directors may require evidence of transmission

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

No Fees on transfer or transmission

74. No fees shall be charged for registration of transfer transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death of Marriage, Power of Attorney or similar other document.

The Company not liable for disregard of a notice prohibiting registration of transfer

75. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give affect thereto if the Directors shall so think fit.
76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

JOINT HOLDERS**Joint-holders**

77. Where two or more persons are registered as the holders of any shares/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders

- (i) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debentures.

Transfer by joint holders

- (ii) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

- (iii) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share/debenture.

Death of one or more joint holders

- (iv) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognised by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Receipt of one sufficient

- (v) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.

Delivery of certificate and giving of notices to first named holder

- (vi) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holders of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holders

- (vii) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.
- (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

BORROWING POWERS**Restriction on powers of the Board**

78. The Board of Directors shall not, except with the consent of the Company in General Meeting and subject to Article 172 of the Articles of Association of the Company:
- (a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.
 - (b) remit, or give time for the repayment of any debt due by a Director.
 - (c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.
 - (d) borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.
 - (e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial year immediately preceding, whichever is greater.

Explanation: Every resolution passed by the Company in General Meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount up to which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

Conditions on which money may be borrowed

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable or such other types of debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.

Terms of Issue of Debentures

80. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution

Bonds, debentures etc. to be subject to the control of Directors

Any bonds, debentures, debenture stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture stocks or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting by a special resolution.

Securities may be assignable free from equities

81. Debentures, debenture stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Issue at discount etc. or with special privileges

82. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following:

Debentures with voting rights not to be issued

- (a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.
- (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- (d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.
- (e) The term 'charge' shall include mortgage in these Articles.

- (f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

Limitation of time for issue of Certificate

- (g) The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

Right to obtain copies of the inspect Trust Deed

- (h) (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.
- (1) In the case of a printed Trust Deed of the sum of Rupee One and
- (2) In the case of a Trust Deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied.
- (ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of Members of the Company.

Mortgage of uncalled Capital

83. If any uncalled Capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled Capital in trust for the person in whose favour such mortgage or security is executed.

Indemnity may be given

84. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Registration of charges

85. (a) The provisions of the Act relating to registration of charges shall be complied with.
- (b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.
- (c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 125 of the Act.
- (d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any persons acquiring such property or any part thereof or any

share as interest therein shall be deemed to have notice of the charge as from the date of such registration.

- (e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.
- (f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders *pari passu*.
- (g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.
- (h) The Provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.
- (i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.
- (j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.
- (k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered office of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Managers as therein provided.
- (l) The Company shall also comply with the provisions of section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.
- (m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:
 - (i) a short description of the property charged;
 - (ii) the amount of the charge; and
 - (iii) except in the case of securities to bearer, the names of persons entitled to the charge.
- (n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

Trust not recognised

86. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders.

BOARD OF DIRECTORS

Board of Directors

126. Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three and not more than twelve.

The First Directors of the Company shall be:

1. Shri Roy M Mathew
2. Shri M. Mathew
3. Shri Sosamma Mathew
4. Shri Nizzy Mathew

Appointment of Senior Executives as Whole time Directors

127. (a) Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Whole time Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:
- (i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a Director shall not constitute a break in his appointment as Wholetime Director.
 - (ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.
 - (iii) He shall cease to be a Director of the Company on the happening of any event specified in Section 283 and 314(2C) of the Act. He shall cease to be a Director of the Company, if for any reason whatsoever he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.
 - (iv) Subject to what is stated herein above he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/s and/or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/s and/or the Board may, from time to time determine.
- (b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such whole-time directors

Appointment of Chairman

134. The Directors may from time to time elect among themselves a chairman of the Board and determine the period for which he is to hold office if at any meeting of the Board, the chairman is not present within fifteen minutes after the time appointed for holding the same, the directors present may choose one of their members to be chairman of the meeting.

