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 110.

Corporate Identification Number: U65910KL1998PLC012154
Registered Office: 2/994, Muthoottu Buildings, Kozhencherry, Pathanamthitta – 689 641, Kerala, India; **Telephone:** +91 468 231 4391; **Facsimile:** NA
Corporate Office: Muthoottu Royal Towers, Kaloor, Kochi – 682 017, Kerala, India; **Telephone:** +91 484 291 2100; **Facsimile:** NA
Compliance Officer and Contact Person: Smitha K. S.; **Telephone:** +91 484 291 2178; **Facsimile:** NA
E-mail: cs@minimuthoottu.com; **Website**: www.muthoottumini.com

PUBLIC ISSUE BY OUR COMPANY OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES ("SECURED NCDs") AND UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES ("UNSECURED NCDs") OF FACE VALUE OF ₹1,000 EACH, ("NCDS") AT PAR, AGGREGATING UP TO ₹12,500 LAKHS, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹12,500 LAKHS AGGREGATING UP TO ₹25,000 LAKHS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE". THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED, 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 119.

GENERAL RISKS

For taking an investment decision, the Investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to the chapter titled "*Risk Factors*" on page 15 and "*Material Developments*" on page 127, before making an investment in this Issue. This Draft 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 Draft Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Draft Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

Our Company has received rating of 'IND BBB': Outlook Stable' by India Ratings vide its letter dated March 5, 2021 for the NCDs proposed to be issued pursuant to this Issue. The rating of the NCDs by India Ratings and Research Private 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 India Ratings and Research Private Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. 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 257 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 141.

LISTING

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

PUBLIC COMMENTS

This Draft Prospectus was filed with BSE, pursuant to the Regulation 6(2) of the SEBI Debt Regulations to be kept open for public comments for a period of 7 (seven) Working Days, from the date of filing this Draft Prospectus with the Designated Stock Exchange. All comments on this Draft Prospectus are to be forwarded to the attention of the Compliance Officer of our Company. Comments by post and mail shall be accepted, however please note that all comments by post must be received by the Issuer by 5:00 pm on the 7th Working day from the date on which this Draft Prospectus is hosted on the website of the Designated Stock Exchange by 5:00 pm on [●].

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**: mmfl@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 **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 – Compliance Officer **SEBI Registration Number**: IND000000578	**LINK INTIME INDIA PRIVATE LIMITED** C-101, 1st Floor 247 Park L.B.S. Marg Vikhroli West Mumbai – 400 083 Maharashtra, India **Telephone:** +91 22 4918 6200 **Email**: ncd1.mmfl2021@linkintime.co.in **Website**: www.linkintime.co.in **Investor Grievance Email**: ncd1.mmfl2021@linkintime.co.in **Contact Person**: Shanti Gopalkrishnan **SEBI Registration Number**: INR000004058

ISSUE PROGRAMME

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

*Vistra ITCL (India) Limited, by its letter dated February 25, 2021 has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the Debenture issued pursuant to this Issue. For further details, please refer to "*General Information – Debenture Trustee*" on page 38.

The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of the Prospectus) as may be decided by the Board of Directors of our Company ("Board**") or the Debenture Committee. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a 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, Sponsor 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 252.

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

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

Unless specified elsewhere or the context otherwise indicates, all references in this Draft 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 Draft 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	M/s. Manikandan & Associates, Chartered Accountants
Asset Under Management / AUM	For the six month ended September 30, 2020 and for the year ended March 31, 2020, AUM represents gross loans including interest receivables without considering the impact of impairment loss allowance and impact of effective interest rate in accordance with Ind AS For the year ended March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016, 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 Muthoottu 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, *inter alia*, issuance of debentures of the Company. For further details, see "*Our Management*" on page 112
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 112
Group Companies/Muthoottu Mini Group	Muthoottu Mini Theatres Private Limited, Muthoottu Mini Hotels Private Limited, Mini Muthoottu Credit India Private Limited, Kandamath Cine Enterprises Private Limited, Kozhencherry MM Financial Services Private Limited, R M M Properties India Private Limited, Kozhencherry Properties India Private Limited, MM Nirman and Real Estate Private Limited, Muthoottu Mini Nidhi Limited, Cochin Mini Muthoottu Nidhi Limited and Mini Muthootu Nidhi Kerala Limited.
Interim Unaudited Ind AS Financial Statements	The interim unaudited standalone Ind AS financial statements of our Company for the six months period ended on September 30, 2020, comprising of the balance sheet as at September 30, 2020, the statement of profit and loss, the statement of cash flow, the statement of changes in equity for the six months period ended on September 30, 2020, the statement of significant accounting policies and other explanatory statements
Limited Review Report	Report dated November 13, 2020 on the Interim Unaudited Ind AS Financial Statements, prepared by the Statutory Auditors
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 Ind AS Financial Statements	The reformatted statement of assets and liabilities as at March 31, 2020, and the schedules forming part thereof; reformatted statement of profits and losses for each of the years March 31, 2020, and the schedules forming part thereof, and the reformatted statement of

Term	Description
	cash flows for each of the years ended March 31, 2020, the reformatted statement of changes in equity, the statement of significant accounting policies, and other explanatory statements. The audited financial statements of the Company as at and for the years ended March 31, 2020 prepared in accordance with Ind AS form the basis for such Reformatted Ind AS Financial Statements
Reformatted IGAAP Financial Statements	The reformatted statement of assets and liabilities as at March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016, and the schedules forming part thereof; reformatted statement of profits and losses for each of the years March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016, and the schedules forming part thereof, and the reformatted statement of cash flows for each of the years ended March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016, the statement of significant accounting policies, and other explanatory statements. The audited financial statements of the Company as at and for the years ended March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016 prepared in accordance with IGAAP form the basis for such Reformatted IGAAP Financial Statements
Reformatted Financial Statements	Reformatted Ind AS Financial Statements and Reformatted IGAAP Financial Statements
Reformatted Ind AS Financial Report	The report dated March 11, 2021 on the Reformatted Ind AS Financial Statements, prepared by the Statutory Auditors of our Company
Reformatted IGAAP Financial Report	The report dated March 11, 2021 on the Reformatted IGAAP Financial Statements, prepared by the Statutory Auditors of our Company
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 *inter alia*, to assist the Board in the execution of its risk management accountabilities. For further details, see "*Our Management*" on page 112
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 Supported by Blocked Amount/ Application/ ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising the relevant SCSB to block the Application Amount in the relevant ASBA Account and will include application made by UPI Investors using UPI where the Application amount will be blocked upon acceptance of UPI Mandate Request by UPI Investors, which will be considered as the application for Allotment in terms of 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	A bank account maintained with an SCSB by an Applicant, as specified in the Application Form submitted by the Applicant for blocking the Application Amount mentioned in the relevant ASBA Form and includes a bank account maintained by a UPI Investor linked to a

Term	Description
	UPI ID, which is blocked upon acceptance of a UPI Mandate Request made by the UPI Investor using the UPI Mechanism
Base Issue	₹12,500 lakhs
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in "*Issue Procedure – Basis of Allotment*" on page 187
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms (including ASBA Forms under UPI in case of UPI Investors) to a Trading Member. The details of such broker centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchange and updated from time to time
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for registered brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs
Collecting Depository Participants/CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the 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, India Ratings and Research Private 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 "*Issue Structure*" on page 141
Debenture Trust Deeds	Secured Debenture Trust Deed and Unsecured Debenture Trust Deed
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated March 11, 2021 entered into between our Company and the Debenture Trustee
Debentures/NCDs	Secured NCDs and Unsecured NCDs
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date as may be determined by the Board or Debenture Committee and notified to the Stock Exchange. All benefits relating to the NCDs including interest on the NCDs shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Debt Application Circular	Circular No. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012 as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI
Debt UPI Circular	SEBI circular SEBI/HO/DDHS/CIR/P/2020/233 dated November 23, 2020
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN, UPI ID, 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, the Public Issue Account and Sponsor Bank Agreement and following which the Board, shall Allot the NCDs to the successful Applicants
Designated Intermediaries	The Members of the Syndicate, SCSBs, Registered Stock Brokers, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Designated Stock Exchange/DSE	BSE Limited
Designated RTA Locations	Such centres of the RTAs where Applicants can submit the Application Forms (including Application Forms by UPI Investors under the UPI Mechanism). The details of such

Term	Description
	Designated RTA Locations, along with the names and contact details of the RTAs are available on the website of the Stock Exchange and updated from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act
Direct Online Application	The application made using an online interface enabling direct application by Investors to a public issue of their debt securities with an online payment facility through a recognised stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialised form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange
Draft Prospectus	This Draft Prospectus dated March 15, 2021, 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 (erstwhile Andhra Bank), Dhanlaxmi Bank Limited, Punjab National Bank (erstwhile Oriental Bank of Commerce), State Bank of India, IndusInd Bank Limited, HDFC Bank Limited, Karur Vysya Bank, DCB Bank Limited, CSB Bank Limited the debenture holders of the privately placed secured non-convertible debentures and debenture holders of the secured non-convertible debentures issued by way of public issues.
Fugitive Economic Offender	Fugitive economic offender means an individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
India Ratings	India Ratings and Research Private Limited
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 this Draft Prospectus. Please see *"Issue Structure – Interest and Payment of Interest*" on page 146
Institutional Portion	Portion of Applications received from Category I of persons eligible to apply for the Issue which includes resident public financial institutions as defined under Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions, which are authorised to invest in the NCDs, provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity fund, which are authorised to invest in the NCDs, resident venture capital funds and/or alternative investment funds registered with SEBI, insurance companies registered with the IRDAI, national investment fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India), insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India, mutual funds registered with SEBI and systemically important non-banking financial companies
Issue	Public issue of Secured NCDs and Unsecured NCDs by our Company aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs, on the terms and in the manner set forth herein The Secured NCDs shall be allotted for a value upto ₹20,000 lakhs and Unsecured NCDs shall be allotted for a value upto ₹5,000 lakhs The Secured NCDs and/ or Unsecured NCDs are together hereinafter referred as "Debentures"/"NCDs".
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Size	Public issue of NCDs by our Company aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs
Lead Manager	Vivro Financial Services Private Limited
Market Lot	1 (one) NCD
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date
NCD Holder/Debenture Holder	Any debenture holder who holds the NCDs issued pursuant to this Issue and whose name appears on the beneficial owners list provided by the Depositories
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs, educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs, trust including public/private charitable/religious trusts 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

Term	Description
	partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs
Prospectus	The Prospectus 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 (including under the UPI Mechanism) on the Designated Date
Public Issue Account Bank	[●]
Public Issue Account and Sponsor Bank Agreement	The agreement to be entered into amongst our Company, the Registrar to the Issue, the Lead Manager, the Public Issue Account Bank, the Sponsor Bank for collection of the Application Amounts from ASBA Accounts under the UPI Mechanism and the Refund Bank for collection of the Application Amounts from ASBA Accounts and where applicable remitting refunds, if any, to such Applicants, on the terms and conditions thereof
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 Working Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in the Prospectus
Refund Bank	[●]
Registrar to the Issue/ Registrar	Link Intime India Private Limited
Register of NCD Holders	The statutory register in connection with any NCDs which are held in physical form on account of rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Companies Act
Retail Investor Portion	Portion of Applications received from Category III of persons eligible to apply for the Issue which includes resident Indian individuals and Hindu undivided families through the Karta aggregating to a value not exceeding and including ₹5 lakhs
RTAs/ Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue at the Designated RTA Locations
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account, and a list of which is available on https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time. Additionally, the banks registered with SEBI, enabled for UPI Mechanism, list of which is available on https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Manager, Members of the Syndicate or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time
Security	The principal amount of the Secured NCDs to be issued in terms of this Draft Prospectus together with all interest due on the Secured 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
Secured NCDs	NCDs offered under this Issue which are redeemable and are secured by a charge on the assets of our Company, namely the NCDs issued under Option I, Option II, Option III, Option IV, and Option V as detailed in this Draft Prospectus. Company shall ensure that Secured NCDs shall be allotted for a maximum value of up to ₹20,000 lakhs.
Secured Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the Secured NCDs issued under the Issue.

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
Sponsor Bank	The Banker to the Issue registered with SEBI which is appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Requests and/or payment instructions of the UPI Investors into the UPI and carry out any other responsibilities, in terms of the SEBI circular (SEBI/HO/DDHS/CIR/P/ 2020/233) dated November 23, 2020 in this case being, [●]
Stock Exchange	BSE Limited
Syndicate ASBA	Applications through the Designated Intermediaries
Syndicate ASBA Application Locations	Collection centres where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in and at such other websites as may be prescribed by SEBI from time to time
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on https://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
Tenor	Tenor shall mean the tenor of the NCDs which will be specified in 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
Unsecured NCDs	NCDs offered under this Issue which are redeemable and are not secured by any charge on the assets of our Company, namely the NCDs issued under Option VI and VII, as detailed in this Draft Prospectus. Company shall ensure that Unsecured NCDs shall be allotted for a maximum value of up to ₹5,000 lakhs.
Unsecured Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee specifying, inter alia, the powers, authorities, and obligations of the Debenture Trustee and our Company in relation to the Unsecured NCDs
UPI	Unified Payments Interface, is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing and merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank account
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the NPCI
UPI Investor	An Applicant who applies with a UPI number whose Application Amount for NCDs in the Issue is upto ₹2,00,000
UPI Mandate Request	A request (intimating the UPI Investors, by way of a notification on the UPI application and by way of an SMS directing the UPI Investors to such UPI application) to the UPI Investors using the UPI Mechanism initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Application Amount in the relevant ASBA Account through the UPI, and the subsequent debit of funds in case of Allotment
UPI Mechanism	The optional bidding mechanism that may be used by UPI Investors to make Applications in the Issue, in accordance with SEBI circular (SEBI/HO/DDHS/CIR/P/2020/233) dated November 23, 2020 and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter	A person who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the 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

Term	Description
	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
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 4, 2021, 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
NPCI	National Payments Corporation of India
Public Issue 1	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹19,559 lakhs pursuant to the prospectus dated February 12, 2014
Public Issue 2	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,963 lakhs pursuant to the prospectus dated July 7, 2014
Public Issue 3	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹26,913 lakhs pursuant to the prospectus dated September 23, 2014
Public Issue 4	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,909 lakhs pursuant to the prospectus dated February 18, 2015
Public Issue 5	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹22,827 lakhs pursuant to the prospectus dated July 10, 2015
Public Issue 6	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹24,401 lakhs pursuant to the prospectus dated December 21, 2015
Public Issue 7	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹11,672 lakhs pursuant to the prospectus dated March 12, 2019
Public Issue 8	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹13,203 lakhs pursuant to the prospectus dated July 29, 2019
Public Issue 9	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹17,593 lakhs pursuant to the prospectus dated January 14, 2020

Term	Description
Public Issue 10	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹19,791 lakhs pursuant to the prospectus dated May 29, 2020
Public Issue 11	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹14,971 lakhs pursuant to the prospectus dated September 7, 2020
Public Issue 12	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹14,253 lakhs pursuant to the prospectus dated November 2, 2020
Public Issue 13	Public issue of secured and unsecured non-convertible debentures of face value ₹1,000 each aggregating to ₹21,644.30 lakhs pursuant to the prospectus dated January 11, 2021
SME	Small and medium enterprises
Tier I Capital	Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (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
UPI	Unified Payments Interface, a payment mechanism that allows instant transfer of money between any two persons bank account using a payment address which uniquely identifies a person's bank account
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 erstwhile Companies Act, 1956
Companies Act/Companies Act 2013	The Companies Act, 2013 read with rules framed by the Government of India from time to time
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India earlier known as Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DTH	Direct To Home
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings per share
FDI Policy	The Government policy, rules and the regulations (including the applicable provisions of the FEMA Non-Debt Rules) issued by the Government of India prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time

Term	Description
FEMA	Foreign Exchange Management Act, 1999
FEMA Non-Debt Regulations	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Debt Regulations	Foreign Exchange Management (Debt Instrument) Regulations, 2019
FPI	Foreign Portfolio Investors defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
Financial Year/FY/Fiscal	Financial year ending March 31
GDP	Gross Domestic Product
GoI	Government of India
G-Sec	Government Securities
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IRDAI	Insurance Regulatory and Development Authority of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IGST Act	Integrated Goods and Services Tax Act, 2017
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
Insurance Act	The Insurance Act, 1938
IT Act	The Income Tax Act, 1961
IT	Information Technology
ISD	International Subscriber Dialling
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
MIS	Management Information System
MoU	Memorandum of Understanding
NA	Not Applicable
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NII(s)	Non-Institutional Investor(s)
NIM	Net Interest Margin
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
OCI	Overseas Citizenship of India
PAN	Permanent Account Number
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RM	Relationship Manager
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI 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 Available to the Debenture Holders*", "*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 43, 50, 110, 112, 122, 130, 163, 194, 219 and 232, respectively will have the meanings ascribed to them in such chapters.

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

Certain Conventions

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

Unless otherwise stated, references in this Draft 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 Interim Unaudited Ind AS Financial Statements for six months ended September 30, 2020 and financial statement for financial year ended March 31, 2020 is prepared in accordance with Ind AS, applicable standards and guidance notes specified by the ICAI, the Companies Act and financial statements for the year ended March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016 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 Ind AS Financial Statements of our Company included in this Draft Prospectus are derived from the audited financial statements prepared in accordance with Ind AS for March 31, 2020. The Reformatted IGAAP Financial Statements of our Company included in this Draft Prospectus are derived from the audited financial statements prepared in accordance with Indian GAAP for March 31, 2016 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 Interim Unaudited Ind AS Financial Statements along with the Limited Review Report of our Company, the Reformatted Ind AS Financial Statements along with examination report and the Reformatted IGAAP Financial Statements along with examination report are included in this Draft Prospectus, as issued by our Statutory Auditor, M/s. Manikandan & Associates, Chartered Accountants, in the chapter titled *"Financial Statements"* on page 122.

Unless stated otherwise, the financial data in this Draft Prospectus is derived from the (i) Reformatted Ind AS Financial Statements having been prepared in accordance with the recognition and measurement principles in accordance with Ind AS; (ii) Reformatted IGAAP Financial Statements for the Fiscals ended on March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016; and (iii) the Interim Unaudited Ind AS Financial Statements for the six month period ended September 30, 2020. The audited financial statements of our Company for Fiscal ended March 31, 2020, prepared in accordance with Ind AS and the Companies Act, 2013 form the basis of such Reformatted Ind AS Financial Statements. The audited financial statements of our Company for Fiscals ended on March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016, prepared in accordance with Indian GAAP and the Companies Act, 2013 form the basis of such Reformatted IGAAP Financial Statements.

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

Our Interim Unaudited Ind AS Financial Statements and Reformatted Ind AS Financial Statements reported under Ind AS may not be directly comparable with our Reformatted IGAAP Financial Statements, including those

disclosed in this Draft 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 Draft 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 Draft 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 Draft Prospectus should accordingly be limited.

Currency and units of Presentation

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

Except where stated otherwise in this Draft 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 Draft 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 Draft Prospectus is reliable, it has not been independently verified. Also, data from these sources may not be comparable. Similarly, internal reports, while believed by us to be reliable, have not been verified by any independent sources. The extent to which the market and industry data used in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Certain information and statistics in relation to the industry in which we operate, which has been included in this Draft Prospectus has been extracted from an industry report titled "Gold Loan Industry in India", dated March 4, 2021 prepared and issued by IRR Advisory Services Private Limited ("**IRR Report**"). Please refer to "*Industry Overview*" on page 63 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 Draft Prospectus contains certain statements that are not statements of historical fact and are in the nature of "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "continue", "expect", "estimate", "intend", "objective", "plan", "potential", "project", "will", "will continue", "will pursue", "will likely result", "will seek to", "seek" or other words or phrases of similar import. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability and other matters discussed in this Draft Prospectus that are not historical facts.

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

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

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

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

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

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

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

5. Changes in political conditions in India;

6. The rate of growth of our Loan Assets;

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

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

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

10. Emergence of new competitors;

11. Performance of the Indian debt and equity markets;

12. Occurrence of natural calamities, 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 Draft Prospectus, including under the chapter titled "*Risk Factors*" on page 15.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the chapters "*Risk Factors*", "*Industry Overview*" and "*Our Business*" on pages 15, 63 and 92, 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 Draft Prospectus. The forward-looking statements contained in this Draft Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure Investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. Neither our Company 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 Draft Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled "Our Business" on page 92 *and "Financial Statements" on page* 122 *before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialises, may in the future have a material adverse effect on our business, financial condition and results of operations. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.*

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Draft Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with the Interim Unaudited Ind AS 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 disease spread to many other countries, with the number of reported cases and related deaths increasing daily and, in many countries, exponentially. However, with the advent of vaccines, the pandemic is slowly being brought to control and the cases are expected to come down in the coming months.

   We continue to monitor developments closely. The impact of the COVID-19 pandemic initially on our business depended on a range of factors, the impact of the pandemic on economic activity in India, and the nature and severity of measures adopted by governments. With the COVID-19 pandemic affecting the rural and urban areas alike, local lockdowns had impacted the operations in these regions largely in terms of cash collection and sanctioning of new gold loans, as customers walk-ins moderated in the first quarter of Fiscal 2020. However, the second quarter of Fiscal 2020 seems a better one where the gold loan has relatively been performing well due to lower loss given default risk. The Company 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 which impacted the cash flows for a brief period. However, with the moratorium ending on August 31, 2020 the impact has been minimal and the operations are in full swing. All the branches of the Company are fully functional since May 2020 and the Company has taken proactive measures to ensure the safety of the Customers who walk in as well as staff. As on the date of this draft prospectus the covid situation in the Company is well in control and the operations are back to normal.

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

   Our Company was subjected to RBI's inspection under Section 45N of the RBI Act, for the financial position as on March 31, 2019. Subsequently, RBI vide a letter dated February 19, 2020 ("**Letter**"), observed certain supervisory concerns, which inter alia included matters with regard to (a) adherence to applicable guidelines by our Company during the auctioning process of gold; (b) adherence to KYC guidelines; (c) issues pertaining to the fair practice code; (d) ensuring compliance with corporate governance requirements; (e) inadequacy of our Company's MIS and lack of system generated data for inspection; (f) disclosure of related party transactions in the Audit Committee; (g) not complying with the reporting all the frauds below ₹1 lakh to the

Board/Audit Committee. Due to the dislocations caused in our office on account of the COVID-19 situation, there was a delay in submitting our response to the Letter within the stipulated time. Our Company subsequently filed a letter with the RBI on May 22, 2020, replying to the observations made in the Letter ("**Response**"). Thereafter, RBI through their emails on June 11, 2020, November 4, 2020 and January 20, 2021 ("**Emails**") sought further compliances to the Response submitted by our Company in relation to the Letter, which our Company subsequently responded on August 19, 2020, December 12, 2020 and February 16, 2021 respectively. Our Company received a further compliance letter from RBI on March 4, 2021, in relation to their response on February 16, 2021. We are in the process of submitting our responses in relation to it.

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 194.

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 'Muthoottu Mini' brand may adversely affect our business, reputation, goodwill, financial condition and results of operations.***

The trademark  is registered with the Registrar of Trademarks in India in the name of one of our Group Companies, Mini Muthoottu Nidhi (Kerala) Limited with validity till April 30, 2029. We had been authorised to use this trademark on a non-exclusive, non-assignable basis by way of letter dated May 2, 2009 which was revalidated by a letter dated July 30, 2020 ("**Letter**"). We cannot assure you that we will continue

to have uninterrupted use of this trademark if we are unable to conform to the requirements under the Letter. Further, termination or withdrawal of the permission may adversely affect our business, reputation, goodwill, financial condition and results of operations. Further, some of the intellectual property are subject to litigations. For further details of the legal proceedings that we are subject to, please refer to the chapter titled "*Outstanding Litigations*" on page 194.

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 Draft 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), ₹99,618.34 lakhs, issued by our Company as of December 31, 2020, non-convertible debentures amounting to ₹18,850.54 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 99.00%, 98.62%, 98.78% and 98.38% of our total income for the six month period ended on September 30, 2020, Fiscal 2020, Fiscals 2019 and 2018, 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 December 31, 2020, 75.55% 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 for the six months period ended September 30, 2020, Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018, was ₹1,921.84 lakhs, ₹3,190.14 lakhs, ₹2,987.43 lakhs and ₹3,254.83 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 December 31, 2020, we had an outstanding debt (including interest on bank borrowings and excluding interest on debentures) of ₹1,62,798.97 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 December 31, 2020, 97.89% of our branches i.e., 787 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 96.65% of our total gold loan portfolio as of December 31, 2020. For details, please refer to "*Our Business*" on page 92. 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 December 31, 2020, we have been sanctioned working capital limits of ₹7,500 lakhs from Union Bank of India (erstwhile Andhra Bank), ₹5,000 lakhs from IndusInd Bank, ₹2,400 lakhs from Dhanalaxmi Bank Limited, ₹5,000 lakhs from Punjab National Bank (erstwhile Oriental Bank of Commerce), ₹14,900 lakhs from The South Indian Bank Limited, ₹5,000 lakhs from State Bank of India, ₹2,500 lakhs from Union Bank of India, ₹100 lakhs from HDFC Bank Limited, ₹2,500 lakhs from Karur Vysya Bank, and ₹1,500 lakhs from DCB Bank Limited. 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 122.

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

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

21. 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.

22. 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.

23. 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.

24. 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.

25. ***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.

26. ***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.

27. ***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.

28. ***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.

29. 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.

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

We maintain insurance cover for our gold stock and cash with our branches, and cash in transit, against theft, loss or damage by fire as well as against natural calamities including earthquake and floods. As on December 31, 2020, our Company has a total insurance cover of ₹3,00,000 lakhs. While we exercise due care in taking out adequate cover, given the nature of fluctuating gold prices, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialise. There are many events that could significantly affect our operations, or expose us to third party liabilities, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could adversely affect our business, results of operations and financial condition.

31. 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.

32. 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. Our Company is in the process of complying with the requirements of the Framework and has entered into a purchase agreement with L- Code Technologies Private Limited on January 28, 2020 for implementation of a new software to address the gaps in compliance in line with the matters specified in the IT framework for the NBFCs and expect the new software to be fully operational from FY 2021-22. 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.

33. 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.

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

The cost and availability of capital is also dependent on our short term and long term credit ratings. India Ratings vide their rating rationale letter dated March 5, 2021 have affirmed the rating of our bank loans of ₹50,000 lakhs as 'IND BBB; Stable'. Further, our Company has received rating of 'IND BBB/Stable' by India Ratings vide its letter March 5, 2021, for the NCDs proposed to be issued pursuant to this Issue. 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 108 and "*Annexure II*" on page 257.

35. 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.

36. 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.

37. 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, 2020, our microfinance AUM was ₹3,884.55 lakhs, representing 2.07% 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.

38. 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.

39. 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.

40. 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.

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

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

For details regarding our related party transactions entered into by us during the previous five Fiscals, please refer to "*Related Party Transactions*" on page 121.

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

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

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

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

43. 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.

44. 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.

45. All our branch premises, except nine 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 December 31, 2020, we had 804 branches in ten states and one union territory. Except nine 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.

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

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

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

47. 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.

48. This Draft 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 Draft Prospectus includes certain unaudited financial information in relation to our Company for the six months period ended September 30, 2020, in respect of which the Statutory Auditors of our Company have issued the Limited Review Report. As this financial information, has been subject to only limited review as required under Regulation 52(2)(a) of the SEBI Listing Regulations and as described in the Standard on Review Engagements ("**SRE**") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India, and not to an audit, any reliance by prospective investors on such unaudited financial information should accordingly be limited. Moreover, our financial results for any given fiscal quarter or period, including the six months period ended September 30, 2020, may not be directly comparable with our financial results for any full fiscal or for any other fiscal quarter or period. Accordingly, prospective investors to the Issue are advised to read such unaudited financial information in conjunction with the audited financial information provided elsewhere in this Draft Prospectus.

49. 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.

50. There are certain risks in connection with the Unsecured NCDs.

The Unsecured NCDs will be in the nature of unsecured debt and hence the claims of the holders thereof will be subordinated to the claims of secured and other unsecured creditors of our Company. Further, since no charge upon the assets of our Company would be created in connection with the Unsecured NCDs, in the event of default in connection therewith, the holders of Unsecured NCDs may not be able to recover their principal amount and/or the interest accrued thereon, in a timely manner, for the entire value of the Unsecured NCDs held by them or at all. Accordingly, in such a case the holders of the Unsecured NCDs may lose all or a part of their investment therein.

RISKS PERTAINING TO THIS ISSUE

51. 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.

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

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

Further, in case of NCDs, although our Company will create appropriate security in favour of the Debenture Trustee for the Debenture Holders to the Issue for the Secured NCDs on the assets adequate to ensure 100.00% security cover on the outstanding amounts of the Secured NCDs and interest thereon, the realisable value of the secured assets may be lower than the outstanding principal and/or interest accrued thereon in connection with the Secured NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the Secured NCDs could expose you to a potential loss.

53. 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.

54. 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.

55. 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 Secured 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.

56. 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.

57. 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 60. 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.

58. 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.

59. 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 Draft Prospectus.

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

statistics included in the chapter titled "*Industry Overview*" beginning on page 63. 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

60. 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.

61. 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.

62. 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.

63. 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.

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

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

deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalisation policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalisation.

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

PROMINENT NOTES

1. This is a public issue of Secured NCDs and Unsecured NCDs by our Company aggregating up to ₹12,500 lakhs with an option to retain over-subscription up to ₹12,500 lakhs, aggregating to a total of ₹25,000 lakhs.

2. For details on the interest of our Company's Directors, please see "*Our Management*" and "*Capital Structure*" beginning on pages 112 and 43, respectively.

3. Our Company has entered into certain related party transactions and disclosed in "*Financial Statements*" beginning on page 122.

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 187.

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 ₹607.19 lakhs as of September 30, 2020.

10. For further information, relating to certain significant legal proceedings that we are involved in, see "*Outstanding Litigations*" on page 194.

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 110.

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: NA

Registered Office

2/994, Muthoottu Buildings
Kozhencherry
Pathanamthitta – 689 641
Kerala, India
Telephone: +91 468 231 4391
Facsimile: NA
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: NA
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 Draft Prospectus:

Name	Designation	DIN	Address
Nizzy Mathew	Chairwoman 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
Rajagopal M.S.*	Independent Director	08114376	Sreemangalam, Ambedkar Colony, Thiruvarppu P.O, Kottayam – 686 020, Kerala, India
Maliakal Jose Paul	Independent Director	07218120	Chethalan, Church Road, Pariyaram, Thrissur – 680 721, Kerala, India

**Pursuant to a special resolution of our Shareholders at the AGM held on September 28, 2020, Rajagopal M. S. who was earlier a Non-Executive Director on our Board was appointed as an Independent Director.*

For further details of Directors of our Company, please see "*Our Management*" on page 112.

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: NA

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: NA

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 of the Applicant, Application Form number, Applicant's DP ID, Client ID, PAN, address of Applicant, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of Application Form and the name and address of the relevant Designated Intermediary where the Application was submitted.

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

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

All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism (app based/wed interface platform) of the Stock Exchanges, or through Trading Members, may be addressed directly to the Stock Exchange, with a copy to the Registrar to the Issue.

Lead Manager to the Issue

Vivro Financial Services Private Limited
607/608 Marathon Icon
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
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 – Compliance Officer
SEBI Registration Number: IND000000578

Vistra ITCL (India) Limited has by its letter dated February 25, 2021 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

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 Deeds see, "*Issue Related Information*" on page 141 of this Draft Prospectus.

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st Floor
247 Park, L.B.S. Marg
Vikhroli West
Mumbai – 400 083
Maharashtra, India

Telephone: +91 22 4918 6200
Email: ncd1.mmfl2021@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance Email: ncd1.mmfl2021@linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058

Credit Rating Agency

India Ratings and Research Private Limited
Wockhardt Towers, 4th Floor, Bandra Kurla Complex
Bandra East
Mumbai – 400 051
Telephone: + 91 22 4000 1700
Facsimile: + 91 22 4000 1701
Email: arunima.basu@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Arunima Basu, Compliance Officer
SEBI Registration Number: IN/CRA/002/1999

Legal Advisor to the Issue

Khaitan & Co
One World Centre
10th & 13th Floors, Tower 1C
841 Senapati Bapat Marg
Mumbai – 400 013
Maharashtra, India
Telephone: + 91 22 6636 5000

Statutory Auditors

M/s. Manikandan & Associates, Chartered Accountants
No. 78, Second Floor, DD Oceano Mall
Near Taj Gateway Hotel
Marine Drive, Kochi – 682 011
Telephone: 0480 2960504
Facsimile: N.A.
Email: ckmauditors@gmail.com
Firm Registration No: 008520S
Contact Person: Manikandan C.K
Peer Review No: 008123

Bankers to the Issue

Public Issue Account Bank, Sponsor Bank and Refund Bank

[●]

Syndicate Member

[●]

Bankers to our Company

State Bank of India Commercial Branch Ernakulum 1st Floor, Vankarat Towers Palavarivottom, Ernakulum 682 024 **Telephone:** 0484 - 2341555 **Email**: sbi.04062@sbi.co.in **Website**: www.sbi.co.in **Contact Person**: Viswanathan PV [RM]	**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**: Smt. Mary Sunitha Jose
Punjab National Bank 1057, Jaya Enclave, Avinashi Road Coimbatore 641 018 **Telephone**: 0422 – 2240190 **Email**: bm1044@obc.co.in; **Website**: www.pnbindia.in **Contact Person**: K Thangapandi	**The Karur Vysya Bank Limited** 577, IInd Floor, Oppanakara Street Coimbatore 641 001 **Telephone**: 0422 2393986 **Email**: cbucoimbatore@kvbmail.com **Website**: www.kvb.co.in **Contact Person**: T. K. Haridas
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	**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
Union Bank of India Ajai Vihar, MG Road, Ernakulam 682 016 **Telephone**: 0484 2376920, 2375922 (D), 2376101 **Email**: bm0125@unionbankofindia.com **Website**: www.unionbankofindia.com **Contact Person**: Ganapati T V, Assistant General Manager	**DCB Bank Limited** No. 6, Rajaji Road, Nungambhakkam, Chennai 600 034, Tamil Nadu **Telephone**: 044 64520710/64520724 **Email**:muralik@dcbbank.com **Website**: www.dcbbank.com **Contact Person**: Murali K (Senior Vice President - Corporate Banking)
CSB Bank Limited Wholesale Banking Division, Market Road Branch P-B No: 1015, Market Road, Ernakulum-682011 **Telephone**:7811811232 **Email**: rprathapchandran@csb.co.in **Contact Person**: R. Prathap Chandran	

Designated Intermediaries

Self-Certified Syndicate Banks

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

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

Syndicate SCSB Branches

In relation to Applications submitted to the Designated Intermediaries, the list of branches of the SCSBs to receive deposits of ASBA Applications from such Designated Intermediaries is provided on http://www.sebi.gov.in or at

such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Applications from Designated Intermediaries, see the above-mentioned web-link.

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

In accordance with SEBI Circular No. SEBI/HO/DDHS/CIR/P/2020/233 dated November 23, 2020, UPI Investors making an Application in the Issue using the UPI Mechanism, may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI at www.sebi.gov.in, and updated from time to time.

RTAs / CDPs

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

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

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

Arrangers to the Issue

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

Minimum Subscription

In terms of the SEBI 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. ₹9,375.00 lakhs within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount blocked shall be unblocked in the respective ASBA Accounts of each Applicant, within six Working Days from the date of closure of the Issue, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Credit Rating and Rationale

Our Company has received rating of 'IND BBB/Stable' by India Ratings vide its letter dated March 5, 2021, for the NCDs proposed to be issued pursuant to this Issue. The rating of the NCDs by India Ratings indicate that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. The rating provided by India Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The rating is not a recommendation to buy, sell or hold securities. For the rationale for the rating, see "*Annexure II*" on page 257 of this Draft Prospectus.

Consents

Consents in writing of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, legal advisor to the Issue, Lead Manager, the Registrar to the Issue, Credit Rating Agency, the Bankers to our Company, the Debenture Trustee, IRR, and the lenders to our Company to act in their respective capacities, have been obtained and will be filed along with a copy of the 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 Draft Prospectus with the Stock Exchange.

Consents in writing of the Public Issue Account Bank, Sponsor Bank, Refund Bank, some of the lenders to our Company and the Syndicate Member will be obtained prior to and will be filed along with a copy of the Prospectus with the RoC as required under Section 26 of the Companies Act, 2013.

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 60.

Issue Programme

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

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

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

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

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

CAPITAL STRUCTURE

1. **Details of share capital and securities premium account**

The following table lays down the details of our authorised, issued, subscribed, paid up share capital and securities premium account as on the date of this Draft 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 Secured NCDs and Unsecured NCDs aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs, on the terms and in the manner set forth herein, in the terms and in the manner set forth herein.

3. **Details of change in the authorised share capital of our Company, as on the date of this Draft 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 Draft 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

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

5. Our Company has not issued any Equity Shares for consideration other than cash in the last two years preceding the date of this Draft Prospectus.

6. Except as disclosed above, our Company has not issued any Equity Shares in the last two years immediately preceding the date of this Draft Prospectus.

7. Shareholding pattern of our Company

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

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

8. **List of top ten holders of Equity Shares of our Company as on December 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 December 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	Mertily Clarence Cruz	1,000	3,200	32,00,000
2	Rajappa Raja Assuntha	1,00,000	30	30,00,000
3	Shobhit Tandon	5,00,000	5	25,00,000
	Meera Abraham	1,00,000	25	25,00,000
	Shubhi Tandon	5,00,000	5	25,00,000
4	B Shivananda Aradhya	1,00,000	25	25,00,000
	Mala Govind	1,000	2,500	25,00,000
	M Mathew	1,00,000	24	24,00,000
	Thankamony Eapen	1,000	2,000	20,00,000
	Bindhu M S	1,000	2,000	20,00,000
	Elizabeth Jacob	1,000	2,000	20,00,000
	Refolda Gomes A	1,000	2,000	20,00,000
6	Thomas A.V.	1,00,000	20	20,00,000
7	Sheno K S	1,000	1,800	18,00,000
	Thangamma Samuel	1,00,000	18	18,00,000
	Wilson Gomez & Gladis J David	1,00,000	17	17,00,000
	Samuel E V	1,00,000	17	17,00,000
	Neethu L	1,000.00	1,500	15,00,000
	N A Mathai	1,00,000	15	15,00,000
	Thomas Abraham & Saramma Thomas	1,00,000	15	15,00,000
8	M L Veetus & Tony Veetus	1,00,000	15	15,00,000
	B Shivananda Aradhya	1,00,000	15	15,00,000
9	Sunny Kunju Puthan Kandathil	1,000	1,500	15,00,000
	Smitha Mariam Philip	1,00,000	14	14,00,000
10	Ruby Jose	1,00,000	13	13,00,000
	Narayanan Nair N G	1,000	1,300	13,00,000

(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	Vasantha K	1,00,000	181	1,81,00,000
3	Vidyadevi Sreenath	5,00,000	20	1,00,00,000
	Sreenath Gopalakrishnan	5,00,000	20	1,00,00,000
4	Araadhana Sangeeth Represented by father and guardian Sangeeth	1,000	100	1,00,000
	Azari	1,000	100	1,00,000
5	Latheefa Beevi	1,000	50	50,000
	Sunitha Ganesh M	1,000	50	50,000
6	Govindarajan R	1,000	25	25,000
	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	Face value per debenture (in ₹)	Number of instruments held	Outstanding amount (in ₹)
1	George Kaleekan Senapathy	1,000	13,650	1,36,50,000
2	Varun Narayan K Pillai	1,000	12,085	1,20,85,000
3	Jenny Marath Premkumar	1,000	10,000	1,00,00,000
	Sudharma C V	1,000	10,000	1,00,00,000
	Monetary Kuries Private Ltd.	1,000	10,000	1,00,00,000
4	K Thomas Babu	1,000	7,500	75,00,000
	Anu S	1,000	7,500	75,00,000
5	Silvy Simon	1,000	7,000	70,00,000
	Ajo Mathew	1,000	7,000	70,00,000
6	Leela Bhargavi	1,000	6,800	68,00,000
7	Raghavan	1,000	6,500	65,00,000
8	Ashokan K	1,000	6,000	60,00,000
	Bathala Prabhakar Sunitha	1,000	6,000	60,00,000
	Pallatheri Nambi Namboodiri	1,000	6,000	60,00,000
9	Jayakumar P G	1,000	5,500	55,00,000
10	Kuttappan Thomas	1,000	5,100	51,00,000

(d) Unsecured debentures issued *vide* Public Issues

No.	Name of holders	Number of instruments held	Face value per debenture (in ₹)	Outstanding amount (in ₹)
1	G. Soman	3,000	1,000	30,00,000
2	P V Abraham	2,500	1,000	25,00,000
	Mayalekshmi V N	2,500	1,000	25,00,000
	Subramanian P	2,500	1,000	25,00,000
	Sureshkumar D.	2,500	1,000	25,00,000
	Mohanan B	2,500	1,000	25,00,000
	Bhagyam T A	2,500	1,000	25,00,000
3	Jacob Mathew	2,191	1,000	21,91,000
4	Harikumar S	2,100	1,000	21,00,000
5	Neil Jones	2,000	1,000	20,00,000
6	Rosamma Philip	2,000	1,000	20,00,000
	Anitha Kumari T	2,000	1,000	20,00,000
	Joseph Benny Kudiyirickan	2,000	1,000	20,00,000
	Varughese J Vetteth	2,000	1,000	20,00,000
	Naga Srinivasa Kollipara	1,900	1,000	19,00,000

No.	Name of holders	Number of instruments held	Face value per debenture (in ₹)	Outstanding amount (in ₹)
7	Jiji Cherian	1,750	1,000	17,50,000
8	Sabu Thomas	1,700	1,000	17,00,000
9	Mariamma Mathew	1,600	1,000	16,00,000
	Kollipara Saraswathi Devi	1,600	1,000	16,00,000
10	Vijayan Nair Narayanan	1,550	1,000	15,50,000

(e) Subordinated debt as on December 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 Rajashekaran	7,000	1,000	70,00,000
3.	Mini Vasudevan	6,000	1,000	60,00,000
4.	Vinod Vikraman Nair	5,300	1,000	53,00,000
5.	Manjula Tony	4,000	1,000	40,00,000
6.	Krishnan Nair	3,500	1,000	35,00,000
	Vinod Vikraman Nair	3,500	1,000	35,00,000
7.	Rossmilon Daniel R.S	3,025	1,000	30,25,000
8.	Vinod Vikraman Nair	3,000	1,000	30,00,000
	Mary Thampi W/O Late M.C.Thampi	3,000	1,000	30,00,000
	Soman G	3,000	1,000	30,00,000
	Shakuntala Acharya	3,000	1,000	30,00,000
9.	K G Kamalakashi Amma & K R Girija Kumari	2,800	1,000	28,00,000
	Thomas Varghese	2,800	1,000	28,00,000
10.	Saji John And Annamma Kulaparampil	2,600	1,000	26,00,000

10. **Details of holding Equity Shares by our Promoters as on the date of this Draft 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 Draft Prospectus**

For details of shareholding of our Directors in the Company, please refer to "*Our Management- Shareholding of our Directors*" on page 116.

12. **Debt - equity ratio**

The debt-equity ratio of our Company, prior to this Issue is based on a total outstanding debt of ₹1,83,480.19 lakhs and Shareholder funds amounting to ₹49,108.90 lakhs as of September 30, 2020:

(in ₹ lakhs)

Particulars	As on September 30, 2020	
	Pre- Issue*	Post- Issue
Debt		
Debt Securities	1,39,818.38	1,64,818.38
Borrowings (other than Debt Securities)	43,661.81	43,661.81
Total Debts	**1,83,480.19**	**2,08,480.19**
Equity		
Equity Share Capital	24,952.54	24,952.54
Other Equity		
Special Reserve Fund	5,129.33	5,129.33
Securities Premium	7,844.15	7,844.15
Debenture Redemption Reserve	-	-
Retained Earnings	11,834.17	11,834.17
Other Comprehensive Income	-3.55	-3.55
Less: Unamortized expenses of Public Issues	647.74	647.74
Total Equity	**49,108.90**	**49,108.90**
Debt/Equity	**3.74**	**4.25**

**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 ₹25,000 Lakhs from the Issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

Notes:

a) Debt Securities includes interest accrued but not due thereon but excluding unamortized expense of public issues.
b) Borrowings includes interest accrued but not due thereon.
c) The figures disclosed above are based on the Interim Unaudited Ind AS Financial Statements of our Company as at September 30, 2020.
d) Debt / Equity = Total Debt / Equity.
e) The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹25,000 lakhs from the proposed public issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.
f) Our Company has raised secured non-convertible debenture amounting to ₹30,990.20 Lakhs and unsecured non-convertible debenture amounting to ₹4,907.33 Lakhs through public issue during October 1, 2020 – February 28, 2021 impact of which is not provided in the above table.
g) Our Company during October 1, 2020 – February 28, 2021 redeemed secured public non-convertible debenture amounting to ₹3,415.61 lakhs and unsecured public non-convertible debenture amounting to ₹6,849.15 lakhs, impact of which is not provided in the above table.
h) Our Company during October 1, 2020 – February 28, 2021 redeemed secured privately placed non-convertible debenture amounting to ₹778.41 lakhs and unsecured privately placed non-convertible debenture amounting to ₹591.00 lakhs, impact of which is not provided in the above table.
i) Our Company during October 1, 2020 – February 28, 2021 has repaid the short-term loans against Fixed Deposits amounting to ₹2,688.37 lakhs with South Indian Bank impact of which is not provided in the above table.
j) Our Company during October 1, 2020 – February 28, 2021 has availed new working capital facilities from Karur Vysya Bank, DCB Bank and CSB Bank amounting to ₹2,500 lakhs, ₹1,500 lakhs and ₹3,000 lakhs respectively.
k) Other Equity does not include revaluation reserve.
l) Debt Securities does not include unclaimed matured debentures and interest thereon amounting to ₹199.31 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 Draft Prospectus.

14. For details on the total outstanding debt of our Company, please refer to *"Financial Indebtedness"* on page 130.

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

16. Our Company has not made any reorganization/reconstruction in the last one year prior to the date of this Draft 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 this Draft Prospectus, 2,37,34,704 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 secured and unsecured redeemable 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 **Manikandan & Associates**
Chartered Accountants
Firm Registration Number: 008520S
Peer Review Number: 008123
UDIN: 21208654AAAAGM6772

Manikandan C K
Managing Partner
Membership No: 208654

Date: March 11, 2021
Place: Kochi

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 a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the 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.

     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 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.

[1]The 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.

(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) <u>Surcharge and Health and education cess</u>

- 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 ₹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 ₹1,00,00,000 but does not exceed ₹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 ₹2,00,00,000 but does not exceed ₹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 ₹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 ₹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

₹1,00,00,000 but does not exceed ₹10,00,00,000 and at the rate of 12% on tax where the income exceeds ₹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 ₹1,00,00,000 but does not exceed ₹10,00,00,000 and at the rate of 5% on tax where the income exceeds ₹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 section10(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 June1, 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 nonresident 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 ₹25,000 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 25,000.00
2.	(less) Issue related expenses*	[●]
3.	Net Proceeds*	[●]

** To be updated in the Prospectus*

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 130.