Qualification of Director

135. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

MANAGING DIRECTORS**Power to appoint Managing or Wholetime Directors**

172. (a) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Wholetime Directors and/or Special Director like Technical Director, Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Wholetime Director(s), Technical Director(s), Financial Director(s) and Special Director(s) such of the power hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such condition and subject to such restriction as it may determine, the remuneration of such Directors may be way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

Appointment and payment of remuneration to Managing or Wholetime Director

- (b) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.

THE SECRETARY**Secretary**

173. Subject to the provisions of Section 383 A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called “**the Secretary**”) who shall have such Qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

SEAL**The seal its custody and use**

174. (a) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence.

(b) **Seal abroad**

The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.

Unpaid or Unclaimed Dividend

190. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called “Unpaid Dividend of MUTHOOTTU MINI FINANCIERS LIMITED” and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund account of the Central Government.

No claim for such transferred amount will lie against the Company or Central Government.

- (c) No unpaid or unclaimed dividend shall be forfeited by the Board before the claim becomes barred by law;

Dividend and call together

191. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed

the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

192. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

AUDIT**Accounts to be audited**

206. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

Appointment and qualification of auditors

207. (a) The Company at the annual general meeting each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting, and shall, within seven days of the appointment, give intimation thereof to every auditor so appointed.
- (b) At any annual general meeting, a retiring Auditor, by whatever authority appointed, shall be reappointed unless:
- (i) he is not qualified for reappointment;
 - (ii) he has given the Company notice in writing of his unwillingness to be reappointed;
 - (iii) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be reappointed, or
 - (iv) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons, as the case may be, the resolution cannot be proceeded with.
- (c) Where at an annual general meeting no auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.
- (d) The Company shall, within seven days of the Central Government's power under sub-clause (c) becoming exercisable give notice of that fact to the Government.
- (e) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy be caused by the resignation of an auditor, the vacancy shall only be filled by the Company in general meeting.
- (f) A person, other than a retiring Auditor, shall not be capable of being appointed at an annual general meeting unless special notice of the Resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and the provisions of Section 225 of the Act shall apply in the matter. The provision of this sub-clause shall also apply to a Resolution that a retiring Auditor shall not be re-appointed.
- (g) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.

- (h) None of the persons mentioned in Section 226 of the Act as being not qualified for appointment as Auditors shall be appointed as Auditors of the Company.

Audit of Branch Office

208. The Company shall comply with the provisions of Section 228 of the Act in relation to the audit of the accounts of branch offices of the Company except to the extent to which any exemption may be granted by the Central Government, in that behalf.

WINDING UP**Distribution of Assets**

217. (a) Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.
- (b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.
218. Subject to the provisions of the Act.

Distribution in specie or kind

- (a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributors, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.
- (b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- (c) In case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

219. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

SECURITY CLAUSE

220. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of accounts with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to this knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to required discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

INDEMNITY AND RESPONSIBILITY

Directors and other rights to indemnity

221. (a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Wholetime Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which such Director, Manager, Secretary and Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.
- (b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

Directors and other officers not responsible for the acts of others

222. Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the money of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of the office or in relation thereto, unless the same happens through his own dishonesty.

SECTION IX - OTHER INFORMATION**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or/are to be entered into by our Company. These contracts which are or may be deemed material shall be attached to the copy of this Prospectus to be delivered to the Registrar of Companies, Kerala and Lakshadweep for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the filing of this Prospectus with the Stock Exchange until the Issue Closing Date.

Material Contracts

1. Agreement dated March 13, 2020 between the Company and the Lead Manager;
2. Agreement dated March 9, 2020 between the Company and the Registrar to the Issue;
3. Agreement dated March 12, 2020 between the Company and Vistra ITCL (India) Limited, the Debenture Trustee;
4. Agreement dated March 21, 2020 executed by the Company, the Registrar, the Public Issue Account Bank and the Lead Manager;
5. Syndicate Agreement dated March 20, 2020 executed between the Company and the Syndicate Member;
6. Tripartite Agreement dated January 30, 2014 between CDSL, the Company and the Registrar to the Issue; and
7. Tripartite Agreement dated February 5, 2014 between NSDL, the Company and the Registrar to the Issue.

Material Documents

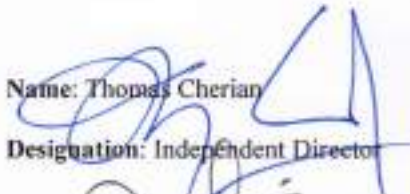
1. Certificate of Incorporation of Company dated March 18, 1998, issued by Registrar of Companies, Kerala and Lakshadweep;
2. Fresh Certificate of Incorporation of the Company dated November 27, 2013, issued by Registrar of Companies, Kerala and Lakshadweep pursuant to the conversion of our Company from private limited company to a public limited company;
3. Memorandum and Articles of Association of the Company, as amended to date;
4. Certificate of registration (no. N-16.00175) dated April 13, 2002 issued by RBI under Section 45IA of the Reserve Bank of India Act, 1934. Fresh certificate of registration issued by RBI on January 1, 2014, pursuant to the change of name of our Company from 'Muthoottu Mini Financiers Private Limited' to 'Muthoottu Mini Financiers Limited';
5. Certificate of registration bearing registration no. – CA0122 issued by IRDAI, with effect from April 1, 2016 (renewed on April 1, 2019), under Section 42D (1) of the Insurance Act, to act as a "Corporate Agent (Composite)";
6. Certificate of registration dated July 5, 2012 bearing registration number IN-DP-CDSL-660- 2012 issued by SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, renewed on August 21, 2017;
7. Credit rating letter dated March 12, 2020 and revalidation letter dated May 19, 2020 from CARE Ratings Limited, granting credit ratings to the NCDs.
8. Copy of the Board Resolution dated February 26, 2020 approving the Issue;

9. Copy of the resolution passed by the Shareholders of the Company at the Extraordinary General Meeting held on December 10, 2013, approving the overall borrowing limit of Company;
10. Copy of the resolution of the Debenture Committee dated March 16, 2020 approving the Draft Prospectus;
11. Copy of the resolution of the Debenture Committee dated May 29, 2020 approving this Prospectus.
12. Consents in writing of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, legal advisor to the Issue, Lead Manager, the Registrar to the Issue, Credit Rating Agency, the Bankers to our Company, the Debenture Trustee, IRR, the lenders to the Company, Public Issue Account Bank, Refund Bank, and the Syndicate Member to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013.
13. Our Company has received written consent from the Statutory Auditor, namely Vishnu Rajendran & Co., to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the: (a) Limited Review Financial Statements dated November 18, 2019; (b) Reformatted Financial Statement dated March 14, 2020; and (c) its report dated May 26, 2020 on the statement of tax benefits, included in this Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus;
14. The Limited Review Report of the Statutory Auditors dated November 18, 2019, on Limited Review Financial Statements for the six month period ended on September 30, 2019;
15. The examination report of the Statutory Auditors dated March 14, 2020 in relation to the Reformatted Summary Financial Statements included herein;
16. Annual Reports of the Company for 2019, 2018, 2017, 2016 and 2015;
17. A statement of tax benefits dated May 26, 2020 issued by Statutory Auditors regarding tax benefits available to us and our Debenture Holders;
18. Due diligence certificate dated May 29, 2020, filed with SEBI by the Lead Manager; and
19. In-principle listing approval letter dated March 24, 2020 issued by BSE, for the Issue.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Applicants subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act, 2013, 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, as amended, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We further certify that all the disclosures and statements made in this Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements.

Signed by the Directors of our Company**Name:** Nizzy Muthoottu**Designation:** Chairman and Wholetime Director**Name:** Mathew Muthoottu**Designation:** Managing Director**Name:** Thomas Cherian**Designation:** Independent Director**Name:** Jose Paul Maliakal**Designation:** Independent Director**Name:** Rajagopal M.S.**Designation:** Non-Executive Director**Name:** Rudran Puthukulangara**Designation:** Additional Independent Director

Date: May 29, 2020

Place: Kochi

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. For Options I, II, IV and VI the interest shall be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date of Allotment/anniversary date of Allotment till one day prior to the next anniversary/redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

For Options III, V and VII interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs which have tenors on cumulative basis.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per NCD for all Categories of NCD Holders.