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 2021-2022, our Company will disclose in our financial statements, the utilisation of the Net Proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilise the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchange.

Variation in terms of contract or objects in this Draft 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 Draft Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act, 2013.

Issue related expenses

The expenses for this Issue include, *inter alia*, Lead Manager's fees and selling commission to the Lead Manager, brokers' fees, fees payable to Debenture Trustee, the Registrar to the Issue, Sponsor Bank, SCSBs' commission/fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company. Our Company shall include the details of commission and processing fees payable to each intermediary and the timelines for payment, in the Prospectus.

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

Activity	Amount *(in ₹ lakhs)*	Percentage of overall Issue Size (%)
Fees to intermediaries (Lead Manager's fees, brokerage, rating agency, Registrar to the Issue, Sponsor Bank, legal advisor, Debenture Trustee, etc.)	[●]	[●]
Advertising and Marketing Expenses	[●]	[●]
Printing, Stationery and Distribution	[●]	[●]
Other Miscellaneous Expenses	[●]	[●]
Total	[●]	[●]

** To be updated in the Prospectus.*

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 ₹[●] per Application Form procured (plus other applicable taxes). However, it is clarified that in case of Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee.

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

Other Confirmation

In accordance with the SEBI 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 4, 2021, 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 Draft Prospectus" on page 33. *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.

Following is the disclaimer of 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".

OVERVIEW OF GLOBAL ECONOMY

Global economic activity was brought to a standstill by the coronavirus (COVID-19) pandemic and its impact on economic activity, health and livelihood across the world has been unparalleled. The initial signs of the disastrous consequences that COVID-19 would cause became apparent in early 2020 when global financial markets turned increasingly volatile with panic sell-offs, flight to safety and wealth erosion in equity markets across both advanced and emerging economies. Sovereign bond yields fell to record lows and as the outbreak spread quickly around the globe, lockdowns and social distancing stalled economic activity across the world. The initial phase of economic recovery from coronavirus-related lockdowns has been faster than expected and global growth momentum has picked up. While Q3CY20 GDP releases have - in general - surprised to the upside across developed markets, the emergence of second and third waves of COVID-19 coupled with onset of flu season are raising concerns and could weaken future growth expectations.

As per January 2021 World Economic Outlook (WEO) update, after an estimated 3.5% contraction in 2020, the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022. This reflects the stronger than expected recovery on averages across regions in the second half of the year. The 2021 growth forecast is revised up 0.3% point, reflecting additional policy support in a few large economies and expectations of a vaccine-powered strengthening of activity later in the year, which outweigh the drag on near-term momentum due to rising infections. The upgrade is particularly large for the advanced economy group, reflecting additional fiscal support, mostly in the United States and Japan, together with expectations of earlier widespread vaccine availability compared to the emerging market and developing economy group. The strength of the projected recovery varies across countries, depending on the severity of the health crisis, the extent of domestic disruptions to activity (related to the structure of the economy and its reliance on contact-intensive sectors), the exposure to cross-border spill overs, and—importantly—the effectiveness of policy support to limit persistent damage.

Consistent with recovery in global activity, global trade volumes are forecast to grow about 8% in 2021, before moderating to 6% in 2022. Services trade is expected to recover more slowly than merchandise volumes, however, which is consistent with subdued cross-border tourism and business travel until transmission declines everywhere. Consistent with persistent negative output gaps, inflation is expected to remain subdued during 2021–22. In

advanced economies it is projected to remain generally below central bank targets at 1.5%. Among emerging market and developing economies inflation is projected just over 4%, which is lower than the historical average of the group.

An overview of the WEO projections, January 2021 is given in the table below:

World Economic Outlook	Estimate (%)		Projections (%)	
Name of the Country/ Economy	2019	2020	2021	2022
World Output	**2.8**	**-3.5**	**5.5**	**4.2**
Advanced Economies	**1.6**	**-4.9**	**4.3**	**3.1**
United States	2.2	-3.4	5.1	2.5
Euro Area	1.3	-7.2	4.2	3.6
Germany	0.6	-5.4	3.5	3.1
France	1.5	-9.0	5.5	4.1
Italy	0.3	-9.2	3.0	3.6
Spain	2.0	-11.1	5.9	4.7
Japan	0.3	-5.1	3.1	2.4
United Kingdom	1.4	-10.0	4.5	5
Canada	1.9	-5.5	3.6	4.1
Other Advanced Economies	1.8	-2.5	3.6	-3.1
Emerging Market & Developing Economies	**3.6**	**-2.4**	**6.3**	**5.0**
Emerging and Developing Asia	5.4	-1.1	8.3	5.9
China	6.0	2.3	8.1	5.6
India	4.2	-8.0	11.5	6.8
ASEAN*	4.9	-3.7	5.2	6.0
Emerging and Developing Europe	2.2	-2.8	4.0	3.9
Russia	1.3	-3.6	3.0	3.9
Latin America and the Caribbean	0.2	-7.4	4.1	2.9
Brazil	1.4	-4.5	3.6	2.6
Mexico	-0.1	-8.5	4.3	2.5
Middle East and Central Asia	1.4	-3.2	3	4.2
Saudi Arabia	0.3	-3.9	2.6	4.0
Sub-Saharan Africa	3.2	-2.6	3.2	3.9
Nigeria	2.2	-3.2	1.5	2.5
South Africa	0.2	-7.5	2.8	1.4
Low-Income Developing Countries	**5.3**	**-0.8**	**5.1**	**5.5**

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

Source *- IMF's World Economic Outlook, January 2021*

WEO Projections for Advanced Economies

Advanced economies, in general, have been able to provide expansive fiscal support to households and firms (direct tax and spending measures as well as equity injections, loans and guarantees), and central banks have reinforced this with expanded asset purchase programs, funding-for-lending facilities, and, for some, interest rate cuts. Reflecting the strong policy support and the anticipated widespread availability of vaccines in summer 2021, the projected output loss compared with the pre-COVID forecast is relatively smaller for advanced economies than other countries. Recovery paths vary within the group, with the US and Japan projected to regain end-2019 activity levels in the second half of 2021, while in the euro area and the United Kingdom activity is expected to remain below end-2019 levels into 2022. The wide divergence reflects to an important extent differences across countries in behavioural and public health responses to infections, flexibility and adaptability of economic activity to low mobility, pre-existing trends, and structural rigidities entering the crisis. The 2021 forecast for the United States is revised up 2% points relative to the October 2020 WEO projection, reflecting carryover from the strong momentum in the second half of 2020 and additional support from the December 2020 fiscal package. Similarly, the 0.8% point upward revision to Japan's 2021 forecast is largely because of the additional boost from the fiscal measures introduced at the end of 2020. These upgrades are partially offset by downward revisions to the 2021 forecast for the euro area reflecting an observed softening of activity toward the end of 2020, which is anticipated to continue into early 2021 amid rising infections and renewed lockdowns.

WEO Projections for Emerging Market and Developing Economies

Emerging market and developing economies are also projected to trace diverging recovery paths. Considerable differentiation is expected between China—where effective containment measures, a forceful public investment

response, and central bank liquidity support have facilitated a strong recovery—and other economies. Oil exporters and tourism-based economies within the group face particularly difficult prospects considering the expected slow normalization of cross-border travel and the subdued outlook for oil prices. The pandemic is expected to reverse the progress made in poverty reduction across the past two decades. Close to 90mn people are likely to fall below the extreme poverty threshold during 2020–21. Across regions, vulnerabilities, economic structure, and pre-crisis growth trends, together with the severity of the pandemic and the size of the policy response to combat the fallout, shape recovery profiles. Notable revisions to the forecast include the one for India, reflecting carryover from a stronger-than-expected recovery in 2020 after lockdowns were eased.

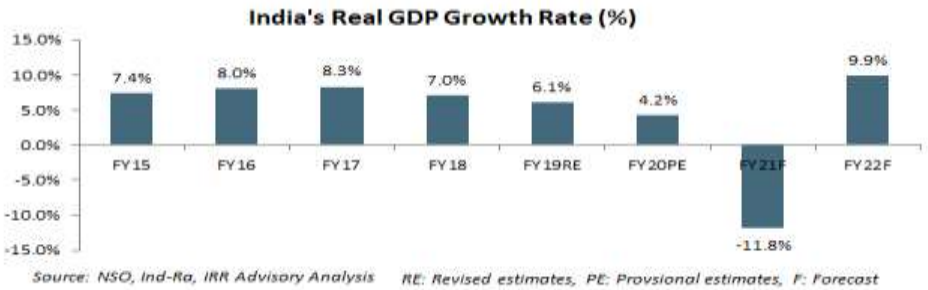
The projections continue to rely on economies adapting to social distancing until local transmission is brought to a low level. Although employment in some countries generally appears to have recovered more quickly from the trough of the recession than in previous downturns, large numbers of people are still unemployed and underemployed in many countries (in the United States, for example, there are 9mn fewer employed people than in February 2020). Moreover, the burden of the crisis has fallen unevenly across groups: workers with less education, women, youth, those in contact-intensive sectors, and those informally employed have suffered disproportionate livelihood and income losses. Country-specific labor market circumstances vary, implying different degrees of scarring. Economies that rely heavily on contact-intensive industries, commodity exporters, and those where school closures have inflicted large setbacks to human capital accumulation are particularly exposed to persistent damages to supply potential.

OVERVIEW OF INDIAN ECONOMY

India, the world's third largest economy in terms of its PPP (purchasing power parity) with population of over 1.3billion (bn) has witnessed significant economic growth since the country was liberalized in early 1990s. Industrial deregulation, divestment of state-owned enterprises, reduced governmental controls on foreign trade and investment, served to accelerate the country's growth and India has been one of the leading growing economies, posting an average of 7.0% GDP growth since beginning of this millennium. However, India's GDP growth rate has seen a downward trend over the past few quarters since Q1FY19, which has been further exacerbated by the coronavirus pandemic. The COVID-19 pandemic and the resultant lockdown has seen significant impact on the economy and in people's livelihood. The economic loss for India due to COVID-19 in FY21 is estimated to be INR 18.4 trillion (tn).

Sharpest contraction post-independence

The disruption caused by the COVID-19 pandemic unfolded with such a speed and scale that the disruption of production, breakdown of supply chains/ trade channels and total wash out of economic activities in certain sectors – e.g. aviation (though some activities have started now), tourism, hotels and hospitality - will not allow the economic activity to become normal throughout FY21. According to NSO data, the size of the Indian economy in FY20 was INR145.6trn at 2011-12 prices. IRR Advisory projects the size in FY22 will be INR147.2trn. This suggest that FY22 would be a year in which India will be able to just recover the lost ground and will be able go past the FY20 GDP level in a meaningful way only in FY23. Economic activities, despite unlocking beginning June 2020, have not returned to normal due to the continued imposition of partial/ local/ regional lockdowns. Moreover, while a second wave of infections is being witnessed globally, India has just started being able to flatten the first wave of infection curve.



Source: NSO, Ind-Ra, IRR Advisory Analysis RE: Revised estimates, PE: Provsional estimates, F: Forecast

IRR Advisory expects India's GDP to contract by 11.8% in FY21, the lowest GDP growth in the Indian history since independence and the sixth instance of economic contraction in India. While the Indian GDP is expected to rebound and grow at 9.9% y-o-y in FY22, mainly due to the weak base of FY21, the GDP in value terms in both FY21 and FY22 is expected to be lower than FY20. Though the scar of COVID-19 pandemic and lockdown on

the economy is subsiding, it will continue to impact the normalisation of economic activities in the contact-intensive sectors till the mass vaccination/herd immunity becomes a reality.

Economic Outlook FY22

The progress of COVID-19 infections, like elsewhere in the world, has impacted the life, livelihoods and the Indian economy in a way that there are no parallels in the recent history. To contain the spread of infection, India imposed one of the severest lockdowns in the world starting 25th March 2020, which lasted till end-May 2020. Indian economy was witnessing a slow down even before the imposition of COVID-19 induced lockdown. On an annualised basis, PFCE growth had declined to 5.3% in FY20 from 8.1% in FY17. The decline was sharper on a quarterly basis whereby PFCE growth declined to negative 26.7% in Q1FY21 from 11.2% in Q3FY17. The economic disruption caused by COVID-19 has had a telling impact not only on the economy but also on jobs and livelihoods. However, it has been more pronounced in the unorganised sector, leading to huge reverse migration. The reverse migration of labour coupled with job losses has cast a shadow over quick demand recovery.

India - Economic Outlook FY22 (% change)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21F	FY22F
Gross value added at FY12 prices	6.1	7.2	8.0	8.0	6.6	6.0	3.9	-12.2	10.1
- Agriculture	5.6	-0.2	0.6	6.8	5.9	2.4	4.0	3.5	3.0
- Industry	3.8	7	9.6	7.7	6.3	4.9	0.9	-24.2	11.5
- Services	7.7	9.8	9.4	8.5	6.9	7.7	5.5	-9.9	11.4
Real GDP	6.4	7.4	8.0	8.3	7.0	6.1	4.2	-11.8	9.9
- Private final consumption expenditure (PFCE)	7.3	6.4	7.9	8.1	7.0	7.2	5.3	-12.8	11.2
- Government final consumption expenditure (GFCE)	0.6	7.6	7.5	6.1	11.8	10.1	11.8	12.5	11.3
- Gross fixed capital formation (GFCF)	1.6	2.6	6.5	8.5	7.2	9.8	-2.8	-27.3	9.4
Nominal GDP	13.0	11.0	10.5	11.8	11.2	11.0	7.2	-9.1	14.5
Average wholesale inflation	5.2	1.3	-3.7	1.7	2.9	4.3	1.5	-1.7	2.8
Average retail inflation	9.4	5.9	4.9	4.5	3.6	3.4	5.2	5.1	4.3
Average exchange rate (INR/USD)	60.5	61.1	65.5	67.1	64.5	69.9	70.9	74.5	76.7
Fiscal deficit (central government, % of GDP)	4.4	4.0	3.9	3.5	3.5	3.4	4.6	8.2	6.8
Current account deficit (% of GDP)	1.7	1.3	1.1	0.6	1.8	2.1	0.8	-0.3	0.4

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

NSO's first advanced estimate pegs the Real GDP growth at negative 7.7% for FY21 as against IRR Advisory's estimate of negative 11.8%. IRR Advisory's estimate further shows that after recording negative growth during 9MFY21, GDP growth will finally turn positive at 0.3% in 4QFY21. The Indian economy is slowly coming out of the impact of COVID-19, despite the number of infections still being high. Although most of the real sector indicators are still in the contraction mode and different parts of the country have yet to witness full normalcy in terms of economic activity, the indicators are gradually recovering.

Economy Activities Reaching Pre-COVID-19 Level

The pick-up in economic activities post unlocking from June 2020 was slow initially but gathered momentum around September 2020. As a result, some of the high frequency indicators such as individual mobility for recreation, grocery, park, workplace and transportation; fuel and power consumption; power generation; railway freight traffic; passenger vehicle/tractor sales have started reaching or have already reached the pre-COVID levels. A glance at the use-based classification of Index of Industrial Production (IIP) data shows that the production level of primary, capital, intermediate, infrastructure, durable and non-durable in November 2020 reached 92.6%, 86.9%, 93.8%, 93.4%, 98.8%, and 97.2% of the pre COVID 19 level (February 2020). However, IIP after showing two consecutive months of growth in September and October 2020 on a y-o-y basis, contracted by 1.9% in November 2020, demonstrating that the uptick witnessed was due to a combination of the festival season and pent-up demand and the recovery is still shallow and fragile and would require sustained policy support.

Finally Support to Demand

In response to the COVID-19 pandemic, countries across the globe provided both fiscal and monetary packages to ease the sufferings of households and businesses. The government of India (GoI) also announced an economic package aggregating INR29.8tn, of which INR17.2tn was by the government and INR12.7tn was by the RBI. The actual fiscal impact of the economic package was low as most of the policy support was in the form of credit guarantees/enhancement and/or credit lines and was focused on the supply side. Minimisation of the direct fiscal impact in the economic package was reflective of both fiscal constraints and GoI's fiscal conservatism. The fiscal conservatism appears to have been abandoned in GoI's FY22 budget, to provide the necessary support to the aggregate demand. This, however, has been done largely through capex and not direct support to the lives and livelihoods.

The union government's capex could grow 30.8% y-o-y in FY21, according to the revised estimate, and 26.2% y-o-y in FY22, according to the budget estimate. IRR Advisory expects this to enhance the productive capacity of the economy and accelerate the growth and employment opportunities but in the medium to long term. The only downside of this strategy is that the people who are at the bottom of the pyramid and whose lives and livelihoods were severely battered by the COVID-19 pandemic and countrywide lockdown will take much longer to return to the pre-COVID -19 level and many may not return for ever. The government final consumption expenditure (GFCE) is the only demand side component, which is expected to grow in FY21 due to the stepped-up government expenditure. Even in FY22, GFCE is expected to lead and will be 10.1% higher than its trend level.

Gradual Revival in Consumption Demand

Consumption demand as measured by the private final consumption expenditure (PFCE), accounting for about 59% of GDP, is the largest component from the demand side. PFCE was witnessing a slowdown even before the imposition of COVID-19 induced lockdown. On an annualised basis, PFCE growth had declined to 5.3% in FY20 from 7.2% in FY19. As the economic disruption caused by COVID-19 has had a telling impact on jobs/livelihoods and consumer became risk averse, IRR Advisory expects PFCE to contract by 12.8% y-o-y in FY21. However, it is expected to grow by 11.2% in FY22, led by essentials (pharma, healthcare and telecom), followed by non-discretionary consumer goods and infrastructure sector (chemicals, oil & gas, IT, sugar and agri-commodities) and industrial goods and cyclical sectors (power, iron & steel, logistics, cement, construction, automobiles and automobile ancillaries). Although discretionary consumption and sectors such as airlines, hotels, leisure/travel/tourism, retail trade through shopping malls, cinema, sports and entertainment events are also expected to recover in FY22, their recovery will be contingent upon the progress in mass vaccination/achieving herd immunity because of the contact-intensive nature of these sectors.

Investment Demand Gets Government Support

Investments as measured by gross fixed capital formation (GFCF) is expected to grow at 9.4% y-o-y in FY22, after recording negative 27.3% y-o-y growth in FY21. Investment demand, particularly the incremental private corporate investment, has been languishing for a number of years now primarily due to a combination of factors such as i) excess capacity (capacity utilisation stagnating 70%-75% since FY14), ii) weak domestic/global demand, and iii) stretched/ leveraged balance sheet of Indian corporates. Most of the capex growth in the economy has been driven by the government capex which averaged 1.7% of GDP during FY11-FY20. Government capex in FY21 (RE) for the first time since FY08 came in higher than 2.0% of GDP. The predominant narrative says that increased government spending which is carried out via borrowing tends to reduce private spending known as 'crowding out'. However, there are studies which have also shown that during the periods of uncertainty/risk aversion, higher public investment on the contrary 'crowds in' private investment. With the renewed focus of government on capex in the FY22 Union Budget to support growth recovery, the government capex at INR5.5tn works out to be 2.5% of GDP. Due to the positive spill-over effects of public investment, capex spending by the private corporate sector may also see some traction, but will be limited to the areas of new sectors/opportunities in the near term and the full multiplier effect will be visible in the medium/long term.

Despite the focus of government capex on infrastructure in the successive budget, infrastructure financing for the private corporate sector has been a sore area. The FY22 budget by announcing the setting up of Development Finance Institutions (DFIs) with a corpus of INR200bn will go a long way in filling-up the gap created by the demise of erstwhile DFIs namely Industrial Finance Corporation of India, Industrial Credit and Investment Corporation of India, and Industrial Development Bank of India. Unlike banks, DFIs, besides bringing in the knowledge of project financing, are known for patient capital suited for infrastructure financing. The debt financing of InvITs and REITs by foreign portfolio inflows and monetisation of operating public infrastructure assets are the right steps towards infrastructure financing. It is due to the slowdown in private corporate and household capex that the GDP growth has failed to sustain itself close to or in excess of 7.0%-8.0%.

Agriculture Will Remain a Bright Spot on Production Side

The agricultural GVA is projected to grow 3.0% y-o-y in FY22 (average during FY14-FY21: 3.6%). This is based on the expectation of a normal and spatially well distributed rainfall in 2021. Although the second advanced estimate of production of food grains for FY21 is still not out, it is expected that the Rabi harvest of 2021 to be good. The GoI has set a target of 151.6MT (million tonnes) for 2021 Rabi food grains. With reservoir levels at 61% of the full capacity on 4th February 2021 as against the decennial average of 50% and the way winter season has played out so far in the northern India, the Rabi food grain output is expected to surpass the 2020 Rabi food grain output of 153.3MT. The area under Rabi sowing at 651.9 lakh hectare by 15th January 2021 is 1.6% y-o-y

higher. The area sown under wheat has touched 325.35 lakh hectare, up 4.0% y-o-y. Similarly, the area under pulses and oilseeds increased to 154.80 lakh hectare and 80.61 lakh hectares respectively, up 5.0% and 6.2% year on year.

Industrial and Services Sector Poised to Recover

Although the industrial output as captured by IIP continues to be volatile, and select segments of services sector such as hotels, leisure/travel/tourism, sports, entertainment are still at some distance away from seeing any visible traction, growth can be witnesses in FY22 mainly due to the base effect. IRR Advisory expects industrial and services sector to grow at 11.5% and 11.4%, respectively, in FY22.

Industrial recovery is still fragile, but some encouraging trends are visible. Vehicle registration grew 11.0% y-o-y in December 2020 for the first-time post lockdown. Similarly, passenger vehicle monthly sales have grown y-o-y since August 2020, the only exception being passenger car sales in November 2020. IHS Markit Purchasing Managers' Index (PMI) manufacturing expanded in January 2021 to 57.7 from 56.4 and 56.3 in December and November 2020. IRR Advisory expects the announcement of INR1.97tn spread over five years starting FY22 as the Production-linked Incentive scheme for the manufacturing sector such as electronics, automobiles/auto components, pharma, telecom, and textiles to lend a helping hand to the ongoing industrial recovery. Another announcement of setting up of seven mega investment textiles parks to create world-class infrastructure with plug and play facilities over three years is also a positive for industrial recovery.

Despite several segments being contact intensive, the services sector is recovering. In fact, some of the services sector segments such as financial services, IT and IT enabled services have greater flexibility in their operations whereby they can offer their services remotely. Support to the services sector recovery also came from the continued functioning and increased expenditure by the central and state governments. Cargo traffic handled at the major ports after several months rose 4.4% y-o-y in November 2020. Even railways freight traffic is showing strong growth momentum and was broad-based across all categories of commodities, with the exception of coal. It grew 8.7% y-o-y in December 2020 and averaged 10.5% during August-December 2020. Although headline IHS Markit PMI services at 52.8 in January 2021 was marginally better than 52.3 recorded in December 2020, it is lower than the PMI value of October and November 2020. This shows the vulnerability of the services sector to the COVID-19 pandemic.

Monetary Policy to Remain Supportive of Banks

On the monetary policy front, the RBI through various policy measures and liquidity injection has been quite successful in preserving the financial stability of the economy. It is expected that RBI would keep its policy stance accommodative and policy rate in a pause mode at least in the near term. However, the systemic liquidity, which has been in surplus and in the range of INR6tn-8tn since May 2020, may see some unwinding. Despite an advance tax outflow surplus, the liquidity mop-up through overnight reverse repos under the liquidity adjustment facility stood at INR7.4 tn on 31st December 2020. Average daily mop up for December 2020 was INR5.9tn. As banks preferred to park money with the RBI under the reverse repo window compared to lend due to the risk aversion, it created a situation like have and have nots, whereby a large segment of borrowers particularly micro, small and medium enterprises faced and continue to face difficulty in accessing bank credit. To provide credit support to stressed sectors, the RBI expanded the scope of the on tap TLTRO on 4th December 2020 to all stressed sectors identified by the Kamath Committee, in addition to the five sectors announced under the scheme on 21st October 2020.

On the other hand, due to various policy measures and moratorium, banks still have not witnessed the play out of non-performing assets. It is quite likely that with the moratorium period and restructuring window closing, banks will see a rise in delinquency in coming months which will put pressure on their balance sheet. Therefore, creating buffers and raising capital will be crucial for banks to ensure credit flow and retain the confidence of depositors/borrowers in the country's banking system. While some of the banks have already done so, others are planning to take advantage of the benign financial conditions. The announcement of recapitalisation of public sectors banks to the tune of INR200bn in the FY22 budget, therefore, is a welcome step. It will help them in meeting capital adequacy norms and ensure the credit flow into the economy. Given the size of stressed assets in the banking sector, the creation of a government owned asset reconstruction company/asset management company had been a long-standing demand and the FY22 budget has fulfilled the same.

Fiscal Deficit at 6.8% of GDP for FY22 appears realistic

The fiscal arithmetic of the FY22 budget is more convincing than earlier years, and therefore the fiscal deficit at 6.8% of GDP appears to be achievable. However, like FY21, the success of closing fiscal deficit at 6.8% of GDP hinges on the government's success in achieving INR1.75tn for FY22. With the equity markets at all-time high, this perhaps is the most opportune time to sell stakes in public entities. Although tax revenue could also increase in FY22 on the back of an economic recovery, the real impetus to revenue receipts of the government can only come from the non-tax revenue. The net-tax revenue/GDP is budgeted to increase to 6.93% in FY22 from 6.90% in FY21, gross and net tax revenues are budgeted to grow at 16.4% and 15.6%, respectively. If the trend of higher GST collections witnessed in Q4FY21 due to the plugging of leakages continues, along with a growth recovery in FY22, it may help the government achieve or even surpassing the FY22 GST collection targets.

The government proposes to finance 99.9% fiscal deficit in FY22 (FY21: 97.1%) from domestic sources. In FY21, the government financed INR545.2bn fiscal deficit from external debt (mainly from multilateral agencies), which is budgeted to decline to INR15.14bn. The net market borrowing is budgeted to decline to INR967.71bn in FY22 (FY21: INR12.74 trillion). While higher growth will lead to higher savings, the same could fund increased government expenditure. As a result, interest rates on 10-year G-sec are unlikely to be significantly different from where they are presently and may end FY22 in the range of 6.2%-6.3%.

Inflation to Broadly Stay in the Comfort Zone of RBI

The retail and wholesale inflation is expected to come in at 4.3% and 2.8%, respectively, in FY22. Retail inflation in December 2020 declined to 4.6%, after remaining in excess of 6.0% since April 2020. The decline was primarily driven by a correction in food inflation which dropped to 3.9% in December 2020 from 8.9% in November 2020. The food items have a weight of about 45% in the retail inflation index. With the onset of winter months, vegetables have seen a sizeable price correction. Even the prices of eggs and poultry, meat and fish could witness a significant price correction on account of a likely collapse in demand for poultry products due to the incidence of bird flu infections in January 2021.

The core inflation, though declining marginally in December 2020, has remained 5.0% or above since May 2020. The key driver of core inflation appears to be a higher input cost led by fuel costs. The price of Indian crude oil basket was USD53 a barrel in January 2021, up from USD50 a barrel in December 2020. This has resulted in an increase of domestic petrol and diesel prices to the historically high levels. Even LPG prices rose by around INR100 per cylinder in December 2020. Although the RBI believes that with the demand conditions getting normalised and firms regaining pricing power, retail inflation can come under pressure; its guidance on retail inflation is 4.6% to 5.2% in H1FY22, with risks broadly balanced. Inflation in FY22, like earlier years would be largely governed by i) monsoon rainfall and ii) global commodity prices especially crude oil.

Current Account Deficit (CAD) to Remain Comfortable

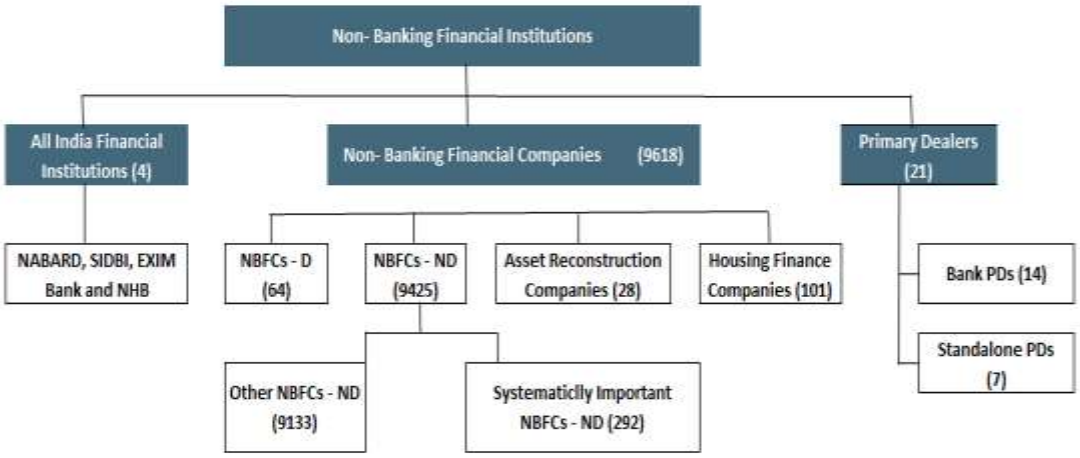
Current account surplus of FY21 will give way to the CAD in FY22, but the evolving domestic and global demand conditions will continue to keep CAD in a comfortable zone. CAD is expected to come in at USD10.3bn (0.4% of GDP) in FY22. Due to some recovery in domestic/external demand and the low base, merchandise imports and exports are expected to grow 7.4% and 17.7% y-o-y, respectively, in FY22. In level terms also, imports and exports is expected to cross USD400bn and USD300bn, respectively, in FY22. Yet, they will be lower than the level attained in FY20. The trade deficit is estimated to come in at USD110.5bn (3.6% of GDP). Although remittances and software exports are also expected to recover in FY22 over FY21, they will remain lower than FY20's (remittance FY20: USD76.2bn and software export FY20: USD84.9bn). Capital flows are estimated to decline to USD59.9bn in FY22 from USD65.1bn in FY21. However, the net addition into the forex reserve will be USD50.9 billion due to the low CAD. This may put pressure on the Indian rupee to appreciate; but, the RBI's intervention and global dynamics will act in a reverse direction, leading to the rupee weakening by 3.3% y-o-y in FY22. This will translate into the rupee averaging 76.7/USD in FY22 as against 74.5/USD in FY21.

OVERVIEW OF THE NBFC MARKET IN INDIA

Introduction

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

Structure of NBFIs under the Reserve Bank Regulation



Source: Reserve Bank of India
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. As on July, 2020, there were 64 NBFCs-D and 292 NBFCs-ND-SI as compared to 88 and 263, respectively at end-March 2019. The NBFCs, depending upon its nature of business, are broadly categorized as loan companies, investment companies, infrastructure finance companies (IFC), asset finance companies (AFCs), core investment companies (CIC), infrastructure debt funds, micro finance institutions. In 2018-19, three categories of NBFCs namely, AFCs, loan companies (LCs) and investment companies (ICs) were merged into a new category called investment and credit companies (ICCs) for harmonisation and operational flexibility. The regulatory and supervisory framework for NBFCs has been continuously strengthened in order to ensure their strong and healthy functioning, limit excessive risk-taking practices, and protect the interests of the deposit holders.

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

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

Regulatory guidelines mandate that only those NBFCs with minimum net owned funds (NOF) of INR2cr can be allowed to operate. Compared to FY19, when there was a record number of cancellations/surrender of licenses of non-compliant NBFCs, both registrations and cancellations were lower during FY20. Further, while an NBFC may be registered as a deposit accepting NBFC (NBFC-D) or as a non-deposit accepting NBFC (NBFC-ND), NBFCs registered with RBI are further classified as:

- **Investment and Credit Company:** The main business of these companies is lending and investment.
- **Systemically Important Core Investment Company (CIC-ND-SI):** A systematically important NBFC (assets INR1.0bn and above) which has deployed at least 90% of its assets in the form of investment in shares or debt instruments or loans in group companies is called CIC-ND-SI. Out of the 90%, 60% should be invested in equity shares or those instruments which can be compulsorily converted into equity shares. Such companies do accept public funds.
- **Infrastructure Finance Companies (IFC):** A company which has net owned funds of at least INR3.0bn and has deployed 75% of its total assets in Infrastructure loans is called IFC provided it has credit rating of A or above and has a CRAR of 15%.

- **Infrastructure Debt Fund – NBFCs (IDF-NBFC):** An IDF-NBFC is a non-deposit taking NBFC that has Net Owned Fund of INR3.0bn or more and which invests only in Public Private Partnerships and post commencement operations date (COD) infrastructure projects which have completed at least one year of satisfactory commercial operation and becomes a party to a Tripartite Agreement.
- **NBFC - Micro Finance Institutions:** Microfinance companies are non-deposit taking firms that are entitled to provide loans up to INR50K to individuals coming under low-income group living in rural or semi-urban areas.
- **NBFC – Factors:** An NBFC-Factoring Company should have a minimum NOF of INR50.0mn and its financial assets in the factoring business should constitute at least 75% of its total assets and its income derived from factoring business should not be less than 75% of its gross income.
- **Mortgage Guarantee Companies:** Mortgage Guarantee Company acts as an insurance against defaults on loans by the homebuyer, thereby reducing the loan exposure and credit risks for the lender.
- **NBFC-Non-Operative Financial Holding Company (NOFHC):** For permitting promoter/ promoter groups of NBFCs to set up a new bank.
- **NBFC-Account Aggregator (NBFC-AA):** NBFC-AA engages in collecting and providing information about a customer's financial assets in a consolidated, organised and retrievable manner to the customer or others as specified by the customer
- **NBFC–Peer to Peer Lending Platform (NBFC-P2P):** PBFC – P2P provides an online platform to bring lenders and borrowers together to help mobilise funds.
- **Housing Finance Companies (HFC):** HFC is another form of a non-banking financial company NBFC which primarily is engaged in the business of providing finance for housing.

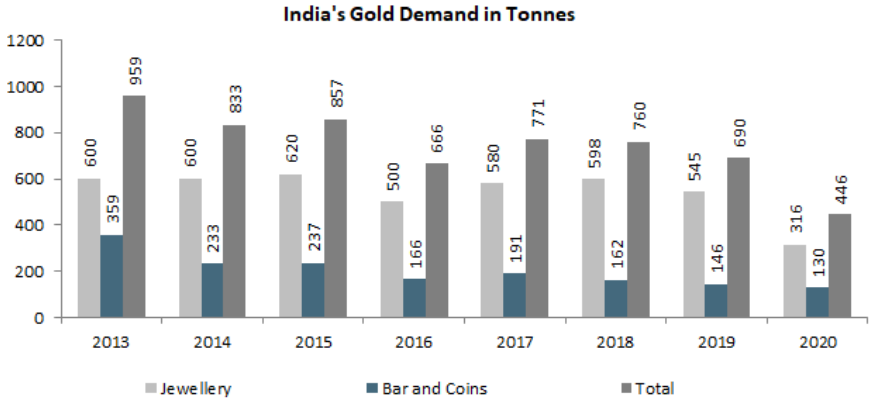
EVOLUTION OF GOLD LOAN MARKET IN INDIA

Introduction

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

Gold Demand in India

India is one of the largest markets for gold and growing affluence is driving growth in demand. Gold has a central role in the country's culture, considered a store of value, a symbol of wealth and status and a fundamental part of many rituals. Aside from Diwali, one of the most important dates in the Indian calendar, regional festivals across the country are celebrated with gold: in the south, Akshaya Tritiya, Pongal, Onam and Ugadi; in the east, Durga Puja; in the west, Gudi Pavda; in the north, Baisakhi and Karva Chauth. Two-thirds of India's gold demand came from rural areas, where jewellery is a traditional store of wealth. The chart given below depicts the trend of India's gold demand (in tonnes) from 2013-2020.



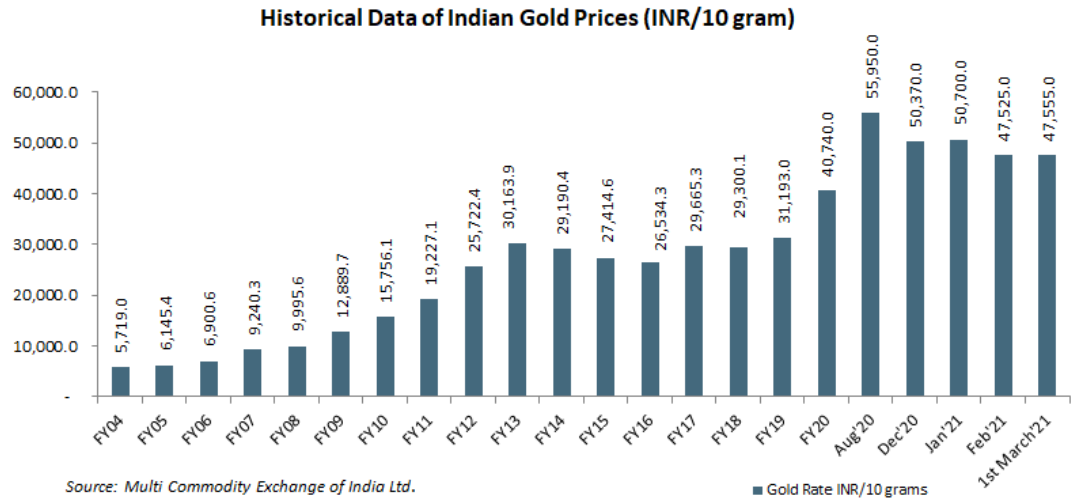
Source: World Gold Council 2020

As per World Gold Council (WCG), COVID-19 pandemic and high prices caused gold demand to fall by 35% to 446 tonnes in 2020 compared to 690 tonnes in 2019. In value terms, the demand fell by 14% to INR188,280cr during 2020 from INR217,770cr a year ago. Total gold jewellery demand in India for 2020 was also down by 42% at 316 tonnes as compared to 545 tonnes in 2019 and in value terms, jewellery demand was INR133,260cr, down 22% from INR171,790cr in 2019. Total investment demand for 2020 was down 11% at 130 tonnes in comparison to 146 tonnes in 2019 and in value terms, gold investment demand was INR55,020cr, up 20% from 2019. The gold demand drop was only 14% when viewed in value terms, as prices were up 34% hovering around INR50,000/10grams for most part of the year. In Q4 2020, the festive period and the ensuing wedding season revived hopes and drew in jewellery demand worth 137 tonnes -the strongest quarter in the year. Demand for gold in India for Q4FY20 was at 186.2 tonnes down by 4% as compared to Q4FY19 (194.3 tonnes). Value wise it was INR82,790cr, an increase of 26% in comparison with Q4FY19 (INR65,890cr). From the consumers' perspective, there is acceptance of current high price level as the new normal. In addition, current high stock indices and low interest rates will add significant weightage to gold amidst inevitable return of celebrations and festivities.

The demand for gold in 2021 will be tepid despite an expected good performance of agriculture on the back of good monsoon. The demand for gold in India is wholly dependent on government ability to prevent the second wave of COVID-19 pandemic, behaviour of the gold prices in the coming months and how the geo political tensions across the globe shape up. As per WCG, with the implementation of mandatory hallmarking from June 2021, establishment of the international bullion exchange in GIFT city and Retail Code of conduct under the aegis of the industry steering committee, industry growth will be qualitatively superior underpinned by global ambitions and strong awareness of trust and transparency. 2021 will likely set a trend of long term growth in Indian gold demand and the benefits of such growth can be explicitly captured if coordinated policy measures are sustained, making gold a mainstream asset class.

Gold Price Movement in India

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



However, from FY17 to FY19, gold prices started to surge to the pre-FY13 levels, further increasing to INR40,740 per 10gram in FY20. Currently, the rapid spread of coronavirus cases and its potential negative impact on the global economy are prompting investors to take refuge in safe havens like gold. Gold prices hit over INR50,000 per 10 grams in India which is the world's second-largest gold consumer after China as a host of factors like global uncertainties triggered by pandemic, weak dollar, low-interest rates and stimulus programmes have increased the appetite for gold. Like money market and high-quality bond funds, gold benefited from investors' need to reduce risk, with the recognition of gold as a hedge further underscored by the record inflows seen in gold-backed Exchange Traded Funds. Gold prices are slightly reducing from 2020 levels to reach INR47,555 per 10 grams as on 1st March 2021 as global rates also softened amid rising US bond yields. Gold rates in India are down about 10-15% or 4,000-6,000 per 10 gram so far in 2021. Gold prices in India are dictated by international prices.

Rising US Treasury yields, which hovered close to a near one-year high, have hurt the appeal of non-yielding gold. Higher yields increase the opportunity cost of holding bullion, which pays no interest. However, the prospects for additional stimulus and Federal Reserve's easy monetary policy makes Gold a good bet for medium- to long-term.

Gold Loan Market in India

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

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

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

The key factors that drove the rapid growth phase of Gold loan in India included low cost of funds (eligibility under Priority Sector Lending), rise of India's middle class, consumerism and urbanization, rising gold prices, and high Loan to Value (LTV) of up to 90.0% (only for scheduled commercial banks, it is still 75.0% for NBFCs). Convenience of access, quick disbursals and lower interest rates compared to moneylenders led to NBFCs becoming the customer's de-facto choice. Meanwhile, from the beginning of 2013, gold prices reduced drastically globally. With the pledged gold having lower market value, customers walked away from the loans resulting in increased Non-Performing Assets (NPAs).

The gold loan industry was also subsequently impacted by demonetization in 2016 when cash crunch in the market led to immediate shortfall in business. However, digital eco-system is now leading to increased credibility and tilting scales of gold loan business in favor of the specialized gold loan NBFCs. Alongside, the introduction of GST in 2017 has also impacted the market. In the pre-GST era, the taxation on gold was 1% excise duty, along with a VAT of 1-1.5%, totalling to 2.0% tax. GST rates on gold have now been pegged to 3%. This is in addition to an import duty of 7.5% and 5% GST on making charges.

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

- Removal of Priority Sector Lending (PSL) status. This immediately resulted in substantially higher borrowing cost.
- LTV capped at 90% - As per notification dated 6th August 2020, RBI capped LTV at 90% for scheduled commercial banks. The LTV is 75% for NBFCs. It will weaken the competitive advantage of NBFCs against commercials banks.
- Restricted credit exposure to single gold NBFC to 7.5% from 10% resulting in lower bank funding.
- Prohibition of grant of loans against bullion and gold coins.

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

has pushed gold loan Asset Under Management (AUM) higher by 20-30% for most of India's leading gold loan NBFCs and banks.

Gold Loan NBFCs in India

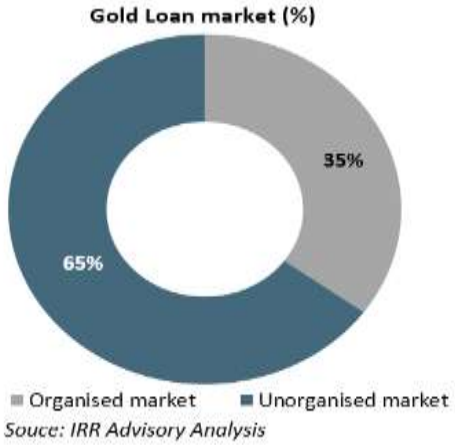
Till the last century, most of the lending was in the unorganized sector through pawnbrokers and money lenders. However, this scenario has changed over the last two decades post India's economic liberalization and financial sector reforms, and the organised sector has become more dominant. Buoyed by the spurt in gold prices during the last decade, organised lenders grew during the period FY09 to FY12. However, correction in gold prices in FY13, adverse regulatory scenario, restrictions on offering high LTV products, and increase in competition intensity has seen gold loan industry's AUM stagnating. This is also reflected in the stagnating portfolio of gold loan NBFCs.

The total gold loan industry AUM stood at approximately INR9,851.4bn in FY20, out of which approximately 35% accounted for organised market. India's unorganised gold loan market is estimated to be around 65% of the total gold loan market. There are no official estimates available on the size of this market, which is characterised by the presence of numerous pawnbrokers, moneylenders and landlords operating at a local level. However, this market is believed to be almost double the size of organised gold loans market.

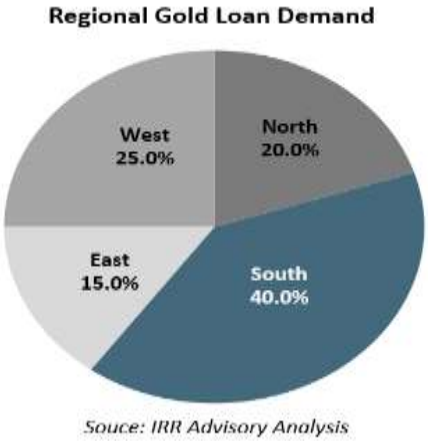
The demand for gold has a regional bias with southern Indian states accounting for around 40.0% of the annual demand. There is potential to expand gold loans market to the Northern and Western regions of India, provided the branch network is expanded and the loans are available with ease and with flexible options. The prevalence of high level of rural indebtedness, easy availability of gold loans on extremely flexible terms, relative scarcity of personal and retail loans from the banks, and changing attitude of customers to gold loans will contribute to the growth in the gold loan AUM to newer regions. Many Gold loan companies are reducing their geographical concentration risk and gradually shifting their focus to northern and western region over the last 3 years.

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

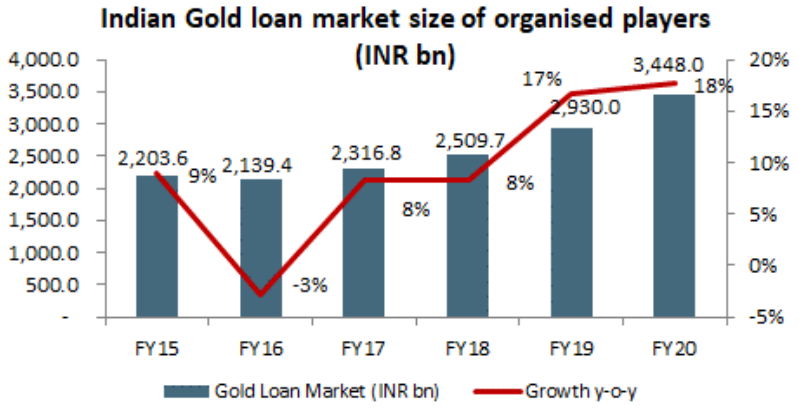
As per WGC report, the organized gold loan industry is around 35% and unorganized industry is around 65%. The total gold loan industry AUM stood at INR9,851.4bn in FY20, out of which approximately 35% valuing INR3,448.0bn accounted for organised market.



Souce: IRR Advisory Analysis



Souce: IRR Advisory Analysis



Source: IRR Advisory Analysis

NBFCs were marked by slowdown and weakening competitive positioning during FY12 and FY15 owing to withdrawal of eligibility for NBFCs under priority sector lending, RBI putting a ceiling on LTV ratio that could be given out by NBFCs at 60%, as against 75% for banks and RBI norms for conducting gold loan auctions. Industry reports state that Indian Gold loan market of organised players has increased at a CAGR of 9% from INR2,203.6bn in FY15 to INR3,448.0bn in FY20 owing to increase in gold prices, good monsoon and favourable macroeconomic factors. During this period, NBFCs' focused on improving the business per branch, undertook aggressive marketing and diversified into new regions.