INVESTORS SHOULD NOTE THAT THIS EXAMPLE IS SOLELY FOR ILLUSTRATIVE PURPOSES AND IS NOT SPECIFIC TO THE ISSUE

Company	Muthoottu Mini Financiers Limited	
Face Value	₹1,000	
Day and Date of Allotment (tentative)	Thursday, July 2, 2020	
Options	Option II	Option III
Tenure	24 Months	24 Months
Coupon (%) for NCD Holders in Category I, II and III	9.75%	N.A.
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly	Cumulative
Day Count Convention	Actual/Actual	

Option II

Company	Muthoottu Mini Financiers Limited
Face Value	₹1,000
Day and date of Allotment (tentative)	Thursday, July 2, 2020
Tenure	24 Months
Coupon (%) for NCD Holders in Category I, II and III	9.75%
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment ⁽²⁾	No. of days in Coupon/maturity period	Amount
			(in ₹)
1 st coupon	Saturday, August 1, 2020	30	8.01
2 nd coupon	Tuesday, September 1, 2020	31	8.28
3 rd coupon	Thursday, October 1, 2020	30	8.01
4 th coupon	Monday, November 2, 2020	31	8.28
5 th coupon	Tuesday, December 1, 2020	30	8.01
6 th coupon	Friday, January 1, 2021	31	8.28
7 th coupon	Monday, February 1, 2021	31	8.28
8 th coupon	Monday, March 1, 2021	28	7.48
9 th coupon	Friday, April 2, 2021	31	8.28
10 th coupon	Monday, May 3, 2021	30	8.01
11 th coupon	Tuesday, June 1, 2021	31	8.28
12 th coupon	Thursday, July 1, 2021	30	8.01
13 th coupon	Monday, August 2, 2021	31	8.28

Cash flow	Date of interest/redemption payment ⁽²⁾	No. of days in Coupon/maturity period	Amount
			(in ₹)
14 th coupon	Wednesday, September 1, 2021	31	8.28
15 th coupon	Friday, October 1, 2021	30	8.01
16 th coupon	Monday, November 1, 2021	31	8.28
17 th coupon	Wednesday, December 1, 2021	30	8.01
18 th coupon	Saturday, January 1, 2022	31	8.28
19 th coupon	Tuesday, February 1, 2022	31	8.28
20 th coupon	Tuesday, March 1, 2022	28	7.48
21 st coupon	Saturday, April 2, 2022	31	8.28
22 nd coupon	Monday, May 2, 2022	30	8.01
23 rd coupon	Wednesday, June 1, 2022	31	8.28
24 th coupon	Friday, July 1, 2022	31	8.28
Principal	Friday, July 1, 2022	-	1000.00
Maturity value			

Option III

Company	Muthoottu Mini Financiers Limited
Face Value	₹1,000
Day and Date of Allotment (tentative)	Thursday, July 2, 2020
Tenure	24 Months
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	₹1,205
Frequency of the Interest Payment with specified dates starting from date of allotment	Cumulative
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment ⁽²⁾	No. of days in Coupon/maturity period	Amount (in ₹)
Principal/Maturity value	Friday, July 1, 2022	730	1,205

NOTES:

- Effect of public holidays has been ignored as these are difficult to ascertain for future period except January 26, April 1, May 1, August 15, October 2 day have been taken into consideration.
- As per SEBI circular no. CIR/IMD/DF-1/122/2016, dated November 11, 2016, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on the days when the money market is functioning in Mumbai. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next day, which will be the day on which money market in Mumbai is functioning has been considered as the effective interest payment date. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. However, if the redemption date of the debt securities falls on non- Working Day, the redemption proceeds shall be paid on the previous Working Day.
- Deemed Date of Allotment has been assumed to be Thursday, July 2, 2020.
- The last coupon payment will be paid along with maturity amount at the redemption date.