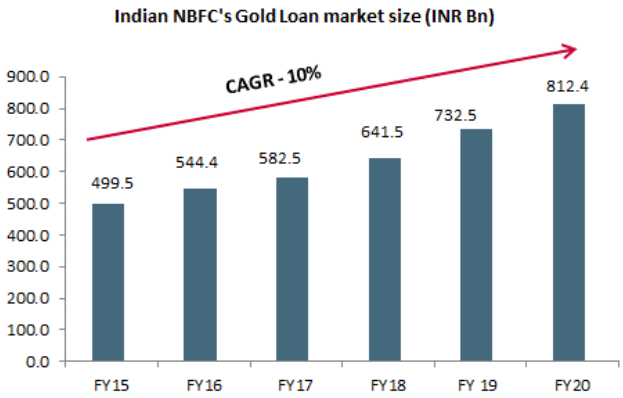
Overview of some operational parameters of organized players is provided below:

Parameters	Gold Loan NBFCs	Banks	Money Lenders
Loan to Value	Upto 75%	Upto 90%*	Higher than 75%
Penetration	Highly peneterated	Not highly peneterated. Selective branches	Highly peneterated
Interest Charges	Around 18-24% p.a	Around 12-15% p.a	Usually in the range of 35-60% p.a.
Regulatory Body	RBI	RBI	Not regulated
Processing Fees	No/Minimal processing fees	Higher than NBFCs	Nil
Documentaion	Minimal, Govt. ID proof	Complete KYC compliance	Nil or minimal
Customer Service	High-Gold Loan is core focus	Non- core focus	Core focus
Repayment Structure / Flexibility	Flexible. No pre-payment charges	EMI based. Pre-payment penalty is charged.	One time
Model of Disbursal	Cash, Cheque/Electronic Transfer (Cash upto INR20,000/-)	Cheque, Electronic Transfer	Cash
Working Hours	Open beyond bankng hours	Typical Banking Hours	Open beyond banking hours
Fixed Office Space	Branch with dedicated staff for gold loans	Bank branches	No fixed place
Turn Around Time	Around 10 minutes	1-2 hours	More than 10 minutes

Source: Industry Sources, IRR Advisory Analysis
Note '': As per RBI regulation dated 6th August 2020, applicable till 31st March 2021*

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

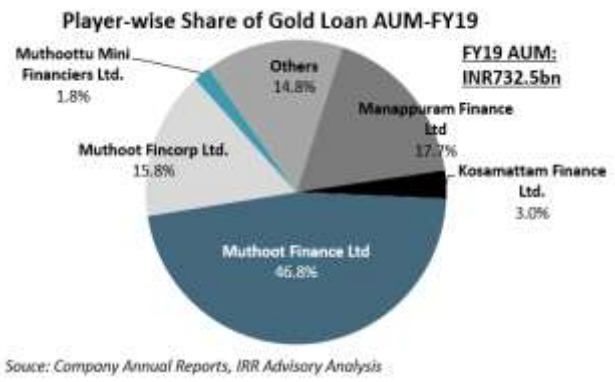
As per industry reports, the gold loan AUM of NBFCs grew at a CAGR of 10% between FY15 and FY20. NBFCs witnessed a decline in gold loan AUM between FY12 and FY14, as RBI's regulations curbed the performance as mentioned earlier. However, due to NBFCs flexible loan offerings and quicker disbursement time helped them to grow their gold loan AUM from INR499.5bn in FY15 to INR544.4bn in FY16.



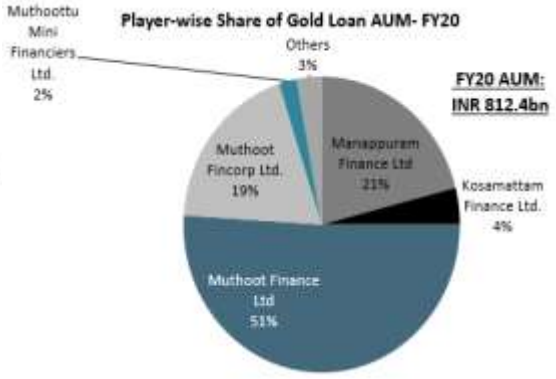
Source: IRR Advisory Analysis

Gold Loan NBFCs AUM further grew by an impressive 10.5% over the next 4 years from INR544.4bn in FY16 to INR812.4bn in FY20 due to geographic expansion, rise in gold prices and higher marketing expenditure undertaken by players in order to improve product awareness and build brand identity. NBFCs and banks approach the gold loan market differently, which is reflected in their interest rates, ticket sizes and loan tenures. NBFCs focus more single-mindedly on the gold loans business and have accordingly built their service offerings by investing significantly in manpower, systems, processes and branch expansion. This has helped them attract and serve more customers

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



Souce: Company Annual Reports, IRR Advisory Analysis



Source: Company Annual Reports, IRR Advisory Analysis

Muthoot Finance Ltd. increased its market share of gold loan AUM from 46.8% in FY19 to 51% in FY20. Manappuram Finance Ltd. market share has increased from 17.7% in FY19 to 21% in FY20. Muthoottu Mini Financers Ltd. market share has increased from 1.8% in FY19 to 2.1% in FY20.

Muthoot Finance Ltd. has witnessed growth of 21.7% in Gold AUM from INR407.7bn in FY20 to INR496.2bn in Q3FY21. Meanwhile, Manappuram Finance Ltd. has witnessed a growth of 19.1% in Gold AUM from INR169.7bn in FY20 to INR202.1bn in Q3FY21. The growth was majorly attributed due to greater liquidity needs arising with the onset of COVID-19 pandemic.

KEY GROWTH DRIVERS FOR GOLD LOAN

Gold financing companies form an integral part of the Indian financial system. It plays an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked segments of society, especially to the MSMEs, which form the cradle of entrepreneurship and innovation. NBFCs' ground-level understanding of their customers profile and their credit needs gives them an edge, as does their ability to innovate and customise products as per their clients' needs. This makes them the perfect conduit for delivering credit to lower-income group people and MSMEs. Gold loan as a credit product is not a new phenomenon in the country; it is only in the recent past that Indians have started losing their inhibitions over pledging their family heirlooms to mainstream commercial lenders and leveraging multiple benefits, such as instant credit, flexible schemes, lower interest rates and minimal paperwork without the hassles of rigid credit

appraisal. As banks and NBFCs offer gold loans at interest rates much lower than those of informal moneylenders; they have successfully targeted a new segment of customers who would have otherwise not taken a gold loan. The key growth drivers for gold loan are provided below:

Lack of reach of banking to rural and lower-income groups

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

Rising consumerism in rural areas

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

Changing attitudes towards Gold Loan

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

Ease of availability of Gold Loan

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

Normal and well distributed rainfall expected in 2021

India is expected to have a normal southwest monsoon in 2021, quantitatively between 100-104% of the benchmark long period average (LPA), potentially increasing the prospect of bumper food grain output for the sixth consecutive crop year (July-June) in 2021-22. A prolonged and well distributed rainfall across the country, barring a few areas of northwest region, helped India to harvest record kharif food grains – rice, pulses and coarse

cereals while registering an all-time high sowing areas under Rabi crops such as wheat, mustard and gram during 2020-21 crop year. The GoI has set a target of 151.6MT (million tonnes) for 2021 Rabi food grains. With reservoir levels at 61% of the full capacity on 4th February 2021 as against the decennial average of 50% and the way winter season has played out so far in the northern India, the Rabi food grain output is expected to surpass the 2020 Rabi food grain output of 153.3MT. The area under Rabi sowing at 651.9 lakh hectare by 15th January 2021 is 1.6% y-o-y higher. The area sown under wheat has touched 325.35 lakh hectare, up 4.0% y-o-y. Similarly, the area under pulses and oilseeds increased to 154.80 lakh hectare and 80.61 lakh hectares respectively, up 5.0% and 6.2% y-o-y. Normal and well distributed rainfall is positive for agrarian country like India. The positive monsoon and adequate food grain production will a driver for increasing gold loan demand in the country.

Untapped opportunities in the non-south regions

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

Lower default rates

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

Development of online gold loan market

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

REGULATORY MEASURES IMPACTING THE GOLD LOAN MARKET IN INDIA

As per the RBI circular dated 6th August 2020, to mitigate the economic impact of the COVID-19 pandemic on households, entrepreneurs and small businesses, the permissible LTV for loans against pledge of gold ornaments and jewellery for non-agricultural purposes is increased from 75% to 90% for scheduled commercial banks. The LTV is still 75% for NBFCs. This enhanced LTV ratio will be applicable up to 31st March 2021 to enable the borrowers to tide over their temporary liquidity mismatches on account of COVID-19. Accordingly, fresh gold loans sanctioned on and after 1st April 2021 shall attract LTV ratio of 75% for scheduled commercial banks.

NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier-l capital of 12%. The RBI Master Directions have issued guidelines with regard to the following:

Appropriate Infrastructure for Storage of Gold Ornaments: A minimum level of physical infrastructure and facilities is available in each of the branches engaged in financing against gold jewellery including a safe deposit vault and appropriate security measures for operating the vault to ensure safety of the gold and borrower convenience. Existing NBFCs should review the arrangements in place at their branches and ensure that necessary infrastructure is put in place at the earliest. No new branches should be opened without suitable storage

arrangements having been made thereat. No business of grant of loans against the security of gold can be transacted at places where there are no proper facilities for storage/security.

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

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

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

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

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

Other Instructions:

- NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above INR0.5million (mn).
- 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 90% for traditional banks providing gold loan services but it is still 75% of the NBFCs. RBI regulations state that - gold jewellery accepted as security/collateral will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd. If the gold is of purity less than 22 carats, the collateral should be translated into 22 carat value and exact grams need to be valued. Loan against bullion, units of Exchange-Traded Fund (ETF) and units of gold mutual funds is not permitted. This standardisation and increased transparency of LTV calculations across the organised sector has meant healthy businesses for NBFCs.

Know Your Customer (KYC)

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

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

Changes in classification of Non-Performing Asset

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

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

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

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

Source: RBI Circular

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

Verification of Gold Ownership

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

Gold Monetisation Scheme (GMS)

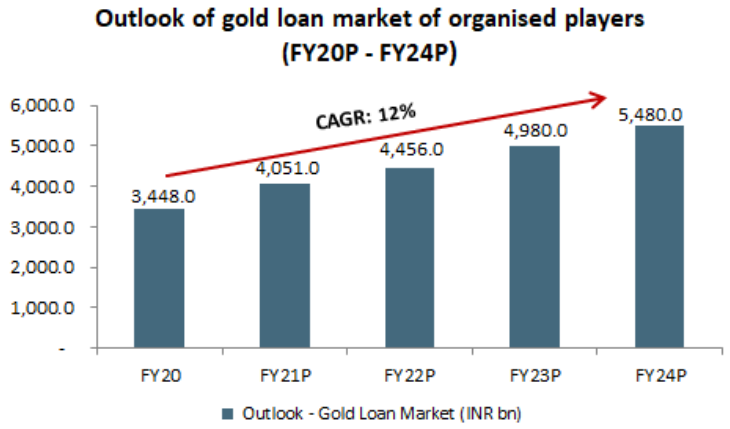
The government in the late 1990s also tried to monetize the idle gold hold by Indian households by bringing it into use for the industry and to reduce dependency on imports. Gold Deposit Scheme (GDS) was introduced in September 1999 to allow individuals to deposit gold at banks and receive interest in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

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

OUTLOOK OF THE GOLD LOAN MARKET IN INDIA

India is one of the largest markets for gold and in our Indian culture gold is considered as auspicious, particularly in Hindu and Jain cultures and gold is worn for important ceremonies and occasions. Gifting gold is a deeply ingrained part of marriage rituals in Indian society where weddings generate approximately about 50% of annual gold demand. Rural residents and low-income groups are the major customers of gold loans, as gold is usually the only asset they possess. Gold loan has emerged as one of the most reliable credit sources for these categories of customers. Further the gold loan market is still underpenetrated, considering the abundant availability of gold as collateral with Indian private households. This could play a vital role in the expansion of gold loan market. IRR Advisory has estimated that the gold loan market size will grow to INR5,480.0bn by FY24P.

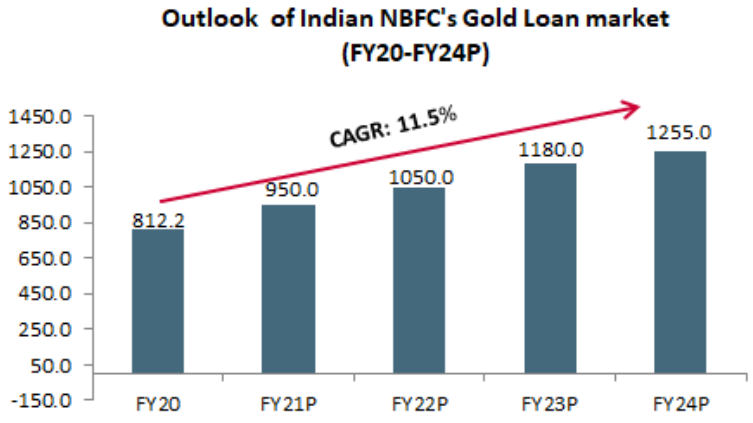
Demand for gold loans, both through banks and NBFC, has grown in response to the economic impact of the COVID-19 pandemic. The need for quick credit among small businesses will further spur gold loans' growth post the pandemic. With the credit demand expected to rise, the organised gold loan industry is expected to grow over the next few years at a CAGR of 12% from INR3,448.0bn in FY20 to INR5,480.0bn 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 from FY20 to FY24P is provided below:



Source: IRR Advisory Analysis

Since the COVID-19 outbreak of the pandemic, gold loans have become an easy way of accessing capital and both banks and NBFCs have reported higher disbursements and increasing revenue numbers from their gold loans portfolio. Industry report suggests that MSME companies are turning to gold to raise funds, rebuild their business

and manage working capital requirements. Gold loan processing is perceived to be faster and more convenient, compared to personal loans. Organized players are adopting marketing initiatives to raise awareness against heavy interest rates charged by the unorganized players (which are in the range of 25-50%) especially in rural parts. Also, player's ability to leverage technology and improve their online gold disbursements could turn out to be a game changer. Based on these growth drivers, we expect gold loan NBFCs' AUM to grow at 11.5% CAGR, from INR812.4 bn in FY20 to INR1,255.0 bn in FY24P. Indian NBFC's gold loan AUM projection for the coming 4 years is provided below:



Source: IRR Advisory Analysis

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

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

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

Source: World Gold Council

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

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

The Indian rupee has been deprecating against the US dollar over the months and it is INR73.37 per US dollar as on 2nd March 2021. 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 a good inflation hedge. Among all the class of assets, gold is considered as a best hedge against inflation and seen as an ideal asset for portfolio diversification.

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

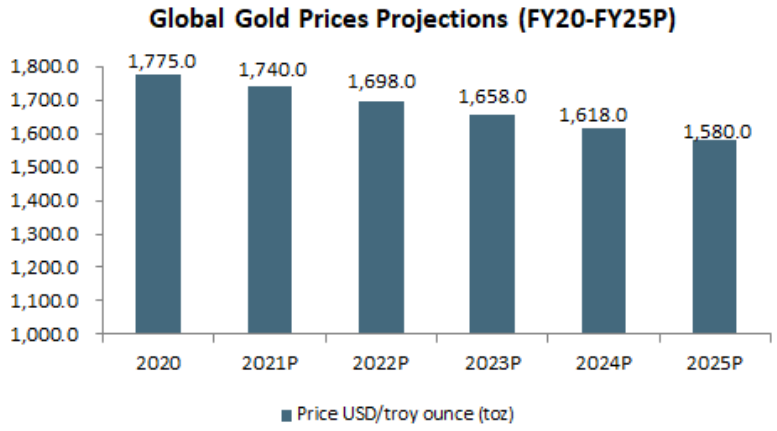
RBI is among the 10th largest holder of gold reserves among central banks globally, according to the latest WGC report with USA and Germany among the top holders ever since uncertainty over the dollar outlook mounted after the US-China trade war concerns in 2018, central banks across the globe started buying gold to diversify their foreign exchange reserves base. RBI also started buying gold after a long gap (after Nov 2009). The surge in foreign inflow and low yield on overseas sovereign bonds may have led to RBI buy gold. As at end -September 2020, the Reserve Bank held 668.25 tonnes of gold (including gold deposits of 9.04 tonnes). While 366.91 tonnes of gold is held overseas in safe custody with the Bank of England and the Bank of International Settlements (BIS), 292.30 tonnes of 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. Though gold prices were increasing, it is expected to decrease over the long term. Gold prices in India are slightly reducing from 2020 levels to reach INR47,555 per 10 grams as on 1st March 2021 as global rates also softened amid rising US bond yields. Gold rates in India are down about 10-15% or 4,000-6,000 per 10 gram so far in 2021. As per World Bank - Commodity Markets Outlook, October 2020, the global prices of gold are expected to decline from USD1,775.0 per toz in 2020 to USD1,580.0 per toz in 2025P. With increase in LTV, the asset portfolio of gold finance companies become more vulnerable if gold price crash suddenly. This is because the safety margin reduces with higher LTV. Banks would be exposed to greater risk due to higher LTV.



Source: World Bank - Commodity Markets Outlook, October 2020

Regulatory pressure

At present, every NBFCs-ND-SI is required to make a provision for standard assets at 0.4% of the outstanding. In March 2017, RBI stated that NBFCs cannot disburse more than INR20,000/- in cash against the gold loans. This RBI move is being part of its go digital drive post demonetization. RBI has increased the maximum limit for LTV for gold loans for scheduled commercial banks to 90% (earlier it was 75%) till March 2021 but it would be further brought back to 75% post 31st March. The LTV is still 75% for NBFCs. The objective behind increasing the LTV would be to provide some lending room for the lenders. The higher LTV ratio suggests more credit risk for the lenders as the collateral available in the form of gold ornaments or jewellery may not be sufficient to fully cover both principal and interest components on these loans. Higher LTV could adversely impact the recoverability and

asset quality of lenders in the case of a weakening in the borrower's credit risk profile and/or sharp decline in gold prices.

Security Threats and Risks of Theft

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

Lack of financial literacy among rural customers

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

Young Indians attraction to alternative jewellery

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

Change in Savings Pattern

The youth are turning towards alternative options such as equity markets/mutual funds for wealth creation as against traditional method of buying gold. Also, the 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.

GOLD LOAN INDUSTRY DURING COVID-19 CRISIS

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

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

Unlike other segment like house finance, commercial vehicle finance and MFIs, leading NBFCs have kept momentum going in gold loan by focusing on online channels. Leading NBFC is expecting 10% growth on gold loans in FY21 while other segments do not expect any growth. The application for gold loans have increased 30%-35% during July 2020. Gold loans were disbursed online when branches were closed during lockdown period. Due to this, even during the lockdown period itself, the online gold loan out of the total portfolio has gone up. Online channels are helping NBFCs in the interest collection and customer find it easy to transfer online whenever they have some money in their accounts. Online gold loan brings a lot of cost savings to NBFCs, but it will be accrued only in future because there are minimal number of people in the branch. Even if portfolio grows 3x to 4x, NBFCs do not need any additional employees. In future, this is going to bring a lot of operating expenditure saving per branch. Online gold disbursement would prove as competitive advantage to NBFCs who will proactively consider it as a vital business strategy in coming years

NBFCs are expecting increase in gold loans as benefits like free storage of gold and drawing power up to 75% of the LTV can be done anytime from anywhere. At the portfolio level, most of the NBFCs have average LTV at around 60% against recent increase of RBI limit. It creates lot of room to borrow more against their excessive ledgers by most of the customers. But recent RBI circular of LTV increase from 75% to 90% for only scheduled commercial banks will lead to market share gain by the banks in near term.

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

Gold loans can turn the tide due to innovative products like online gold loans, being liquid and secured in nature and increase in gold prices during the period. But on the other hand, increase in LTV to 90% for only scheduled commercial banks will lead to market share loss of these NBFCs. Though 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. But increased gold loan application during this period would have provided healthy business opportunity when other segments are struggling even if the risk is higher with higher chances of gold price volatility in near term providing lower safety margins to lenders.

UNION BUDGET 2021-22 IMPACT ON INDIAN GOLD MARKET

The Union Budget announcement on 1st February 2021 had few key announcements for the Indian Gold market. They are:

Reduction in gold import duty from 12.5% to around 7.5%

The new tax structure brings the total import duty on a gold bar (including Basic Custom Duty, Agriculture and Infrastructure Cess and Social Welfare Surcharge) to 10.75%, compared to 12.8% before the budget. With an additional 3% Goods and Service Tax (GST) consumers will now be expected to pay 14.07% tax on gold bars compared to 16.26% previously – a net tax reduction of 2.19% post budget. Reduced import duty will benefit all stakeholders in the jewellery supply chain including jewellery manufacturers, traders and consumers as well. The higher import duty was not only indirectly promoting illegal gold transactions but also eroding the government's revenue. The import duty reduction will make the trade compliant and eliminate trade malpractices. A rationalised duty structure and simplified processes are fundamental to an organized trading market.

Securities and Exchange Board of India (SEBI) as regulator for domestic gold spot exchanges

The government announced its intention to establish a system of regulated gold exchanges back in the 2018-19 budget. At that time, the Finance Ministry formed an expert committee on the integration of the commodity spot and derivatives markets. The committee suggested that regulation of the pan-India electronic spot exchanges –

which involve clearing and settlement, and risk management – should be entrusted to a regulator such as SEBI. Acting on this recommendation, in the current budget the Finance Minister appointed SEBI as the regulator of domestic gold spot exchanges. Oversight by SEBI would spur infrastructure development and likely lead to higher trading and more effective gold price discovery.

Setting up an International Bullion Exchange (IBE) in the Gujarat International Financial Services Centre (GIFT-IFSC)

In the 2021-22 Union Budget the government announced its intent to set up an International Bullion Exchange (IBE) in the Gujarat International Financial Services Centre (GIFT-IFSC), which would provide an additional trading exchange for global market participants. Accordingly, the following steps were taken by GIFT-IFSC:

- The government declared that the bullion spot delivery contract and bullion depository receipt would be 'financial products' under the International Financial Services Centres Authority (IFSCA) Act 2019
- IFSCA entered into a Memorandum of Understanding with the India Gold Policy Centre (IGPC) in order to facilitate structured consultations with requisite stakeholders and provide technical and research support
- A working group was formed for focused discussion on the modalities, structure and framework of the exchange
- The International Financial Services Centres Authority (Bullion Exchange) Regulations 2020 were notified on 11 December 2020
- A steering committee was set up to examine the recommendations of the working group
- A working group (including Bombay Stock Exchange, National Stock Exchange, Multi Commodity Exchange, National Securities Depository Limited and Central Depository Services Limited) has been formed to enact the operational framework for the IBE.

The gold spot exchanges in both the domestic and GIFT-IFSC city will help to create an efficient price discovery mechanism. The exchanges may lead to the successful implementation of the gold monetisation scheme and the development of gold-backed products; they may also empower bullion banking and establish India as a major bullion trading hub.

Welfare schemes for rural areas designed to boost incomes

The government's focus on the rural economy is especially important for gold demand. Rural India accounts for around two-thirds of the nation's gold demand, and this is heavily linked to income levels. The various rural welfare schemes announced in this year's budget look set to boost rural income:

- In order to enhance farmers' access to finance, agriculture credit is increased to INR1.65tn from INR1.5tn
- Allocation to the Rural Infrastructure Development Fund is increased to INR400bn from INR300bn
- 1,000 existing mandis will now be connected to a pan-India electronic trading platform, e-Nam

The pre-trial for disposal of seized gold would be revised

Unofficial imports fell by a whopping 80% in 2020 due to logistical disruptions caused by COVID-19, and may be further impacted in 2021 with ongoing flight restrictions and lower customs duty. With import costs falling, official inflows in 2021 could be spurred on. Lower customs duty and recovering demand may allow official imports to gain strength at the cost of unofficial imports, although the 14.07% duty continues to make the grey market attractive. In a year when unemployment and loss of livelihoods have been a reality, the support eco-system around tax avoidance is likely to be even stronger. The revision in the pre-trial disposal of seized gold, which will expedite such disposals, may curb unofficial imports due to an increased cost for seizures. Lower customs duty could also aid the government's efforts to encourage cashless transactions and drive greater transparency, thus supporting the transition towards a more organised gold market.

The Department of Consumer Affairs has announced that hallmarking will be mandatory for 14, 18 and 22 carat jewellery. This will protect consumers from under-carating and is expected to come into effect from 1st June 2021. The National Stock Exchange and the Bombay Stock Exchange have accepted 1kg bullion bars processed by Bureau of Indian Standards certified local refineries. This is an important step and will allow local banks and proposed spot gold exchanges to accept these locally processed bars to be accepted. India's gold market will not

only benefit from these reforms but will also indirectly benefit from the various rural welfare schemes announced in the budget. With a revival in the economy and these positive budget announcements, Indian gold demand looks set to recover in 2021 from its 2020 lows.

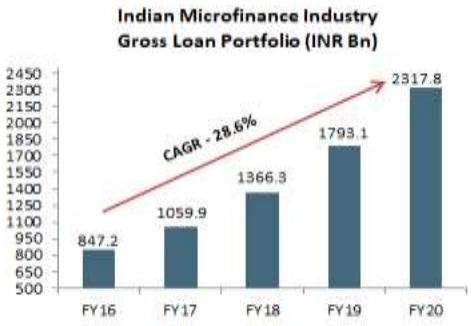
OVERVIEW OF MICRO FINANCE INDUSTRY IN INDIA

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.

Market size of Indian microfinance industry

Micro Finance industry consists of multiple players with diverse organizational structures. Loans in this sector are provided by Banks, Small finance banks (SFBs), Non-banking financial company-microfinance institutions (NBFC-MFIs), other NBFCs and non-profit organizations. According to the Bharat Microfinance Report 2020 prepared by Sa-Dhan, MFIs operate in 29 States, 5 Union Territories and 627 districts in India. The sector served 5.89 crore(cr) unique borrowers (an increase of 21.6% as of FY19) through 10.54cr loan accounts. The industry Gross Loan Portfolio (GLP) has grown at a CAGR of 28.6% during FY16 to FY20 period as depicted in the graph alongside.

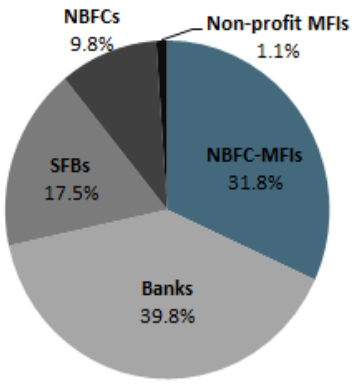


Source: Microfinance Institutions Network (MFIN)
Note: Data includes values for Banks, NBFCs, NBFC-MFI, Non-profit MFI and SFBs

The Sa-Dhan's 'Bharat Microfinance 2020' report states that Microfinance industry has GLP of INR2,317.8bn in FY20 which represents a growth of 29.3% over the GLP of INR1,793.1bn in FY19. There was a decline in growth rate in FY20 as against FY19. The decline in growth rate in FY20 is attributed to natural disasters that wreaked situations in Odisha, Kerala and West Bengal, spread of misinformation and false rumours by vested interest political groups in certain districts of Assam and Karnataka.

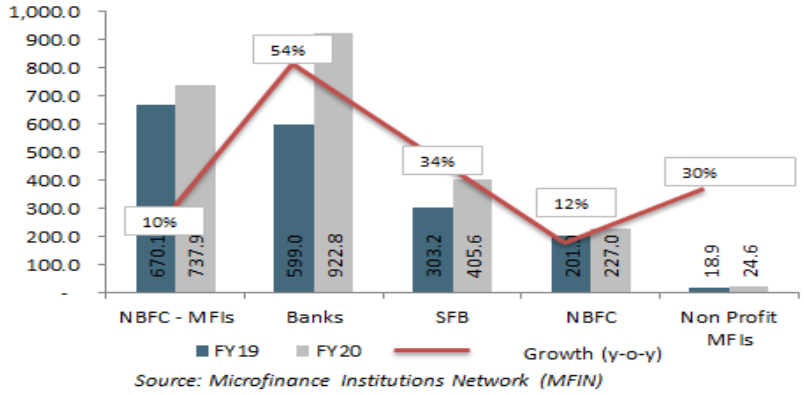
The pie charts given beside provide the % share by each player in the microfinance loan portfolio outstanding during FY20. Banks hold the largest share of portfolio in micro-credit with the total loan outstanding of INR922.8bn, which is 39.8% of the total micro-credit universe. NBFC-MFIs are the second-largest provider of micro-credit with a loan amount outstanding of INR737.9bn, accounting for 31.8% of the total sector portfolio. The very high growth of Banks' portfolio and relatively slow growth for NBFC MFIs is mainly due to merger of Bharat Financial Inclusion Ltd. (BFIL) with IndusInd Bank during Q1FY20. SFBs have a total loan amount outstanding of INR 405.6bn with total share of 17.5%. NBFCs account for another 9.8% and other MFIs account for 1.1% of the universe. The graph below depicts the portfolio growth of different microfinance lenders in the last 2 years

Share of Various Lenders in Micro Finance Loan Portfolio Outstanding (FY20)



Source: Microfinance Institutions Network (MFIN)

Portfolio outstanding of the Microfinance Industry (INR Bn)



Source: Microfinance Institutions Network (MFIN)

Microfinance Industry Snapshot - As on March 2020

Particulars	Banks	SFBs	NBFC - MFIs	NBFCs	Not for Profit MFIs	Total Industry
Unique Live Borrowers ('000)	25,943	14,653	26,005	8,143	784	75,528
Active Loans ('000)	35,829	18,059	38,614	9,129	1,005	1,02,636
Portfolio (INR crore)	90,643	40,539	74,771	20,225	5,602	2,31,780
Disbursement amount (INR crore) - (JFM'20)	2,76,771	10,546	21,342	4,067	564	64,190
Average Ticket Size (INR) - (JFM'20)	41,171	34,638	30,240	38,191	27,253	35,474
30+ Delinquency (POS)	1.54%	1.57%	1.89%	2.91%	0.32%	1.77%
90+ Delinquency (POS)	0.67%	0.67%	1.07%	1.55%	0.14%	0.87%

Source: Microfinance Institutions Network (MFIN)
Note: Average Ticket Size is on the basis of disbursement

Total Unique live borrowers in India stood at 7.5 cr as of 31st March 2020. In terms of borrower exposure, NBFC-MFIs lead with 2.6 cr live borrowers closely followed by Banks at 2.5 cr live borrowers. Total number of active loans were at 10.3 cr as of 31st March 2020. NBFC-MFIs lead with 3.8 cr in terms of number of active loans. All India Average Ticket Size (ATS) as of 31st March 2020 is INR35,474. ATS of Banks is highest at INR41,171.0, 16% higher than Industry ATS of INR35,474. Highest number of loans is disbursed in INR30,000 to INR40,000 ticket size categories.

Over the past years, the GoI and the RBI has recognized the role played by MFIs in furthering government's financial inclusion agenda. As a part of strengthening the MFI, the RBI appointed industry body Micro Finance Institutions Network (MFIN) as well as Sa-Dhan (an association of MFIN) as self-regulatory organizations (SROs) and bringing Credit Bureau for the tiny loan segments. There has been a tremendous improvement in the

risk management practices of MFIs which is evident that the sector was able to tide over the effects of demonetization despite being the fact that MFIs transactions with its customers are mainly in cash as they cater to low income households with majority of them located in rural areas. NBFC-MFIs are increasingly adopting digital transactions and expecting disbursements and repayment to happen cashless. However, their customers are illiterate and the adoption is low by the customers. Digitalization will happen only with the improvement in digital infrastructure and with a continuous engagement with their customers. This is possible as the MFI feet on the street model has been instrumental in building an extensive reach at the grass-root level thereby enabling MFI to cater to the financial needs of the unbanked clients. RBI has also raised the household income limit for availing micro loans while enhanced the lending limit to INR1.25 lakh per eligible borrower from INR1.0 lakh earlier, creating more opportunity for MFIs to grow.

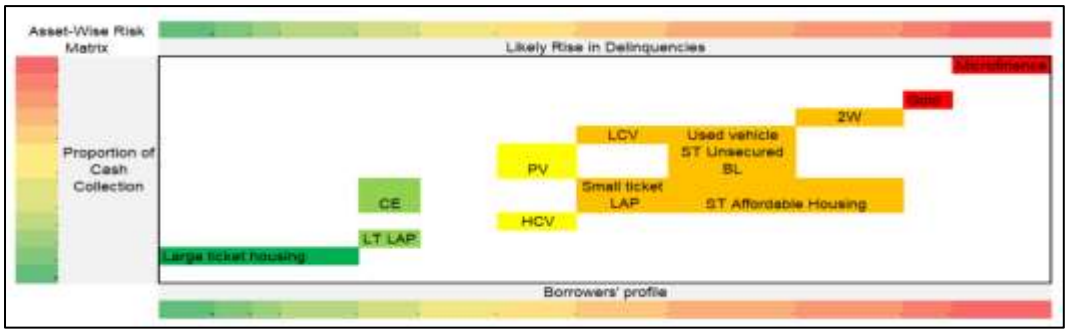
The NBFC-MFIs adhere to RBI guidelines to fix interest rates. As NBFC-MFIs are non-deposit taking entities they borrow funds from external sources to cater to the micro-credit requirements of their clients. The interest rates what NBFC-MFI are heavily dependent on the cost of funds that it borrows and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

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

CHALLENGES FACED BY MFIS AND SFBS DUE TO COVID-19

MFIs and SFBs will face severe asset quality issues in the short term, as near-term collections would see unprecedented disruptions. There may be refinancing and funding challenges for entities in the next 3-6 months. MFIs would be among the severely impacted primarily due to the operational challenges to collect cash because of the lockdown. Additionally, the credit costs could exceed pre-provision operating profits (4%-6% for NBFC-MFIs) with likely erosion in capital. It could take much longer for the credit support to normalise. Domestic banks may curtail funding/refinancing to MFIs for the short-to-medium term, given the uncertainty towards inflows. While the RBI has announced Targeted Long-Term Repo Operation (TLTRO 2.0) of INR 500 bn for NBFCs, half of which is targeted for small and mid-sized NBFCs and MFIs, the banks' appetite to flow the same remains uncertain. The TLTRO 2.0 scheme mandates that within the total size of INR500 bn, 10% should be allocated to MFIs, 15% to NBFCs with asset size of INR 5bn and below and 25% to NBFCs with assets size between INR5 bn and INR50 bn and rated in the investment grade.

Asset Class-wise vulnerabilities



Source: IRR Advisory

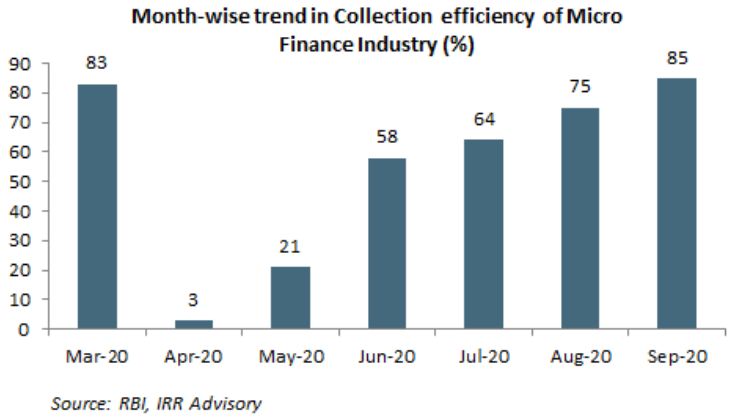
IRR Advisory expects that the banks would face delinquencies and challenges on the asset front. This would hamper deposit accretion at least for the next 3-6 months. IRR Advisory also expects that SFBs exposed to MFIs to have an overhang on deposit accrual and deposit rollover/renewal. However, they do have access to refinance institutions and, as banks, to additional tools to raise non-deposit liabilities to manage their asset-liability management.

IRR Advisory estimates that 70% of the MFI industry found a liquidity shortfall of INR26bn. On a collective basis, total repayment obligations and operational expenditure is around INR80 bn in Q1 FY21 while the on-balance sheet liquidity buffer stood at around INR54bn. As the collections from borrowers will take some time after the lockdown, the industry stares at liquidity challenges. As per IRR Advisory estimates, the shortfall of around INR26bn in the absence of any external funding support by way of equity/additional debt or extension of the moratorium. It is expected that MFI credit costs to at least double from the present levels of 1-1.5% to 2.5-3% for most players, which is likely to impact their return on equity by 3-5% in FY21. The impact on credit costs could be even higher if there is a permanent loss of livelihood or a significant decline in income for a proportion of the borrowers, thereby impacting their repayment capacity.

Trends in collection efficiency post the onset of COVID-19

The inherent specialised nature of NBFC-MFIs' loan portfolio, which is largely unsecured, makes them particularly vulnerable to systemic risks posed by COVID-19. In comparison, other microfinance players have relatively more diversified portfolios and have access to low cost deposits, market financing and lender of last resort (LOLR) facility of the Reserve Bank.

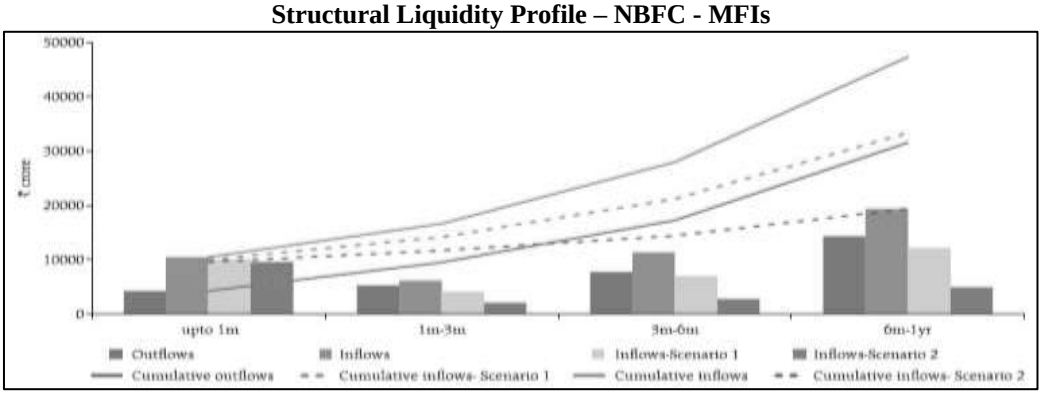
Credit costs for MFIs are expected to rise. Further, credit discipline may get impacted by disruption to MFI operations. Although MFIs have moved towards cashless disbursements over the years, loan collections are still cash intensive and are, therefore, prone to disruptions in collection infrastructure. Also, in view of difficulty in making loan repayments, a significant proportion of microfinance borrowers have availed loan moratorium. Against this backdrop, recent evidence points to a precipitous fall in collection efficiency of microfinance securitisation pools. The collection efficiency first fell to 83% in March 2020 and then moved sharply to a low of 3 % in April 2020 before recovering to 21% in May 2020 and 58% in June 2020. The sector has shown signs of recovery from June 2020. The overall collection efficiency in the microfinance sector has improved to around 85% as of September 2020, up from around 75% in August. States such as UP, MP, Chhattisgarh, Gujarat, Rajasthan and Tamil Nadu are behaving quite well in terms of collection efficiency, with some of them such as Punjab, Haryana, Rajasthan and Gujarat inching closer towards 90% in terms of collections. Eastern and north-eastern region has been affected by floods and manpower reverse migration, which has impacted the income levels.



Source: RBI, IRR Advisory

COVID-19 is also expected to pose liquidity risks to NBFC-MFIs. As per the maturity pattern of assets and liabilities of NBFC-MFIs as on FY20; individual as well as cumulative time buckets exhibit positive gaps (Inflows> Outflows). This is owed to the fact that traditionally, liabilities of NBFC-MFIs comprise mainly long-term borrowings while assets comprise short-tenure loans having high repayment frequency. However, the structural liquidity profile may be affected due to problems in loan collections and rise in credit delinquencies due to COVID-19. Further, the moratorium availed by borrowers would affect inflows till the end of moratorium.

Structural Liquidity Profile – NBFC - MFIs



Source: RBI, IRR Advisory

RBI analysed the situation with 2 stress scenarios as shown in the graph above. Two different stress scenarios are depicted in the graph; with Scenario-1 assuming 40% drop in loan collections and Scenario-2 assuming 80% drop in loan collections (outflows are assumed to be constant in both scenarios). It is observed that in Scenario-1, cumulative gaps get narrowed but still remain positive across time periods. In Scenario-2, cumulative gaps up to 6-months and up to 1-year turn negative, indicating need for additional funding at an aggregate level. Nonetheless, funding requirements for individual NBFC-MFIs would vary as per their respective standalone liquidity profiles.

Government Measures for microfinance to counter COVID-19 crisis:

- All India financial Institutions such as NABARD, SIDBI and the National Housing Bank were provided with special refinance facility of INR 50,000 crore at the repo rate by Government of India as a part of COVID-19 relief package.
- The government has provided 2% interest subvention to loans given under the Mudra-Shishu scheme. These loans are up to a ticket size of INR50,000 and are primarily given by NBFC-MFIs catering to low income groups.
- RBI kept repo rate unchanged at 4% and maintains accommodative stance during bi-monthly Monetary Policy Committee held in Dec 2020. RBI has taken various steps to encourage MFIs to lend to entities in need and mitigate the impact of cash losses during the lockdown. All these have ensured capital flows to a large section of borrowers and lenders at a cheaper cost.

OUR BUSINESS

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

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

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Interim Unaudited Ind AS Financial Statements and Reformatted Financial Statements, included in this Draft Prospectus on page 122*. We have included various operational and financial performance indicators in this section, some of which may not have been derived from our Interim Unaudited Ind AS Financial Statements 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 Interim Unaudited Ind AS Financial Statements and Reformatted Financial Statements and other information relating to our business and operations included in this Draft 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 4, 2021, prepared and issued by IRR Advisory Services Private Limited.

Overview

We are a non-deposit taking systemically important NBFC in the gold loan sector lending money against the pledge of household gold jewellery ("***Gold Loans***") in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry. We also have microfinance loan segment wherein we provide unsecured loans to joint liability group of women customers (minimum of 5 persons) who require funds to carry out their business activities through few of our branches in the state of Kerala. Our Gold Loan portfolio as on September 30, 2020, March 31, 2020, March 31, 2019 and March 31, 2018 comprises of 3,69,019, 4,37,182, 3,75,665 and 4,11,558 Gold Loan accounts respectively, aggregating to ₹1,82,554.59 lakhs, ₹1,64,480.28 lakhs, ₹1,35,012.97 lakhs and ₹1,55,432.83 lakhs which is 97.27%, 97.26%, 97.50% and 95.31% of our total loans and advances as on such specific dates. We, as on December 31, 2020, had a network of 804 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry and we employ 3,205 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 Chairwoman 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 months period ended on September 30, 2020 and for the Fiscals 2020, 2019 and 2018, the average loan amount advanced by us was ₹49,470, ₹37,623, ₹35,940 and ₹37,767 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 months period ended on September 30, 2020 and for the Fiscals 2020, 2019 and 2018 our yield on Gold Loan assets was 18.96%, 19.70%, 19.17% and 18.18% respectively.

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

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

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

Our microfinance loan customers are joint liability group of woman customers only (minimum of 5 persons) from rural and semi-urban areas of Kerala. Our microfinance loan portfolio for the six months period ended September 30, 2020 and for the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018 comprised of 16,168, 19,632, 25,749 and 32,735 microfinance loan accounts respectively, aggregating to ₹3,884.55 lakhs, ₹4,537.76 lakhs, ₹3,215.18 lakhs and ₹7,240.57 lakhs which is 2.07%, 2.68%, 2.32% and 4.44% of our total loans and advances as on such specific dates. For the six months period ended September 30, 2020 and for the Fiscals ended 2020, 2019 and 2018 the average loan amount advanced by us was ₹24,026, ₹23,114, ₹12,487 and ₹22,119 per loan transaction. For the six months period ended September 30, 2020 and for the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018, our yield on microfinance loan assets was 20.97%, 25.04%, 25.91% and 20.63% 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 September 30, 2020 and for the Fiscals 2020, 2019 and 2018, our total revenue was ₹17,306.76 lakhs, ₹31,315.27 lakhs, ₹29,815.48 lakhs and ₹33,493.39 lakhs, respectively. Our profit after tax, for the six months period ended September 30, 2020 and for the Fiscals 2020, 2019 and 2018, was ₹1,946.32 lakhs, ₹3,354.18 lakhs, ₹2,095.60 lakhs and ₹1,424.59 lakhs, respectively. For the six months period ended September 30, 2020 and for the Fiscals 2020, 2019 and 2018, our income from our Gold Loan business constituted 95.03%, 94.60%, 93.37% and 94.85% respectively, of our total income. For the six months period ended September 30, 2020 and for the Fiscals 2020, 2019 and 2018, revenues from our microfinance loan business constituted 2.55%, 3.10%, 4.54% and 2.46%, respectively, of our total income.

Gross non-performing loan assets were 1.02%, 1.89%, 2.16% and 2.09% of our gross loan portfolio under management for the six months period ended September 30, 2020 and for the Fiscals 2020, 2019 and 2018, respectively.

Key Operational and Financial indicators of our Company

A summary of our key operational and financial indicators for the six months period ended September 30, 2020 and for the Fiscal 2020 have been derived from Interim Unaudited Ind AS Financial Statements and Reformatted Ind AS Financial Statements prepared in accordance with Ind AS[1] and for the last two Fiscals 2019 and 2018, have been derived from Reformatted IGAAP Financial Statements prepared in accordance with IGAAP are as follows:

A summary of our key operational and financial indicators for six months period ended September 30, 2020 and for Fiscal 2020, are as follows:

(₹ in lakhs except percentage)

Parameters	Six months period ended September 30, 2020	Fiscal 2020
Equity	49,108.90	47,480.38
Total Borrowings of which	1,83,480.19	1,52,824.63
-Debt securities (including interest accrued but excluding unamortized expense of public issues)[7]	1,07,211.99	87,589.94
-Borrowings (other than debt securities)	43,661.81	36,543.85
-Subordinated Liabilities	32,606.39	28,690.84
Property, Plant and Equipment and Other Intangible assets	18,792.07	19,011.76
Financial assets[2]	2,14,496.68	1,79,973.38
Non-financial assets[3]	22,260.69	22,591.35
Cash and cash equivalents including bank balances	26,765.04***	10,201.67
Financial liabilities[4]	1,86,381.64	1,54,128.91
Non-financial liabilities[5]	269.09	275.50
Assets under Management[6]	1,87,681.07	1,69,109.97
Contingent Liability	607.19	607.19
Interest Income	17,101.33	30,093.68
Finance Costs	9,267.46	16,548.85
Impairment on financial instruments	487.21	(65.23)
Profit after Tax (PAT)	1,946.32	3,354.18
Total Comprehensive Income	1,946.32	3,342.20
Gross NPA as % of Loan assets *	1.02%	1.89%
Net NPA as % of Loan Assets **	0.59%	1.34%
CRAR - Tier I Capital Ratio (%)	22.77%	24.57%
CRAR - Tier II Capital Ratio (%)	4.86%	5.08%

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

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

****The balance includes the amount against allotment of NCD towards public issue XI which was yet to be received.*

Notes:

1. Our 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. 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, 2020 and March 31, 2020 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.

7. Debt Securities does not include unclaimed matured debentures and interest thereon amounting to ₹199.31 lakhs as on September 30, 2020 and ₹353.57 lakhs as on March 31, 2020.

A summary of our key operational and financial indicators for the last two Fiscals 2019 and 2018, are as follows:

(₹in lakhs except percentage)

Parameters	Fiscal 2019	Fiscal 2018
Net worth	44,280.10	42,193.84
Total debt	1,10,155.73	1,24,706.28
• Non-current maturity of long term debt	46,801.06	56,809.60
• Short term debt	35,510.20	37,795.19
• Current maturity of long term debt	27,844.47	30,101.49
Net fixed assets	19,443.07	20,202.82
Non-current assets	22,326.66	22,919.67
Cash and cash equivalents	8,342.95	10,212.30
Current investment	-	-
Current assets	1,61,269.14	1,75,430.71
Current liability	74,027.30	80,591.57
Assets under management	1,38,472.95	1,63,078.52
Off balance sheet assets	-	-
Contingent Liability	1,111.87	1,224.51
Interest income	29,453.05	32,951.83
Interest expenses	16,461.05	19,493.31
Provisioning and write-offs	286.65	(36.53)
Profit after Tax (PAT)	2,095.60	1,424.59
Gross NPA	2.16%	2.00%
Net NPA	1.39%	1.51%
Tier I Capital Adequacy Ratio (%)	25.11%	22.33%
Tier II Capital Adequacy Ratio (%)	9.74%	11.58%

The debt equity ratio of our Company as on September 30, 2020 is as follows:

Parameters	
Debt before Issue of the debt securities	3.74
Debt after of the debt securities	4.25

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

Note 2: The debt equity ratio pre-issue is calculated based on the Interim Unaudited Ind AS Financial Statements for the six months period ended September 30, 2020.

Note 3: The following events that occurred after September 30, 2020 may have an impact on the above calculation:

1. *Our Company has raised secured non-convertible debenture amounting to ₹30,990.20 Lakhs and unsecured non-convertible debenture amounting to ₹4,907.33 Lakhs through public issue during October 1, 2020 – February 28, 2021 impact of which is not provided in the above table.*
2. *Our Company during October 1, 2020 – February 28, 2021 redeemed secured public non-convertible debenture amounting to ₹3,415.61 lakhs and unsecured public non-convertible debenture amounting to ₹6,849.15 lakhs, impact of which is not provided in the above table.*
3. *Our Company during October 1, 2020 – February 28, 2021 redeemed secured privately placed non-convertible debenture amounting to ₹778.41 lakhs and unsecured privately placed non-convertible debenture amounting to ₹591.00 lakhs, impact of which is not provided in the above table.*
4. *Our Company during October 1, 2020 – February 28, 2021 has repaid the short-term loans against Fixed Deposits amounting to ₹2,688.37 lakhs with South Indian Bank impact of which is not provided in the above table.*
5. *Our Company during October 1, 2020 – February 28, 2021 has availed new working capital facilities from Karur Vysya Bank, DCB Bank and CSB Bank amounting to ₹2,500 lakhs, ₹1,500 lakhs and ₹3,000 lakhs, respectively.*

Our Strengths

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

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

We are registered with RBI as a non-deposit taking, systemically important, NBFC (registration no. N-16.00175 dated April 13, 2002) under Section 45 IA of the Reserve Bank of India Act, 1934. Further, a fresh certificate of registration was issued by RBI on January 1, 2014, pursuant to the change of name of our Company from 'Muthoottu Mini Financiers Private Limited' to 'Muthoottu Mini Financiers Limited'. We operate, since our incorporation, in the gold loan sector lending money against the pledge of household gold jewellery ("***Gold Loans***") in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry. We believe that we have, over the years, been successful in expanding our brand name, as well as our customer base to different geographical locations in India. As on December 31, 2020, we have a network of 804 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry. Our total number of Gold Loan accounts were 3,85,478 customer accounts as of December 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 December 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 December 31, 2020, we have 804 branches spread across the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry. For further details, please refer to "*Our Business – Branch Network*" on page 103. About 61.07% 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 lakhs 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 six years of experience in our business. Our senior management teams have extensive experience in the areas of banking and financial services, and we believe that their considerable knowledge of and experience in the industry enhances our ability to operate effectively. Our staff, including professionals, covers a variety of disciplines, including internal audit, technology, accounting, marketing and sales. Our workforce also consists of appraisers who are skilled in the evaluation of the worth and authenticity of the gold that is pledged with us.

Our Strategies

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

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

Indian gold loan market expanded considerably in recent years. The recent developments in the gold loan market have both positive and negative implications. In a country, where loans are required to be raised for meeting some sudden medical exigency or an educational loan or a business loan by a small and medium enterprise owner, the gold loans extended by the NBFCs are very handy and flexible, though costlier than such loans disbursed by banks. At a time, when financial inclusion is a major policy goal, the services rendered by the gold loans NBFCs, which are a part of the organised loan market are contributing in a reasonable measure to cater to the borrowing requirements of a needy section of the society, gold is an idle asset in the hands of individuals and there is a huge unlocked economic value in the Indian economy, which is estimated to be around 23,000-24,000 tonnes of gold. *(Source: NITI Aayog – Transforming India's Gold Market Feb 2018)* Just a small fraction of this idle gold stock is being used for raising gold loans.

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

Diversifying our business into micro finance loan segment

We offer micro finance loans which are targeted to economically active, married women, having regular cash flow from certain income generating activities, including but not limited to, self-managed business, vegetable vendors and tailoring business. As on December 31, 2020, we are offering micro finance loan only through 74 branches in the state of Kerala. Going forward, we intend to increase the number of branches in Kerala and expand it to other southern states. For the six months period ended September 30, 2020 and Financial Years ended March 31, 2020, March 31, 2019 and March 31, 2018, our micro finance loan represented 2.07%**,** 2.68%, 2.32% and 4.44% of our total assets under management as on that dates. We believe that our diverse revenue stream will reduce our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business and geography or customer segment.

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

Gold Loan and micro finance loan as on September 30, 2020 account for 97.27% and 2.07% of total loans of our Company, respectively. These contribute to over 97.58% 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

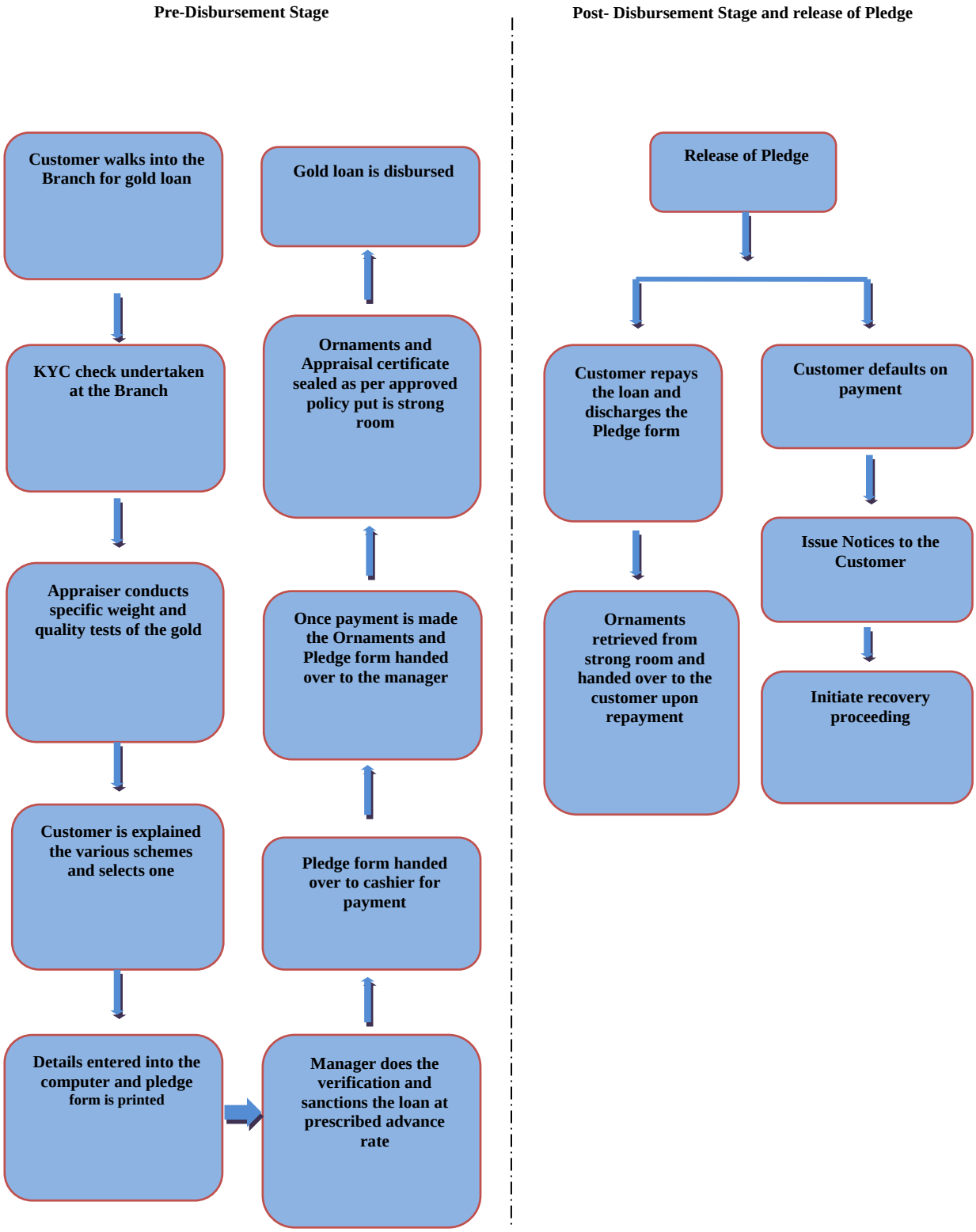
We believe that the risk management is a crucial element for the expansion of our Gold Loan / micro finance loan businesses. We believe that our integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal 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. For the six months period ended September 30, 2020, Fiscals March 31, 2020, March 31, 2019 and March 31, 2018, we had 3,69,019**,** 4,37,182, 3,75,665 and 4,11,558 Gold Loan accounts, aggregating to balance of ₹1,82,554.59 lakhs**,** ₹1,64,480.28 lakhs, ₹1,35,012.97 lakhs and ₹1,55,432.83 lakhs, respectively. For the six months period ended September 30, 2020, and for the Fiscals ended 2020, 2019 and 2018, 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 18.96%**,** 19.70%, 19.17% and 18.18%. respectively, per annum. For the six months periods ended September 30, 2020, and for the Fiscals ended 2020, 2019 and 2018, income from interest earned on our Gold Loans constituted 95.03%**,** 94.60%, 93.37% and 94.85%, 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 December 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 July 20, 2020 ("**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 safeguard our interests. Wherever weight of stones cannot be ascertained, such ornaments are avoided. All particulars/details of ornaments such as, gross weight, net weight, rate per gram and estimated value will be entered item wise by the appraising staff on serially numbered DPN and also on the paper used for covering/packing ornaments and signed off with the date. The manager also verifies and satisfies himself that the ornaments have been properly tested for purity and details - gross weight as well as net weight, are correctly noted. He should also confirm correctness of valuation made.

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

Post-disbursement process

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

- Every branch of the Company, without exception, is provided with a strong room constructed as per the specifications of RBI with fireproof strong room doors. This is a provision at each location to ensure safety of the pledged ornaments, of the clients.

- Access to the strong room is with the help of two distinct keys, which are in the hands of two different individuals attached to the branch. The strong room has a grill door, joint custody of whose keys are with the Branch Manager and another staff in rotation (the "**Joint Custodian**"). Both the branch head and the Joint Custodian hold the keys to grill in the strong room, which can only be opened if both keys are inserted at the same time.

- Electronic Security System: All our branches are installed with CCTV cameras. Such kind of a surveillance system helps to avert any major incidents of frauds, thefts, etc. in the branch premises.

- Insurance: Entire gold stock of the branches is insured for their gold content against theft and other calamities.

Release of pledge

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

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

Microfinance Loans

Our microfinance loans are typically small ticket loans, unsecured and given to joint liability groups forming of woman customers only. We started our Microfinance business in Fiscal 2017 and we provide loan amounts typically within the range of ₹10,000 to ₹70,000 per loan transaction and which remain outstanding approximately for an average tenor of 365 days to 730 days. As on September 30, 2020, and for the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018, we had 16,168**,** 19,632, 25,749 and 32,735 micro finance loan accounts respectively, aggregating to balance of ₹3,884.55 lakhs**,** ₹4,537.76 lakhs, ₹3,215.18 lakhs and ₹7,240.50 lakhs, respectively. For the six months period ended September 30, 2020, and for the Fiscals ended 2020, 2019 and 2018, 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 20.97%**,** 25.04%, 25.91% and 20.63%, respectively. For the six months period ended September 30, 2020, and for the Fiscals ended 2020, 2019 and 2018, income from interest earned on our micro finance loans constituted 2.55%**,** 3.10%, 4.54% and 2.46%, respectively, of our total income. As of December 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 December 31, 2020, we have opened 36,455 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.

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

Branch Network

As on December 31, 2020, we had 804 branches in the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry. The branch network of the Company as on December 31, 2020, March 31, 2020, March 31, 2019, and March 31, 2018 are given below:

State	As on December 31, 2020	As on March 31		
		2020	2019	2018
Andhra Pradesh	69	59	48	118
Delhi	7	7	7	7
Goa	6	6	6	6
Gujarat	5	-	-	-
Haryana	3	3	3	3
Karnataka	110	108	109	109
Kerala	180	179	179	179
Maharashtra	2	2	2	2
Tamil Nadu	342	341	342	342
Puducherry (Union Territory)	1	1	1	1
Telangana	79	78	70	-
Total	**804**	**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 July 20, 2020 ("**Risk Management Policy**"). The major types of risk we face in our businesses are credit risk, operational risk, financial risk and market risk.

Credit Risk

Credit risk is the possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract with us. We believe that the credit risk in our Gold Loan business is relatively low because all our loans are generally over collateralized by pledged gold ornaments. We aim to reduce credit risk through a rigorous loan approval and gold appraisal process, KYC compliance procedures and a strong non-performing asset ("**NPA**") monitoring and recovery mechanism. The credit risk is diminished because the gold jewellery used as security for our loans can be readily liquidated, and the possibility of recovering less than the amount due to us is relatively low. We also mitigate credit risk by not disbursing loans in excess of specified limits, as fixed by our

Company from time to time, to the same customer, and for high value loans we undertake a credit check or profiling of the borrower before a loan is approved. We have developed methods to peg the value of the loan amount to the moving average price of gold. We also decrease credit risk by focusing on the quality of the pledged gold. Our internal control system ensures independent verification of the gold by at least two officials at the branch level. The level of verification at the branch level increases as the loan value increases. In addition, the quality of gold is checked by the inspecting officers of the Company through random check and by gold auditors through a detailed check.

Credit risk in our micro finance business is generally higher than our Gold Loan business as the amount advanced is on unsecured basis. However, our product is designed in such a way that the loans are granted to individuals who form a part of the group and the group is ultimately liable for each member repayment obligation under that group. We also mitigate credit risk by not disbursing loans in excess of specified limits which is currently ₹0.70 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 112.

The risk management policy of our Company was reviewed at the meeting of the Board on July 20, 2020. The terms of reference of our Risk Management Committee are as follows:

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

(b) To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work; and

(c) To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed.

Internal Audit Department

Our internal audit department assists in the management of operational risk. Separate divisions of our internal audit department have been put in place to handle the audit of the departments of the Corporate Office and those of the branch offices. 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 and thereafter on July 20, 2020.

Non-performing Assets (NPA)

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

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

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

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

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

For further details, please refer to *"Key Regulations and Policies*" on page 219.

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 months period ended on September 30, 2020 and for the Fiscals March 31, 2020, March 31, 2019 and March 31, 2018 are furnished below:

(in ₹ lakhs)

Asset Type	As on the six months period ended	As on March 31		
	September 30, 2020	2020	2019	2018
Sub-standard	558.94	2,127.04	457.17	1,217.67
Doubtful	926.24	624.66	2,322.06	1,922.65
Loss	436.68	438.44	208.20	114.51
Gross NPA	1,921.84	3,190.14	2,987.44	3,254.83
Less Provisions	818.73	931.76	1,090.47	799.17
Net NPA	1,103.11	2,258.38	1,896.97	2,455.66
Net NPA% of Total Assets under management	0.59	1.34	1.38	1.58

Secured loans are classified or provided for, as per management estimates, subject to the minimum provision required as per RBI Master Directions. We have written off ₹0.04 lakhs, ₹19.72 lakhs and ₹1.78 lakhs for the six months period ended on September 30, 2020, Fiscals 2020 and 2018, respectively. We have not written off any amount for the Fiscal 2019.

NPA Policy

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

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

(a) Identification of potential overdue gold loans by OLC and advising them to concerned branches;

(b) Sending first notice to borrowers latest by 15 days prior to the loan becoming overdue;

(c) Personal visit by branch manager/staff member on the defaulting customer within 7 days from the date of notice;

(d) If no result is forthcoming, serving of second repayment notice after a maximum gap of 15 days from the date of personal visit and/or the first notice;

(e) If the loan remains outstanding even after above taken measures, takeover of the gold ornaments by the Regional Manager (RM) within a span of one month and transfer the loan account to Corporate Office overdue Loan Pool account;

(f) All gold ornaments, underlying the loans, which taken over by the RM would either be auctioned at the HQ branch, if the weight of gold is sizeable or will be transferred to specified auction centres periodically;

(g) At any point of time before the loan is transferred to auction centre, in case the borrower approaches the company for redemption of pledged ornaments, this will be carried out by the concerned branch (originating or HQ) in the normal manner;

(h) Auctions are carried out only after publishing the auction date and venue in two vernacular dailies being circulated in the area of concerned branches. Also, the concerned branches are instructed to display the auction date and centre, on their notice boards well in advance; and

(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 July 20, 2020, approved the auction policy of the Company ("**Auction Policy**") which was reviewed by the Board of Directors of our Company on July 20, 2020. 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 27.62%**,** 29.65%, 34.85% and 33.91%, on September 30, 2020, March 31, 2020, March 31, 2019 and March 31, 2018, respectively. We have satisfied the minimum capital adequacy ratios prescribed by the RBI for the six months period ended September 30, 2020 and for the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018.

Technology

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

Our IT system aids the performance of all the processes involved in a loan transaction. At the pre-disbursement stage, all KYC details as well as other details of customer appraisal are captured and stored in the system for future reference. All the details that are relevant to a loan transaction are captured by the system and filtered at each level to confirm whether a particular set of pledged jewellery meets the required specifications. The branch

staff, upon verification of the gold ornaments key in information into the system that uses the input data to arrive at the net weight and calculates the maximum limit for a loan advance that can be offer against it, under the specific scheme chosen by the customer. Based on the saved data, all accounting entries are also passed by the system.

However, the current core banking application is more than a decade old and outdated requiring substantial upgradations to meet the RBI master circular on ERP system. These upgradations would therefore require the current application to be rewritten. Considering competent technical resources required, time and cost involved in building, testing and implementing anew software which is in compliant with the RBI directions, our technical team and management has opted for a new software from LCode Technologies. An agreement for the development of new ERP software was signed on January 28, 2020 and it is planned to be finished for customization and implementation by end of the current Fiscal.

Our Borrowings and Credit Ratings

As on December 31, 2020, our Company had outstanding secured borrowing of ₹1,34,573.52 lakhs and unsecured borrowing of ₹28,225.45 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 122 and 130, respectively**.**

Our Company has received rating of 'IND BBB/Stable by India Ratings vide its letter dated March 5, 2021, for the NCDs proposed to be issued pursuant to this Issue. Further, India Ratings, pursuant to their rationale letter dated March 5, 2021, have affirmed our bank loans ratings of ₹50,000 lakhs from 'IND BBB; Stable'. The rating of the NCDs by India Ratings indicate that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. The rating provided by India Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The rating is not a recommendation to buy, sell or hold securities and Investors should take their own decisions. Please refer to "*Annexure II*" for the rationale 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 fireproof strong room doors.
- We have a system of Joint Custody of Gold and Cash in strong rooms to ensure that the keys of strong room doors are held in the custody of two different people i.e., the Branch Manager and another staff member, the Joint Custodian.
- All our branches are provided with Electronic Surveillance System and any movement within business area and in the strong room are recorded by the cameras placed inside the premises. All our existing branches have CCTV cameras installed.
- Entire gold stock of the branches is insured for their gold content against theft, dacoity.
- Proper checking of gold ornaments by appraiser, branch manager as well as audit by gold auditor and internal auditors at frequent intervals is undertaken to ascertain the quality of gold ornaments and ensure low purity of gold ornaments are not pledged.
- We have also in place a whistle blower policy which will ensure that any malpractices within the branch are reported to senior level executives

Competition

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

management, our branch location and reach and our ability to lend competitive amounts at competitive rates, with full transparency.

Property

Our Company has 804 branches, as on December 31, 2020 spread across the states of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Haryana, Maharashtra, Gujarat, Delhi and Goa and the union territory of Puducherry, which are taken either on leasehold or owned basis.

Intellectual Property

We currently do not own our trademark. The trademark is owned by Mini Muthoottu Nidhi (Kerala) Limited, one of our Group Companies. Mini Muthoottu Nidhi (Kerala) Limited by way of their letter dated May 2, 2009, authorised our Company to use the trademark  , which was revalidated by a letter dated July 30, 2020.

Employees and Training of Employees

Being a service industry, our key resource is our manpower. As on December 31, 2020, we have 3,205 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 Chairwoman 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:

1. *To borrow, raise or take money, to lend or advance money either upon or without security, to draw, make accept, discount, buy, sell collect and deal in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrant, debenture, certificates, scripts and other instruments and securities whether negotiable or transferable or not in accordance with the guidelines issued by the Reserve Bank of India.*

2. *To carry on the business of the hire purchasers by advancing or lending money upon or without security. But the Company shall not carry on the business of Banking Regulation Act 1949.*

3. *To acquire, hold issue on commission underwrite and to deal in stocks, funds, shares, bonds, securities, obligations and investments of all kinds, dealing in commodities and taking membership on commodity exchange and undertaking of depository participant activities.*

4. *To carry in India all or any or more of the following business, namely the leasing, buying, selling on such terms and conditions as may be determined by the Board of Directors of the Company from time to time.*

5. *To do business as corporate Insurance agents by soliciting, procuring and marketing all types of Insurance namely Life, medical and all other general insurance products.*

6. *To carry on the business as Authorised Dealer, Money Exchanger, Offshore Banker or any other person for the time being in authorised to deal in foreign exchange or foreign securities or such other activities and to undertake Cross Border Inward Money Transfer Activities subject to the rules and regulations of the Reserve Bank of India.*

7. *To promote the financial inclusion of masses by carrying on the business of providing microfinance services and catering to needs of a large number of underprivileged people directly or indirectly, by providing credit including collateral free credit to needy people, especially for empowering women, through their solidarity group, and to deliver micro credit and other permitted financial services to them at their group meetings in the cities, town, villages of India, with a view to providing them with a sustainable livelihood.*

Subsidiaries of our Company

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

OUR MANAGEMENT

Board of Directors

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

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

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

Name, designation, nationality, DIN, occupation and address	Age (in years)	Date of appointment/re-appointment (Period of directorship in years)	Other directorships
Nizzy Mathew **Designation**: Chairwoman and Wholetime Director **DIN**: 01680739 **Nationality**: Indian **Occupation**: Business **Address**: Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	67	3 years from January 1, 2019, liable to retire by rotation	1. Muthoottu Mini Theatres Private Limited; 2. Cochin Mini Muthoottu Nidhi Limited; 3. Muthoottu Mini Hotels Private Limited; 4. Mini Muthoottu Nidhi Kerala Limited; 5. Mini Muthoottu Credit India Private Limited; 6. MM Nirman and Real Estate Private Limited; 7. R M M Properties India Private Limited; 8. Kozhencherry Properties India Private Limited; and 9. Kozhencherry M M Financial Services Private Limited
Mathew Muthoottu **Designation**: Managing Director **DIN**: 01786534 **Nationality**: Indian **Occupation**: Business **Address**: Muthoottu House, Kozhencherry, Pathanamthitta – 689 641, Kerala, India	31	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. MM Nirman and Real Estate Private Limited; 4. Muthoottu Mini Hotels Private Limited; 5. Kandamath Cine Enterprises Private Limited; 6. R M M Properties India Private Limited; 7. Kozhencherry Properties India Private Limited; 8. Kozhencherry M M Financial Services Private Limited; and 9. Muthoottu Mini Nidhi Limited.

Name, designation, nationality, DIN, occupation and address	Age (in years)	Date of appointment/re-appointment (Period of directorship in years)	Other directorships
Rajagopal M. S.* **Designation**: Independent Director **DIN**: 08114376 **Nationality**: Indian **Occupation**: Professional **Address:** Sreemangalam, Ambedkar Colony, Thiruvarppu P.O., Kottayam – 686 020, Kerala, India	44	October 1, 2020 to September 30, 2021	Nil
Jose Paul Maliakal **Designation**: Independent Director **DIN**: 07218120 **Nationality**: Indian **Occupation**: Chartered Accountant **Address:** Chethalan, Church Road, Pariyaram, Thrissur – 680 721, Kerala, India	70	November 18, 2019 to March 31, 2021	Kosamattam Finance Limited

**Pursuant to a special resolution of our Shareholders at the AGM held on September 28, 2020, Rajagopal M. S. who was earlier a Non-Executive Director on our Board was appointed as an Independent Director.*

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	Chairwoman and Wholetime Director	Mother of Mathew Muthoottu
2.	Mathew Muthoottu	Managing Director	Son of Nizzy Mathew

Brief profiles of our Directors

Nizzy Mathew, aged 67 years, is the Chairwoman and Wholetime Director of our Company. She holds a bachelor's degree in arts from the University of Kerala and has been a Director of our Company since its incorporation and is responsible for overall management of the Company.

Mathew Muthoottu, aged 31 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.

Rajagopal M.S., aged 44 years, is an Independent Director of our Company. He holds a master's degree in law from Mahatma Gandhi University, Kerala, and has been a Director of the Company since October 8, 2018.

Jose Paul Maliakal, aged 70 years, is an Independent Director of our Company. He is a Fellow Member of the Institute of Chartered Accountants of India. He has been a Director of our Company since November 18, 2019.

Confirmations

None of our Directors 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 Draft 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 and as authorised by the shareholders of our Company pursuant to a resolution passed at the AGM held on September 28, 2020, was revised to ₹8 lakhs per month from February 1, 2020. The Board pursuant to its resolution dated November 13, 2020 and subject to the approval of the shareholders, revised the remuneration to a sum not exceeding ₹17 lakhs per month from December 1, 2020.

Chairwoman and Wholetime Director

Nizzy Mathew was re-appointed as the Chairwoman 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 and as authorised by the shareholders of our Company pursuant to a resolution passed at the AGM held on September 28, 2020, was revised to ₹6 lakhs per month from February 1, 2020. The Board pursuant to its resolution dated November 13, 2020 and subject to the approval of the shareholders, revised the remuneration to a sum not exceeding ₹15 lakhs per month from December 1, 2020.

Non-Executive Directors

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

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

The following table sets forth the remuneration (which includes sitting fees) paid by our Company to our Directors during Fiscal 2020:

(₹in lakhs)

Name of Directors	Fiscal 2020
Mathew Muthoottu	66.00
Nizzy Mathew	55.00
Rajagopal M.S.	0.85
Thomas Cherian*	2.70
Jose Paul Maliakal	0.50
Krishnakumar K. R.**	0.20
Rudran Puthukulangara***	0.20

**Thomas Cherian ceased to be a Director of our Company from September 30, 2020*
***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 and he resigned from the Board with effect from September 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 Draft Prospectus.

For further details regarding the interest of our Directors, refer to "*Related Party Transactions*" on page 121.

As on date of this Draft 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 121.

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 Draft 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 December 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 December 31, 2020 (in ₹)
Nizzy Mathew	550	5,50,000

Name of director	No. of debentures held	Aggregate amount outstanding as on December 31, 2020 (in ₹)
Mathew Muthoottu	1,260	12,60,000
Total	**1,810**	**18,10,000**

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 Draft 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 Draft Prospectus are as follows:

Name of director, designation and DIN	Date of change	Reason
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
Rudran Puthukulangara ***Designation:*** Additional Independent Director ***DIN***: 00546638	February 26, 2020	Appointment as an Additional Independent Director
Rudran Puthukulangara ***Designation:*** Additional Independent Director ***DIN***: 00546638	September 26, 2020	Resignation as an Additional Independent Director
Thomas Cherian ***Designation***: Independent Director ***DIN***: 00492598	September 30, 2020	Cessation as an 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, Chairwoman and Wholetime Director, our Company's Key Managerial Personnel are as follows:

1. ***Ann Mary George***, aged 45 years, is the Chief Financial Officer of our Company. She holds a bachelor's degree in commerce from the University of Calicut and she is also an Associate Member of the Institute of Chartered Accountants of India. She has 10 years of experience in finance and account and was appointed as the Chief Financial Officer of the Company on May 30, 2016.

2. ***Smitha K. S.***, aged 48 years, is the Company Secretary of our Company. She holds a graduate degree in English Language and Literature from University of Calicut and she is also an Associate Member of the

Institute of Company Secretaries of India. She joined our Company in 2015. Prior to joining our Company, she was associated with Aspinwall and Company Limited.

3. ***P. E. Mathai***, aged 70 years, is the Chief Executive Officer of our Company. He holds a bachelor's degree in science from the University of Kerala. He joined our Company in 2019. Prior to joining our Company, he was associated with South Indian Bank Limited and retired as a general manager in 2010. He has also been the chief executive officer with Muthoot Precious Metals Corporation and as general manager with Muthoot Finance Limited.

For details about our Managing Director and Whole Time Director, please refer to "*Our Management – Brief profiles of our Directors*" on page 113.

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

Committees of the Board

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

1. *Audit Committee*

The Audit Committee of our Company was constituted on December 10, 2013 and was re-constituted by a board resolution dated October 9, 2020.

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

Name of the Director	Designation	Designation in committee
Maliakal Jose Paul	Independent Director	Chairman
Rajagopal M.S	Independent Director	Member
Mathew Muthoottu	Managing Director	Member

2. *Nomination and Remuneration Committee*

The Nomination and Remuneration Committee of our Company was formed *vide* a Board resolution dated April 10, 2014 and was re-constituted on dated October 9, 2020.

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

Name of the Director*	Designation	Designation in committee
Rajagopal M.S.	Independent Director	Member
Maliakal Jose Paul	Independent Director	Member

**Thomas Cherian, one of the Independent Directors on our Board and the chairman of the Nomination and Remuneration Committee ceased to be a Director of our Company with effect from September 30, 2020. Our Company is in the process of appointing Independent Director(s) and reconstituting the Nomination and Remuneration Committee.*

3. *Stakeholders Relationship Committee*

The Investor Grievance Committee of our Company was constituted by a Board resolution dated December 10, 2013, has been renamed as "Stakeholders Relationship Committee" as per the provisions of Section 178(5) of Companies Act, 2013. The Stakeholders Relationship Committee was re-constituted on dated October 9, 2020.

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

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

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

The CSR Committee has been constituted vide a Board resolution dated April 10, 2014 and was re-constituted on dated October 9, 2020.

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

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

5. *Debenture Committee*

The Debenture Committee of our Company was constituted vide a Board resolution dated December 10, 2013 and was re-constituted on dated October 9, 2020.

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

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

6. *Risk Management Committee*

The Risk Management Committee of our Company was constituted *vide* a Board resolution dated April 22, 2013 and was re-constituted on dated October 9, 2020.

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

Name of the Director	Designation	Designation in Committee
Rajagopal M.S.	Independent Director	Member
Mathew Muthoottu	Managing Director	Member
Nizzy Mathew	Chairwoman 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 Draft 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 113.

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 Draft 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 Draft Prospectus.

Interest of our Promoters in the Company

Except as stated under "*Our Management*" on page 112, 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 31.

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 Draft 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 VI (3)*" on pages F-68 to F-70 and "*Annexure VII A & B*" on pages F-115 to F-116.

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

No.	Particulars	Page No.
1.	Limited Review Report	F-1 to F-2
2.	Interim Unaudited Ind AS Financial Statements	F-3 to F-6
3.	Statutory Auditor's examination report on the Reformatted Ind AS Financial Statements	F-7 to F-8
4.	Reformatted Ind AS Financial Statements	F-9 to F-89
5.	Statutory Auditor's examination report on the Reformatted IGAAP Financial Statements	F-90 to F-91
6.	Reformatted IGAAP Financial Statements	F-92 to F-121

Limited Review Report

Review Report to

The Board of Directors

Muthoottu Mini Financiers Limited

Kochi

1. We have reviewed the accompanying interim unaudited standalone Ind AS financial statements of Muthoottu Mini Financiers Limited(the Company) as on September 30, 2020 which comprise the interim standalone Balance Sheet as at September 30,2020, and the related interim standalone Statement of Profit and Loss , Interim standalone statement of cash flows and interim standalone statement of changes in equity for the period ended September 30, 2020 and a summary of select explanatory notes (together hereinafter referred to as the "Interim standalone Ind AS Financial Statement").

2. The preparation of Interim unaudited standalone Ind AS Financial statements in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) 34, "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 3 of the Companies (Indian Accounting Standards) 2015 as amended, is the responsibility of the Company's management and have been approved by the committee of Board of Directors. Our responsibility is to issue a report on the Interim unaudited standalone Ind AS Financial statement based on our review.

3. We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India . This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying unaudited interim standalone Ind AS financial statement has not been prepared in all material respects in accordance with recognition and measurement principles of Ind AS prescribed under section 133 of the Companies Act,

2013, read with the relevant rules issued there under and other recognized accounting practices and policies.

5. The comparative financial information as September 30, 2020 are based on the unaudited financial statements for the period ended September 30, 2019.

6. The comparative financial information as at March 31,2020 included in these interim unaudited standalone Ind AS financial statements of the company, are based on the previously issued Financial statements for the year ended March 31,2020 and audited by the previous auditor who expressed an unmodified opinion on those financial statements on July 20, 2020, as adjusted for the differences in the accounting principles adopted by the company on transition to Ind AS, which have been reviewed by us.

7. We draw our attention to Note No: 3 of the statement in which the company describe uncertainties arising from Covid 19 pandemic.

   Our conclusion on the statement is not modified in respect of this matter.

For MANIKANDAN AND ASSOCIATES

Place: Chalakudy
Date: 13/11/2020

MANIKANDAN C.K
(PARTNER)
CHARTERED ACCOUNTANTS
M.NO 208654
FIRM REG. NO 008520S
UDIN: 20208654AAAAHQ8652

MUTHOOTTU MINI FINANCIERS LIMITED
CIN: U65910KL1998PLC012154
Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641
BALANCE SHEET

(Rupees in Lakhs)

Particulars		As at September 30, 2020 (Unaudited)	As at March 31, 2020 (Audited)
I. ASSETS			
1	**Financial assets**		
a)	Cash and cash equivalents	21,684.88	4,220.54
b)	Bank Balance other than (a) above	5,080.16	5,981.13
c)	Receivables		
	(I) Trade receivables		
	(II) Other receivables		
d)	Loans	1,85,595.58	1,67,514.53
e)	Investments	3.82	3.24
f)	Other financial assets	2,132.24	2,253.94
2	**Non-financial Assets**		
a)	Inventories		
b)	Current tax assets (Net)	1,712.80	1,795.13
c)	Deferred tax assets (Net)	1,569.77	1,569.77
d)	Property, Plant and Equipment	18,788.49	19,006.51
e)	Other intangible assets	3.58	5.25
f)	Other non-financial assets	186.05	214.69
	Total Assets	**2,36,757.37**	**2,02,564.73**
II.	**LIABILITIES AND EQUITY**		
	LIABILITIES		
1	**Financial Liabilities**		
a)	Debt Securities	1,06,763.56	87,619.46
b)	Borrowings (other than debt securities)	43,661.81	36,537.95
c)	Subordinated liabilities	32,606.39	28,690.84
d)	Other financial liabilities	3,349.88	1,280.66
2	**Non-financial Liabilities**		
a)	Provisions	117.97	142.12
b)	Other non-financial liabilities	151.12	133.38
3	**EQUITY**		
a)	Equity share capital	24,952.54	24,952.54
b)	Other equity	25,154.10	23,207.78
	Total Liabilities and Equity	**2,36,757.37**	**2,02,564.73**

For Muthoottu Mini Financiers Limited

MATHEW MUTHOOTTU

Digitally signed by MATHEW MUTHOOTTU
DN: c=IN, o=Personal, pseudonym=384ed2725f4bf9247166e7f8a18471fef9281e361b82dbc6ad47c49b84179f55, postalCode=682016, st=KERALA, serialNumber=013593592 7d3cbdc8183b0d6ddca153fbdde9d87d370046f1e6824f65b6bb0f, cn=MATHEW MUTHOOTTU
Date: 2020.11.17 16:31:45 +05'30'

Mathew Muthoottu (DIN: 1786534)
Managing Director

Place :Kochi
Date 13.11.2020

MUTHOOTTU MINI FINANCIERS LIMITED
STATEMENT OF PROFIT AND LOSS

Rs. In Lakhs Except Face Value of Shares and EPS

Particulars	6 Months Ended 30.09.2020 Unaudited	6 Months Ended 30.09.2019 Unaudited	Previous Year Ended 31.03.2020 Audited
Revenue from operations			
Interest income	17,101.33	14,249.90	30,093.68
Dividend income	0.00	0.11	0.12
Rental income	32.04	43.97	112.91
Fees and Commission income	21.03	26.84	67.70
Net gain on derecognition of financial instruments under amortised cost category	31.74	212.45	788.68
Net gain on fair value changes	0.58	0.00	0.00
Sales of services	112.98	107.61	233.58
Total Revenue from operations (I)	**17,299.70**	**14,640.88**	**31,296.67**
Other Income (II)	7.06	3.59	18.60
Total Income (III)	**17,306.76**	**14,644.47**	**31,315.27**
Expenses			
Finance costs	9,267.46	8,089.12	16,548.85
Net loss on fair value changes	-	2.70	5.76
Impairment on financial instruments	487.21	246.22	-65.23
Employee benefits expenses	2,918.28	3,133.67	6,705.19
Depreciation, amortization and impairment	289.25	333.38	692.58
Other expenses	1,986.18	2,018.34	4,194.36
Total Expenses (IV)	**14,948.38**	**13,823.43**	**28,081.51**
Profit before tax (III- IV)	**2,358.38**	**821.04**	**3,233.76**
Tax Expense:			
(1) Current tax	412.06	186.45	551.91
(2) Previous year tax	0.00	0.00	31.36
(3) Deferred tax	0.00	161.98	-703.69
Profit for the year (V- VI)	**1,946.32**	**472.61**	**3,354.18**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans	0.00	0.00	-17.97
- Fair value changes on equity instruments through other c	0.00	0.00	0.00
(ii) Income tax relating to items that will not be reclassified	0.00	-0.75	5.99
Subtotal (A)	**-**	**(0.75)**	**(11.98)**
(i) Items that will be reclassified to profit or loss	0.00	0.00	0.00
(ii) Income tax relating to items that will be reclassified to p	0.00	0.00	0.00
Subtotal (B)	-	-	-
Other Comprehensive Income (A + B) (VIII)	**-**	**(0.75)**	**(11.98)**
Total Comprehensive Income for the year (VII+VIII)	**1,946.32**	**471.86**	**3,342.20**
Earnings per equity share			
(Face value of Rs. 100/- each)			
Basic (Rs.)	**15.60**	**3.78**	**13.44**
Diluted (Rs.)	**15.60**	**3.78**	**13.44**

Place :Kochi
Date 13.11.2020

For Muthoottu Mini Financiers Limited

MATHEW MUTHOOTTU

Digitally signed by MATHEW MUTHOOTTU
DN: c=IN, o=Personal, pseudonym=384ed27254fdf9247166e7f8a18471fe59281e361b82dbcbad47c49b84179f55, postalCode=682016, st=KERALA, serialNumber=0135935927d3cbdc8183b0d6dfca153fbdde9d87d370046f1e6824f05b6bb04, cn=MATHEW MUTHOOTTU
Date: 2020.11.13 16:21:09 +05'30'

Mathew Muthoottu (DIN: 1786534)
Managing Director

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, 2020 has been carried out by the Statutory Auditors. The unaudited financial statements for the half year ended September 30, 2020 has been approved by the Board of Directors at their meeting held on November 13, 2020.

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

3. The magnitude of disruption from the Covid-19 pandemic has significantly impacted organizations of all sizes, across all industry sectors which resulted in most countries announcing lockdowns and quarantine that have sharply stalled economic activities across the world. The Government of India too had imposed nationwide lockdown to contain the spread of the virus till June 08, 2020. The Indian economy is impacted and would continue to be impacted by the pandemic and the resultant restrictions due to the contraction in industrial and services output across small and large businesses. The impact of Covid 19 pandemic on the company's financial statements, including credit quality and provisions, remains uncertain and dependent on the current and further spread of Covid 19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

   The company has assessed the impact of the Covid-19 pandemic on its liquidity and ability to repay its obligations as and when they fall due. Such an assessment has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs, current status and outcome of Company's lenders to extend moratorium and other financial support from banks and other agencies determining the Company's liquidity position over the next 12 months. Based on the sensitivity analysis conducted on stress scenarios, management believes that the company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time.

   In accordance with the Reserve Bank of India's guidelines relating to Covid -19 Regulatory package dated 27 March 2020 and 17 April, 2020, the Company has granted moratorium of three months on the payment of all instalments falling due between 1 March, 2020 and 31 May, 2020 to all eligible borrowers for the moratorium, as per its moratorium policy. The RBI via press release dated 22 May, 2020 has permitted lending institutions to extend the moratorium by another three months, i.e. from 1 June, 2020 to 31 August, 2020. The Company has extended the moratorium to its eligible customers, as per its moratorium policy. In accordance with the guidance from the ICAI and in management's view, the extension of the moratorium to the Company's borrowers by the Company pursuant to the RBI guidelines relating to Covid 19 Regulatory Package dated 27 March, 2020 and 17 April 2020 and RBI press release by itself is not considered to result in significant credit

risk to such borrowers. Based on an assessment of the situation, the company considers that the impairment loss/provision is adequate to cover any uncertainties.

4. Earnings per equity share for the half year ended September 30, 2020 and September 30, 2019 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. Previous period /year figures have been regrouped /reclassified wherever necessary to conform to current period/year presentation.

For and on behalf of Board of Directors

MATHEW MUTHOOTTU

Digitally signed by MATHEW MUTHOOTTU
DN: c=IN, o=Personal, pseudonym=384ed2725f4bf9247166e7f8a18471fef9281e361b82dbc6ad47c49b84179f55, postalCode=682016, st=KERALA, serialNumber=0135935927d3cbdc8183b0d6ddcia153fb9de9d87d370046f1e6824f65b6bb04, cn=MATHEW MUTHOOTTU
Date: 2020.11.13 16:21:31 +05'30'

Mathew Muthoottu (DIN:01786534)
Managing Director

Place:Kochi
Date:13-11-2020

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

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

Dear Sirs / Madams,

1. We have examined the attached Reformatted Ind AS Financial Statements of Muthoottu Mini Financiers Limited (the "**Company**" or the "**Issuer**") as at and for the year ended March 31, 2020 annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed issue of secured and unsecured redeemable non-convertible debentures of face value of `1,000 each ("**Issue of NCDs**").The Reformatted Ind AS Financial Statements, which have been approved by the Debenture Committee of the Board of Directors of the Companyat their meeting held on 11th March 2021, have been prepared by the Company inaccordance with the requirements of:

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

   b) relevant provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "**SEBI Debt Regulations**") issued by the Securities and Exchange Board of India ("**SEBI**"), as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 (the "**SEBI Act**"); and

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

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

3. We have examined such Reformatted Ind AS Financial Statementstaking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 18th February 2021requesting us to carry out work on such Reformatted Ind AS Financial Statements in connection withthe Company's Issue of NCDs;

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

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

   d) The requirements of Section 26 of the Act and the SEBI Debt Regulations. Our work was performed solely

Chalakudy: "Krishna Arcade",Near Marathompilly Krishna Temple, KSRTC Road, Chalakudy - 680 307, **Kochi:** No.78, IInd Floor, DD Oceano Mall, Near Taj Gateway Hotel, Marine Drive, Ernakulam - 682 011, **Thrissur:** S-16 Alukkas Castle, Opp.Collectorate, Ayyanthole, Thrissur - 680 003,
Phone - Off: L: 0480 2960504, Off: M: 80788 37443, Partner: 94471 00504, Email :Off: ckmauditors@gmail.com Partner: manikandan_ck@yahoo.com
Website:www.manikandanca.com

to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI Debt Regulations and the Guidance Note in connection with the Issue of NCDs.

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

5. For the purpose of our examination, we have relied on the auditor's report issued by Vishnu Rajendran & Co., the previous auditors of the Company (the "**Previous Auditors**") dated July 20,2020on the audited financial statement of the Company as at and for the year ended March 31, 2020, as referred in paragraph 4 above.

6. The audit for the financial year ended March 31, 2020was conducted by the Previous Auditors. We have performed adequate tests and procedures which in our opinion were necessary for the purpose of issuing our examination report on the reformatted financial information of the Company for the aforesaid period. These procedures, mainly involved comparison of the attached Reformatted Ind AS Financial Statements with the Company's audited Ind AS financial statements for financial year ended March 31, 2020 and regrouping and reclassification as per schedule III of Companies Act 2013 and requirements of SEBI Debt Regulations.

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

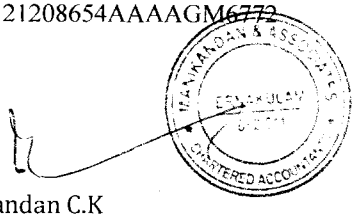
8. The Reformatted Ind AS Financial Statementsdo not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS financial statements mentioned in paragraph 4 above.