ANNEXURE II – CREDIT RATING LETTER AND RATIONALE

Please turnover for the rationale.

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CARE/CRO/RL/2019-20/1841

Ms. Ann Mary George,
Chief Financial Officer
Muthootu Mini Financiers Limited,
Mini Muthootu Tech Towers,
Kaloor, Ernakulam - 682017

March 12, 2020

Confidential

Dear Madam,

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed non-convertible debenture (NCD) issue aggregating to Rs.200 crore of your company. The proposed NCDs would have tenure of upto 85 months.

2. The following rating has been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debenture issue (Proposed)	200.00 (Rs. Two Hundred crore only)	CARE BBB-; Stable (Triple B Minus; Outlook: Stable)	Assigned

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is March 12, 2020).
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by March 13, 2020, we will proceed on the basis that you have no any comments to offer.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE

shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

10. CARE's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
11. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
12. CARE ratings are not recommendations to buy, sell, or hold any securities.

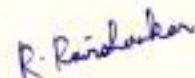
If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,



Hareesh H
Analyst
hareesh.h@careratings.com

Yours faithfully,



Ravi Shankar R
Manager
ravi.s@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

CARE's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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Annexure
Press Release
Muthoottu Mini Financiers Limited

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Non-convertible debenture issue (Proposed)	200.00	CARE BBB-; Stable [Triple B Minus; Outlook: Stable]	Assigned
Total Facilities	200.00 (Rupees Two Hundred crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the proposed Non-Convertible Debenture issue of Muthoottu Mini Financiers Limited (MMFL) factor in the Strong brand recognition of the group and the long track record of the promoters in the gold loan business, comfortable capitalization levels, stable asset quality levels and adequate liquidity position.

The rating is constrained by geographical concentration of loan portfolio, moderate profitability, concentrated resource profile, concentration in a single asset class which is exposed to market risk related to gold and intense competition in the gold loan business and significant investment in fixed assets.

Going forward, the ability of the company to maintain asset quality and improve profitability levels while increasing the scale of operations, improve regulatory compliance and any change in the regulatory scenario are the key rating sensitivities.

Rating Sensitivities

Positive Factors:

- Improvement in the scale of operations with improvement in geographical concentration
- Improvement in profitability on a sustained basis

Negative Factors:

- Further moderation in profitability
- Deterioration in asset quality
- Deterioration in capital adequacy levels

Detailed description of the key rating drivers

Key Rating Strengths

Strong brand value and experienced promoters

The 'Mini Muthoot' group has been in the gold loan business for more than six decades and has consequently established strong brand value in the market. Over the years, the company has expanded its branch network across South India. Promoters of the group have rich experience in gold loan business and day-to-day operations are looked after by a team of professionals who have extensive experience in banking and finance.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Adequate risk management systems

MMFL has put in place the strong appraisal systems including the evaluation of the gold. Several tests for checking spurious gold including touchstone test and nitric acid test are conducted by the branches. The company has implemented systems for ensuring the gold security and reducing the custodial risks, including highly secured vaults with dual control and insurance. Further, surveillance cameras have been installed in all its branches. It also has internal audit system wherein the gold auditors inspect the branches every 30 days where the auditor verifies all the gold ornaments. All the branches of the company are subject to regular accounts internal audit once in three months.

Comfortable capital adequacy levels

The total CAR and Tier I CAR stood at 34.85% (PY: 33.90%) and 25.11% (PY: 22.33%) as on March 31, 2019 and 25.89% and 22.33% as on December 31, 2019 respectively. Overall gearing was around 2.53x times as on March 31, 2019 and 3.28x as on December 31, 2019 as against 3.00x as on March 31, 2018.

Stable Asset Quality

The loans are backed by the gold jewelry that is a liquid and safe security. The loans are for a period of up to 9 months. In case the borrowers fail to repay the loans within the stipulated time period, the company reserves the right to auction the gold jewelry kept as security. Collecting interest payments monthly helps in reducing losses on auctions as the gap between scrap values of gold kept as collateral and obligation of the borrower is minimized.