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

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

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

For Manikandan & Associates,
Chartered Accountants
Firm Registration No: 008520S
Peer Review No: 008123
UDIN: 21208654AAAAGM6772

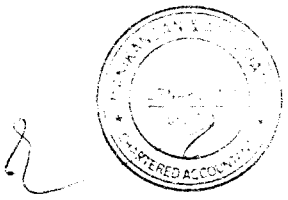


Manikandan C.K
Managing Partner
Membership No: 208654
Place: Kochi
Date: March 11, 2021

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rupees in Lakhs)

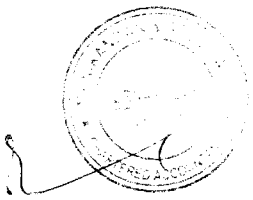
Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
I. **ASSETS**				
1 Financial assets				
a) Cash and cash equivalents	1.1	4,220.54	5,472.60	7,984.38
b) Bank Balance other than (a) above	1.2	5,981.13	2,870.35	2,227.92
c) Receivables				
(I) Trade receivables				
(II) Other receivables				
d) Loans	2	167,514.53	138,044.63	161,525.26
e) Investments	3	3.24	9.00	12.11
f) Other financial assets	4	2,253.94	2,201.68	2,132.44
2 Non-financial Assets				
a) Inventories				
b) Current tax assets (Net)		1,795.13	1,533.05	1,726.56
c) Deferred tax assets (Net)		1,569.77	860.09	725.20
d) Property, Plant and Equipment	5	19,006.51	19,428.79	20,171.24
e) Other intangible assets	6	5.25	14.28	31.58
f) Other non-financial assets	7	214.69	183.58	176.30
Total Assets		**202,564.73**	**170,618.05**	**196,712.99**
II. **LIABILITIES AND EQUITY**				
LIABILITIES				
1 Financial Liabilities				
a) Debt Securities	8	87,619.46	59,384.77	90,247.86
b) Borrowings (other than debt securities)	9	36,537.95	35,519.83	38,456.36
c) Deposits		-	-	-
d) Subordinated liabilities	10	28,690.84	26,630.56	24,428.00
e) Other financial liabilities	11	1,280.66	3,899.57	466.12
2 Non-financial Liabilities				
a) Provisions	12	142.12	133.92	145.47
b) Other non-financial liabilities	13	133.38	231.28	490.35
3 EQUITY				
a) Equity share capital	14	24,952.54	24,952.54	24,952.54
b) Other equity	15	23,207.78	19,865.58	17,526.29
Total Liabilities and Equity		**202,564.73**	**170,618.05**	**196,712.99**



REFORMATTED STATEMENTS OF PROFIT AND LOSS

(Rupees in Lakhs)

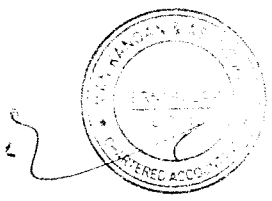
	Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
	Revenue from operations			
(i)	Interest income	16	30,093.68	28,613.63
(ii)	Dividend income		0.12	0.20
(iii)	Rental income		112.91	106.36
(iv)	Fees and Commission income		67.70	74.57
(v)	Net gain on derecognition of financial instruments under amortised cost category		788.68	502.46
(vi)	Net gain on fair value changes	17	-	-
(vii)	Sales of services	18	233.58	86.71
(I)	**Total Revenue from operations**		31,296.67	29,383.93
(II)	Other Income	19	18.60	96.48
(III)	**Total Income (I + II)**		31,315.27	29,480.41
	Expenses			
(i)	Finance costs	20	16,548.85	16,035.37
(ii)	Net loss on fair value changes	17	5.76	3.11
(iii)	Impairment on financial instruments	21	(65.23)	130.01
(iv)	Employee benefits expenses	22	6,705.19	5,848.18
(v)	Depreciation, amortization and impairment	23	692.58	835.73
(vi)	Other expenses	24	4,194.36	3,772.09
(IV)	**Total Expenses (IV)**		28,081.51	26,624.49
(V)	**Profit before tax (III- IV)**		3,233.76	2,855.92
(VI)				
	Tax Expense:			
	(1) Current tax		551.91	664.35
	(2) Earlier years adjustments		31.36	-
	(3) Deferred tax		(703.69)	(139.42)
(VII)	**Profit for the year (V- VI)**		3,354.18	2,330.99
A)	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement of defined benefit plans		(17.97)	12.96
	- 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		5.99	(4.53)
	Subtotal (A)		(11.98)	8.43
B)				
	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Subtotal (B)		-	-
(VIII)	**Other Comprehensive Income (A + B) (VIII)**		(11.98)	8.43
(IX)	**Total Comprehensive Income for the year (VII+VIII)**		3,342.20	2,339.42
	Earnings per equity share			
	(Face value of Rs. 100/- each)			
	Basic (Rs.)	25	13.44	9.34
	Diluted (Rs.)	25	13.44	9.34



REFORMATTED CASH FLOW STATEMENT

(Rupees in Lakhs)

Particulars	For the year Ended 31/03/2020		For the year Ended 31/03/2019	
A. Cash Flow from Operating Activities				
Profit before tax		3,233.76		2,855.92
Adjustments for :				
Impairment on financial instruments	(65.23)		130.01	
Net loss on fair value changes	5.76		3.11	
Net (Profit) / Loss on Sale of assets	(0.40)		(6.56)	
Finance Costs	16,548.85		16,035.37	
Depreciation, amortization and impairment	692.58		835.73	
Income from Non-Operating Business				
- Rental Income	(112.91)		(106.36)	
- Dividend Income	(0.12)	17,068.53	(0.20)	16,891.10
Operating Profit / (Loss) before working capital Adjustments		20,302.29		19,747.02
Adjustments for :				
Loans	(29,402.47)		23,351.31	
Other financial assets	(54.46)		(69.93)	
Other non financial assets	(31.11)		(7.28)	
Bank Balance other than "Cash and cash equivalents"	(3,110.78)		(642.43)	
Provisions	(9.77)		1.41	
Other financial liabilities	(2,618.91)		3,433.45	
Other non financial liabilities	(97.90)	(35,325.40)	(259.08)	25,807.45
Cash Generated from operations		(15,023.10)		45,554.47
Income Tax paid		(845.35)		(470.83)
Finance cost paid		(16,781.37)		(16,044.57)
Net Cash Flow from Operating Activity		**(32,649.82)**		**29,039.07**
B. Cash Flow from Investment Activities				
Dividend Income		0.12		0.20
Rental Income		112.91		106.36
Sale of Fixed Assets		27.64		33.41
Purchase of Fixed Assets		(288.52)		(102.97)
Net Cash Flow from Investment Activity		**(147.85)**		**37.00**
C. Cash Flow from Financing Activity				
Net increase/(Decrease) in Borrowings(other than debt securities)		1,024.01		(2,936.52)
Net increase/(Decrease) in Subdebt		2,060.28		2,202.56
Net increase/(Decrease) in Debt Securities		28,461.32		(30,853.89)
Net Cash Flow from Financing Activity		**31,545.61**		**(31,587.85)**
Net Increase/(Decrease)in Cash & Cash Equivalents(A+B+C)		(1,252.06)		(2,511.78)
Opening Balance of Cash & Cash Equivalents		5,472.60		7,984.38
Closing Balance of Cash & Cash Equivalents		**4,220.54**		**5,472.60**
Components of Cash and Cash Equivalents				
Current Account with Banks		1,783.83		4,215.57
Deposit with Banks		1,199.00		0.00
Cash in Hand		1,237.71		1,257.03
		4,220.54		**5,472.60**



REFORMATTED STATEMENT OF CHANGES IN EQUITY

a. Equity Share Capital

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

(Rupees in Lakhs)

Particulars	*Number*	*Amount*
As at April 01, 2018	24,952,539.00	24,952.54
Shares issued during the period	-	-
As at March 31, 2019	**24,952,539.00**	**24,952.54**
Shares issued during the period	-	-
As at March 31, 2020	**24,952,539.00**	**24,952.54**

b. Other Equity

(Rupees in Lakhs)

Particulars	Reserves and Surplus					Other comprehensive income		Total
	Special Reserve Fund(u/s 45 IC of RBI Act, 1934)	Securities Premium	Debenture Redemption Reserve	Revaluation Reserve	Retained Earnings	Equity instruments through Other Comprehensive Income	Other Items of Other Comprehensive Income (Remeasurement of defined benefit	
Balance as at April 01, 2018	**3,652.54**	**7,844.15**	**13,172.72**	**350.00**	**(7,493.12)**	**0.00**	0.00	**17,526.29**
Transfer from Retained earnings	419.09							419.09
Securities premium on share options exercised during the year								0.00
Amount transferred								0.00
Profit for the period					2,330.86		8.43	2,339.29
Transfer to Special Reserve Fund					(419.09)			(419.09)
Transfer from/(to) Debenture Redemption Reserve			(4,608.64)		4,608.64			0.00
Balance as at March 31, 2019	**4,071.63**	**7,844.15**	**8,564.08**	**350.00**	**(972.71)**	**0.00**	**8.43**	**19,865.58**
Transfer from Retained earnings	668.44							668.44
Securities premium on share options exercised during the year								0.00
Amount transferred								0.00
Profit for the period					3,354.18		(11.98)	3,342.20
Transfer to Special Reserve Fund					(668.44)			(668.44)
Transfer from/(to) Debenture Redemption Reserve			**(8,564.08)**		**8,564.08**			0.00
Balance as at March 31, 2020	**4,740.07**	**7,844.15**	**0.00**	**350.00**	**10,277.11**	**0.00**	**(3.55)**	**23,207.78**

Notes to Reformatted Ind AS Financial Statements for the Year ended March 31, 2020

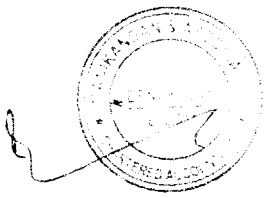
Note 1.1: Cash and cash equivalents **(Rupees in Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Cash on hand	1,237.71	1,257.03	1,398.29
Balances with Banks			
- in current accounts	1,783.83	4,215.57	6,586.09
- in fixed deposit (maturing within a period of three months)	1,199.00	-	-
Total	**4,220.54**	**5,472.60**	**7,984.38**

Note 1.2: Bank balance other than cash and cash equivalents

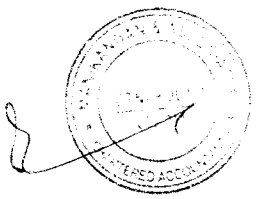
Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Fixed deposits with bank (maturing after period of three months)	5,981.13	2,870.35	2,227.92
Total	**5,981.13**	**2,870.35**	**2,227.92**

1.3 Fixed Deposits with bank include fixed deposits given as security for borrowings ₹ 1274.39 lakhs (March 31, 2019: ₹ 1053.21 lakhs; April 01, 2018: ₹ 995.11 lakhs) , fixed deposits given as security for guarantees ₹ 1156.06 lakhs (March 31, 2019: ₹ 926.34 lakhs; April 01 2018: ₹ 395.87 lakhs) fixed deposits on which lien is marked ₹ 1317.49 lakhs (March 31, 2019: ₹ 890.80 lakhs; April 01, 2018: ₹ 836.95 lakhs), fixed deposits held for redemption of debentures ₹ 3257.18 lakhs and free held fixed deposits ₹ 175 lakhs.



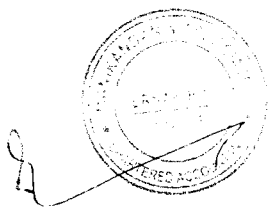
Note 2: Loans **(Rupees in Lakhs)**

Particulars	As at March 31, 2020					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Loans repayable on demand					-	-
ii) Term loans	169,109.97				-	169,109.97
iii) Leasing					-	-
iv) Factoring					-	-
v) Others (To be specified)					-	-
Total (A) - Gross	**169,109.97**					**169,109.97**
Less: Impairment loss allowance	1,595.44				-	1,595.44
Total (A) - Net	**167,514.53**	-	-	-	-	**167,514.53**
(B)						
I) Secured by tangible assets						
Gold Loan	164,480.28					164,480.28
Loan Against Property	91.93					91.93
Total (I) - Gross	**164,572.21**	-	-	-	-	**164,572.21**
Less: Impairment loss allowance	1,522.80					1,522.80
Total (I) - Net	**163,049.41**	-	-	-	-	**163,049.41**
II) Covered by Bank / Government Guarantees						
III) Unsecured						
Microfinance	4,537.76					4,537.76
Total (III) - Gross	**4,537.76**	-	-	-	-	**4,537.76**
Less: Impairment loss allowance	72.64					72.64
Total (III) - Net	**4,465.12**	-	-	-	-	**4,465.12**
Total (B) (I+II+III) - Net						
(C) (I) Loans in India						
i) Public Sector						-
ii) Others	169,109.97					169,109.97
(C) (II) Loans outside India	-				-	
Total (C) - Gross	**169,109.97**	-	-	-	-	**169,109.97**
Less: Impairment loss allowance	1,595.44					1,595.44
Total (C)- Net	**167,514.53**	-	-	-	-	**167,514.53**



Notes to Reformatted Ind AS Financial Statements for the Year ended March 31, 2020

Particulars	As at March 31, 2019					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Loans repayable on demand					-	-
ii) Term loans	139,727.21				-	139,727.21
iii) Leasing					-	-
iv) Factoring					-	-
v) Others (To be specified)					-	-
Total (A) - Gross	**139,727.21**					**139,727.21**
Less: Impairment loss allowance	1,682.58				-	1,682.58
Total (A) - Net	**138,044.63**	-	-	-	-	**138,044.63**
(B)						
I) Secured by tangible assets						
Gold Loan	136,267.24					136,267.24
Loan Against Property	244.80					244.80
Total (I) - Gross	**136,512.04**	-	-	-	-	**136,512.04**
Less: Impairment loss allowance	1,637.75					1,637.75
Total (I) - Net	**134,874.28**	-	-	-	-	**134,874.28**
II) Covered by Bank / Government Guarantees						
III) Unsecured						
Microfinance	3,215.18					3,215.18
Total (III) - Gross	**3,215.18**	-	-	-	-	**3,215.18**
Less: Impairment loss allowance	44.83					44.83
Total (III) - Net	**3,170.35**	-	-	-	-	**3,170.35**
Total (B) (I+II+III) - Net						
(C) (I) Loans in India						
i) Public Sector						-
ii) Others	139,727.21					139,727.21
(C) (II) Loans outside India	-					
Total (C) - Gross	**139,727.21**	-	-	-	-	**139,727.21**
Less: Impairment loss allowance	1,682.58					1,682.58
Total (C)- Net	**138,044.63**	-	-	-	-	**138,044.63**



Particulars	As at April 1, 2018					
	Amortised Cost	At Fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
(A)						
i) Loans repayable on demand					-	-
ii) Term loans	163,078.52				-	163,078.52
iii) Leasing					-	-
iv) Factoring					-	-
v) Others (To be specified)					-	-
Total (A) - Gross	**163,078.52**					**163,078.52**
Less: Impairment loss allowance	1,553.26				-	1,553.26
Total (A) - Net	**161,525.26**	-	-	-	-	**161,525.26**
(B)						
I) Secured by tangible assets						
Gold Loan	155,432.83					155,432.83
Loan Against Property	405.12					405.12
Total (I) - Gross	**155,837.95**	-	-	-	-	**155,837.95**
Less: Impairment loss allowance	1,524.30					1,524.30
Total (I) - Net	**154,313.65**	-	-	-	-	**154,313.65**
II) Covered by Bank / Government Guarantees						
III) Unsecured						
Microfinance	7,240.57					7,240.57
Total (III) - Gross	**7,240.57**	-	-	-	-	**7,240.57**
Less: Impairment loss allowance	28.96					28.96
Total (III) - Net	**7,211.61**	-	-	-	-	**7,211.61**
Total (B) (I+II+III) - Net						
(C) (I) Loans in India						
i) Public Sector						-
ii) Others	163,078.52					163,078.52
(C) (II) Loans outside India	-					
Total (C) - Gross	**163,078.52**	-	-	-	-	**163,078.52**
Less: Impairment loss allowance	1,553.26					1,553.26
Total (C)- Net	**161,525.26**	-	-	-	-	**161,525.26**

2.1 Expected Credit Loss (ECL)

As required by RBI, the Company is obliged to comply with the extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). ECL computed by the Company as per the policy, laid down under significant accounting policies, is lower than the provision as per IRACP norms. The Board of Directors of the Company has taken a conservative view to maintain the provision as per IRACP as ECL Provision of the Company.

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

As the Company is maintaining the IRACP provision as the ECL provision, the requirement as per the RBI notification does not apply to the Company.

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

Year ended March 31, 2020				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	128,071.65	8,668.14	2,987.43	139,727.22
Add: New Assets	451,293.13			451,293.13
Less: Assets repaid	-414,462.39	-5,397.78	-2,030.50	-421,890.67
Transfer to Stage 1				-
Transfer to Stage 2	-57.43	57.43		-
Transfer to Stage 3	-2,036.09	-216.83	2,252.92	-
Less: Write off			-19.72	-19.72
Closing carrying amount	162,808.87	3,110.96	3,190.14	169,109.97

Reconciliation of ECL Balance

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

Reconciliation of ECL Balance

Year ended March 31, 2019				
ECL	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	261.10	1,249.02	43.14	1,553.26
Reversal of Provision as per ECL	-261.10	-1,249.02	-43.14	-1,553.26
Provision provided as per IRACP	557.44	34.67	1,090.47	1,682.58
Closing carrying amount	557.44	34.67	1,090.47	1,682.58

2.2 MOVEMENT OF PROVISION FOR STANDARD AND NON-PERFORMING ASSETS

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

Particulars	**2019-20**	**2018-19**
Provision for Standard Assets		
Provision at the beginning of the year	541.94	596.76
Additional provision made during the year	121.74	-54.82
Provision at the close of the year	**663.68**	**541.94**
Non-Performing Assets	**As at 31st March 2020**	**As at 31st March 2019**
Sub-standard Assets	245.88	66.29
Doubtful Assets (Upto 1year)	18	129.01
Doubtful Assets (1 – 3 years)	110.26	296.23
Doubtful Assets (More than 3 years)	119.18	390.74
Loss Assets	438.44	208.2
Total Non-performing Assets	931.76	1090.47
Provision for non-performing assets	**2019-20**	**2018-19**
Provision at the beginning of the year	1090.47	799.17
Additional provision made during the year	-158.71	291.3
Provision at the close of the year	931.76	1090.47

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

Notes to Reformatted Ind AS Financial Statements for the Year ended March 31, 2020

2.3 Credit Quality of assets

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

As on 31/03/2020

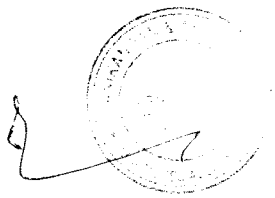
Internal Rating	Stage 1	Stage 2	Stage 3	Grand Total
High grade	162,808.87			162,808.87
Medium grade		3,110.96		3,110.96
Low grade			3,190.14	3,190.14
Total	162,808.87	3,110.96	3,190.14	169,109.97

As on 31/03/2019

Internal Rating	Stage 1	Stage 2	Stage 3	Grand Total
High grade	128,071.65			128,071.65
Medium grade		8,668.14		8,668.14
Low grade			2,987.43	2,987.43
Total	128,071.65	8,668.14	2,987.43	139,727.21

As on 01/04/2018

Internal Rating	Stage 1	Stage 2	Stage 3	Grand Total
High grade	121,615.80			121,615.80
Medium grade		38,207.89		38,207.89
Low grade			3,254.83	3,254.83
Total	121,615.80	38,207.89	3,254.83	163,078.53



Note 3: Investments (Rupees in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
	At Fair value		
	Through profit or loss	Through profit or loss	Through profit or loss
i) Mutual funds			
ii) Government securities			
iii) Debt securities			
iv) Equity instruments			
Subsidiaries			
Others	3.24	9.00	12.11
Total Gross (A)	**3.24**	**9.00**	**12.11**
i) Investments outside India			
ii) Investments in India	3.24	9.00	12.11
Total Gross (B)	**3.24**	**9.00**	**12.11**
Less: Allowance for impairment loss (C)			
Total - Net D = (A) - (C)	**3.24**	**9.00**	**12.11**

Equity instruments

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	Number	Amount	Number	Amount	Number	Amount
Subsidiaries						
Quoted						
Unquoted						
Subtotal	-	-	-	-	-	-
Others						
Quoted						
Wonderla Holidays Ltd	503.00	0.70	503.00	1.55	503.00	1.76
The South Indian Bank Limited	45,020.00	2.54	45,020.00	7.45	45,020.00	10.36
Unquoted						
Subtotal	**45,523.00**	**3.24**	**45,523.00**	**9.00**	**45,523.00**	**12.11**
Total	**45,523.00**	**3.24**	**45,523.00**	**9.00**	**45,523.00**	**12.11**

Notes to Reformatted Ind AS Financial Statements for the Year ended March 31, 2020

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

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Security deposits			
- Rent Deposit	1,664.10	1,583.38	1,598.28
- Security Deposit with NSE, BSE & CDSL	383.75	383.75	383.75
-Security Deposit VAT	0.25	0.25	0.25
-Telephone Deposit	-	0.48	0.57
-Electricity Deposit	-	0.89	0.54
-HDFC STD Life deposit	0.25	0.25	0.25
-Insurance deposit	0.91	0.96	0.96
Service asset	164.45	136.10	
Other Receivables			
-Commission/Incentive Receivable	19.84	36.17	48.51
-Third Party Products	3.32	42.34	60.75
-Rent Receivable	16.47	16.07	37.63
-Kotak Mahindra	0.60	0.60	0.60
-CDSL Commission and subscription	-	0.35	0.35
-Rent Advance	-	0.10	-
Total	**2,253.94**	**2,201.68**	**2,132.44**

Note 5: Property, plant and equipment

(Rupees in Lakhs)

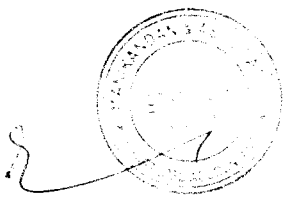
	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Computer	Vehicles	Electrical Installations	Total	Capital-work-in progress
Gross block- at cost									
Deemed cost as at April 01, 2018	14,599.67	3,352.75	594.21	1,374.14	72.07	125.54	52.86	20,171.24	-
Additions	-	-	35.35	9.42	37.81	-	20.39	102.97	-
Disposals	-	-	(0.44)	(1.48)	-	(24.73)	(0.35)	(27.00)	-
As at March 31, 2019	**14,599.67**	**3,352.75**	**629.12**	**1,382.08**	**109.88**	**100.81**	**72.90**	**20,247.21**	-
Additions	-	-	55.41	86.75	46.09	100.27	-	**288.52**	-
Disposals	-	-	-	(5.85)	(3.45)	(17.90)	(0.04)	**(27.24)**	-
As at March 31, 2020	**14,599.67**	**3,352.75**	**684.53**	**1,462.98**	**152.52**	**183.18**	**72.86**	**20,508.49**	-
Accumulated depreciation									
As at April 01, 2018									
Charge for the period	-	198.41	119.00	404.51	41.54	37.87	17.09	818.42	-
As at March 31, 2019	**-**	**198.41**	**119.00**	**404.51**	**41.54**	**37.87**	**17.09**	**818.42**	-
Charge for the period	-	184.82	103.47	297.83	50.55	30.78	16.10	683.56	-
As at March 31, 2020	**-**	**383.23**	**222.47**	**702.34**	**92.09**	**68.65**	**33.19**	**1,501.98**	-
Net Block									
As at April 01, 2018	**14,599.67**	**3,352.75**	**594.21**	**1,374.14**	**72.07**	**125.54**	**52.86**	**20,171.24**	-
As at March 31, 2019	**14,599.67**	**3,154.34**	**510.12**	**977.57**	**68.34**	**62.94**	**55.81**	**19,428.79**	-
As at March 31, 2020	**14,599.67**	**2,969.52**	**462.06**	**760.64**	**60.43**	**114.53**	**39.67**	**19,006.51**	

Note 6: Other Intangible Assets (Rupees in Lakhs)

	Computer Software	Total	Intangible assets under development
Gross block- at cost			
Deemed cost as at April 01, 2018	31.58	31.58	-
Additions			
Disposals			
As at March 31, 2019	**31.58**	**31.58**	-
Additions			
Disposals			
As at March 31, 2020	**31.58**	**31.58**	-
Accumulated amortisation			
As at April 01, 2018			
Charge for the period	17.31	17.31	-
As at March 31, 2019	**17.31**	**17.31**	-
Charge for the period	9.03	9.03	-
As at March 31, 2020	**26.33**	**26.33**	-
Net book value:			
As at April 01, 2018	**31.58**	**31.58**	-
As at March 31, 2019	**14.28**	**14.28**	-
As at March 31, 2020	**5.25**	**5.25**	-

Note 7: Other Non-financial assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Balances with government authorities			
-GST Receivable	151.59	90.84	113.85
-Others	-	0.41	0.41
Other Advances/Receivables	63.10	92.33	62.04
Total	**214.69**	**183.58**	**176.30**



Note 8: Debt Securities

(Rupees in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
	At amortised cost	At amortised cost	At amortised cost
Debt securities in India			
(i) Secured			
(a)Privately Placed NCD	3,055.87	3,533.19	11,577.55
(b)Public Issue NCD	48,054.28	10,900.08	29,334.64
(ii) Unsecured			
(a)Privately Placed NCD	1,039.75	1,528.50	1,142.21
(b)Public Issue NCD	18,393.27	23,356.26	23,356.26
(v) Unclaimed Matured Debentures	264.08	235.87	372.19
(vi) Interest accrued on above	17,136.26	19,928.29	24,553.23
(vii) Unamortized expense of public issue	-324.05	-97.42	-88.22
Total (A)	**87,619.46**	**59,384.77**	**90,247.86**
Debt securities outside India			
(i) Secured, Privately Placed NCD			
(ii) Secured, Redeemable NCD Public Issue			
(iii) Unsecured, Privately Placed NCD			
(iv) Unsecured Public Placed NCD			
(v) Unclaimed Matured Debentures			
Total (B)	-	-	-

8.1 Secured Redeemable Non-Convertible Debentures – Listed

The outstanding amount of Secured Redeemable Non-Convertible Listed Debentures raised through Public Issue stood at ₹ 48,054.28 lakhs (Previous Year: ₹ 10,900.08 lakhs). During the FY 2019-2020. Secured Redeemable NCD -listed amounting to ₹ 42,468.31 lakhs was raised.

Date of Maturity	Amount in lakhs (₹)	interest rate
17-08-20	4,289.79	9.25%-9.67%
04-01-21	3,415.61	9.89%
11-06-21	3,167.27	9.40%
25-08-21	5,585.97	11.57%-12.25%
12-09-21	1,871.60	10.00%
17-02-22	1,654.83	9.75%
24-04-22	3,469.50	9.75%-10.22%
12-09-22	4,037.23	10.25%-10.5%
17-02-23	2,591.07	10%
17-04-24	3,094.56	10.22%
24-04-24	3,912.50	10%-10.47%
12-09-24	3,878.94	10.35%-10.65%
17-02-25	2,727.43	10.50%
17-12-25	164.71	10.07%
17-03-27	4,193.27	10.28%
Total	**48,054.28**	

8.2 Secured Redeemable Non-convertible Debentures - Unlisted

The Company had privately placed Secured Redeemable Non-convertible Debentures for a maturity period up to66 months with an outstanding amount of ₹ 3055.87 lakhs (Previous year: ₹ 3533.19 lakhs). During the FY 2019-2020. Secured Privately Placed NCD amounting to ₹ 1149.87 lakhs was raised.

Series	Redemption Period	Amount in lakhs (₹)	Interest Rate
A1	1-2 years	115	9.9%-10.25%
AA	3years	120	9%-9.25%
AB	3years	117	8.75%-9.25%
AC	3years	127	9%-9.25%
AD	3years	20	8.75%-9%
AE	3years	121	9%-9.25%
AF	2-3years	385	8.75%-9.25%
AG	2-3years	881	9.25%-9.75%
AH	1.5years-5years	1034.87	9.25%-10.47%
F	6.5 years	60	12.5%-18.18%
L	6.5 years	50	18.18%
V	4 years	25	12.50%
Total		**3055.87**	

Year of Maturity	Interest percentage	Amount in lakhs (₹)
2020-2021	8.75 - 18.18%	1252.41
2021-2022	8.75% - 10.25%	1011
2022-2023	9.75% - 10.22%	359.86
2023-2024	10% -10.47%	432.6
		3055.87

8.3 Unsecured Debentures – Listed

The outstanding amount of Unsecured Debentures raised through Public Issue stood at ₹ 18393.27 lakhs (Previous Year: ₹ 23356.26 lakhs). There is no fresh issue of debentures during the FY- 2019-2020.

Date of maturity	Amount in lakhs (₹)	Interest Rate
11-05-20	7,143.37	12.68%-13.43%
07-12-20	6,849.15	12.68%-13.01%
27-07-22	4,400.75	11.02%-11.25%
Total	**18,393.27**	

8.4 Unsecured Debentures - Unlisted

The outstanding amount of Unsecured Privately placed Debentures stood at ₹ 1039.75 lakhs (Previous Year: ₹ 1528.5 lakhs). During the FY-19-20 Unsecured Privately Placed NCD's amounting to ₹ 591 lakhs were raised.

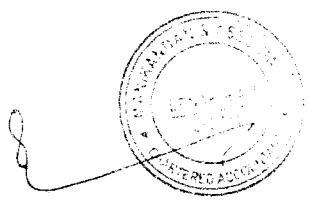
Month of Maturity	Amount in lakhs (₹)	Interest Rate
01-04-20	85	12.50%
01-06-20	160	18.18%
01-12-20	210	10.75%
01-02-21	381	10.75%
01-05-21	100	11%
01-10-21	2.75	24.74%
01-11-21	101	11%-24.74%
Total	**1,039.75**	

8.5 Unclaimed Matured Debentures

The outstanding amount of Unclaimed Matured Debentures with applicable accumulated interest, as on 31st March 2020 is Rs.264.08 lakhs. (Previous year ₹ 235.87 lakhs). The same has been transferred to current account maintained with Indusind Bank. Kochi, A/C No: 201002755275.

Period	Amount in lakhs (₹)
2011-12	0.01
2012-13	0.56
2013-14	21.3
2014-15	32.32
2015-16	24.49
2016-17	25.55
2017-18	4.2
2018-19	28.52
2019-20	127.13
Total	**264.08**

The debentures which has been matured and remained unclaimed and unpaid for a period of seven years from the date it became due for payment ₹ 63,820, has been transferred to Investor Education and Protection Fund on 20 July, 2020.



Note 9: Borrowings (other than debt securities)

(Rupees in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
	At amortised cost	At amortised cost	At amortised cost
(a) Term loan			
(i) from banks			
Term Loan -SIB	0.00	-	419.07
Term Loan -Dhanalakshmi bank	300.00		208.33
Vehicle Loans	74.83	9.63	33.77
(ii) from others			
Securitisation Borrowings			
Northern Arc Loan	3,529.54		
(b) Loans from related party			
(c) Loans repayable on demand			
(i) from banks			
South Indian Bank Limited, M.G. Road, Ernakulam	14,425.49	16,533.30	15,478.70
State Bank of India, Commercial Br., Ernakulam	4,454.41	4,503.62	3,484.75
Dhanalaxmi Bank, Shanmugam Road, Ernakulam	1,380.18	1,213.46	1,566.41
Andhra Bank, M.G Road , Ernakulam	3,563.14	5,047.70	7,457.11
Indus Ind Bank, M.G Road. Ernakulam	4,860.20	4,525.42	3,337.54
Union Bank Of India, Kottayam	991.39	2,100.72	2,435.48
Oriental Bank of Commerce,Coimbatore	2,958.77	1,585.98	4,035.20
(ii) from financial institutions			
Total (A)	**36,537.95**	**35,519.83**	**38,456.36**
Borrowings in India	**36,537.95**	**35,519.83**	**38,456.36**
Borrowings outside India	-		
Total (B)	**36,537.95**	**35,519.83**	**38,456.36**

9.1 Term Loans

a. State Bank of India-Outstanding Rs. 74.83 Lakhs (Previous year Rs. 9.63 Lakhs)

Secured by way of first and exclusive charge by Hypothecation of the vehicle for the due payment

Repayment terms: 84 monthly installments of ₹ 0.95 lakhs

b. Dhanalaxmi Bank Limited Outstanding Rs. 300 Lakhs (Previous year Rs. 0 Lakhs)

Secured by a) Pari-passu charge by way of hypothecation of current assets, loans, advances and book debts including gold loan receivable, with a margin of 25% margin with other lenders and NCD holders. b) Equitable mortgage of 34.39 acres of vacant land at Pathanamthitta village, Kozhencherry Taluk, Pathanamthitta District in the name of Muthottu Mini Theatres (Private) Limited and Commercial Land with building to the extent of 2.40 Ares Land with 4500 Sq.ft Building owned by Muthoottu Hotels Pvt Limited at Konni Village, Konni Taluk, Pathanamthitta District C) Personal guarantee of Roy M. Mathew; Nizzy Mathew and Mathew Muthoottu and d) Corporate guarantee of Muthottu Mini Theatres Private Limited and Muthoottu Mini Hotels Private Limited .

Repayment terms: 15 monthly installments of ₹ 25 lakhs

c. Disclosures relating to Securitisation

The company as part of its business model has entered into securitisation transactions via Pass Through Certificates (PTC) route and/or Direct Assignment (DA). As per RBI guidelines, the company maintained credit enhancement for securitisation transactions which covers the expected losses and thereby retains the risk associate with the assets.

Securitisation

Particulars	31.03.2020	31.03.2019	01.04.2018
No. of accounts	12,032.00	-	-
Aggregate value (net of provisions) of accounts sold to SC	5,669.12	-	-
Aggregate consideration	5,158.90	-	-
Additional consideration realised in respect of accounts transferred in earlier years		-	-
Aggregate gain/(loss) over net book value		-	-

Details of security

The borrowing is secured against the Paripassu charge on the collections of the assigned pool of book debts amounting to ₹ 5669.12 (lakhs). Further, the borrowing is secured by cash collateral equal to ₹493 (lakhs) to cover the losses due to defaults and prepayments on the pool which is placed in fixed deposit with lien in favour of the trustee.

9.2.Borrowings

Details of security

a. **South Indian Bank Ltd** -Outstanding Rs. 14,425.49 Lakhs (Previous year Rs.16,533.31 Lakhs)

Secured by a) First ranking *pari passu* charge along with existing secured lenders of the Company on all receivables under gold loan both present and future of the Company with 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 and b) Personal guarantee of Roy M. Mathew; Nizzy Mathew; and Mathew Muthoottu and c)Corporate guarantee of 1)Muthottu Mini Theatres Private Limited;2)Muthoottu Mini Hotels Private Limited;3)Mini Muthoottu Credit India Private Limited; and 4)Kandamath Cine Enterprises Private Limited

b. **Dhanalaxmi Bank Limited**–Outstanding Rs.1,380.18 Lakhs (Previous year Rs.1,213.46 Lakhs)

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

c. **State Bank of India**–Outstanding Rs.4,454.41 Lakhs (Previous year Rs.4,503.62 Lakhs)

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

d. **Andhra Bank (merged with Union Bank of India w.e.f 01 April, 2020)** - Outstanding Rs.3,563.14 Lakhs (Previous year Rs.5,047.70 Lakhs)

Secured by a) Pari passu first charge by way of hypothecation of gold loan receivables of the Company (excluding microfinance receivables) for the loans disbursed by them to individuals against pledge of gold ornaments with minimum asset coverage of 133.33% b) Pari passu first charge on other current assets including cash and bank balances (excluding cash collateral specifically given to each bank and cash of microfinance division) c)Equitable mortgage of (a) 16.17 ares (40 cents) of land in survey number 33/3/1, 33/3/1-1, 33/3/1-2, 33/3/1/3 and 33/3/1/4 situated at Pathanamthitta village, Kerala, and (b) pledge of KTD no. 01252010077984 in the name of Muthoottu Mini Financiers Limited c) Personal guarantee of Nizzy Mathew and Mathew Muthoottu and d) Corporate guarantee: Muthottu Mini Hotels Private Limited

e. **Oriental Bank of Commerce (merged with Punjab National Bank w.e.f 01 April, 2020)** –Outstanding Rs. 2,958.78 Lakhs (Previous year Rs.1,585.98 Lakhs)

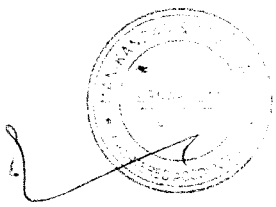
Secured by a) Pari passu first charge by way of hypothecation of Gold Loan receivables of the Company with minimum asset coverage of 1.33 times b) Equitable Mortgage of immovable property multiplex theatre Dhanya & Remya, situated at Survey No. 34, M. C. Road, Kottayam, Kerala and C) Personal guarantee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

f. **IndusInd Bank Ltd** - Outstanding Rs. 4,860.20 Lakhs (Previous year Rs. 4,525.42 Lakhs)

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

g. **Union Bank of India**- Outstanding Rs. 991.39 Lakhs (Previous year Rs. 2,100.72 Lakhs)

Secured by a) first Pari passu charge on gold receivables and other current assets, b) Personal guarantee of Mathew Muthoottu, Roy Mathew and Nizzy Mathew



Notes to Reformatted Ind AS Financial Statements for the Year ended March 31, 2020

Note 10: Subordinated Liabilities **(Rupees in Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
	At amortised cost	At amortised cost	At amortised cost
Subordinated Liabilities in India	28,690.84	26,630.56	24,428.00
Subordinated Liabilities outside India			
Total	**28,690.84**	**26,630.56**	**24,428.00**

10.1 Subordinate Debt By Private Placement

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital subject to discounting as may be applicable under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Reserve Bank Directions, 2016. The outstanding amount of privately placed subordinated debt stood at Rs.20467.07 lakhs (Previous year: Rs.20467.07 lakhs).

Maturity Pattern	Amount (In lakhs (₹)*	Interest Rate
	As at 31st March, 2020	
Interest pay out-Monthly		
2021- 2022	2,456.79	10.75% - 11.00%
2022- 2023	5,373.44	10.50% - 11.00%
2023- 2024	183.89	10.05% - 10.75%
Interest pay out- Maturity		
2021- 2022	6,645.74	16.67%
2022- 2023	5,760.56	10.75% - 16.67%
2023- 2024	46.65	15.38%
Total	**20,467.07**	

* Excluding interest accrued

Note 11: Other Financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
NCD (kept hold as per court order)	-	53.02	53.02
Expenses payable	228.17	299.34	132.47
Rent Payable	145.65	3.98	8.82
Rent Deposit	8.40	-	-
Kotak Insurance Payable	14.02	4.28	33.27
Auction Surplus Payable	554.22	212.38	238.54
Securitisation payable	330.20	3,326.57	-
Total	**1,280.66**	**3,899.57**	**466.12**

Notes to Reformatted Ind AS Financial Statements for the Year ended March 31, 2020

11.1 Disclosures relating to Securitisation

The company as part of its business model has entered into securitisation transactions Direct Assignment (DA). As per RBI guidelines, the company maintained credit enhancement for securitisation transactions which covers the expected losses and thereby retains the risk associate with the assets.

Securitisation

Particulars	31.03.2020	31.03.2019	01.04.2018
No. of accounts	59,599	41,906.00	-
Aggregate value (net of provisions) of accounts sold to SC	32,309.98	22,300.08	-
Aggregate consideration	29,017.70	20,000.00	-
Additional consideration realised in respect of accounts transferred in earlier years		-	-
Aggregate gain/(loss) over net book value		-	-

Note 12: Provisions

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Provision for undrawn commitments			
Provision for emplovee benefits - Gratuity	142.12	133.92	145.47
Total	**142.12**	**133.92**	**145.47**

Note 13: Other Non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Statutory dues payable			
-ESI, EPF & Staff Welfare Fund	54.04	35.37	36.04
-Tax Deducted at Source	19.24	90.36	248.43
-Professional tax	-	-	0.11
-GST Payable	15.30	41.37	139.42
Earmarked CSR Fund	3.56	20.14	28.88
Deposits	38.87	42.60	36.55
Stamp Duty Collected	2.37	1.44	0.92
Total	**133.38**	**231.28**	**490.35**

Notes to Reformatted Ind AS Financial Statements for the Year ended March 31, 2020

Note 14: Equity share capital

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

(Rupees in Lakhs)

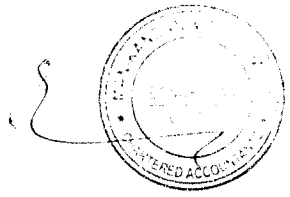
Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Authorised			
325,00,000 Equity Shares of Rs.100/- each	32,500.00	32,500.00	32,500.00
Issued, subscribed and fully paid up			
249,52,539 Equity shares of Rs. 100/- each fully paid up	24,952.54	24,952.54	24,952.54
Total Equity	**24,952.54**	**24,952.54**	**24,952.54**

14.2 Terms/ rights attached to equity shares

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

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

Particulars	In Numbers	Amount
As at April 01, 2018	24,952,539	24,952.54
Shares issued during the period	-	-
As at March 31, 2019	**24,952,539**	**24,953**
Shares issued during the period	-	-
As at March 31, 2020	**24,952,539**	**24,952.54**



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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Mr. Mathew Muthoottu	14,779,912.00	59.23%	14,779,912.00	59.23%
Nizzy Mathew	3,354,446.00	13.44%	3,354,446.00	13.44%
Mini Muthoottu Hotels (P) Ltd	2,551,298.00	10.22%	2,551,298.00	10.22%
Mini Muthoottu Credit India (P) Ltd	1,419,841.00	5.69%	1,419,841.00	5.69%

Particulars	As at April 01, 2018	
	No. of shares held	% holding in the class
Mr. Mathew Muthoottu	14,779,912.00	59.23%
Nizzy Mathew	3,354,446.00	13.44%
Mini Muthoottu Hotels (P) Ltd	2,551,298.00	10.22%
Mini Muthoottu Credit India (P) Ltd	1,419,841.00	5.69%

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

Particulars	Fully paid up pursuant to contract(s) without payment being received in cash	Fully paid up by way of bonus shares	Shares bought back
Equity Shares :			
2018-2019	-	-	-
2017-2018	-	-	-
2016-2017	-	-	-
2015-2016	-	-	-
2014-2015	-	-	-

Notes to Reformatted Ind AS Financial Statements for the Year ended March 31, 2020

Note 15: Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Reserves		
Special Reserve Fund(u/s 45 IC of RBI Act, 1934)		
Balance at the beginning of the year	4,071.63	3,652.54
Add: Transfer from Retained earnings	668.44	419.09
Balance at the end of the year	**4,740.07**	**4,071.63**
Debenture Redemption Reserve		
Balance at the beginning of the year	8,564.08	13,172.72
Add: Transfer from/(to) Retained earnings	(8,564.08)	(4,608.64)
Balance at the end of the year	-	**8,564.08**
Securities Premium		
Balance at the beginning of the year	7,844.15	7,844.15
Add: Securities premium on share options exercised during the year		
Balance at the end of the year	**7,844.15**	**7,844.15**
Revaluation Reserve		
Balance at the beginning of the year	350.00	350.00
Add: Amount transferred	-	-
Balance at the end of the year	**350.00**	**350.00**
Retained Earnings		
Balance at the beginning of the year	**(964.29)**	**(7,493.12)**
Add: Profit for the period	**3,342.20**	**2,339.29**
Add/Less: Appropriation :-		
Transfer to Special Reserve Fund	(668.44)	(419.09)
Transfer from/(to) Debenture Redemption Reserve	8,564.08	4,608.64
Transfer to Impairment Reserve	-	-
Total appropriations	**7,895.64**	**4,189.55**
Balance at the end of the year	**10,273.56**	**(964.29)**
Total	**23,207.78**	**19,865.58**

15.1 Nature and purpose of reserve

Statutory reserve

Statutory Reserve represents the Reserve Fund created u/s 45IC of the Reserve Bank of India Act, 1934. In current year Rs. 668.44 lakhs is appropriated from statement of profit and loss to the Special Reserve Fund.

Debenture Redemption Reserve

In terms of section 71 of the companies Act, 2013 read with rule 18(7) of the companies (share capital and debenture) rule 2014, the company has created Debenture Redemption Reserve in respect of Secured and Unsecured Redeemable Non-Convertible Debenture issued through public issue as per SEBI (Issue and listing of Debt Securities) Regulations, 2008. No Debenture Redemption Reserve is to be created for privately placed debentures of Non-banking Finance Companies. With reference to The Companies (Share Capital and Debentures) Amendment Rules,2019. Dated 16th August, 2019, the balance outstanding in the Debenture Redemption Reserve as on 31st March, 2019 has been transferred to General Reserve on 31st March, 2020. This Reserve represents the premium on issue of equity shares and can be utilized in accordance with the provisions of the Companies Act, 2013. b. Debenture Redemption Reserve as at 31st March 2019 amounts to Rs. 8564.08 lakhs and Rs. 8564.08 lakhs is transferred to the statement of profit and loss during the year. Closing balance of Debenture redemption reserve as on 31st March, 2020 is Rs. NIL.

Securities Premium

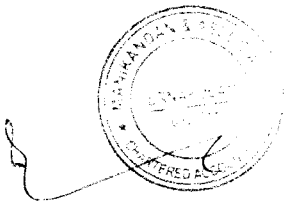
This Reserve represents the premium on issue of equity shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Revaluation Reserve

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

Retained Earnings

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



Notes to Reformatted Ind AS Financial Statements for the Year ended March 31, 2020

Note 16: Interest income **(Rupees in Lakhs)**

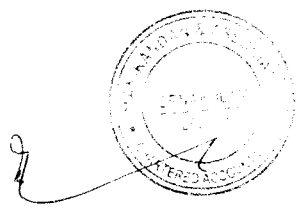
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	On Financial asset measured at amortised cost	On Financial asset measured at amortised cost
i)Interest on Loans		
On Gold loan	27,629.85	26,134.29
On Auction	1,205.39	866.71
On Micro Finance	970.79	1,354.33
On loan against property	13.69	49.61
ii)Interest on deposits with bank	273.96	208.69
Total	**30,093.68**	**28,613.63**

Note 17: Net gain on fair value changes

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	-	-
- Derivatives	-	-
- Others	-	-
(B) Loss on fair valuation of equity shares	5.76	3.11
Total Net gain on fair value changes (C)	**(5.76)**	**(3.11)**
Fair Value changes:		
- Realised		
- Unrealised	(5.76)	(3.11)
Total Net gain on fair value changes	**(5.76)**	**(3.11)**

Note 18: Sale of services

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Other Operating Income	233.58	86.71
Total	**233.58**	**86.71**



Notes to financial statements for the Year ended March 31, 2020

Note 19: Other Income

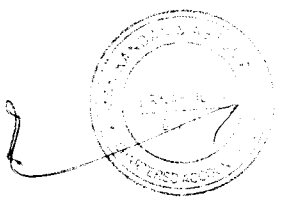
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Other non-operating income	18.60	96.48
Total	**18.60**	**96.48**

Note 20: Finance Costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
Interest on borrowings (other than debt securities)	4,642.18	4,568.79
PTC loan amortization	25.06	-
Interest on debt securities		
-Public issue	7,949.82	6,967.58
-NCD amortization	100.72	46.17
-Pvt Placement	525.02	1,199.96
Interest on subordinated liabilities	2,960.21	2,973.31
Other interest expense	9.06	14.06
Bank Charges	336.78	265.50
Total	**16,548.85**	**16,035.37**

Note 21: Impairment on financial instruments

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	On financial instruments measured at amortised cost	On financial instruments measured at amortised cost
Loans	(87.14)	129.32
Bad Debts Written Off	19.72	
Other Assets	2.20	0.68
Total	**(65.23)**	**130.01**



Notes to financial statements for the Year ended March 31, 2020

Note 22: Employee Benefits Expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and Wages	5,941.41	5,114.98
Gratuity	45.77	44.53
Bonus	214.41	174.67
Contributions to Provident and Other Funds	501.28	513.01
Staff Welfare Expenses	2.31	0.99
Total	**6,705.19**	**5,848.18**

Note 23: Depreciation, amortization and impairment

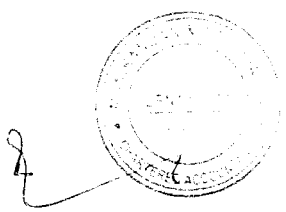
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of tangible assets	683.56	818.42
Amortization of intangible assets	9.03	17.31
	692.58	**835.73**

Note 24: Other Expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent, taxes and energy costs	2,165.99	2,195.95
Repairs and maintenance	287.32	210.50
Communication Costs	219.46	220.88
Printing and stationery	228.65	133.59
Advertisement and publicity	88.65	38.11
Director's fees, allowances and expenses	4.46	2.77
Auditor's fees and expenses	21.55	22.18
Legal and Professional charges	149.83	79.26
Insurance	90.59	80.03
General Office Expenses	263.03	252.17
Travelling Expenses to Staff	287.43	186.50
Vehicle Running & Maintenance Expenses	8.59	11.68
Security Charges	177.26	161.42
Subscription Charges - Spot Exchange	2.73	16.14
Public Issue NCD	38.13	29.69
Loss on sale of Fixed assets	0.70	5.33
Other expenditure	159.97	125.90
Total	**4,194.36**	**3,772.09**

Note 24.1 Auditor's fees and expenses:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
For Statutory audit	16.80	16.25
For limited review	2.55	2.55
For Other Services	2.20	3.38
Total	**21.55**	**22.18**



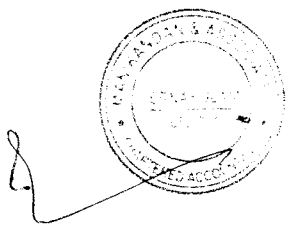
Notes to Reformatted financial statements for the Year ended March 31, 2020

Note 25: Earnings per share

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

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net profit attributable to ordinary equity holders in lakhs	3,354.18	2,330.99
Weighted average number of equity shares for basic earnings per share	24,952,539	24,952,539
Effect of dilution:		
Weighted average number of equity shares for diluted earnings per share	24,952,539	24,952,539
Earnings per share:		
Basic earnings per share (Rs.)	**13.44**	**9.34**
Diluted earnings per share (Rs.)	**13.44**	**9.34**



Statement of Significant Accounting Policies and Notes to Reformatted Ind AS Financial Statements for the year ended 31st March, 2020

I. Corporate Information :

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

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

The reformatted statement of assets and liabilities of the Company as on 31st March 2020, the reformatted statements of profits and losses, reformatted cash flows statement,the reformatted statement of changes in equity,for the years ended 31st March 2020 (hereinafter collectively referred to as "Reformatted Ind AS Financial Statements") relate to Muthoottu Mini Financers Limited ("the Company").