GNPA and NNPA stood at 2.16% and 1.39% as on March 31, 2019 as against 2.09% and 1.58% as on March 31, 2018. GNPA and NNPA as on December 31, 2019 stood at 3.35% and 2.57% respectively. The ability of the company to maintain asset quality and reduce under-recovery on auctions remains a key rating sensitivity.

Key Rating Weaknesses

High product and geographical concentration

The loan portfolio is concentrated towards South India. As on March 31, 2019, Tamil Nadu constituted around 42% (PY: 45%) of the Gold loan portfolio, followed by Karnataka with 22% (PY: 18%) and Kerala with 11% (PY: 10%). The 5 south Indian states constituted around 95% of the gold loan portfolio as on March 31, 2019 and December 31, 2019.

The company has been making consistent efforts to increase the loan portfolio by way of expanding the branch network and addition of new branches in the new geographies. However, the portfolio is expected to remain concentrated in South India over the medium term.

The company earns a major portion of the income from the lending of loans against the gold jewelry. Though the risk is mitigated to an extent as the loans are backed by gold jewelry which is highly liquid in nature, the company is exposed to a price risk associated with the gold which could have a bearing on the full recoverability of principal and interest portion. However, offering lower LTV loans and of total loan tenure of 9 months will help in reducing under-recovery to an extent. As on March 31, 2019, gold loans accounted for 97% of the loan portfolio and rest are Micro Finance Loans. The proportion of gold loans to the total loan portfolio expected to remain higher in the medium term.

Moderate profitability

NIM has marginally improved from 6.30% in FY18 to 6.85% in FY19 with improvement in the capital structure. Operating expenses to average total assets remained stable at 5.53% in FY19 (PY: 5.41%). ROTA improved to 1.10% during FY19 from 0.67% during FY18. During 9MFY20, the company reported a PAT of Rs.14 crore on a total income of Rs.218 crore and ROTA of 0.96%.

Concentrated resource profile

The resource profile is concentrated towards retail debentures which constitutes around 54% of the total borrowings as on March 31, 2019 as against 69% as on March 31, 2018. Share of bank borrowings has increased from 31% as on March 31, 2018 to 46% as on March 31, 2019. During H1FY20, the company has again started raising retail NCDs. The company has raised Rs.132 crore during Q3FY20 and Rs.176 crore during Q4FY20 through public issue of NCDs.

Significant exposure to fixed assets

MMFL made significant investments in fixed assets during FY16 from related parties. However, with equity infusion post that and revaluation in the value of fixed assets purchased, Fixed assets to net worth has reduced and stood at 43% as on December 31, 2019.

Intense competition in the gold loan business

Geographically, the gold loan financing industry is predominantly placed in the southern India with an active interest of both the South India-based banks and the large NBFCs operating out of this region. MMFL faces increasing competition from large players including banks and other NBFCs offering gold loans in the regions where the company operate.

Industry Prospects

The NBFC sector has witnessed superior growth rates in the three years ended FY18, mainly driven by slowdown in credit flow from the banks as they grapple with asset quality challenges and capital constraints. The NBFC sector has demonstrated asset-class specific expertise with sophisticated credit underwriting methods, increased use of data analytics, multi-channel origination, and faster turnaround times helping them gain market share in both retail and wholesale asset classes. Comfortable capitalization levels and liquidity management continue to provide comfort to the credit profile of NBFCs. The same, however, is being put to test under the prevailing liquidity tightness and changed sentiment towards NBFCs since September 2018.

The sector witnessed a liability-side disruption post September 2018, leading to sharp increase in spreads and drying up of the short-term commercial paper (CP) market. NBFCs running a negative asset-liability gap in the shorter time buckets had to react to the situation by dipping into their liquidity reserves and/or resorting to portfolio sales to banks to generate liquidity. The changed scenario on the liability front is likely to impact the portfolio growth as well as profitability of the NBFCs in the medium term. NBFCs having presence in the wholesale and real-estate lending space are likely to be impacted more vis-à-vis their retail counterparts. Asset quality, liquidity and profitability will be the key monitorables for the sector going forward.