II. Basis of Preparation, Critical Accounting Estimates and Judgments

The financial statements have been prepared on the following basis:

A. Basis for preparation of Financial statements

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

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

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

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

B. Presentation of Financial Statements

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

C. Statement of Compliance

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

D. New accounting standards issued but not effective

There are no standards that are issued but not yet effective on March 31, 2020

E. Functional and Presentation currency

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

III. Significant Accounting Policies

A. Revenues Recognition

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

(a) Interest Income

Interest income from financial assets is recognized on an accrual basis using

effective interest rate method (EIR). The effective interest rate method is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts paid or received) through the expected life of the financial instrument to the carrying amount on initial recognition. While estimating future cash receipts, factors like expected behaviour and life cycle of the financial asset, probable fluctuation in collateral value etc are considered which has an impact on the EIR. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

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

(b) Dividend Income

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

(c) Income from sale of services

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

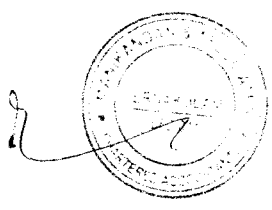
Where the performance obligation is satisfied overtime and where there is no uncertainty as to measurement or collectability of consideration, revenue is recognized as per the percentage of completion method.

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

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

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

Step2 Identify the performance obligations in the contract



Step 3 Determine the transaction price

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

Step 5 Recognize revenue when the Company satisfies a performance obligation

B. Financial Instruments

(a) Classification of Financial Instruments

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

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

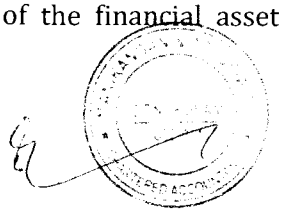
(b) Business Model Assessment

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

Financial Assets

Initial Recognition& measurement

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



Subsequent measurement

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

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

Financial Liabilities

Initial Recognition & measurement

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

Subsequent Measurement

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

Derecognition of Financial Asset/Liability

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the

same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(c) **Impairment of financial assets**

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

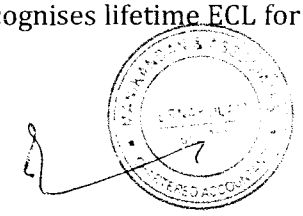
- At an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.
- At an amount equal to 12-month expected credit losses, if the credit risk on a financial instrument has not increased significantly since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

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

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

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

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



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

- Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD.
- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The company uses historical information where available to estimate its EAD
- Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

Forward Looking information

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

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

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

Where the expected credit loss assessed by the company based on the above metrics are lower that the provision required under the RBI norms , an overlay is added to the provision methodology to ensure that the expected credit loss ascertained by the

company is always not lower than the minimum regulatory provision required under RBI norms

Determination of Fair Value of Financial instruments

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

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

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

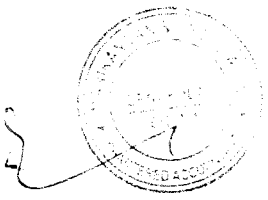
The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

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

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

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

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



C. Retirement and other employee benefits

1. Short term Employee Benefits

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

2. Long term Employee Benefits

- Defined contribution plans:

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

- Defined Benefit Plan:

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

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

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

the determination of the discount rate, attrition rate, future salary increases and mortality rates.

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

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

D. Leases

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

The Company as a lessee

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

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

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

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

- Measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing and any initial direct costs. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation (depreciated on straight line basis over the lease period)

and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'

The Company as a lessor

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases. Lease payments from operating leases are recognised as an income in the Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

E. Taxes

- Current Tax

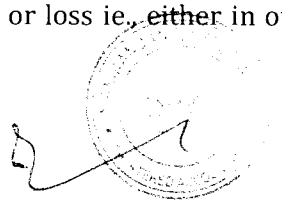
Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable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

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

- Deferred Tax

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

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



comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

- Minimum Alternate Tax

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

F. Foreign currency transaction

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

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

G. Cash and cash equivalents

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

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

H. Property Plant and Equipment

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

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

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

I. Depreciation

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

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

J. Intangible Assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any

directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years, unless it has a shorter useful life.

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

K. Related Party

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

Details of transactions entered into with the related party is disclosed in Note IV (2)Accompanying notes to the financial statements.

L. Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the enterprise determines the level of provision by discounting theExpected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit

and loss net of any reimbursement. As at reporting date, the Company does not have any such provisions where the effect of time value of money is material."

M. Contingent Liabilities

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

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

N. Earnings Per Share

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

O. Cash Flow

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

P. Expenditure on Corporate Social Responsibility (CSR)

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

Q. Impairment of Non-Financial Assets

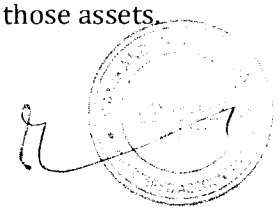
The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets,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

IV. Significant accounting judgements, estimates and provisions

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

(a) Business Model Assessment

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



(b) Defined employee benefit assets and liabilities

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

(c) Fair value measurement

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

(d) Impairment of loans portfolio

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

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

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

(f) Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty, interest and charges). This estimation, by nature,

requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the Instrument

(g) Determination of lease term

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

(h) Other estimates:

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

V. First time adoption of Ind AS

These financial statements, for the year ended March 31, 2020 are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2019 the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2020 together with the comparative period data as at and for the year ended March 31, 2019 as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheetwas prepared as at April 01, 2018 the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2018 and the financial statements as at and for the year ended March 31, 2019

A. Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1. Property, plant, equipment & intangible assets: On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at March 31, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on April 01, 2018.

2. Derecognition of Previously recognised financial insturments: As per Ind AS 101 – An entity shall apply the exception to the retrospective application in case of "derecognition of financial assets and financial liabilities" wherein a first-time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs. For example, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind ASs, it shall not recognise those assets and liabilities in accordance with Ind ASs (unless they qualify for recognition as a result of a later transaction or event). The Company has opted not to re-evaluate financial assets derecognised in the past. However, for loans and advances securitised, the Company has applied the derecognition requirements retrospectively.

3. The company has used IND AS 101 exemption and has assessed embedded leases based on conditions in place as at the date of transition.

B. Mandatory Exceptions

(a) Estimates:

The estimates at April 1 2018 and as at March 31 2019 are consistent with those made for the same date in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). Apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model
- Fair valuation of financial instruments carried at FVTPL
- Determination of discounted value for financial instruments carried at amortised cost
- Investments in equity instruments carried at FVOCI and FVTPL

The estimates used by the company to present these amounts in accordance with IND AS reflect conditions at April 1 2019 (date of transition) and as at March 31 2019

(b) Classification and measurement of Financial Instruments :

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

C. Reconciliation between Previous GAAP and Ind AS

a. Effect of Ind AS adoption on cash flow statement for the year ended 31st March, 2019

(Amount in lakhs)

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net Cash flow from operating activities	24,920.66	4,118.41	29,039.07
Net Cash flow from investing activities	(54.73)	91.73	37.00
Net Cash flow from financing activities	(26,735.27)	(4852.58)	(31,587.85)
Effect of foreign exchange rates	-	-	-
Net increase in cash and cash equivalents	(1,869.35)	(642.43)	(2,511.78)
Cash and cash equivalents at the beginning of the year	10,212.3	(2227.92)	7,984.38
Cash and cash equivalents at the end of the year	8,342.95	(2870.35)	5,472.60

The material adjustment to the statement of cash flows is primarily due to the following reasons –

a. Regrouping of Fixed deposits with bank (maturing after period of three months) from cash and cash equivalents to Other Bank balances on transition to IND AS

b. Equity reconciliation as on 01/04/18

Particulars	Previous GAAP*	Adjustments	IND AS
Financial assets			
Cash and cash equivalents	7,984.38	-	7,984.38
Bank Balance other than (a) above	2,227.92	-	2,227.92
Loans	1,61,682.58	-157.32	1,61,525.26
Investments	5.81	6.30	12.11
Other financial assets	2,132.44	-	2,132.44
Non-financial Assets			
Current tax assets (Net)	1,726.56	-	1,726.56
Deferred tax assets (Net)	727.40	-2.20	725.20
Property, Plant and Equipment	20,171.24	-	20,171.24
Other intangible assets	31.58	-	31.58
Other non-financial assets	176.30	-	176.30

Total Assets	**1,96,866.21**	**-153.22**	**1,96,712.99**
Financial Liabilities			
Debt Securities	90,247.86	-	90,247.86
Borrowings (other than debt securities)	38,456.36	-	38,456.36
Subordinated liabilities	24,428.00	-	24,428.00
Other financial liabilities	466.12	-	466.12
Non-financial Liabilities			
Provisions	145.47	-	145.47
Other non-financial liabilities	490.35	-	490.35
EQUITY			
Equity share capital	24,952.54	-	24,952.54
Other equity	17,679.51	-153.22	17,526.29
Total Liabilities and Equity	**1,96,866.21**	**-153.22**	**1,96,712.99**
*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.			

Equity reconciliation has been summarised below

Particulars	**01.04.2018 (Amount in lakhs)**	
Equity as per previous GAAP		42,632.05
Net Gain / Loss on change in fair value of Financial assets / Liabilities measured at Fair value through Profit & Loss	6.30	
Impact on account of Expected Credit Loss	(157.32)	
Tax adjustments on above items	(2.20)	
Total		(153.22)
Equity as reported under Ind AS		42,478.83

c. Equity reconciliation as on 31/03/2019

Particulars	**Previous GAAP***	**Adjustments**	**IND AS**
Financial assets			
Cash and cash equivalents	5,472.60	-	5,472.60
Bank Balance other than (a) above	2,870.35	-	2,870.35
Loans	1,49,332.99	-11,288.36	1,38,044.63
Investments	5.81	3.19	9.00
Other financial assets	2,065.58	136.10	2,201.68
Non-financial Assets			
Current tax assets (Net)	1,533.05	-	1,533.05
Deferred tax assets (Net)	908.78	-48.69	860.09
Property, Plant and Equipment	19,428.79	-	19,428.79
Other intangible assets	14.28	-	14.28
Other non-financial assets	183.58	-	183.58

Total Assets	**1,81,815.81**	**-11,197.76**	**1,70,618.05**
Financial Liabilities			
Debt Securities	59,384.77	-	59,384.77
Borrowings (other than debt securities)	50,134.76	-14,614.93	35,519.83
Subordinated liabilities	26,630.56	-	26,630.56
Other financial liabilities	573.00	3,326.57	3,899.57
Non-financial Liabilities			
Provisions	133.92	-	133.92
Other non-financial liabilities	231.28	-	231.28
EQUITY			
Equity share capital	24,952.54	-	24,952.54
Other equity	19,774.98	90.60	19,865.58
Total Liabilities and Equity	**1,81,815.81**	**-11,197.76**	**1,70,618.05**
*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.			

Equity reconciliation has been summarised below

Particulars	**31.03.2019 (Amount in lakhs)**	
Equity as per previous GAAP		44,727.52
Net Gain / Loss on change in fair value of Financial assets / Liabilities measured at Fair value through Profit & Loss	3.20	
Recognition / (Reversal) of net service income on assignment transactions (net of related ECL provision)	136.10	
Remeasurement of defined Benefit Plans	(12.96)	
Tax adjustments on above items	(44.17)	
Total		82.17
Other Comprehensive Income		8.43
Equity as reported under Ind AS		44,818.12

d. Statement of Profit and Loss reconciliation for the year ended 31/3/19

Particulars	**Previous GAAP***	**Adjustments**	**IND AS**
Revenue from operations			
Interest income	29,451.16	-837.53	28,613.63
Dividend income	0.20	-	0.20
Rental income	106.36	-	106.36
Fees and Commission income	74.57	-	74.57
Net gain on derecognition of financial instruments under amortised cost category	-	502.46	502.46
Net gain on fair value changes	-	-	-
Sales of services	86.71	-	86.71
Total Revenue from operations	**29,719.00**	**-335.07**	**29,383.93**

Other Income	96.48	-	96.48
Total Income (I + II)	**29,815.48**	**-335.07**	**29,480.41**
Expenses			
Finance costs	16,507.22	-471.85	16,035.37
Net loss on fair value changes	-	3.11	3.11
Impairment on financial instruments	286.65	-156.64	130.01
Employee benefits expenses	5,835.22	12.96	5,848.18
Depreciation, amortization and impairment	835.73	-	835.73
Other expenses	3,772.09	-	3,772.09
Total Expenses (IV)	**27,236.91**	**-612.42**	**26,624.49**
Profit before tax (III- IV)	**2,578.57**	**277.35**	**2,855.92**
Tax Expense:			
(1) Current tax	664.35	-	664.35
(2) Earlier years adjustments	-	-	-
(3) Deferred tax	-181.37	41.95	-139.42
Profit for the year (V- VI)	**2,095.59**	**235.40**	**2,330.99**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans	-	12.96	12.96
- 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	-	-4.53	-4.53
Subtotal (A)	**-**	**8.43**	**8.43**
(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)	**-**	**8.43**	**8.43**
Total Comprehensive Income for the year (VII+VIII)	**2,095.59**	**243.83**	**2,339.42**
*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.			

Profit reconciliation has been summarized as below

Particulars	**For the year ended 31/03/2019 (Amount in lakhs)**
Profit as per previous GAAP	**2,095.59**
Adjustments increasing / (decreasing) net profit after tax as reported in the previous GAAP:	
Impact on application of Expected Credit Loss method for loan loss	156.64

provisions and related adjustments as per Ind AS 109	
Net gain/(loss) on change in Fair Value of Financial assets /Liabilities measured at fair value	(3.11)
Recognition / (Reversal) of net service income on assignment transactions	136.77
Remeasurement of defined Benefit Plans	(12.96)
Tax adjustments on above items	(41.95)
Net Profit after tax as per Ind AS	**2,330.99**
Other Comprehensive income (net of taxes)	8.43
Total Comprehensive income as per Ind AS	**2,339.42**

e. Notes to Reconciliation Between Previous GAAP and INDAS

Impairment Allowance

Under Ind AS, impairment loss is provided on Financial Assets as per the expected credit loss method prescribed under Ind AS 109, whereas under Previous GAAP the provisioning was as per management estimate subject to the minimum provision as required under the RBI guidelines.

Net gain / Loss on fair value changes

Under Ind AS, investments in equity instruments not irrevocably designated at fair value through OCI on inception, are measured at fair value through profit or loss (FVTPL), whereas under Previous GAAP, current investments were measured at lower of cost or net realizable value and non-current investments were measured at cost except when the dimunition in value of investment was considered to be of permanent nature.

Securitisation transactions not supported by credit enhancements

Under IND AS, direct assignment transactions not involving credit enhancements meets the criteria for de-recognition of financial assets under IND AS 109 and accordingly are de-recognized from the books of accounts . Under the previous GAAP, the company had not de-recognized the assigned assets and consideration received on such assignment was accounted in books as a liability. Further, under Previous GAAP, income arising from direct assignment transactions where being recognised over the tenure of the underlying asset, whereas under IND AS net gain/loss on de-recognition is to be recognised upfront.

Reclassification of actuarial loss / (gain), arising out of employee benefit schemes, to Other Comprehensive Income (OCI)

Under Ind AS, re-measurements i.e Actuarial gains and losses and the return on plan assets, excluding amount included in the net interest expenses on the net defined benefit liability are recognized in Other Comprehensive income instead of profit and loss account as accounted in Previous GAAP

Deferred Tax adjustments

Deferred tax effect of all adjustments has been recognised on transition date and during the year ended 31 March 2019.

f. Major components of tax expense/(income)

(Amount in lakhs)

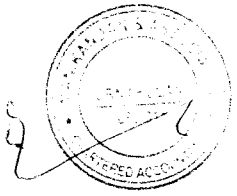
Particulars	2019-20	2018-19
Profit or Loss section:		
(i) Current income tax:		
Current income tax expense	551.91	664.35
Tax expense of prior periods	31.36	-
(ii) Deferred tax:		
Tax expense on origination and reversal of temporary differences	(703.69)	(139.42)
Income tax expense reported in Profit or Loss [(i) + (ii)]		
Other Comprehensive Income (OCI) section:		
(i) Items that will not be reclassified to profit or loss		
- Remeasurement of defined benefit plans	5.99	4.53
(ii) Items to be reclassified to profit or loss in subsequent periods:		
Income tax expense reported in Other Comprehensive Income[(i)+(ii)]	5.99	4.53
Retained earnings:		
Current income tax	551.91	664.35
Previous year tax	31.36	-
Deferred tax	(709.68)	(134.89)
Income tax expense reported in retained earnings	(126.41)	529.46

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

(Amount in lakhs)

Particulars	2019-20	2018-19
Accounting profit before tax as per Ind AS	3,233.76	2,855.92
At India's Statutory Income Tax rate of 29.12 % /34.61%	941.67	988.38
Add/(Less) : Ind AS adjustments on PBT	-	-95.98
Add/(Less) : Allowances / disallowances (Net) for which deferred tax not taken	-1,645.36	-1,031.82
Add: Tax paid as per MAT and interest thereof	551.91	664.35
Add: Adjustment of prior year tax	31.36	-
Tax paid as per MAT and interest thereof	551.91	664.35
Adjustment of prior year tax and MAT Credit	31.36	-
Deferred tax	-703.69	-139.42
Total tax expenses in books	-120.42	524.93

The effective Income Tax rate for FY 2019-20 :29.12% (34.61%)



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

(Amount in lakhs)

Sl. no.	Particulars	Balance Sheet		
		As at 31-03-2020	As at 31-03-2019	As at 01-04-2018
(a)	Re measurement gain / (loss) on defined benefit plan	41.39	10.93	12.90
(b)	Impact of carry forward losses	958.01	-	-
(c)	Difference between book depreciation and tax depreciation	713.60	901.02	663.63
(d)	Financial assets measured at Fair value	0.75	(1.12)	(2.20)
(e)	Net impact of gain on de recognition of financial instruments under amortised cost category	(47.89)	(47.56)	-
(f)	Other temporary differences	(96.09)	(3.18)	50.87
	Net deferred tax assets/(liabilities)	1569.77	860.09	725.20

i. Reconciliation of deferred tax (assets)/liabilities

(Amount in lakhs)

Sl. no	Particulars	2019-20	2018-19
(a)	Opening balance as at April 1	860.09	725.20
(b)	Deferred Tax income/(expense) during the period recognised in :		
	(i) Statement of Profit and Loss in Profit or Loss section	703.69	139.42
	(ii) Statement of Profit and Loss under OCI section	5.99	(4.53)
	Closing balance as at March 31	**1569.77**	**860.09**

Unused tax losses for which no deferred tax asset has been recognized -Rs Nil (Rs 1956.79)

VI. ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

1. Retirement Benefit Plan

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

Net employee benefit expense recognised in the Other Comprehensive Income

(Amount in lakhs)

Movement in Other Comprehensive Income (OCI)	31.03.2020	31.03.2019
Actuarial Loss/ (Gain)on Obligation side during the period	17.97	(12.96)

Reconciliation of Net asset/liability

(Amount in lakhs)

Particulars	31.03.2020	31.03.2019
Opening Net liability	133.92	145.46
Expense recognized in P/L	45.77	44.53
Actuarial loss/(Gain) recognized in OCI	17.97	(12.96)
Contribution paid by employer	(55.54)	(43.12)
Closing Net Liability	142.12	133.92

Expenses recognized in the statement of profit and loss

Particulars	31.03.2020	31.03.2019
Current Service Cost	34.43	32.41
Past Service Cost	-	-
Settlement Cost/(Credit)	-	-
Net Interest on Obligation/Asset	11.34	12.12
Expenses recognized in the statement of Profit & Loss	45.77	44.53

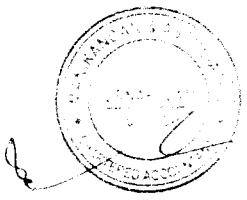
The principal assumptions used in determining gratuity obligations for the Company's plans are shown below

Particulars	31.03.2020	31.03.2019
Discount Rate	7.5%	7.5%
Compensation Escalation Rate	5%	5%
Mortality rate during employment	Indian Assured Lives mortality (2006-08)	Indian Assured Lives mortality (2006-08)

Sensitivity Analysis

Assumptions	31-03-2020		31-03-2020		31-03-2019		31-03-2019	
	Discount Rate		Increase in Compensation level		Discount Rate		Increase in Compensation level	
Sensitivity level	1 % increase	1 % decrease	1 % increase	1 % decrease	1 % increase	1 % decrease	1 % increase	1 % decrease
Impact on Defined benefit	- 127.23	159.89	158.37	- 128.24	- 119.8	150.	149.34	-120.73

obligation					3	74		



2. FOREIGN EXCHANGE TRANSACTIONS

There are no foreign currency transactions during the financial year.

3. RELATED PARTY TRANSACTIONS

a) List of related parties and relationships

Name and Particulars of the Related Party	Relationship with the Company
Nizzy Mathew (Whole-time Director)	Key Managerial Personnel(KMP)
Mathew Muthoottu(Managing Director)	
Dr Kurian P Abraham (CEO)*	
Ann Mary George, ACA (CFO)	
SmithaK S, ACS (CS)	
Thomas Cherian	Independent Director
Maliakal Jose Paul	
M S Rajagopal	Non- Executive Director
Rudran Puthukulangara	Additional Independent Director
Roy M Mathew	Relatives of Key Managerial Personnel / Director
Mini Muthoottu Nidhi Kerala Ltd	Entity in which KMP has significant influence.
Mini MuthoottuNirman& Real Estate Pvt Ltd	
M/s Muthoottu Mini Hotels Pvt Ltd	
Muthottu Mini Theatres Private Limited	
Mini Muthoottu Credit India Private Limited	
Kandamath Cine Enterprises Private Limited	

b) Transactions during the year with related parties **Amount (in Lakhs)**

Particulars	Key managerial personnel					Directors					Relative of KMP	Entity in which KMP has significant influence		
	Mathew Muthoottu(Managing Director)	NizzyMathew(Whole Time Director	Dr.Kurian P Abraham(CEO)	Ann Mary George,ACA(CFO)	Smitha.K.S ACS(CS)	KrishnaKumar	Thomas Cherian	Maliakal Jose Paul	M S Rajagopal	Rudran Puthukulangara	Roy M Mathew	Mini MuthoottuNidhi Kerala Ltd	Mini MuthoottuNirman & Real Estate P Ltd	M/s Muthoottu Mini Hotels PLtd
Salary and allowance	66	55	*29.72	22.83	18.57									
Sitting fee						**0.2	2.70	0.50	0.85	0.20				
Rent/maintanance charges	3.45	1.10									3.25	3.54	2.4	2.35
Rent received		3.54										19.12		
Travelling expenses	2.18	2.19		0.02	0.22	0.01								
Debenture interest	0.73	1.18												
Debenture redeemed	Nil	6.00												
Debenture holdings***	7.2	5.5												

***Resigned effective from 29/02/2020**

**Upto 30-09-2019

***PURCHASED DURING THE YEAR FROM SECONDARY MARKET

a) Charge created on assets of the related party

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

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

4. MANAGERIAL REMUNERATION

Amount (In Lakhs)

Sl. No	Name of the Director	Current Year	Previous Year
I.	**Whole time Director**		
1.	Nizzy Mathew	55.00	51.6
2.	Mathew Muthoottu	66.00	60.00
II.	**Key Managerial Person**		
1.	Dr Kurian P Abraham*	29.72	6.97
4.	Ann Mary George	22.83	19.92
5.	Smitha K S	18.57	16.8

***Resigned effective from 29/02/2020**

5. Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. . However, they are under constant review by the Board.

6. Fair Value Measurement

a. Valuation Principle

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

b. Valuation Heirarchy:

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

Particulars	31-03-2020				31-03-2019				01-04-2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis												
Financial investment held for trading	-	-	-	-				-				-
Equity Shares	3.24	-	-	3.24	9.00	-	-	9.00	12.11	-	-	12.11
Total Assets measured at fair value on a recurring basis	**3.24**	**-**	**-**	**3.24**	**9.00**	**-**	**-**	**9.00**	**12.11**	**-**	**-**	**12.11**
Assets measured at fair value on a non-recurring basis	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities measured at fair value on a recurring basis												
Derivative financial instruments												
-Forward contracts	-	-	-	-	-	-	-	-	-	-	-	-
-Cross Currency Swaps	-	-	-	-	-	-	-	-	-	-	-	-
Total derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities measured at fair value on a recurring basis	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities measured at fair value on a non-recurring basis	-	-	-	-	-	-	-	-	-	-	-	-

c. Valuation Technique

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

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

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

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

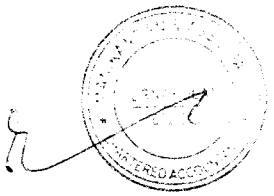
Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial Assets and non-financial liabilities.

Particulars	Level	Carrying Value			Fair Value		
		31-03-2020	31-03-2019	01-04-2018	31-03-2020	31-03-2019	01-04-2018
Financial assets							
Cash and cash equivalents	1	4,220.54	5,472.60	7,984.38	4,220.54	5,472.60	7,984.38
Bank Balance other than (a) above	1	5,981.13	2,870.35	2,227.92	5,981.13	2,870.35	2,227.92
Loans	3	1,67,514.53	1,38,044.63	1,61,525.26	1,67,514.53	1,38,044.63	1,61,525.26
Investments	1	3.24	9.00	12.11	3.24	9.00	12.11
Other financial assets	3	2,253.94	2,201.69	2,132.44	2,253.94	2,201.69	2,132.44
Total Financial assets		1,79,973.38	1,48,598.27	1,73,882.11	1,79,973.38	1,48,598.27	1,73,882.11
Financial liabilities							
Debt Securities	2	87,619.46	59,384.77	90,247.86	87,619.46	59,384.77	90,247.86
Borrowings (other than debt securities)	2	36,537.95	35,519.83	38,456.36	36,537.95	35,519.83	38,456.36
Subordinated liabilities	2	28,690.84	26,630.56	24,428.00	28,690.84	26,630.56	24,428.00
Other financial liabilities	2	1,280.66	3,899.57	466.12	1,280.66	3,899.57	466.12
Total Financial liabilities		1,54,128.91	1,25,434.73	1,53,598.34	1,54,128.91	1,25,434.73	1,53,598.34
Off Balance sheet Commitments							

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

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

- Short-term financial assets and liabilities



For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, balances other than cash and cash equivalents, trade payables, other financial liabilities and other financial assetswithout a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

- Loans and advances to customers

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

- Borrowings

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

7. Risk Management

Introduction and Risk Profile

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

Risk management structure

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

Risk mitigation and risk culture

The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan Origination - site screening, independent visit by manager, adequate training to officers.
- Loan underwriting - Risk rating, independent assessment, etc.
- Loan Pre and Post Disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- Loan monitoring - credit officers to attend Company meeting, reminder of payment of EMI on time, etc.
- Loan collection and recovery - monitor repayments, confirmation of balances, overdue and Non-performing assets

Risk measurement and reporting systems

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

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

(b) To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work; and

(c) To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed.

Internal Audit Department& Risk Audit

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

Assets-Liabilities Management Policy

Our Board adopted the asset-liability management policy ("**ALM Policy**") on May 8, 2017 which is periodically reviewed.

Analysis of risk concentration

1. 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 lakhto an individual customer. We also decrease credit risk by closely follow up with the group members on weekly basis.

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

As on 31/03/2020

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

As on 31/03/2019

State wise (Geography)	Stage 1 (0 - 30 days past due) - No significant increase in	Stage 2 (31-90 days past due) - Significant increase in	Stage 3 (More than 90 days past due) - Impaired	Grand Total

	credit risk	credit risk but no impairment	Assets	
Kerala	19,620.06	322.56	277.45	20,220.07
TamilNadu	52,136.43	3,511.43	1,470.10	57,117.96
Andhra Pradesh	24,839.87	2,196.30	791.72	27,827.89
Karnataka	25,330.60	2,255.54	295.23	27,881.37
Others*	6,144.68	382.31	152.94	6,679.93
Total	1,28,071.64	8,668.14	2,987.44	1,39,727.21

As on 01/04/2018

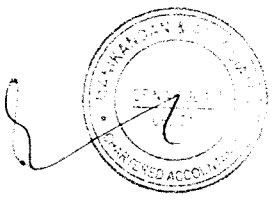
State wise (Geography)	Stage 1 (0 – 30 days past due) – No significant increase in credit risk	Stage 2 (31-90 days past due) – Significant increase in credit risk but no impairment	Stage 3 (More than 90 days past due) – Impaired Assets	Grand Total
Kerala	22,389.76	186.68	650.40	23,226.84
Tamil Nadu	46,730.74	22,838.64	1,607.82	71,177.20
Andhra Pradesh	23,476.39	6,650.14	570.32	30,696.86
Karnataka	22,745.02	7,685.92	276.13	30,707.07
Others*	6,273.89	846.50	150.16	7,270.56
Total	1,21,615.80	38,207.89	3,254.83	1,63,078.53

*Others include Delhi, Haryana, Goa, Maharashtra, Pondicherry, Telangana

Collateral and other credit enhancements

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

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



As at 31/03/2020

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

As at 31/03/2019

Particulars	Maximum exposure to credit risk	Cash	Securities	Bank and government guarantees	Household used Gold ornaments	Book debts, Inventory and other working capital items	surplus collateral	Total Collateral	Net Exposure	Associated ECLs
ASSETS										
Financial assets										
Cash and cash equivalents	5,472.60	5,472.60						5,472.60	-	
Bank Balance other than (a) above	2,870.35	2,870.35						2,870.35	-	
Loans	-							-	-	
(a) Gold Loan	1,36,267.23				1,36,267.23		49,901.17	1,86,168.40	-	1618.75
(b) Loan Against Property	244.80		244.80				131.31	376.11	-	19
(c) Micro finance	3,215.18							-	3,215.18	44.83
Investments	9.00					9.00		9.00	-	
Other financial assets	2,201.68							-	2,201.68	
Total	1,50,280.84	8,342.95	244.80	-	1,36,267.23	9.00	50,032.48	1,94,896.46	5,416.86	1,682.58

AS at 01/04/2018

Particulars	Maximum exposure to credit risk	Cash	Securities	Bank and government guarantees	Household used Gold ornaments	Book debts, Inventory and other working capital items	surplus collateral	Total Collateral	Net Exposure	Associated ECLs
ASSETS										
Financial assets										
Cash and cash equivalents	7,984.38	7,984.38						7,984.38	-	
Bank Balance other than (a) above	2,227.92	2,227.92						2,227.92	-	
Loans	-							-	-	
(a) Gold Loan	1,55,432.83				1,55,432.83		64,592.81	2,20,025.64	-	1513.85
(b) Loan Against Property	405.12		405.12				131.31	536.43	-	10.45
(c) Micro finance	7,240.57							-	7,240.57	28.96
Investments	12.11					12.11		12.11	-	
Other financial assets	2,132.44							-	2,132.44	
Total	1,75,435.37	10,212.30	405.12	-	1,55,432.83	12.11	64,724.12	2,30,786.48	9,373.01	1,553.26

2. Liquidity Risk

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

3. Market Risk

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

4. Operational Risk

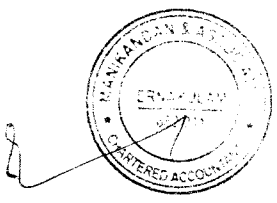
Operational risk broadly covers the risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events. We have instituted a series of checks and balances and audit reviews to address the various operational risks. We have clearly defined appraisal methods to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

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

High grade Not yet due Stage 1
High grade 1-30 DPD Stage 1
Medium grade 31-60 DPD Stage 2
Medium grade 61-90 DPD Stage 2
Low grade 91 DPD or More Stage 3

Liquidity risk and funding management

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

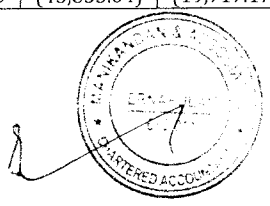


Maturity pattern of assets and liabilities as on March 31, 2020

Particulars	As at March 31, 2020	Upto 1 month	Over 1 month &upto 2 months	Over 2 months &upto 3 months	Over 3 months &upto 6 months	Over 6 months &upto 1 year	Over 1 year &upto3 years	Over 3 year &upto5 years	Over 5 years
Financial assets									
Cash and cash equivalents	4,220.54	4,113.14	107.40						
Bank Balance other than (a) above	5,981.13	600.21	266.74		1,775.66	2,434.40	904.12		
Loans	1,67,514.53	30,860.69	14,238.26	13,525.37	79,450.99	25,478.52	3,960.70		
Investments	3.24								3.24
Other financial assets	2,253.94		40.23			2,213.71			
Total financial Assets	**1,79,973.38**	**35,574.04**	**14,652.63**	**13,525.37**	**81,226.65**	**30,126.63**	**4,864.82**	-	**3.24**
Financial Liabilities									
Debt Securities	87,619.46	438.57	12,706.01	308.76	5,062.93	16,438.29	34,124.38	18,540.53	-
Borrowings (other than debt securities)	36,537.95	25.95	1,123.94	829.70	1,711.57	32,789.29	22.86	22.86	11.78
Subordinated liabilities	28,690.84							28,435.65	255.19
Other financial liabilities	1,280.66	159.67	47.73	38.18	37.03	431.28	330.20	236.57	
Total Financial Liabilities	**1,54,128.91**	**624.19**	**13,877.67**	**1,176.64**	**6,811.54**	**49,658.86**	**34,477.44**	**47,235.61**	**266.96**
Net Undiscounted Asset/(Liabilities)		34,949.85	774.96	12,348.73	74,415.12	(19,532.23)	(29,612.62)	(47,235.61)	(263.72)

Maturity pattern of assets and liabilities as on March 31, 2019

Particulars	As at March 31, 2019	Upto 1 month	Over 1 month &upto 2 months	Over 2 months &upto 3 months	Over 3 months &upto 6 months	Over 6 months &upto 1 year	Over 1 year &upto3 years	Over 3 year &upto5 years	Over 5 years
Financial assets									
Cash and cash equivalents	5,472.60	5,472.60							
Bank Balance other than (a) above	2,870.35	517.37	250.10	152.83	170.09	1,161.03	618.93		
Loans	1,38,044.63	24,509.82	6,237.16	7,254.37	31,772.53	67,832.25	438.50		
Investments	9.00								9.00
Other financial assets	2,201.68		95.63			2,106.05			
Total Financial Assets	**1,48,598.26**	**30,499.79**	**6,582.89**	**7,407.20**	**31,942.62**	**71,099.33**	**1,057.43**	-	**9.00**
Financial Liabilities									
Debt Securities	59,384.77	519.09	2,473.34	279.75	6,753.80	11,379.71	32,391.02	5,588.06	
Borrowings (other than debt securities)	35,519.83			4.76	4.87	35,510.20			
Subordinated liabilities	26,630.56						12,501.45	14,129.11	
Other financial liabilities	3,899.57	8.26	47.73	38.18	336.37	3,469.03			
Total Financial Liabilities	**1,25,434.73**	**527.35**	**2,521.07**	**322.69**	**7,095.04**	**50,358.94**	**44,892.47**	**19,717.17**	-
Net Undiscounted Asset/(Liabilities)		29,972.44	4,061.82	7,084.51	24,847.58	20,740.39	(43,835.04)	(19,717.17)	9.00



Maturity pattern of assets and liabilities as on April, 1, 2018

Particulars	As at April 1, 2018	Upto 1 month	Over 1 month &upto 2 months	Over 2 months &upto 3 months	Over 3 months &upto 6 months	Over 6 months &upto 1 year	Over 1 year &upto3 years	Over 3 year &upto5 years	Over 5 years
Financial assets									
Cash and cash equivalents	7,984.38	7,984.38							
Bank Balance other than (a) above	2,227.92	791.99	235.51	415.05	149.21	254.22	381.94		
Receivables									
(I) Trade receivables									
(II) Other receivables									
Loans	1,61,525.26	10,681.63	25,969.89	38,526.71	29,887.93	56,092.33	366.77		
Investments	12.11								12.11
Other financial assets	2,132.44		147.85			1,984.59			
Total Financial Assets	**1,73,882.11**	**19,458.00**	**26,353.25**	**38,941.76**	**30,037.14**	**58,331.14**	**748.71**	**-**	**12.11**
Financial Liabilities									
Debt Securities	90,247.86	7,483.15	4,916.46	1,852.55	12,139.57	13,876.73	37,437.35	12,542.05	-
Borrowings (other than debt securities)	38,456.36	110.20	120.90	120.90	309.17	37,795.19			
Deposits	-								
Subordinated liabilities	24,428.00						24,428.00		
Other financial liabilities	466.12	42.09			238.54	132.47	53.02		
Total Financial Liabilities	**1,53,598.34**	**7,635.44**	**5,037.36**	**1,973.45**	**12,687.28**	**51,804.39**	**61,918.37**	**12,542.05**	-
Net Undiscounted Asset/(Liabilities)		11,822.56	21,315.89	36,968.31	17,349.86	6,526.75	(61,169.66)	(12,542.05)	12.11

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

Particulars	Upto 1 month	Over 1 month &upto 2 months	Over 2 months &upto 3 months	Over 3 months &upto 6 months	Over 6 months &upto 1 year	Over 1 year &upto3 years	Over 3 year &upto5 years	Over 5 years
AS at March 31, 2020								
Income tax demands						607.19		
AS at March 31, 2019								
Income tax demands						607.19		
AS at 1 April, 2018								
Income tax demands						1062.28		
Service tax demands						4.59		

Interest Rate Risk

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

Particulars	1% increase	1% decrease
On Floating Rate Borrowings	340.72	(340.72)

8. Leases

The company has neither taken nor let out any assets on financial lease. All operating lease agreements entered into by the company are cancellable in nature. The company has debited/ credited the lease rent paid/ received to the profit and loss statement. Therefore disclosure requirement of future minimum lease payment in respect of non-operating lease as per Ind AS 116 is not applicable to the company.

Lease payments for the assets taken on operating lease ₹ 1754.15 lakhs (Previous year ₹ 1846.65 lakhs) are recognized as rent paid in the Statement of Profit and loss.

9. CRAR (CAPITAL TO RISK ASSET RATIO)

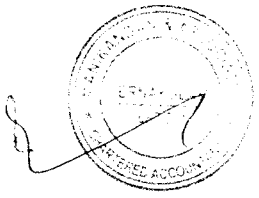
The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The company reports CRAR (Capital to Risk Asset Ratio) as per RBI guidelines. CRAR have been computed by dividing total of Tier-1 and Tier-2 capital by total of risk weighted asset.

Particulars	As on 31/03/2020	As on 31/03/2019
CRAR – Tier I Capital (%)	24.57%	27.25%
CRAR – Tier II Capital (%)	5.08%	8.90%
CRAR (%)	29.65%	36.16%

10. Maturity pattern of Assets and Liabilities

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



Particulars	As at March 31, 2020	Within 12 months	After 12 months
ASSETS			
Financial assets			
Cash and cash equivalents	4,220.54	4,220.54	-
Bank Balance other than (a) above	5,981.13	5,077.01	904.12
Loans	1,67,514.53	1,63,553.83	3,960.70
Investments	3.24	-	3.24
Other financial assets	2,253.94	2,253.94	-
Non-financial Assets		-	-
Current tax assets (Net)	1,795.13	-	1,795.13
Deferred tax assets (Net)	1,569.77	-	1,569.77
Property, Plant and Equipment	19,006.51	-	19,006.51
Other intangible assets	5.25	-	5.25
Other non-financial assets	214.69	214.69	-
Total Assets	**2,02,564.73**	1,75,320.01	27,244.73
LIABILITIES		-	-
Financial Liabilities		-	-
Debt Securities	87,619.46	34,954.56	52,664.90
Borrowings (other than debt securities)	36,537.95	36,480.45	57.50
Subordinated liabilities	28,690.84	-	28,690.84
Other financial liabilities	1,280.66	713.89	566.77
Non-financial Liabilities		-	-
Provisions	142.12	142.12	-
Other non-financial liabilities	133.38	133.38	-
Total Liabilities	**1,54,404.41**	72,424.40	81,980.01
Net Undiscounted Asset/(Liabilities)		1,02,895.61	(54,735.28)

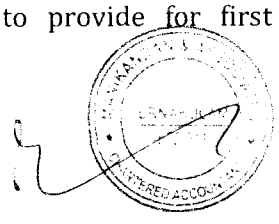
Particulars	As at March 31, 2019	Within 12 months	After 12 months
ASSETS			
Financial assets			
Cash and cash equivalents	5,472.60	5,472.60	-
Bank Balance other than (a) above	2,870.35	2,251.42	618.93
Loans	1,38,044.63	1,37,606.13	438.50
Investments	9.00	-	9.00
Other financial assets	2,201.68	2,201.68	-
Non-financial Assets		-	-
Current tax assets (Net)	1,533.05	-	1,533.05
Deferred tax assets (Net)	860.09	-	860.09
Property, Plant and Equipment	19,428.79	-	19,428.79
Other intangible assets	14.28	-	14.28
Other non-financial assets	183.58	183.58	-
Total Assets	**1,70,618.05**	1,47,715.41	22,902.64
LIABILITIES		-	-
Financial Liabilities		-	-
Debt Securities	59,384.77	21,405.69	37,979.08
Borrowings (other than debt	35,519.83	35,519.83	-

securities)			
Subordinated liabilities	26,630.56	-	26,630.56
Other financial liabilities	3,899.57	3,899.57	-
Non-financial Liabilities		-	-
Provisions	133.92	133.92	-
Other non-financial liabilities	231.28	231.28	-
Total Liabilities	**1,25,799.93**	61,190.29	64,609.64
Net Undiscounted Asset/(Liabilities)		86,525.12	(41,707.00)

Particulars	As at April 1, 2018	Within 12 months	After 12 months
ASSETS			
Financial assets			
Cash and cash equivalents	7,984.38	7,984.38	-
Bank Balance other than (a) above	2,227.92	1,845.98	381.94
Loans	1,61,525.26	1,61,158.49	366.77
Investments	12.11	-	12.11
Other financial assets	2,132.44	2,132.44	-
Non-financial Assets		-	-
Current tax assets (Net)	1,726.56	-	1,726.56
Deferred tax assets (Net)	725.20	-	725.20
Property, Plant and Equipment	20,171.24	-	20,171.24
Other intangible assets	31.58	-	31.58
Other non-financial assets	176.30	176.30	-
Total Assets	**1,96,712.99**	**1,73,297.59**	**23,415.40**
LIABILITIES		-	-
Financial Liabilities		-	-
Debt Securities	90,247.86	40,268.46	49,979.40
Borrowings (other than debt securities)	38,456.36	38,456.36	-
Subordinated liabilities	24,428.00	-	24,428.00
Other financial liabilities	466.12	413.10	53.02
Non-financial Liabilities		-	-
Provisions	145.47	145.47	-
Other non-financial liabilities	490.35	490.35	-
Total Liabilities	**1,54,234.16**	79,773.74	74,460.42
Net Undiscounted Asset/(Liabilities)		93,523.85	(51,045.02)

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

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



enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs etc. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided. In view of the above, the company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109. Consideration received in this transaction is accounted as a liability as Borrowings from securitization transaction under Note __. The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

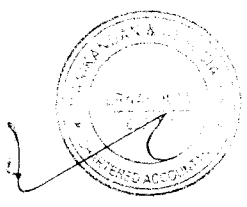
The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together *with the associated liabilities.*

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Securitisations		
Carrying amount of transferred assets measured at amortised cost(Held as collateral)	3,342.00	-
Carrying amount of associated liabilities (Borrowings (other than debt securities)-measured at amortised cost)	3,529.55	-
Fair Value of assets	3,342.00	-
Fair value of associated liabilities	3,529.55	-
Net position at Fair Value*	-187.55	-

*The payment for the loan pools closed in the month of March will be made to the securitization trustee only on April. Hence, the liability is greater than the corresponding asset.

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

Particulars	**As at 31 March 2019**	**Cashflows**	**Change in Fair Value**	**Others**	**As at 31 March 2020**
Borrowings(other than debt securities)	35,519.83	1,024.02		(5.90)	36,537.95
Subordinated liabilities	26,630.56	2,060.28			28,690.84
Debt Securities	59,384.77	28,461.32		(226.63)	87,619.46
Total	**1,21,535.16**	**31,545.62**		**(232.53)**	**1,52,848.25**



Particulars	As at 01 April 2018	Cashflows	Change in Fair Value	Others	As at 31 March 2019
Borrowings(other than debt securities)	38,456.36	-2,936.53			35,519.83
Subordinated liabilities	24,428.00	2,202.56			26,630.56
Debt Securities	90,247.86	-30,853.89		(9.20)	59,384.77
Total	**1,53,132.22**	**(31,587.86)**		**(9.20)**	**1,21,535.16**

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

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

14. CONTINGENT LIABILITY

(Amount in lakhs)

Particulars	31.03.2020	31.03.2019	01.04.2018
Claims against the company not acknowledged as debts			
- Income tax demands	607.19	607.19	1062.28
- Service tax demands			
- Others			4.59

a. Claims against the company not acknowledged as debts

Sl. No	A.Y	Section	Tax Demand	Total Tax Paid	Bank Guarantee given-	Forum where dispute is pending
1	2013-14	u/s 154	199.83	39.96	159.88	Commissioner of Income-tax (Appeals), Kochi
2	2015-16	u/s 154	270.19	54.04	216.15	Commissioner of Income-tax (Appeals), Kochi
3	20-16-17	u/s 156	170.38	34.08	136.30	Commissioner of Income-tax (Appeals), Kochi
4	2017-18	u/s 154	118.58	23.72	94.86	Commissioner of Income-tax (Appeals), Kochi
Total			**758.98**	**151.80**	**607.19**	

Other Commitments

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

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

15. GUARANTEE FOR LOANS TAKEN BY OTHERS

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

16. Note on Covid-19

The magnitude of disruption from the Covid-19 pandemic has significantly impacted organizations of all sizes, across all industry sectors which resulted in most countries announcing lockdowns and quarantine that have sharply stalled economic activities across the world. The Government of India too had imposed nationwide lockdown to contain the spread of the virus till June 08, 2020. The Indian economy is impacted and would continue to be impacted by the pandemic and the resultant restrictions due to the contraction in industrial and services output across small and large businesses. The impact of Covid 19 pandemic on the company's financial statements, including credit quality and provisions, remains uncertain and dependent on the current and further spread of Covid 19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

The company has assessed the impact of the Covid-19 pandemic on its liquidity and ability to repay its obligations as and when they fall due. Such an assessment has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs, current status and outcome of Company's lenders to extend moratorium and other financial support from banks and other agencies determining the Company's liquidity position over the next 12 months. Based on the sensitivity analysis conducted on stress scenarios, management believes that the company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time.