Liquidity: Adequate

ALM as on December 31, 2019 remains comfortable as there are no cumulative mismatches in any of the buckets upto 1 year. This is due to longer tenure of the borrowings as compared to that of loans disbursed which is of short term in nature. MMFL also has cash and cash equivalents of around Rs.140 crore as on December 31, 2019.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook and Credit watch to Credit Ratings

CARE's Policy on Default Recognition

Financial Ratios-Financial Sector

CARE's Rating Methodology for Non Banking Finance Companies (NBFCs)

About the Company

Muthoot Mini Financiers Ltd (MMFL) was incorporated on March 18, 1998 and was operating as an investment company for other group entities till FY06. MMFL started gold loan advances from FY07 and undertook rapid branch expansion from FY09 onwards. The company has been converted into a public limited company on November 27, 2013

and consequently the name has been changed from Muthoot Mini Financiers Private Limited to MMFL. MMFL also operates as an agent of several Money Transfer Services set-ups, realizing agency commission for these services. As on December 31, 2019, the company had a loan portfolio of Rs.1,585 crore.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total income	335	298
PAT	14	21
Interest coverage (times)	1.13	1.16
Total Assets	1972	1823
Net NPA (%)	1.58	1.39
ROTA (%)	0.67	1.10

A: Audited

Status of non-cooperation with previous CRA:

Not Applicable

Any other information:

Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	-	-	-	-	200.00	CARE BBB-; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Proposed fund based limits	LT	-	-	-	-	1)Withdrawn (19-Feb-18)	1)CARE BB+ (09-Nov-16)
2.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (21-May-18)	1)CARE BB+; Stable (19-Feb-18)	1)CARE BB+ (09-Nov-16)
3.	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (21-May-18)	1)CARE BB+; Stable (19-Feb-18)	1)CARE BB+ (09-Nov-16)
4.	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (06-Jan-20)	1)CARE BBB-; Stable (18-Feb-19)	1)CARE BB+; Stable (19-Feb-18)	1)CARE BB+ (09-Nov-16)
5.	Debentures-Non Convertible Debentures	LT	55.86	CARE BBB-; Stable	1)CARE BBB-; Stable (06-Jan-20)	1)CARE BBB-; Stable (18-Feb-19)	1)CARE BB+; Stable (19-Feb-18)	1)CARE BB+ (09-Nov-16)
6.	Debentures-Non Convertible Debentures	LT	132.03	CARE BBB-; Stable	1)CARE BBB-; Stable (06-Jan-20) 2)CARE BBB-; Stable	-	-	-

					(03-Jul-19)			
7.	Debentures-Non Convertible Debentures	LT	200.00	CARE BBB-; Stable	1)CARE BBB-; Stable (06-Jan-20) 2)CARE BBB-; Stable (20-Dec-19)	-	-	-
8.	Debentures-Non Convertible Debentures	LT	200.00	CARE BBB-; Stable	-	-	-	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE/CRO/RL/2020-21/1102

Ms. Ann Mary George,
Chief Financial Officer
Muthootu Mini Financiers Limited,
Mini Muthootu Tech Towers,
Kaloor, Ernakulam - 682017

May 19, 2020

Confidential

Dear Madam,

Credit rating for Non-convertible debenture issue

Please refer to our letter no. **CARE/CRO/RL/2019-20/1841** dated March 12, 2020 and your request for revalidation of the rating assigned to the Non-Convertible Debenture issue of your company, for a limit of Rs.200 crore.

2. Our Rating Committee has reviewed the following rating:

Instrument	Amount (Rs. crore)	Rating¹	Rating Action
Non-Convertible Debenture issue (Proposed)	200.00 (Rs. Two hundred crore only)	CARE BBB-; Stable (Triple B Minus; Outlook: Stable)	Reaffirmed

- The proposed NCDs would have tenure of upto 85 months.
- Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors
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¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
8. CARE's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
9. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
10. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



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Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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