In accordance with the Reserve Bank of India's guidelines relating to Covid -19Regulatory package dated 27 March 2020 and 17 April, 2020, the Company has granted moratorium of three months on the payment of all installments falling due between 1 March, 2020 and 31 May, 2020 to all eligible borrowers for the moratorium, as per its moratorium policy. The RBI via press release dated 22 May, 2020 has permitted lending institutions to extend the moratorium by another three months, i.e. from 1 June, 2020 to 31 August, 2020. The Company has extended the moratorium to its eligible customers, as per its moratorium policy. In accordance with the guidance from the ICAI and in management's view, the extension of the moratorium to the Company's borrowers by the Company pursuant to the RBI guidelines relating to Covid 19

Regulatory Package dated 27 March, 2020 and 17 April 2020 and RBI press release by itself is not considered to result in significant credit risk to such borrowers.

17. Disclosure under the MSME Act 2006 (as per intimation received from vendor)

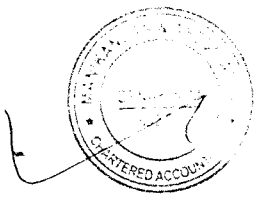
Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2020 together with interest paid /payable are required to be furnished.

18. Segment Reporting

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

19. PREVIOUS YEAR FIGURES

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



Auditors' report on the reformatted statement of assets and liabilities as at March 31, 2019, 2018, 2017 and 2016, reformatted statements of profit and loss and reformatted cash flows statement for the each of the years ended March 31, 2019, 2018, 2017 and 2016 of Muthoottu Mini Financiers Limited (collectively, the "Reformatted IGAAP Financial Statements")

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

Dear Sirs / Madams,

1. We have examined the attached Reformatted IGAAP Financial Statements of Muthoottu Mini Financiers Limited (the "**Company**" or the "**Issuer**") as at and for the years ended March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016 annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed issue of secured and unsecured redeemable non-convertible debentures of face value of ₹1,000 each ("**Issue of NCDs**"). The Reformatted IGAAP Financial Statements, which have been approved by the Debenture Committee of the Board of Directors of the Company at their meeting held on 11th March 2021, have been prepared by the Company in accordance with the requirements of:

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

   b) relevant provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "**SEBI Debt Regulations**") issued by the Securities and Exchange Board of India ("**SEBI**"), as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 (the "***SEBI Act***"); and

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

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

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

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 18th February 2021 requesting us to carry out work on such Reformatted IGAAP Financial Statements in connection with the Company's Issue of NCDs;

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

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

   d) The requirements of Section 26 of the Act and the SEBI Debt Regulations. Our work was performed solely

to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI Debt Regulations and the Guidance Note in connection with the Issue of NCDs.

4. These Reformatted IGAAP Financial Statements have been compiled by the Management of the Company from the audited IGAAP financial statements of the Company as at and for the years ended March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016 prepared in accordance with Generally Accepted Accounting Principles in India ("**IGAAP**") which comprises mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 28, 2019, May 26, 2018, May 29, 2017 and May 30, 2016, respectively.

5. For the purpose of our examination, we have relied on the auditor's report issued by Vishnu Rajendran & Co., the previous auditors of the Company (the "**Previous Auditors**") dated May 28, 2019, May 26, 2018, May 29, 2017 and May 30, 2016, on the audited financial statements of the Company as at and for the years ended March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016, -as referred in paragraph 4 above.

6. The audits for the financial years ended March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016 were conducted by the Previous Auditors. We have performed adequate tests and procedures which in our opinion were necessary for the purpose of issuing our examination report on the reformatted financial information of the Company for the aforesaid periods. These procedures, mainly involved comparison of the attached Reformatted IGAAP Financial Statements with the Company's audited IGAAP financial statements for financial years ended March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016 and regrouping and reclassification as per schedule III of Companies Act 2013 and requirements of SEBI Debt Regulations.

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

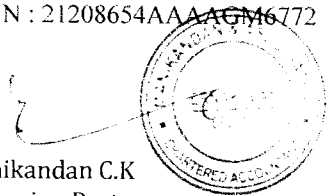
8. The Reformatted IGAAP Financial Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited IGAAP financial statements mentioned in paragraph 4 above.

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

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

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

For Manikandan & Associates,
Chartered Accountants
Firm Registration No: 008520S
Peer Review No: 008123
UDIN : 21208654AAAAGM6772



Manikandan C.K
Managing Partner
Membership No: 208654

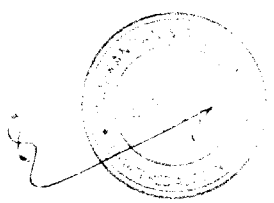
Place: Kochi
Date : March 11, 2021

Annexure - I: Reformatted Statement of Assets and Liabilities

(₹ in Lacs)

Particulars	Note No.	As at			
		31/03/2019	31/03/2018	31/03/2017	31/03/2016
EQUITY AND LIABILITIES					
Shareholders' funds					
(a) Share capital	A	24,952.54	24,952.54	22,500.00	22,500.00
(b) Reserves and surplus	B	19,774.98	17,679.52	14,660.78	22,769.27
(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
(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
Current liabilities					
(a) Short-term borrowings	F	35,510.20	37,795.19	38,330.00	18,622.55
(b) Other current liabilities	G	36,834.52	41,400.44	51,072.81	64,929.30
(c) Short-term provisions	H	1,682.58	1,395.94	1,434.89	1,407.08
TOTAL		**1,83,595.80**	**1,98,350.38**	**2,31,138.29**	**2,41,849.05**
ASSETS					
Non-current assets					
(a) Fixed assets					
Tangible assets	I	19,428.79	20,171.24	21,987.41	31,373.48
Intangible assets	J	14.28	31.58	80.84	-
Intangible assets under development		-	-	-	-
Capital work-in-progress		-	-	-	857.09
(b) Non-current investments	K	5.81	5.81	5.81	373.42
(c) Deferred Tax Asset		908.77	727.40	795.00	744.04
(d) Long-term loans and advances	L	1,969.01	1,983.64	3,868.34	3,402.69
(e) Other Non-Current Assets		-	-	-	-
Current assets					
(a) Current Investments		-	-	-	39.56
(b) Cash and cash equivalents	M	8,342.95	10,212.30	7,784.98	12,808.85
(c) Short-term loans and advances	N	1,38,472.95	1,63,078.52	1,95,940.49	1,91,319.41
(d) Other current assets	O	14,453.24	2,139.89	675.42	930.51
TOTAL		**1,83,595.80**	**1,98,350.38**	**2,31,138.29**	**2,41,849.05**

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



Annexure - II : Reformatted Statements 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
CONTINUING OPERATIONS					
Revenue from operations	P	29,612.44	33,260.16	43,391.40	39,105.35
Other income	Q	203.04	233.23	155.02	9.04
Total Revenue		**29,815.48**	**33,493.39**	**43,546.42**	**39,114.39**
Expenses					
Employee benefits expense	R	5,837.99	6,208.98	6,446.80	5,805.46
Finance costs	S	16,461.05	19,493.31	24,490.25	21,515.77
Depreciation and amortization Expense	T	881.90	1,343.45	1,753.91	2,202.34
Operating & other expenses	U	4,055.96	3,965.05	5,218.89	6,068.56
Total Expenses		**27,236.90**	**31,010.79**	**37,909.85**	**35,592.13**
Profit / (Loss) before exceptional and extraordinary items and tax		**2,578.58**	**2,482.60**	**5,636.57**	**3,522.26**
Exceptional &Extraordinary items		-	-	-	-
Profit / (Loss) before extraordinary items and tax		**2,578.58**	**2,482.60**	**5,636.57**	**3,522.26**
Prior Period Items		-	-	(13,783.55)	(1,609.00)
Profit / (Loss) before tax		**2,578.58**	**2,482.60**	**(8,146.98)**	**1,913.26**
Tax expense:					
Current Tax expense		664.35	990.41	12.50	1,584.52
Deferred Tax		(181.37)	67.60	(50.97)	(649.22)
Profit / (Loss) for the year		**2,095.60**	**1,424.59**	**(8,108.51)**	**977.96**



Annexure - III: Reformatted Cash Flow Statement

(₹ in Lacs)

Particulars	For the year ended			
	31/03/2019	31/03/2018	31/03/2017	31/03/2016
A. Cash Flow from Operating Activities				
Operating Profit/(Loss) for the year	2,578.58	2,482.60	(8,146.98)	1,913.26
Adjustment for :				
Provision for Standard Assets	(54.82)	(11.58)	97.63	81.90
Provision for NPA	291.30	(27.38)	3.70	167.74
Provision for Asset Under Securitisation	50.17	-	-	-
Provision for Gratuity (net)	(11.55)	37.26	(310.34)	152.98
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
Finance Cost	16,461.05	19,493.31	24,490.25	21,515.77
Depreciation	835.73	1,196.13	1,495.82	1,956.08
Prior Period Items	-	-	15,451.29	1,609.00
Income from Non Operating Business	(0.20)	(0.19)	(0.23)	(0.28)
Operating Profit/(Loss) before working capital Adjustments	**20,143.70**	**23,094.97**	**33,335.16**	**27,470.86**
Adjustments for :				
Short Term Loans & Advances	24,605.57	32,861.96	(4,621.07)	(13,725.94)
Current Investments	-	-	39.56	-
Other Current Assets	(12,313.35)	201.50	213.01	(120.24)
Long Term Loans & Advances	-	-	-	-
Short-term borrowings	(2,284.99)	(534.81)	19,707.45	(7,912.11)
Current Liabilities	(4,565.92)	(9,672.37)	(7,911.99)	18,617.22
Cash generated from operations	**25,585.01**	**45,951.25**	**40,762.12**	**24,329.79**
Income taxes paid	(664.35)	(990.41)	(1,190.23)	(1,451.82)
Net Cash from Operating Activity	**24,920.66**	**44,960.84**	**39,571.89**	**22,877.97**
B. Cash Flow from Investing Activities				
Income from Non Operating Business	0.20	0.19	0.23	0.28
Increase/(Decrease) in Investments	-	-	-	-
Increase/(Decrease) in Long Term Loans and Advances	14.62	218.73	722.81	85.53
Sale of fixed Assets	33.42	954.12	9,140.82	44.26
Purchase of fixed Assets	(102.97)	(209.64)	(422.33)	(20,358.09)
Net Cash Flow from Investment Activity	**(54.73)**	**963.40**	**9,441.53**	**(20,228.02)**
C. Cash Flow from Financing Activities				
Increase/(Decrease) in Long Term Borrowings	(10,008.54)	(28,050.32)	(14,083.83)	27,587.41
Increase/(Decrease) in Other Long-term Liabilities	(265.68)	-	-	-
Finance Cost	(16,461.05)	(19,493.31)	(39,953.46)	(21,515.77)
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**
D. Net Increase/(Decrease) in cash & Cash Equivalents	(1,869.35)	2,427.32	(5,023.87)	8,721.59
E. Opening Balance of Cash & Cash Equivalents	10,212.30	7,784.98	12,808.85	4,087.26
F. Closing Balance of Cash & Cash Equivalents	**8,342.95**	**10,212.30**	**7,784.98**	**12,808.85**
Components of cash and cash equivalents				
Current Account with Banks	4,215.57	6,586.09	2,447.40	3,527.75
Deposits with Banks	2,870.35	2,227.92	3,897.27	7,433.55
Cash in Hand	1,257.03	1,398.29	1,440.31	1,847.55
Total	**8,342.95**	**10,212.30**	**7,784.98**	**12,808.85**

Annexure - IV: Notes to Reformatted IGAAP Financial Statements

Note A: Share Capital *(₹ in Lacs)*

	As at			
a. Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
Share Capital				
Authorized Capital				
Equity shares of ₹ 100 each	32,500.00	32,500.00	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

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**
Shares outstanding at the beginning of the year	2,49,52,539	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

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**
Mr. Roy Mathew	-	-	-	1,66,06,347
Mr. Mathew Muthoottu	1,47,79,912	1,47,79,912	1,36,78,094	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
M/s. Mini Muthoottu Credit India Private Ltd	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**
Mr. Roy Mathew	-	-	-	73.81%
Mr. Mathew Muthoottu	59.23%	59.23%	60.79%	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%
M/s. Mini Muthoottu Credit India Private Ltd	5.69%	5.69%	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**
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)
	As At			
Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
Reserves and Surplus				
Special Reserve Fund				
Opening Balance	3,652.54	3,367.63	3,367.63	3,172.03
(+) Current Year Transfer	419.09	284.92	-	195.59
(-) Written Back in Current year	-	-	-	-
Closing Balance	4,071.63	3,652.55	3,367.63	3,367.62
Securities Premium				
Opening Balance	7,844.15	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
Revaluation Reserve				
Opening Balance	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
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
(-) Reduced in Current year	-	-	-	-
Closing Balance	8,564.08	13,172.72	12,801.65	12,801.65
Surplus in Profit and Loss A/c				
Opening Balance	(7,339.90)	(8,108.51)	-	-
(+) Net Profit /(Loss) for the Current Year	2,095.47	1,424.59	(8,108.51)	977.96
(-) Transfer to Special Reserve Fund	(419.09)	(284.92)	-	(195.59)
(-) Transfer to Debenture Redemption Reserve	4,608.64	(371.07)	-	(782.37)
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**

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)
	As At			
Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
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
(b) Secured Redeemable Privately placed NCD(refer note C-2 below)	1,906.25	1,712.44	9,878.96	18,410.75
(c). Term Loan from Banks				
(i) South Indian Bank Ltd.	-	-	419.07	1,100.55
(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
(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
(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
(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
(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
(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
(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
(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
II. Unsecured				
(a) Listed Unsecured Debentures - Public	18,393.27	23,356.26	23,356.26	23,356.26

Issue(refer note C-3 below)				
(b) Unsecured Privately Placed Debentures(redemption year 2020 -2022 rate of interest 11.25% - 24.77%)	448.50	373.75	540.45	390.45
(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
(III) Loan from Directors	-	-	-	-
(IV) Loan from Companies Under Same management	-	-	-	-
Total Long Term Borrowings	**46,801.06**	**56,809.60**	**84,039.82**	**1,11,202.31**

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

(₹ in Lacs)

Particulars	Date of Allotment (Interest Rate)	As At 31/03/2019	31/03/2018	31/03/2017	31/03/2016	Redemption Period
(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	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	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	18 months to 66 months
(d) Listed Secured Redeemable NCD - Public Issue IV	07/04/2015 (Interest rate 11.5% to 13.1%)	-	-	6,866.81	6,866.81	17 months to 43 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	Redemption Period
XVIII	15/03/2013 - till date (12% to 18.18%)	1,906.25	1,592.93	4,786.85	4,803.00	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	1 year to 6 years
XVI	29/09/2012 – 31/10/2012 (12.5% to 18.18%)	-	24.98	540.45	579.78	1 year to 6 years
XV	23/05/2012 – 28/09/2012 (12.5% to 18.18%)	-	18.03	528.89	3,431.49	1 year to 6 years
XIV	27/01/2012 - 31/03/2012 (12.5% to 18.18%)	-	20.22	195.58	410.56	1 year to 6 years
XIII	26/03/2012 – 22/05/2012 (12.5% to 18.18%)	-	14.32	239.56	1,535.42	1 year to 6 years
XII	10/01/2012 – 25/03/2012 (12% to 18.18%)	-	-	-	1,563.46	1 year to 6 years
XI	09/12/2011 – 09/01/2012 (11.5% to 18.18%)	-	-	-	838.31	1 year to 6 years
X	16/11/2011 – 08/12/2011 (11.5% to 18.18%)	-	2.00	18.24	503.42	1 year to 6 years
IX	22/08/2011 – 15/11/2011 (11.5% to 13.75%)	-	-	8.80	1,010.86	1 year to 6 years
VII	02/06/2011 – 21/06/2011 (11.5% to 13.75%)	-	-	24.88	24.88	1 year to 6 years
V	04/11/2010 – 06/03/2011 (11.57% to 12.25%)	-	-	3.50	3.50	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

(₹ in Lacs)

Particulars	Date of Allotment (Interest Rate)	31-Mar-2019	31-Mar-2018	31-Mar-2017	31-Mar-2016	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	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	66 months
(c) Listed Unsecured	07-04-2015 (12.68% - 13.01%)	6,849.15	6,849.15	6,849.15	6,849.15	66 months

Debentures - Public Issue IV						
(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**
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)

	As At			
Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
Provision for Gratuity	133.92	145.47	108.20	418.54
Total Long Term Provisions	**133.92**	**145.47**	**108.20**	**418.54**

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**
Secured Loan Repayable on Demand					
(a) South Indian Bank Secured by way of first paripassu 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	10.00%	16,533.31	15,478.70	12,384.87	2,144.25
(b) Federal Bank Limited Secured by way of Gold loan, Receivable of specific branches allocated to bank exclusively to the bank with 15% margin. Additional	12.75%	-	-	3,638.19	3,265.98

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) Secured by way of First Charge on current assets of the company on pari pasu 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.	12.25%	4,503.62	3,484.75	3,531.43	2,623.98
(d) Dhanalakshmi Bank 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 theM/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.	11.50%	1,213.46	1,566.41	2,008.02	1,207.06
(e) **State Bank Of India** Secured by way of Gold loan, Receivable of specific branches allocated to bank exclusively to the bank with 15% margin.	12.00%	-	-	-	4,929.45
(f) **Andhra Bank** Secured by way of Pari-passu first charge by way of hypothecation of Gold Loan Receivables of the company	11.50%	5,047.70	7,457.11	4,945.20	2,002.55

(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** 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.	10.90%	4,525.42	3,337.54	4,981.49	2,449.28
(h) **Oriental Bank Of Commerce, Coimbatore** 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	11.25%	1,585.98	4,035.20	2,500.25	-
(i) **Union Bank Of India** 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.	11.50%	2,100.72	2,435.48	2,419.22	-
(j) **Reliance Capital Ltd** Secured by way of Pari-passu first charge by way of	14.00%	-	-	1,921.34	-

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**

Note G. Other Current Liabilities

(₹ in Lacs)

	As At			
Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
Current maturity of Long Term Borrowings	27,844.47	30,101.49	39,868.42	55,723.05
Interest accrued but not due on borrowings	8,015.81	10,082.49	10,145.83	8,710.71
Interest accrued on unclaimed debentures	169.97	259.99	272.49	-
Statutory payables	167.10	424.00	283.14	190.34
Other Payables	637.18	532.47	502.93	305.20
Total Other Current Liabilities	**36,834.52**	**41,400.44**	**51,072.81**	**64,929.30**

Note G -1- Current Maturities of Long Term Borrowing

(₹ in Lacs)

	As At			
Particulars	***31/03/2019***	***31/03/2018***	***31/03/2017***	***31/03/2016***
Current Maturity of Secured NCD - Privately placed (refer note G – 2 below)	1,626.94	9,865.11	10,049.75	16,108.12
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
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
Term Loan - SIB (Securitisation)	14,614.93	-	-	-
Vehicle loans	9.63	33.77	76.96	150.37
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**

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	Redemption Period
XVIII	15/03/2013 - till date (12% to 18.18%)	1,510.93	4,898.51	1,696.39	6,498.30	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	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	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	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	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	1 year to 6 years
XII	10/01/2012 - 25/03/2012 (12% to 18.18%)	-	-	1,559.04	1.00	1 year to 6 years
XI	09/12/2011 - 09/01/2012 (11.5% to 18.18%)	-	-	838.06	0.05	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	1 year to 6 years
IX	22/08/2011 - 15/11/2011 (11.5% to 13.75%)	-	8.80	992.21	152.32	1 year to 6 years
VIII	22/06/2011 - 21/08/2011 (11.5% to 13.75%)	-	-	-	1,359.21	1 year to 6 years
VII	02/06/2011 - 21/06/2011 (11.5% to 13.75%)	-	24.88	-	542.75	1 year to 6 years
VI	07/03/2011 - 01/06/2011 (11% to 13.25%)	-	-	-	16.40	1 year to 6 years
V	04/11/2010 - 06/03/2011 (10% to 13.25%)	-	3.50	-	1.84	1 year to 6 years
Total		**1,626.94**	**9,865.11**	**10,049.75**	**16,108.12**	

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	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	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	-	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 Redeemable NCD - Public Issue IV	07/04/2015 (Interest rate 11.5% to 13.1%)	-	6,866.81	-	11,192.77	17 months to 43 months
(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**	

Note: Security: Refer Note C 2

Note H:Short Term Provisions

(₹ in Lacs)

	As At			
Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
Provision for Non-Performing Assets	1,090.47	799.17	826.55	822.85
Contingent Provision for Standard Assets	541.94	596.77	608.34	510.71
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**

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
Provision for Standard Assets				
Provision at the beginning of the year	596.76	608.34	510.71	428.81
Additional Provisions made during the year	(54.82)	(11.58)	97.63	81.90
Provision at the close of the year	**541.94**	**596.76**	**608.34**	**510.71**
Provision for Non- Performing Assets				
Provision at the beginning of the year	799.17	826.55	822.85	655.10
Add: Additional Provisions made during the year	291.30	(27.38)	3.70	167.74
Provision at the close of the year	**1,090.47**	**799.17**	**826.55**	**822.85**
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**	**-**	**-**	**-**

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
Tangible Assets				
Land	14,599.67	14,599.67	14,599.67	21,367.10
Buildings	3,352.75	3,609.12	4,585.01	5,961.12
Plant & Machinery	629.11	735.11	833.65	1,059.50
Furniture and Fixtures	1,382.08	1,952.17	2,797.01	4,979.89
Vehicles	100.82	183.01	303.48	644.66
Electrical Fittings	72.90	76.09	109.58	201.55
Computer	109.88	160.95	212.55	686.36
Total	**20,247.21**	**21,316.12**	**23,440.95**	**34,900.18**
Intangible Assets				
Software & Licences	31.58	82.84	123.13	-
Total	**31.58**	**82.84**	**123.13**	**-**

Type of Assets	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Accumulated Depreciation				
Land	-	-	-	-
Buildings	198.41	256.36	226.62	178.52
Plant & Machinery	119.00	140.91	154.96	319.12
Furniture and Fixtures	404.51	578.03	828.82	2,196.45
Vehicles	37.87	57.46	118.24	251.25
Electrical Fittings	17.09	23.23	33.50	92.03
Computer	41.54	88.89	91.40	489.33
Total	**818.42**	**1,144.88**	**1,453.54**	**3,526.70**
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
Net Tangible Assets				
Land	14,599.67	14,599.67	14,599.67	21,367.10

Buildings	3,154.35	3,352.75	4,358.39	5,782.60
Plant & Machinery	510.11	594.21	678.69	740.38
Furniture and Fixtures	977.57	1,374.14	1,968.19	2,783.44
Vehicles	62.95	125.55	185.24	393.41
Electrical Fittings	55.80	52.85	76.08	109.52
Computer	68.34	72.07	121.15	197.03
Total	**19,428.79**	**20,171.24**	**21,987.41**	**31,373.48**
Intangible Assets				
Software & Licences	14.28	31.58	80.84	-
Total	**14.28**	**31.58**	**80.84**	-

Note K Non-Current Investments *(₹ in Lacs)*

	As At			
Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
Long Term Investments (At Cost)				
a) Quoted				
5000 Equity Shares of The South Indian Bank Ltd.	5.18	5.18	5.18	5.18
503 Equity Shares of Wonderla Holidays	0.63	0.63	0.63	0.63
b) Unquoted				
367000 Equity Shares of Kapico Kerala Resorts Pvt. Ltd.	-	-	-	367.61
Total Non-Current Investments	**5.81**	**5.81**	**5.81**	**373.42**

Note : Deferred Tax Assets *(₹ in Lacs)*

	As At			
Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
Opening Balance	727.40	795.00	744.04	94.82
Created/(Reversed) during the year on account of depreciation and Provision of gratuity	181.37	(67.60)	50.96	649.22
Net Deferred Tax Asset/(Liability)	**908.77**	**727.40**	**795.00**	**744.04**

Note I: Long term Loans & Advances *(₹ in Lacs)*

	As At			
Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
Other Loans and Advances				
a) Secured, Considered Good				
Income Tax including TDS (Net of Provisions)	-	-	1,665.97	488.24
b) Unsecured, Considered Good				
Rent Deposit	1,583.39	1,598.28	1,817.14	1,981.50
Security Deposit with NSE, BSE & CDSL	383.75	383.75	383.75	932.95
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**



Note : Current Investments *(₹ in Lacs)*

Particulars	As At 31/03/2019	31/03/2018	31/03/2017	31/03/2016
Other Short Term Investments (At Cost)				
Investment in E Gold	-	-	-	39.56
Total	-	-	-	**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
a) Balance with banks				
In Deposit Account (For 12 months)	2,870.35	2,227.92	3,897.27	7,433.55
In Current Account	4,215.57	6,586.09	2,447.40	3,527.75
b) Cash in hand	1,257.03	1,398.29	1,440.31	1,847.55
Total Cash and Bank Balances	**8,342.95**	**10,212.30**	**7,784.98**	**12,808.85**

Note N: Short term Loans & Advances *(₹in Lacs)*

Particulars	As At 31/03/2019	31/03/2018	31/03/2017	31/03/2016
(a)Secured				
Gold Loan				
Secured, Considered good	1,32,140.46	1,52,269.93	1,89,330.33	1,85,259.06
Secured considered Doubtful	2,872.51	3,162.90	4,669.96	5,296.91
Loan against Debentures				
Secured, Considered good	-	-	84.88	113.73
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
e) Personal Loan				
Unsecured, considered good	-	-	-	649.67
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**
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

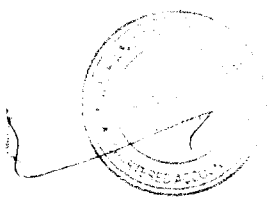
(₹ in Lacs)

Particulars	As At 31/03/2019	31/03/2018	31/03/2017	31/03/2016
Deposits	0.96	0.96	0.85	0.85
Other Advances/Receivables	92.33	62.04	113.58	99.00
Asset Under Securitisation	12,542.62	-	-	-
Others	284.28	350.32	560.99	830.66
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**

Note P:Revenue from Operation

(₹ In Lacs)

Particulars	For the year ended 31/03/2019	31/03/2018	31/03/2017	31/03/2016
a) Interest				
On Gold Loan	26,971.82	27,920.65	39,269.64	36,587.56
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
On Personal Loan	-	-	9.00	332.63
On Term Deposits	208.69	203.34	283.15	162.47
Others	51.49	77.94	74.31	9.27
	29,453.04	**32,951.83**	**43,118.95**	**38,925.15**
b) Other Financial Services				
Commission & Brokerage	74.57	153.15	180.49	154.89
Other operating Income	84.83	155.18	91.97	25.31
	159.40	**308.33**	**272.45**	**180.20**
Total Revenue from Operations	**29,612.44**	**33,260.16**	**43,391.40**	**39,105.35**



Note Q: Other Income

(₹ In Lacs)

Particulars	For the year ended			
	31/03/2019	31/03/2018	31/03/2017	31/03/2016
a) Dividend Income	0.20	0.19	0.23	0.28
b) Other Non Operating Income				
Rental Income	106.52	121.77	110.17	-
Profit on sale of Car	11.89	34.11	40.06	5.27
Profit on sale of Asset	-	42.68	-	-
Insurance claim received	20.67	-	-	-
Miscellaneous Income	63.76	34.48	4.56	3.49
Total Other Income	**203.04**	**233.23**	**155.02**	**9.04**

Note R: Employee Benefits Expenses

(₹ In Lacs)

Particulars	For the year ended			
	31/03/2019	31/03/2018	31/03/2017	31/03/2016
a) Salaries & Wages				
Directors remuneration	115.27	118.03	98.25	141.20
Others	688.67	772.22	812.29	763.64
Gratuity	31.57	87.94	(286.80)	164.90
b) Employee Cost	5,002.48	5,230.79	5,823.06	4,735.72
Total Employee Benefit Expenses	**5,837.99**	**6,208.98**	**6,446.80**	**5,805.46**

Note S: Finance Costs

(₹ In Lacs)

Particulars	For the year ended			
	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Interest Expenses:				
Interest on Debentures	4,173.27	5,925.73	7,675.73	5,026.79
Interest on Public Issue NCD	6,967.58	8,916.52	12,678.21	13,415.94
Interest on Application Money (NCD)	14.06	14.28	10.78	346.02
Interest on Loan	5,040.64	4,530.76	3,936.91	2,542.84
Others	265.50	106.02	188.61	184.18
Total Finance Cost	**16,461.05**	**19,493.31**	**24,490.25**	**21,515.77**

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
Depreciation	835.73	1,196.13	1,495.82	1,956.08
Amortization of Public Issue Expenses	46.17	147.32	258.09	246.26
Total	**881.90**	**1,343.45**	**1,753.91**	**2,202.34**

Note U:Operating & Other Expenses				(₹ In Lacs)
Particulars	**For the year ended**			
	31/03/2019	**31/03/2018**	**31/03/2017**	**31/03/2016**
Power and Fuel	205.41	211.45	219.51	171.65
Rent	1,846.65	1,798.72	2,089.00	2,347.68
Repairs & Maintenance	210.50	198.96	96.80	164.91
Insurance	80.03	89.15	131.62	112.28
Rate & Taxes, excluding tax on income	143.89	200.24	233.85	75.73
Payments to auditors	19.63	19.62	15.90	11.36
Other Expenses:				
Commission paid	-	-	119.29	82.22
Business Promotion Expenses	26.78	13.03	328.93	128.64
General Office Expenses	252.17	385.47	312.42	219.58
Advertisement Charges	11.33	24.53	50.83	93.99
Bad Debt written off	-	2.43	1.78	811.67
Travelling Expenses:				
- Directors	-	-	-	-
- Others	186.50	215.58	253.61	425.17
Legal Professional charges	81.81	139.08	78.41	111.24
Telephone Charges	164.59	195.50	236.80	255.91
Postage & Courier	56.28	19.61	28.78	21.58
Printing and Stationery	133.59	147.30	157.44	177.24
Miscellaneous Expenses	125.90	38.89	13.92	2.23
Provision for Non-Performing Assets	291.30	(27.38)	3.70	167.74
Contingent Provision for Std. Assets	(54.82)	(11.58)	97.63	81.90
Provision for Asset Under Securitisation	50.17	-	-	-
Vehicle Running & Maintenance Exp.	11.68	12.29	12.79	21.00
Security Charges	161.42	215.48	304.43	305.73
Training & Meeting Expenses	-	-	11.86	43.48
Subscription Charges- Spot Exchange	16.14	2.39	2.66	1.60
Loss on sale of Fixed Asset	5.33	1.61	-	6.15
DP accounting Opening charges	-	-	0.11	3.13
Corporate Social Responsibility	-	7.45	-	89.07
Expenses of Public Issue NCD	29.69	65.20	122.70	62.16
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**



Annexure - V: 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
(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
(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
(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
(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
(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
(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
(f) HDFC Bank Limited Car Loan (Innova) (Secured by Hypothecation on vehicle and is to be repaid in 60 equal monthly installments with interest @ 10.50%)	-	0.86	4.09	7.00
(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
(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
(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
(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
(iii) Working Capital Loan from Banks				
(a) South Indian Bank Ltd. (For details on	16,533.31	15,478.70	12,384.87	2,144.25

interest rate and security offered, refer Note E)				
(b) Federal Bank Ltd. (For details on interest rate and security offered refer Note E)	-	-	3,638.19	3,265.98
(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
(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
(e) State Bank of India (For details on interest rate and security offered refer Note E)	-	-	-	4,929.45
(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
(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
(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	-
(i) Union Bank Of India (For details on interest rate and security offered refer Note E)	2,100.72	2,435.48	2,419.22	-
(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**

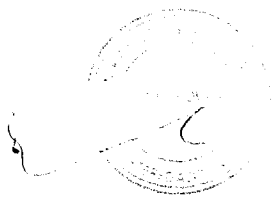
2 Unsecured Loans				*(₹In Lacs)*
Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
a)Unsecured Debentures - Listed (For details on interest rate and repayment terms, refer Note C 3 and F1)	23,356.26	23,356.26	23,356.26	23,356.26
b)Unsecured Debentures (For details on interest rate and repayment terms, refer Note C and F1)	1,528.50	1,142.21	640.45	590.45
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**



Annexure - VI: Statement of Contingent Liabilities

(₹ In Lacs)

Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Contingent Liability	1,111.87	1,224.51	695.92	557.41



Annexure - VII - A: Statement 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
1	-	-	-	Roy.M.Mathew*
2	Nizzy Mathew	Nizzy Mathew	Nizzy Mathew	Nizzy Mathew
3	Mathew Muthoottu	Mathew Muthoottu	Mathew Muthoottu	Mathew Muthoottu
4	Kurian P Abraham	-	-	-
5	Ann Mary George	-	-	-
6	Smitha K S	-	-	-
7	Mammen Mathew	Mammen Mathew	Mammen Mathew	Mammen Mathew

*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
1	Roy M Mathew	Roy M Mathew	Roy M Mathew	-
2	SarammaMammen	SarammaMammen	SarammaMammen	SarammaMammen
3	-	Rubben Mathew	-	-
4	-	Minu Sara Mathew	Minu Sara Mathew	Minu Sara Mathew
5	Nirmal Mathew	Nirmal Mathew	Nirmal Mathew	Nirmal Mathew
6	-	-	-	Mono 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
1	Mini Muthoottu Nidhi Kerala Ltd.	Mini Muthoottu Nidhi Kerala Ltd.	Mini Muthoottu Nidhi Kerala Ltd.	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	-

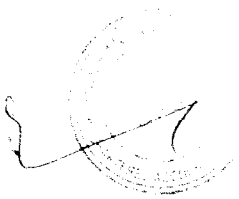
Annexure - VII - B: Transactions with Related Parties

(₹ in Lacs)

1	Key Managerial Personnel Particulars	31/03/2019	31/03/2018	31/03/2017	31/03/2016
A	**Transactions during the year**				
	Directors remuneration	111.60	111.60	89.10	121.60
	Remuneration to Key Managerial Person	43.69	-	-	-
	Travelling Expense	0.90	1.26	3.93	12.36
	Sitting Fees	0.20	0.40	-	-
	Rent paid	5.14	6.23	6.23	41.31
	Rent received	3.54	3.54	-	-
	Debenture redemption	-	0.75	-	302.28
	Interest on debenture	-	2.13	8.81	96.43
	Sale/(Purchase) of Fixed Assets	-	881.00	-	(20,000.00)
	Issue of debentures	-	-	-	8.00
B	**Net Amt. Receivable / (Due) as at the year end**				
	Amount Payable at the year/period end	-	-	-	-
	Amt. Receivable at the year/period end	3.54	-	-	-

2	Relatives of Key Managerial Personnel				
	Particulars	**31/03/2019**	**31/03/2018**	**31/03/2017**	**31/03/2016**
A	**Transactions during the year**				
	Salary & Allowances	6.00	18.00	18.00	25.20
	Consultancy Charges	-	-	1.20	-
	Debenture redemption	-	0 24.50	-	2.10
	Interest on debenture	-	3.20	3.08	1.80
	Travelling Expense	-	-	-	1.26
	Rent paid	7.56	14.85	15.56	5.11
	Excess consideration paid on fixed asset purchase received back	-	-	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**
A	**Transactions during the year**				
	Rent/Maintenance Charges paid	7.75	5.59	5.67	107.82
	Rent/Maintenance Charges received	25.04	39.24	40.34	-
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 –VIII - Statement of Significant Accounting Policies

I. BACKGROUND

Muthoottu Mini Financiers Limited was incorporated as a Private Limited Company on 18th March 1998 and was converted into a public Company on 27th November 2013. The Company is promoted by Dr. Nizzy Mathew and Mr. M. Mathew collectively operating under the Brand Name of 'Muthoottu Mini Group' which is in the business of lending 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 statement of assets and liabilities of the Company as on 31st March 2019, 31st March 2018, 31st March 2017 and 31st March 2016 and the reformatted statements of profits and losses and cash flows statement for the years ended 31st March 2019, 31st March 2018, 31st March 2017 and 31st March 2016 (hereinafter collectively referred to as "Reformatted IGAAP Financial Statements") relate to Muthoottu Mini Financers Limited ("the Company").

II. Statement of Significant Accounting Policies adopted by the Company in the preparation of Financial Statements for the years ended March 31st 2019, 2018, 2017 and 2016:

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:

a. It is expected to be realised in. or is intended for sale or consumption in, the company's normal operating cycle.
b. It is held primarily for the purpose of being traded.
c. It is due to be settled within 12 months after the reporting date.
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 it recoverable amount. The recoverable amount is the higher of the net selling price of assets or their value in use. After impairment, the depreciation is provided on the revised carrying amount of asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on change in circumstances. However, carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no depreciation.

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

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.

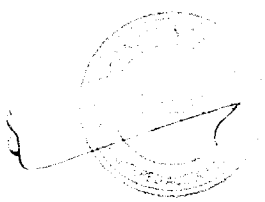
Issue expenses of public issue of debentures and borrowings costs for raising other long term borrowings are amortized over the period of debentures and over the tenure of loan on pro rata basis.

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

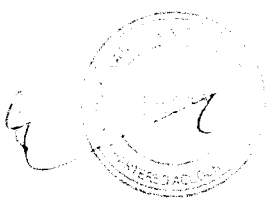
The Company has a policy of refund of any surplus that arises on auction of pledged gold which has been re-possessed by the Company in accordance with the terms of the agreement with the customers and auction policy.

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

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
1.	Presentation of Financial Statements	Other Comprehensive Income: There is no concept of 'Other Comprehensive Income' under Indian GAAP	Other Comprehensive Income: 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."
		Extraordinary items: Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	Extraordinary items: Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
		Change in Accounting Policies Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	Change in Accounting Policies Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied unless transitional provisions of an accounting standard require otherwise.
2.	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e., based on the differences between carrying value of the assets/ liabilities and their respective tax base. Using the balance sheet approach, there could be additional deferred tax

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
			charge/income on account of all Ind AS opening balance sheet adjustments
3.	Property, plant and equipment–reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation on written down value over the useful lives of the assets as per Schedule II of the Companies Act,2013	Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS
4.	Accounting for Employee benefits	Currently, all actuarial gains and losses are recognized immediately in the statement of profit and loss.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re measurements and the change in asset is split between interest income and re measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements comprising of actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are to be recognized directly in OCI.
5.	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognized only under a legal obligation. Also, discounting of provisions to present value is not permitted	Under Ind AS, provisions are recognised for legal as well as constructive obligations. Ind AS requires discounting the provisions to present value, if the effect of time value of money is material.
6.	Presentation and classification of Financial Instruments and subsequent measurement	Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited. Currently under Indian GAAP, loan processing fees and/or fees of similar nature are recognized upfront in the Statement of Profit and Loss.	Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (FVTPL) or recognized in other comprehensive income (FVOCI). Financial assets include equity and debts investments, security receipts, interest free deposits, loans, trade receivables etc. Assets classified at amortized cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
			to be measured using the Effective Interest Rate (EIR) method. 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. There are two measurement categories for financial liabilities - FVTPL and amortized cost. Liabilities classified at amortized cost and the related expenses (processing cost & fees) have to be measured using the Effective Interest Rate (EIR) method. Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition. Disclosures under Ind AS are extensive.
7.	Financial Instruments - Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on relevant information like past experience, financial position of the debtor, cash flows of the debtor, guidelines issued by the regulator etc.	The impairment model in Ind AS is based on expected credit losses and it applies equally to debt instruments measured at amortized cost or FVOCI, financing receivables, lease receivables, trade receivables and certain written loan commitments and financial guarantee contracts.
8.	Segment Reporting	Under Indian GAAP there is a requirement to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
9.	Financial Instruments -Disclosure	Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an Announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements: • Category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date; • The purpose, viz., hedging or speculation, for which such derivative instruments have been acquired; and • The foreign currency exposures that are not hedged by a derivative instrument or otherwise.	Requires disclosure of information about the nature and extent of risks arising from financial instruments: • qualitative disclosures about exposures to each type of risk and how those risks are managed; and • quantitative disclosures about exposures to each type of risk, separately for credit risk, liquidity risk and market risk (including sensitivity analysis).

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
10.	Gain on Derecognition of Financial Assets	There is no concept of 'Derecognition of financial assets' under Indian GAAP	As per Para 3.2.5 of Ind AS 109, when an entity retains the contractual rights to receive the cash flows of a financial asset (the 'original asset') but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met. (a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition. (b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows. (c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents (as defined in Ind AS 7 Statement of Cash Flows) during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients. As per Para 3.2.12 on derecognition of a financial asset in its entirety, the difference between: 1.(a) the carrying amount (measured at the date of derecognition) and 2.(b) the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

The above key difference between the disclosures between the Indian GAAP and Indian Accounting Standards are given for general understanding only.

MATERIAL DEVELOPMENTS

Other than as disclosed below, there have been no material developments since March 31, 2020 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 non-convertible debentures**

Our Company has raised public issue of secured, redeemable, non-convertible debenture amounting to ₹65,751.86 lakhs during April 1, 2020 – February 28, 2021. Further, our Company has raised public issue of unsecured, redeemable, non-convertible debenture amounting to ₹4,907.33 lakhs during April 1, 2020-February 28, 2021.

2. **Securitization and Assignment of Gold Loan Portfolio by Direct Assignment Agreement**

(a) Our Company, pursuant to assignment agreements dated October 29, 2019, November 20, 2019 and December 27, 2019 ("**Assignment Agreements**") entered into with the South Indian Bank Limited ("**SIB**"), has assigned, on receipt of sanction ₹4,964.00 lakhs, ₹4,943.00 lakhs and ₹9,910.70 lakhs respectively, 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 Assignment Agreements. As on March 31, 2020, the balance outstanding amount for the Assignment Agreement dated October 29, 2019 was ₹302.03 lakhs, Assignment Agreement dated November 20, 2019 was ₹4,915.49 lakhs, and Assignment Agreement dated December 27, 2019 was ₹9,912.37 lakhs. As on February 28, 2021, all these Assignment Agreements are repaid entirely.

(b) Our Company, pursuant to an assignment agreement dated May14, 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. As on February 28, 2021 the same is repaid entirely.

3. The Board of Directors in their meeting dated April 20, 2020 approved the issuance of subordinated debt by our Company upto an amount of ₹10,000 lakhs during the Financial Year 2020-21. During the period April 1, 2020 to February 28, 2021, our Company has raised funds through Subordinated Debt amounting to ₹2,772.88 lakhs and may continue to raise subordinated debts not exceeding ₹7,227.12 lakhs during the Financial Year 2020-21.

4. Our Company, pursuant to sanction letter dated May 25, 2020 has availed an Overdraft facility of ₹100.00 Lakhs from HDFC Bank for working capital purpose. The Overdraft facility is secured by way of fixed deposit of the same amount. As on February 28, 2021, the balance outstanding (including interest) is ₹(10,097.94 lakhs).

5. Our Company, pursuant to sanction letter dated September 25, 2020 and September 29, 2020 with South Indian Bank has availed short term loan of ₹2,149.00 lakhs and ₹537.00 lakhs, respectively. The said loans are secured by way of fixed deposits of ₹2,388.00 lakhs and ₹597.00 lakhs, respectively. As on February 28, 2021, the same is repaid entirely.

6. **Redemption of Non- convertible debentures**

a. Our Company during April 1, 2020 - February 28, 2021 redeemed secured privately placed non-convertible debenture amounting to ₹1,202.41 lakhs and unsecured privately place non-convertible debenture amounting to ₹836.00 lakhs.

b. Our Company during April 1, 2020 - February 28, 2021 has redeemed unsecured public issue of non-convertible debenture amounting to ₹13,992.52 lakhs and secured public issue of non-convertible debenture amounting to ₹7,705.40 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. As on March 31, 2020, the balance outstanding amount was ₹3,510.80 lakhs (excluding interest receivable). As on February 28, 2021, our Company has repaid the same in entirety.

8. **Changes in Board of Directors:**

a. Rudran Puthukulangara, one of the additional Independent Directors resigned from the Board with effect from September 26, 2020.

b. Thomas Cherian, one of the Independent Directors ceased to be a Director of our Company with effect from September 30, 2020.

9. **Availment of new working capital facilities:**

Our Company, pursuant to sanction letter dated November 5, 2020 with Karur Vysya Bank has availed Open Cash Credit of ₹2,500.00 lakhs. The said loan is secured by way of pari-passu first charge over gold Loan receivables, both present and future; and other current assets of the company, with other secured lenders except those which are specifically charged to any term lenders. In addition, as per the addendum dated November 21, 2020, ₹1,250 lakhs fixed deposit (in multiple FD's) in lieu of proposed collateral properties until our Company creates equitable mortgage on proposed properties/fresh properties acceptable to the bank to the value of ₹1,550 lakhs (market value), are given as collateral and personal guarantee of Nizzy Mathew and Mathew Muthoottu. As per the addendum letter dated January 29, 2021, properties to the extent of 57.16 acres valued at ₹920 lakhs were given as collateral and hence lien on ₹782 lakhs fixed deposits out of ₹1,250 lakhs fixed deposits earlier given as collateral is being released. As on February 28, 2021, ₹(32.71) lakhs are outstanding against the said facility.

Our Company has been sanctioned Working Capital Demand Loan of ₹1,500.00 lakhs from DCB bank pursuant to sanction letter dated December 16, 2020. The said loan is secured by way of first pari-passu charge on receivables/book debts (pertaining to gold loan book) other than those specifically charged to other lenders covering 125% of loan exposure at all times. Also, cash margin of 10% to be maintained at all times. As of February 28, 2021, ₹1,499.99 lakhs is outstanding against the said facility.

Our Company, pursuant to sanction letter dated January 22, 2021 with CSB Bank has availed Credit facility to the extent of ₹3,000.00 lakhs. The said loan is secured by way of pari-passu first charge over gold loans, both present and future; of the company with 25% margin along with existing secured lenders of the company. In addition, Land and theatre complex in the name of Muthoottu Mini Theatres Pvt Ltd having an extent of 18.12 Ares and building is given as collateral along with personal guarantee of Ms. Nizzy Mathew and Mr. Mathew Muthoottu and corporate guarantee of Muthoottu Mini Hotels Pvt Ltd and Muthoottu Mini Theatres Pvt Ltd. As on February 28, 2021, ₹2,999.97 lakhs is outstanding against the said facility.

10. **Scheme formulated by the Government of India for grant of *ex-gratia* payment to borrowers in specified loan accounts**

The Government of India on October 23, 2020 has announced the '*Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020)*' (the 'Scheme'), which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by the respective lending institutions. The Company has submitted a claim of ₹367.25 lakhs, being the grant of ex-gratia payment of difference

between compound interest and simple interest for six months to borrowers, towards aforesaid scheme, with the Ministry of Finance.

11. **Appointment of Pothanattu Ethappiri Mathai as the Chief Executive Officer and Key Managerial Personnel**

The Board of Directors of our Company in their Meeting held on January 6, 2021 have appointed Pothanattu Ethappiri Mathai as the Chief Executive Officer and Key Managerial Personnel of the Company with effect from January 1, 2021.

FINANCIAL INDEBTEDNESS

As on December 31, 2020, our Company had outstanding secured borrowing of ₹1,34,573.52 lakhs and unsecured borrowing of ₹28,225.45 lakhs. A summary of all the outstanding secured and unsecured borrowings together with a brief description of certain significant terms of such financing arrangements are as under:

Secured Loan Facilities

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on December 31, 2020 (in ₹ lakhs)#	Security	Repayment date/schedule
The South Indian Bank Limited *Cash Credit Open Loan-Working capital* Sanction letter dated August 20, 2020	14,900	14,861.54	First ranking pari passu charge along with existing secured lenders of our Company on all receivables under gold loan both present and future of our Company with 25% margin and equitable mortgage of immovable properties being land admeasuring 21.18 acres belonging to our Company, personal guarantors and corporate guarantors. Personal guarantee of Roy M. Mathew; Nizzy Mathew; and Mathew Muthoottu Corporate guarantee of: 1. Muthoottu Mini Theatres Private Limited; 2. Muthoottu Mini Hotels Private Limited; 3. Mini Muthoottu Credit India Private Limited; 4. Kandamath Cine Enterprises	Validity of limit is 12 months
Dhanalaxmi Bank Limited *Cash Credit and working capital demand loan* Sanction letter dated December 27, 2019*	2,400.00	1,395.81	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 Muthoottu Mini Theatres (Private) Limited valued at ₹7.22 crores (MV) and ₹6 crores	On demand

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on December 31, 2020 (in ₹ lakhs)[#]	Security	Repayment date/schedule
			(DSV) as per EVR dated February 16, 2016 Personal guarantee of Roy M. Mathew; Nizzy Mathew and Mathew Muthoottu Corporate guarantee of Muthoottu Mini Theatres Private Limited	
State Bank of India *Cash credit* Sanction letter dated April 15, 2020	5,000.00	3,768.09	First charge on current assets of our 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
Union Bank of India (erstwhile Andhra Bank) *Open Cash Credit* Sanction letter dated June 24, 2020	7,500.00	5,895.68	Pari passu first charge by way of hypothecation of gold loan receivables of our 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)	On demand

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on December 31, 2020 (in ₹ lakhs)[#]	Security	Repayment date/schedule
			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	
Punjab National Bank (erstwhile Oriental Bank of Commerce) *Cash Credit* Sanction letter dated February 5, 2020	5,000.00	4,910.34	Pari passu first charge by way of hypothecation of Gold Loan receivables of our 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 *Cash Credit* Sanction letter dated April 27, 2020	5,000.00	4,473.61	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	On demand

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on December 31, 2020 (in ₹ lakhs)[#]	Security	Repayment date/schedule
			other things attached thereto comprised in old sy.no.290/3 (re-sy no 170/2-1) of Pandalam Village, Adoor Taluk	
Union Bank of India *Cash Credit* Sanction letter dated July 2,2020	2,500.00	2,319.45	Pari passu charge on gold receivables and other current assets. Personal guarantee of Mathew Muthoottu, Roy Mathew and Nizzy Mathew	On demand
HDFC Bank *Over Draft against Fixed Deposit* Sanction letter dated May 25, 2020	100.00	(306.76)	Primary security of Fixed deposit of ₹100 lakhs.	On demand
Karur Vysya Bank *Open Cash Credit* Sanction letter dated November 5,2020	2,500.00	2,483.09	Pari passu first charge over gold loan receivables, both present and future; and other current assets of our Company, with other secured lenders except those which are specifically charged to any term lenders. In addition, as per the addendum dated 21.11.2020, ₹12.50 crores fixed deposit (in multiple FD's) in lieu of proposed collateral properties until company creates Equitable mortgage on proposed properties/ fresh properties acceptable to the bank to the value of ₹15.50 crores (Market Value), are given as collateral. Personal guarantee of Nizzy Mathew and Mathew Muthoottu.	On demand
DCB Bank *Working Capital Demand Loan* Sanction letter dated December 16,2020	1,500.00	-	First pari-passu charge on receivables/book debts (pertaining to gold loan book) other than those specifically charged to other lenders covering 125% of loan exposure at all times. Also, cash margin of 10% to be maintained at all times.	Each tranche of WCDLs to be available for a maximum period of up to 89 days. Rollover shall be permitted after a cooling period of 2 days.

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on December 31, 2020 (in ₹ lakhs)[#]	Security	Repayment date/schedule
State Bank of India *Vehicle Loan (BMW-X5)* Agreement of loan-cum-hypothecation dated September 19, 2019	80.00	64.83	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 *Short Term loan* Sanction letter dated December 27, 2019*	500.00	75.00	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 12th month after initial moratorium for principal payment for 3 months. Interest to be cleared separately as and when debited.
Total		**39,940.68**		

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

** The renewal of the facilities is under process.*

Restrictive Covenants

Many of the financing agreements include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender before carrying out such activities. For instance, our Company, *inter alia*, is required to obtain the prior written consent in the following instances:

- to declare and/or pay dividend to any of its Shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
- to undertake or permit any merger, amalgamation or compromise with its Shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking;
- to create or permit any charges or lien, sell or dispose of any encumbered assets;
- to alter its capital structure, or otherwise acquire any share capital;

- to effect a change of ownership or control, or management of our Company;
- to enter into long term contractual obligations directly affecting the financial position of our Company;
- to borrow or obtain credit facilities from any bank or financial institution;
- to undertake any guarantee obligations on behalf of any other company; 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 December 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 ₹1,853.46 lakhs was cumulatively outstanding as on December 31, 2020, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal Amount outstanding as on December 31, 2020 (in ₹ lakhs)	Tenure	Redemption Date	Security	Credit Rating
XVIII	September 25,2015 – November 18, 2019	8.75 to 18.18	1,853.46	24 months 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 our 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 December 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 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 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	CARE: BBB- Outlook: Stable

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 31, 2020 (in ₹lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹lakhs)	Security	Credit rating
							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 ₹7,382.00 lakhs was outstanding as on December 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 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	36 months to 60 months	9.75 to 10.47	7,382.00	April 24, 2019	April 24, 2022 to April 24, 2024	11,671.79	First ranking pari-passu charges with existing secured 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 our 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 December 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 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	CARE-BBB: Stable Outlook

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 31, 2020 (in ₹lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹lakhs)	Security	Credit rating
							law) and receivables both present and future of our Company	

(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 December 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 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 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, loans and advances, cash and bank balances (not including reserves created in accordance with law) and receivables both present and future of our Company	CARE-BBB: Stable Outlook

(e) Public Issue 10

Our Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹19,790.67 lakhs was outstanding as on December 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 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 85 months	9.50 to 10.50	19,790.67	July 02, 2020	October 22, 2021 to July 31, 2027	19,790.67	First ranking *pari passu* charges with existing secured creditors, on current assets including book debts, loans and advances, cash	CARE-BBB: Stable Outlook

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 31, 2020 (in ₹lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹lakhs)	Security	Credit rating
							and bank balances (not including reserves created in accordance with law) and receivables both present and future of our Company	

(f) Public Issue 11

Our Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹14,970.99 lakhs was outstanding as on December 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 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 85 months	9.50 to 10.50	14,970.99	September 30, 2020	January 21, 2022 to October 29, 2027	14,970.99	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 our Company	IND-BBB: Stable Outlook

(g) Public Issue 12

Our Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹14,253.23 lakhs was outstanding as on December 31, 2020, the details of which are set forth below:

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 31, 2020 (in ₹lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹lakhs)	Security	Credit rating
Secured	480	9.50 to	14,253.23	November	March 18,	14,253.23	First ranking *pari*	IND-

Nature of debentures	Tenure	Coupon (in %)	Principal Amount outstanding as on December 31, 2020 (in ₹lakhs)	Date of allotment	Redemption Date/schedule	Total issue size (principal amount) (in ₹lakhs)	Security	Credit rating
redeemable non-convertible debentures	days to 85 months	10.50		24, 2020	2022 to December 23, 2027		*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 our Company	BBB: Stable Outlook

Unsecured Non-Convertible Debentures

The details of the unsecured non-convertible debentures issued by our Company, outstanding as on December 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 ₹584.75 lakhs was cumulatively outstanding as on December 31, 2020, the details of which are set forth below:

Debenture series	Date of allotment	Coupon (in %)	Principal Amount outstanding as on December 31, 2020 (in ₹lakhs)	Tenure	Redemption Date/schedule	Credit rating
Unsecured redeemable non-convertible debenture	June 2013 to January2020	10.75 to 24.77	584.75	400 days to 100 months	February 2021 to November 2021	NA

2. **Public issue of unsecured redeemable non-convertible debentures**

   (a) 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 December 31, 2020, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal amount outstanding as on December 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 ₹23,239.95 lakhs as on December 31, 2020, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Principal amount outstanding as on December 31, 2020 (in ₹ lakhs)	Tenure	Redemption Date	Total issue size (Principal amount) (in ₹ lakhs)	Credit Rating
Subordinated debt	January 2016 to July 2020	10.5 to 16.67	23,239.95	61- 84 months	January 2022 to July 2027	23,239.95	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. The Company has not issued any corporate guarantee.

SECTION VI – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of NCDs aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs, on the terms and in the manner set forth herein.

At the meeting of the Board of Directors of our Company held on November 13, 2020, the Directors approved the issue of NCDs to the public up to an amount not exceeding ₹50,000 lakhs for the financial year 2020-2021.

This Issue for an amount not exceeding ₹25,000 lakhs has been approved by the Debenture Committee of the Board of Directors of our Company in its meeting dated February 18, 2021.

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 NCDs and Unsecured NCDs
Face Value of NCDs (₹/NCD)	₹1,000
Issue Price (₹/NCD)	₹1,000
Minimum Application	10 NCDs i.e., ₹10,000 (across all Options of NCDs)
In Multiples of	One NCD after the minimum Application
Seniority	Senior (the claims of the Debenture Holders holding Secured NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The Secured NCDs would constitute secured obligations of our Company and shall have 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 one time of the debentures outstanding plus interest accrued thereon. The claims of all other lenders shall rank higher than Unsecured NCDs.
Mode of Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e., ₹9,375.00 lakhs
Issue	Public issue of secured redeemable NCDs and unsecured, redeemable NCDs of our Company of face value of ₹1,000 each aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs, on the terms and in the manner set forth herein The Secured NCDs shall be allotted for a value upto ₹20,000 lakhs and Unsecured NCDs shall be allotted for a value upto ₹5,000 lakhs
Base Issue	₹12,500 lakhs
Stock Exchange proposed for listing of the NCDs	BSE Limited
Listing and timeline for Listing	The NCDs shall be listed within 6 Working Days of Issue Closure
Depositories	NSDL and CDSL
Description regarding security (where applicable) including type of security (movable/immovable/tangible	The principal amount of the Secured NCDs to be issued in terms of this Draft Prospectus together with all interest due on the Secured 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

etc.) type of charge (pledge/hypothecation/mortgage etc.), date of creation of security/likely date of creation of security, minimum security cover, revaluation, replacement of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deeds and disclosed in this Draft Prospectus	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. No security will be created for the Unsecured NCDs to be issued in terms of this Issue. The tentative date of creation of the security for the Secured NCDs shall be finalised upon execution of the Secured Debenture Trust Deed. Replacement of security – Our Company shall within such period as may be permitted by the Debenture Trustee, furnish to the Debenture Trustee as additional security, if the Debenture Trustee is of the opinion that during the subsistence of these presents, the security for the Secured NCDs has become inadequate on account of the margin requirement as provided in the financial covenants and conditions and the Debenture Trustee has, accordingly, called upon our Company to furnish such additional security. In such case, our Company shall, at its own costs and expenses, furnish to the Debenture Trustee such additional security, in form and manner satisfactory to the Debenture Trustee, as security for the Secured NCDs and upon creation of such additional security, the same shall vest in the Debenture Trustee subject to all the trusts, provisions and covenants contained in these presents. For further details, please refer to the Secured Debenture Trust Deed. Minimum security cover: Please refer to *"- Security Cover"* below. Interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deeds and disclosed in this Draft Prospectus: N.A.
Security Cover	Our Company shall maintain a minimum 100% security cover on the outstanding balance of the NCDs plus accrued interest thereon No security shall be created for the Unsecured NCDs
Who can apply *	**Category I** • Resident public financial institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity 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** • 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;

<table>
<tr><td></td><td>

- Association of persons;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
- Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs.

Category III*

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

** applications aggregating to a value not more than ₹5 lakhs*
</td></tr>
<tr><td>Credit Rating</td><td>
<table>
<tr><th>Rating agency</th><th>Instrument</th><th>Rating symbol</th><th>Date of credit rating letter</th><th>Amount rated (in ₹ lakhs)</th><th>Rating Definition</th></tr>
<tr><td>India Ratings and Research Private Limited</td><td>Non-convertible debentures</td><td>IND BBB/Stable</td><td>March 5, 2021</td><td>₹25,000</td><td>Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.</td></tr>
</table>
</td></tr>
<tr><td>Issue Size</td><td>Public issue of secured redeemable NCDs and unsecured, redeemable NCDs of our Company of face value of ₹1,000 each aggregating up to ₹12,500 lakhs, with an option to retain over-subscription up to ₹12,500 lakhs, aggregating up to ₹25,000 lakhs, on the terms and in the manner set forth herein</td></tr>
<tr><td>Pay-in date</td><td>Application Date. The entire Application Amount is payable on Application</td></tr>
<tr><td>Application money</td><td>The entire Application Amount is payable on submitting the Application</td></tr>
<tr><td>Mode of payment</td><td>Please see “Issue Procedure” on page 163</td></tr>
<tr><td>Record Date</td><td>The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 Working Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.

In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date</td></tr>
<tr><td>All covenants of the Issue (including side letters, accelerated payment clause, etc.)</td><td>Please refer to the chapter titled “Terms of the Issue” on page 148</td></tr>
<tr><td>Issue Schedule</td><td>The Issue shall be open from [●] to [●] with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closer date/date of closure up to maximum 30 days from the date of the Prospectus.</td></tr>
<tr><td>Objects of the Issue</td><td>Please refer to the chapter titled “Objects of the Issue” on page 60</td></tr>
<tr><td>Put/Call Option</td><td>None</td></tr>
</table>

Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled "*Objects of the Issue*" on page 60
Coupon rate and redemption premium	Please refer to the chapter titled "*Terms of Issue*" on page 148
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	[●]
Issue Opening Date	[●]
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed, the Default Interest Date payable to the Applicant shall be as prescribed under the Secured Debenture Trust Deed and Unsecured 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	This Draft Prospectus and the Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Public Issue Account and Sponsor Bank Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. Refer to section titled "*Material Contracts and Documents for Inspection*" on page 252
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 Secured Debenture Trust Deed and Unsecured 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 Secured Debenture Trust Deed and/or the Unsecured 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 Secured Debenture Trust Deed and/or Unsecured Debenture Trust Deed
Events of default (including manner of voting/conditions of joining inter-creditor agreement)	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 152.
Creation of recovery expense fund	The creation of recovery expense fund will be finalised upon the execution of the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed, as applicable in accordance with the applicable provisions of SEBI Debt Regulations and other applicable laws.
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	The conditions for breach of covenants will be finalised upon execution of the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed which shall be executed within three months of closure of the Issue as per Regulation 15 of SEBI Debt Regulations.
Cross Default	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 152.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled "*Terms of Issue – Debenture Trustees for the Secured NCD Holders*" on page 151
Risk Factors pertaining to the Issue	Please refer to the chapter titled "*Risk Factors*" on page 15

Settlement Mode	Please refer to the chapter titled "*Terms of Issue - Payment on Redemption*" on page 160.
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Kochi

Note:

*(a) The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company ("**Board**") or the Debenture Committee. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper 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 rematerialisation, if the NCDs were originally issued in dematerialized form.

**Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.*

In case of Application Form being submitted in joint names, the Applicants should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please refer to "*Issue Procedure*" on page 163.

Terms of the NCDs

Tenure	**480 Days**	**24 Months**	**24 Months**	**42 Months**	**50 Months**	**61 Months**	**84 Months**
Nature	**Secured**					**Unsecured**	
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 rate % Per Annum	9.00%	9.25%	NA	9.75%	NA	10.25%	NA
Effective Yield % Per Annum	9.38%	9.65%	9.27%	10.20%	10.22%	10.75%	10.41%
Redemption Amount of ₹1,000	1,000	1,000	1,194	1,000	1,500	1,000	2,000
Coupon Type	Fixed						
Put and Call Option	Not Applicable						
Deemed date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.						

Interest and Payment of Interest

1. Monthly interest payment options

Interest would be paid monthly under Options I, II, 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	42 Months	61 Months
All categories (%)	9.00	9.25	9.75	10.25

For avoidance of doubt where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options if the Deemed Date of Allotment is on or prior to the fifteenth of that month, interest for that month will be paid on first day of the subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

2. Cumulative interest payment options

Option III, 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	84 Months
All categories (₹)	1,194	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 Draft Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

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 158.

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 163.

TERMS OF THE ISSUE

Authority for the Issue

At the meeting of the Board of Directors of our Company held on November 13, 2020, the Directors approved the issue of NCDs to the public up to an amount not exceeding ₹50,000 lakhs for the financial year 2020-2021. This Issue for an amount not exceeding ₹25,000 lakhs has been approved by the Debenture Committee of the Board of Directors of our Company in its meeting dated February 18, 2021. 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 Draft Prospectus, the Application Forms, the terms and conditions of the Debenture Trusteeship Agreement, the Secured Debenture Trust Deed and Unsecured 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 Secured NCDs

The Secured NCDs being offered through this Issue would constitute direct and secured obligations of the Company and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first charge on 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. The claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

Unsecured NCDs

The Unsecured NCDs would constitute unsecured obligations of the Company and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements. The Unsecured NCDs proposed to be issued under the Issue and all earlier issues of unsecured debentures outstanding in the books of our Company, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. The claims of the Unsecured NCD holders shall be subordinated to those of the other lenders to our Company, subject to applicable statutory and/or regulatory requirements.

Security

The Issue comprises of public issue of Secured NCDs and Unsecured NCDs of face value of ₹1,000 each.

The principal amount of the Secured NCDs to be issued in terms of this Draft Prospectus together with all interest due on the Secured 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 Secured NCDs outstanding plus interest accrued thereon.

Our Company will create the security for the Secured NCDs in favour of the Debenture Trustee for the Debenture Holders holding the Secured NCDs on the assets to ensure 100.00% security cover of the amount outstanding including interest in respect of the Secured 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, ("**Secured Debenture Trust Deed**"), the terms of which shall govern the appointment of the Debenture Trustee and the issue of the Secured NCDs.

Under the terms of the Secured Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding the Secured NCDs the principal amount on the Secured NCDs on the relevant redemption date and also that it will pay the interest due on the Secured NCDs at the rate specified in this Draft Prospectus and in the Secured Debenture Trust Deed.

The Secured 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 Secured Debenture Trust Deed, is executed.

Further, in the event our Company fails to execute the Secured 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 Secured NCD Holder, over and above the agreed coupon rate, till the execution of the Secured 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.

Recovery Expense Fund

Pursuant to the SEBI circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020, the creation of the recovery expense fund shall be in accordance with the aforementioned circular, and shall come into effect from January 1, 2021.

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 Secured NCD Holders

Some of the significant rights available to the Secured NCD Holders are as follows:

1. The Secured NCDs shall not, except as provided under the Companies Act, 2013, our Memorandum of Association and Articles of Association and/or the Secured Debenture Trust Deed, confer upon the Secured NCD Holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the Secured NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered Secured NCD Holders for their consideration. The opinion of the Debenture Trustee as to whether such resolution is affecting the right attached to the NCDs is final and binding on Secured NCD Holders. In terms of Section 136 of the Companies Act, 2013, the Secured NCD Holders shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.

2. Subject to applicable statutory/regulatory requirements and terms of the Secured Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the Secured 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 Secured NCDs or with the sanction of a special resolution passed at a meeting of the concerned Secured NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Secured NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Secured Debenture Trust Deed, the registered Secured NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such Secured NCDs, either in person or by proxy, at any meeting of the concerned Secured NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Secured NCD Holders shall be in proportion to the outstanding nominal value of Secured NCDs held by them.

4. The Secured NCDs are subject to the provisions of the SEBI Debt Regulations, the applicable provisions of Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of the Prospectus, the Abridged Prospectus, the Application Form, the terms and conditions of the Secured 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 Secured NCDs.

5. For the Secured NCDs issued in dematerialized form, the Depositories shall also maintain updated records of holders of the Secured NCDs in dematerialized Form. For Secured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of Secured NCDs maintained by a Depository for any Secured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of Secured NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the Secured NCD Holders.

6. Subject to compliance with appliable statutory requirements, the Secured NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the Secured NCDs after providing at least 15 days' prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the Secured NCDs of all the Secured NCD Holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the Secured NCD Holders are merely indicative. The final rights of the Secured NCD Holders will be as per the terms of the Prospectus, the Secured Debenture Trust Deed.

Rights of Unsecured NCD Holders

Some of the significant rights available to the Unsecured NCD Holders are as follows:

1. The Unsecured NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Unsecured Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right

to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the Unsecured NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered Unsecured NCD Holders for their consideration. In terms of Section 136(1) of the Companies Act, 2013, holders of Unsecured NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.

2. Subject to applicable statutory/regulatory requirements and terms of the Unsecured Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the Unsecured 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 Unsecured NCDs or with the sanction of a special resolution passed at a meeting of the concerned Unsecured NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Unsecured NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Unsecured Debenture Trust Deed, the registered Unsecured NCD Holders 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 Unsecured NCDs, either in person or by proxy, at any meeting of the concerned Unsecured NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Unsecured NCD Holders shall be in proportion to the outstanding nominal value of Unsecured NCDs held by him/her.

4. The Unsecured NCDs 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 the Prospectus, the Application Forms, the Abridged Prospectus, the terms and conditions of the Unsecured 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 Unsecured NCDs.

5. For the Unsecured NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the Unsecured NCDs in dematerialized Form. For Unsecured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Unsecured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of Unsecured NCDs maintained by a Depository for any Unsecured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of Unsecured NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the Unsecured NCD holders.

6. Subject to compliance with applicable statutory requirements, the Unsecured NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the Unsecured NCDs after providing at least 15 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the Unsecured NCDs, who have not given their positive consent to the roll-over.

The aforementioned rights of the Unsecured NCD Holders are merely indicative. The final rights of the Unsecured NCD Holders will be as per the terms of the Prospectus and the Unsecured Debenture Trust Deed.

Debenture Trustees for the Secured NCD Holders

We have appointed Vistra ITCL (India) Limited to act as the Debenture Trustees for the Secured NCD 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 Secured Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to the Secured NCDs. The Secured NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Secured NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Secured NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the Secured NCD Holder(s) shall discharge us *pro tanto* to the Debenture Holder(s).

The Debenture Trustee will protect the interest of the Secured NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost. It is it the duty of the debenture trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Our Company shall not create any further encumbrances on the Security except with the prior approval of the Debenture Trustee. In the event of such request by our Company, the Debenture Trustee shall provide its approval for creation of further charges provided that our Company provides a certificate from a chartered accountant stating that after creation of such further charges, the required Security cover is maintained.

At any time before the Security constituted hereunder becomes enforceable, the Debenture Trustee, may, at the request of our Company and without any consent of the NCD Holders, do or concur our Company in doing all or any of the things which our Company might have done in respect of the Security as if no security had been created and particularly, but not by way of limitation, the following assent to any modification of any contracts or arrangements which may be subsisting in relation to the Security.

Debenture Trustee for the Unsecured NCD holders

We have appointed Vistra ITCL (India) Limited to act as the Debenture Trustee for the Unsecured NCD Holders. The Debenture Trustee and us will execute the Unsecured Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us. The Unsecured NCD Holders 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 Unsecured NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Unsecured NCD Holders. Any payment made by us to the Debenture Trustee on behalf of the Unsecured NCD Holders shall discharge us pro tanto to the Unsecured NCD Holders. The Debenture Trustee will protect the interest of the Unsecured NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default

Subject to the terms of the Secured Debenture Trust Deed and Unsecured 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 Secured Debenture Trust Deed and Unsecured 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 163.

Nomination facility to Debenture Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and Section 72 of the Companies Act, 2013, the sole Debenture Holder, or first Debenture Holder, along with other joint Debenture Holders' (being individual(s)), may nominate, in the **Form No. SH.13,** any one person in whom, in the event of the death of Applicant the NCDs Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No. SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in

accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

Debenture Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the Debenture Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption amounts or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialized form.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Debenture Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

For all NCDs held in the dematerialised form and since the allotment of NCDs pursuant to this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. The nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialised form.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kochi, Kerala India.

Application in the Issue

Applicants shall apply in this Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only (including Applications made by UPI Investors under the UPI Mechanism).

In terms of Regulation 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 163.

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 Draft 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	[●]
ISSUE CLOSING DATE	[●]#

*# The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of Prospectus) as may be decided by the Board of Directors of our Company ("**Board**") or the Debenture Committee. In the event of such an early closure of or extension*

subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

*Application (including Application under the UPI Mechanism) and any further changes to the Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "**IST**") during the Issue Period as mentioned above by the Designated Intermediaries at the bidding centre and by the SCSBs directly at the Designated Branches of SCSBs, except that on the Issue Closing Date when the Applications and any further changes in details in Applications, if any, shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchange. Additionally, an Investor may also submit the Application Form through the app or web interface of the Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange platform would be rejected.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Draft Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.
Such Applications that cannot be uploaded will not be considered for Allocation under the Issue. Applications will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or Designated Branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of Investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

Basis of payment of Interest

NCDs once Allotted under any particular category of NCDs shall continue to bear the applicable tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of Debenture Holder on any Record Date, and such Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

Payment of Interest/Maturity Amount will be made to those Debenture Holders whose names appear in the Register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the Interest Payment Date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help Debenture Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Please see, *"- Manner of Payment of Interest / Redemption Amounts"* on page 158.

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 Draft Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

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 I*" on page 255.

Maturity and Redemption

The NCDs issued pursuant to this Draft Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 480 days from the Deemed Date of Allotment for Option I, 24 months from the Deemed Date of Allotment for Option II and III, 42 months from the Deemed Date of Allotment for Option IV, 50 months from the Deemed Date of Allotment for Option V, 61 months from the Deemed Date of Allotment for Option VI and 84 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 the 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 155.

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 155.

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 lakhs or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10 lakhs or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakhs or with both.

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close this Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription (75% of the Base Issue, i.e., ₹9,375.00 lakhs). Our Company shall allot NCDs with respect to the Application Forms received at the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory

requirements. In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date for this Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of Base Issue Size i.e. ₹9,375.00 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 the Prospectus with RoC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Listing

The NCDs offered through the 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 [●]**.** 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 the 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 SEBI 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. Further, pursuant to the SEBI circular (SEBI/HO/DDHS/CIR/P/2020/233) dated November 23, 2020 ("**Debt UPI Circular**"), SEBI has introduced the UPI Mechanism as a payment mechanism for the Issue, wherein a UPI Investor, may submit the Application Form with a SCSB or a Designated Intermediary or through the app/web based interface platform of the Stock Exchange and use their bank account linked UPI ID for the purpose of blocking of funds, if the Application being made is for a value of ₹2 lakhs or less. The UPI Mechanism is applicable for public issue of debt securities which open for subscription on or after January 1, 2021. Accordingly, payment through the UPI Mechanism shall be available for the Issue. SEBI, vide the Debt UPI Circular has also introduced an additional mode for application in public issues of debt securities through an online (app/web) interface to be provided by the stock exchanges. In this regard, SEBI has also stipulated that the stock exchanges formulate and disclose the operational procedure for applying through the app/web based interface developed by them for making applications in public issues through the stock exchange's website. Since, BSE is the Designated Stock Exchange for the Issue, BSE's online platform BSE Direct, shall be available to UPI Investors to make an application under the UPI Mechanism, in accordance with the operational procedures notified by BSE vide notifications dated December 28, 2020.*

Applicants should note that they may submit their Application Forms (including in cases where Applications are being made under the UPI mechanism) at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e., to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations or (iii) through BSE Direct, the app and/or web based interface/platform of the Stock Exchange, as applicable. For further information, please see "- Submission of Completed Application Forms" on page 182.

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 the Prospectus.

*Please note that this section has been prepared based on the requirements notified by the SEBI circular (CIR/IMD/DF-1/20/2012) dated July 27, 2012 ("**Debt Application Circular**") as modified by SEBI circular (CIR/IMD/DF/18/2013) dated October 29, 2013, SEBI circular (CIR/DDHS/P/121/2018) dated August 16, 2018 ("**Debt ASBA Circular**"), the Debt UPI Circular and the notifications issued by BSE, in relation to the UPI Mechanism, dated December 28, 2020.*

Further, our Company, the Lead Manager and the Members of the Syndicate do not accept any responsibility for any adverse occurrence consequent to the implementation of the UPI Mechanism for application in the Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE STOCK EXCHANGE.

For purposes of this Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai 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 the Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

The Abridged Prospectus containing the salient features of the Prospectus together with Application Form may be obtained from:

(a) Our Company's Registered Office and Corporate Office;
(b) Offices of the Lead Manager/Syndicate Member;
(c) the CRTA at the Designated RTA Locations;
(d) the CDPs at the Designated CDP Locations;
(e) Trading Members at the Broker Centres; and
(f) Designated Branches of the SCSBs.

Electronic copies of this Draft Prospectus and the Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

UPI Investors making an Application upto ₹2 lakhs, using the UPI Mechanism, must provide the UPI ID in the relevant space provided in the Application Form. Application Forms that do not contain the UPI ID are liable to be rejected. UPI Investors applying using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I

- Resident public financial institutions as defined in Section 2(72) of the Companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;

- Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;

- Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;

- Resident venture capital funds registered with SEBI;

- Insurance companies registered with the IRDAI;

- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);

- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;

- Mutual funds registered with SEBI; and
- Systemically Important NBFCs.

Category II

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
- Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of persons;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
- Resident Indian individuals and Hindu undivided families through the Karta applying for an amount aggregating to a value exceeding ₹5 lakhs.

Category III*#

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

** applications aggregating to a value not more than ₹5 lakhs.*
applications upto a value of ₹2 lakhs can be made under the UPI Mechanism.

For Applicants applying for NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID, Client ID and where applicable the UPI ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

(a) Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
(b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;

(c) Persons resident outside India and other foreign entities;
(d) Foreign Portfolio Investors;
(e) Foreign Venture Capital Investors;
(f) Qualified Foreign Investors;
(g) Overseas Corporate Bodies; and
(h) Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please see "- *Rejection of Applications*" on page 184 for information on rejection of Applications.

Method of Application

In terms of the Debt ASBA Circular, an eligible Investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the 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 exchanges 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. Further, SEBI vide the Debt UPI Circular has directed the stock exchanges in India to formulate and disclose the operational procedure for making an application through the app/web based interface developed by them in order for investors to apply in public issue on their websites.

All Applicants shall mandatorily apply in the Issue either through:

1. the ASBA process (including UPI Investors). Applicants intending to subscribe in the Issue shall submit a duly filled Application Form to any of the Designated Intermediaries; or

2. UPI Investors having a valid UPI ID, through the app/web based interface platform of the Stock Exchange (BSE Direct) wherein the application would automatically be uploaded onto the Stock Exchange's bidding platform and the amount will be blocked using the UPI Mechanism.

Additionally, certain SEBI registered UPI handles which can be accessed at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, may also be used for making an Application through the UPI Mechanism.

Application process through physical Application Form

Applicants opting for the physical mode of Application process, should submit the Application Form (including for Applications under the UPI Mechanism) only at the Collection Centres, i.e., to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the registered broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available on SEBI's website *for Applications under the UPI Mechanism* at https://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of Application Forms from ASBA Applicants (including for Applications under the UPI Mechanism), shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit the Application Forms (except Application Forms submitted by UPI Investors under the UPI Mechanism) with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB, with the SCSB and can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form. For Applicants submitting the physical application Form who wish to block the funds in their respective UPI linked bank account through the UPI Mechanism, post uploading of the details of the Application Forms into the online platform of the Stock Exchange, the Stock Exchange shall share the Application details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such UPI Investors for blocking of funds.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

APPLICATION PROCESS THROUGH APP/WEB BASED INTERFACE OF THE STOCK EXCHANGE – *BSE DIRECT*

SEBI, vide the Debt UPI Circular, has introduced an additional mode for application in the Issue through online (app / web) interface/platform of the Stock Exchange. In furtherance to the same, the Stock Exchange has extended the facility of '**BSE Direct**', which is a web based and a mobile app based platform for making an Application in the Issue where the funds can be blocked through the UPI Mechanism. BSE Direct platform can be accessed at **https://www.bsedirect.com** and can be accessed through the mobile app available (for android phone users only) on the Google Playstore.

Please note that Applications in the Issue, through the 'BSE Direct' platform, can only be made by UPI Investors, i.e., Applicants who make an Application in the Issue for an amount upto ₹2 lakhs only.

BSE Limited, the Designated Stock Exchange, has vide notifications dated December 28, 2020, notified the detailed operational procedure for making an Application, under the UPI Mechanism, using BSE Direct. The detailed operational instructions and guidelines issued by the Stock Exchange can be accessed on the Stock Exchange's website at www.bseindia.com.

Operational Instructions and Guidelines

Certain relevant operational instructions and guidelines, for using BSE Direct to make an Application in the Issue, are listed below:

a. **General Instructions –**

i. Applicants are required to preregister themselves with BSE Direct. For the detailed process of registration and Applications under the BSE Direct Platform, see "- *Process of Registration and Application on BSE Direct Platform*" on page 169.

ii. Applicants can access BSE Direct platform via internet at https://www.bsedirect.com or through the mobile app (on android phones only) called BSE Direct which can be downloaded from the Google Playstore.

iii. The Stock Exchange shall make this Prospectus and Issue related details available on its website under the 'Forthcoming Issues' a day prior to the Issue Opening Date and the details of the Issue shall also be made available on the issue page of BSE Direct.

iv. The BSE Direct platform, offers a facility of making a direct application through the web based platform or the mobile app with a facility to block funds upto ₹2 lakhs through the UPI Mechanism.

v. The mode of allotment for Applications made through the BSE Direct platform, shall mandatorily be in dematerialised form only.

b. **Order Entry Parameters -**

Pursuant to the Debt UPI Circular and other relevant SEBI circulars, the following operating parameters shall be made available for making an Application in the Debt IPO Segment. Applicants are requested to note the following general instructions:

i. The Issue symbol will remain same across all series/options;
ii. Applicants can enter order for a single Application having different series within one order entry screen.
iii. Before submission of the Application, the Applicant should have created an UPI ID with a maximum length of 45 characters including the handle (example: investorId@bankname)

Applicants can only submit an Application with the UPI Mechanism as the payment mode. The Applications which are successfully accepted will be allotted a bid id or order no.

c. **Modification and cancellation of orders**

i. An Applicant shall not be allowed to add or modify the Application except for modification of either DP ID/Client ID, or PAN but not both.
ii. The Applicant can withdraw the bid(s) submitted under a single Application and reapply.
iii. The part cancellation of bid in a single Application will not be permitted.

For details of the process post the Application details being entered into the bidding platform of the Stock Exchange, see "- *Submission of Applications - for Applications under the UPI Mechanism*" on page 175.

d. **Re-initiation of Bids**

i. If the Applicant has not received the UPI Mandate vide an SMS or on the mobile app, associated with the UPI ID linked bank account, they will have the option to re-initiate the bid which is pending for confirmation.
ii. The facility of re-initiation/ resending the UPI Mandate shall be available only till 5 pm on the day of bidding.
iii. The Designated Intermediaries shall be permitted to use the re-initiation of Application option only once.

e. **Acceptance of the UPI Mandate**

i. An Applicant will be required to accept the UPI Mandate by 5:00 pm on the third Working Day from the day of bidding on the Stock Exchange platform except for the last day of the Issue Period or any other modified closure date of the Issue Period in which case, they shall be required to accept the UPI Mandate by 5:00 pm of the next Working Day. As the Company reserves the right to close the issue prior to the Issue Closing Date, hence is advisable that the Applicants should accept the UPI mandate by 5:00 pm on the Working Day subsequent to date of submission of the Application on BSE Direct.

ii. The transaction will be treated completed only after the UPI Mandate is accepted by the Applicant and the transaction is authorised by entering of their respective UPI PIN and successful blocking of fund through ASBA process by the Applicant's bank.

iii. If the Applicant fails to accept the mandate within stipulated timelines, their Application will not be considered for allocation.

iv. Applicants are required to check the status of their Applications with regards to the UPI Mandate acceptance and blocking of fund in the UPI Report for completion of the transaction.

v. Please note that the display of status of acceptance of the UPI Mandate/fund blocking shall be solely based on the data received from the Sponsor Bank.

f. **Order book and T+1 Modification**

i. The order book will be available in the Debt module of the Stock Exchange in real time basis.

ii. An Applicant shall be allowed to modify selected fields such as their DP ID/Client ID or PAN (Either DP ID/Client ID or PAN can be modified but not both) on T+1 day for a validated bid.

g. **Applicant's responsibilities**

i. Applicants shall check the Issue details before making an Application.

ii. Applicants shall only be able to make an Application for an amount upto ₹2 lakhs.

iii. Applicants shall have only UPI as the payment mechanism with ASBA.

iv. Applicants must check and understand the UPI Mandate acceptance and the fund blocking process before making an Application.

v. The receipt of SMS for UPI Mandate acceptance depends upon the system response/ integration of UPI on the Debt Public Issue System.

vi. Applicants must check their respective mobiles for an SMS or the mobile app, associated with the UPI ID linked bank account, for receipt of the UPI Mandate.

vii. Applicants must accept the UPI Mandate request within stipulated timelines.

viii. Applicants must note that the transaction will be treated completed only after the UPI Mandate is accepted by the Applicant and the transaction is authorised by entering of their respective UPI PIN and successful blocking of fund through ASBA process by the Applicant's bank.

vi. If the Applicant fails to accept the mandate within stipulated timelines, their Application will not be considered for allocation.

vii. Applicants are required to check the status of their Applications with regards to the UPI Mandate acceptance and blocking of fund in the UPI Report for completion of the transaction.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager, the Registrar to the Issue or the Stock Exchange shall not be liable or responsible in the event an Applicant fails to receive the UPI Mandate acceptance request on their mobile or they fail to accept the UPI Mandate within the stipulated time period or due to any technical/other reasons

Process of Registration and Application on BSE Direct Platform/Mobile App

a. **Process of Registration for Investor**

i. To make an Application on the BSE Direct platform/ mobile app an Applicant is required to register themselves with the platform/mobile app.

ii. At the time of registration, the Applicant shall be required to select the option of "New Registration Without Broker" and enter their respective PAN along with details of their demat account (i.e., DP ID and Client ID) and UPI ID.

iii. The Stock Exchange shall verify the PAN and demat account details entered by the Applicant with the Depository, within one Working Day.

iv. The Applicant shall be required to accept the terms and conditions and also enter the correct 'One Time Password' ("**OTP**") sent on their respective mobile phones and email IDs to complete the registration process.

v. Upon the successful OTP confirmation, the Applicant's registration request shall be accepted, and a reference number shall be provided to them for checking their registration status.

vi. At the time of demat account verification, the Stock Exchange shall also validate Applicant's client type (investor category) present in demat account.
vii. An Applicant's registration shall be rejected if an incorrect investor category and/or demat account details have been entered.
viii. Post the verification of the demat account, the Stock Exchange shall activate the Applicant's profile for making an Application and also provide a user ID (which is PAN) and password for login onto the BSE Direct platform.
ix. An Applicant shall be able to view their respective details including their demat account, by accessing the tab 'My Profile'.
x. To modify their details, an Applicant must login to the BSE Direct portal and click on 'My profile'.
xi. The Stock Exchange shall revalidate the modified details with Depository.
xii. No modification request shall be accepted during the Issue Period if the Applicant has made an Application in the Issue.
xiii. To re-generate a new password, the Applicant can use the 'Forget Password' option.
xiv. Existing investors who are already registered for "GSec AND T-Bills investment", can also use the facility for applying in the Issue by using the UPI Mechanism for blocking of funds for Applications with a value upto ₹2 lakhs.

b. **Process to place Bid via BSE Direct platform/ mobile app**

i. The Issue, during the Issue Period, shall be opened for subscription and will be available for making an Application through the BSE Direct platform/ mobile app.
ii. Upon successful login, an Applicant can select the Issue to make an Application.
iii. The details of PAN and DP ID and Client ID will be populated based on the registration done by the Applicant.
iv. Before submission of the Application, an Applicant would be required to create a UPI ID with a maximum length of 45 characters including the handle (Example: investorId@bankname)
v. An Applicant shall be required to enter a valid UPI ID, in the UPI ID field.
vi. An Applicant must select the series/option along with number of NCDs being applied for in the Issue.
vii. Applicants must check the Issue details before making an Application.
viii. Applicant will only be able to make an Application for an amount of upto ₹2 lakhs.
ix. Applicants shall only have UPI as a payment mechanism with ASBA.
x. Applicants must check and understand the UPI Mandate acceptance and blocking of fund process before making an Application.

For details of the blocking process post the Application details being entered into the bidding platform of the Stock Exchange, see "- *Submission of Applications - for Applications under the UPI Mechanism*" on page 175.

c. **SMS from the Exchange**

i. Post completion of the blocking process, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application at the end of day, during the Issue Period and for the last day of the Issue Period, the SMS shall be sent the next Working Day.

d. **Modification and Cancellation of Orders**

i. An Applicant shall not be allowed to add or modify the bid(s) of the Application except for modification of either DP ID/Client ID, or PAN but not both.
ii. An Applicant can withdraw the bid(s) submitted under a single Application and reapply. However, part cancellation of bid in a single Application is not permitted.

e. **Re-initiation of Bid**

i. If the Applicant has not received the UPI Mandate vide an SMS or on the mobile app, associated with the UPI ID linked bank account, they will have the option to re-initiate the bid which is pending for confirmation, after the lapse of reasonable time.
ii. The Designated Intermediaries shall be permitted to use the re-initiation of Application option only once.

For details of the process of the UPI Mandate acceptance, see "- *Operational Instructions and Guidelines - Acceptance of the UPI Mandate*" on page 168.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager, the Registrar to the Issue or the Stock Exchange shall not be liable or responsible in the event an Applicant fails to receive the UPI Mandate acceptance request on their mobile or they fail to accept the UPI Mandate within the stipulated time period or due to any technical/other reasons. Sine the process of making an Application through BSE Direct is based on notifications issued by the Stock Exchange, Applicants are requested to check the website of the Stock Exchange for any further notifications by the Stock Exchange amending, supplementing, updating or revising the process of Applications through BSE Direct.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 ("**SEBI Circular 2016**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements 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 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 the Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications (including Applications under the UPI Mechanism) accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs or failure to block the Application Amount under the UPI Mechanism. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

(b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at https://www.sebi.gov.in).

(c) A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is upto ₹2 lakhs, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

(d) A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange. Post which:

(i) ***for Applications other than under the UPI Mechanism*** - the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form.

(ii) ***for Applications under the UPI Mechanism*** – once the Application details have been entered in the bidding platform through Designated Intermediaries or BSE Direct, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. Post uploading of the Application details on the Stock Exchange's platform, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with the Applicants UPI ID, with the Sponsor Bank appointed by our Company. The Sponsor Bank shall then initiate a UPI Mandate Request on the Applicant. The request raised by the Sponsor Bank, would be electronically received by the Applicant as an SMS or on the mobile app, associated with the UPI ID linked bank account. The Applicant shall then be required to authorise the UPI Mandate Request. Upon successful validation of block request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account. The status of block request would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the Designated Intermediary.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 42. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in the 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;
- 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, Client ID and UPI ID (wherever applicable) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID, PAN and UPI ID (wherever applicable) mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID, PAN and UPI ID (wherever applicable) available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue. Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, Sponsor Bank nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the parameters, namely, DP ID, Client ID, PAN and UPI ID (wherever applicable) then such Application are liable to be rejected.

C. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a

SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e., either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in the Prospectus and in multiples of thereafter as specified in the 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 the Prospectus and applicable law, rules, regulations, guidelines and approvals.

2. Read all the instructions carefully and complete the Application Form in the prescribed form.

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.

4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID, Client ID, PAN and UPI ID (wherever applicable) are correct and the depository account is active as Allotment of the Equity Shares will be in dematerialized form only. The requirement for providing Depository Participant details is mandatory for all Applicants.

5. Ensure that you have mentioned the correct ASBA Account number (for all Applicants other than UPI Investors applying using the UPI Mechanism) in the Application Form. Further, UPI Investors using the UPI Mechanism must also mention their UPI ID.

6. UPI Investors applying using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking, is certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries.

7. UPI Investors applying using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected.

8. Ensure that the Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) in case the Applicant is not the ASBA account holder. Applicants (except UPI Investors making an Application using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Application Form. UPI Investors applying using the UPI Mechanism should ensure that they have mentioned the correct UPI- linked bank account number and their correct UPI ID in the Application Form.

9. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.

10. UPI Investors making an Application using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to Application Amount and subsequent debit of funds in case of Allotment, in a timely manner.

11. UPI Investors making an Application using the UPI Mechanism shall ensure that details of the Application are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using their UPI PIN. Upon the authorization of the mandate using their UPI PIN, the UPI Investor may be deemed to have verified the attachment containing the application details of the UPI Investor making and Application using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Application Amount and authorized the Sponsor Bank to issue a request to block the Application Amount mentioned in the ASBA Form in their ASBA Account.

12. UPI Investors making an Application using the UPI Mechanism should mention valid UPI ID of only the Applicants (in case of single account) and of the first Applicant (in case of joint account) in the ASBA Form.

13. UPI Investors making an Application using the UPI Mechanism, who have revised their Application subsequent to making the initial Application, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Application Amount in their account and in case of Allotment in a timely manner.

14. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.

15. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.

16. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.

17. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

18. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.

19. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 42

20. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

21. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

22. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.

23. Choose and mark the option of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

Don'ts:

1. Do not apply for lower than the minimum Application size.

2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.

3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.

4. Do not submit the Application Form to any non-SCSB bank or our Company.

5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.

6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

8. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (wherever applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.

9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account or in the case of UPI Investors making and

Application using the UPI Mechanism, in the UPI-linked bank account where funds for making the Application are available.

10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.

11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.

13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.

14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.

15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).

16. Do not make an Application of the NCD on multiple copies taken of a single form.

17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.

18. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Investors using the UPI Mechanism.

19. Do not submit more than five Application Forms per ASBA Account.

Please also see "- *Operational Instructions and Guidelines - Applicant's Responsibilities*" on page 169.

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 184 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at https://www.sebi.gov.in).

For Applications other than those under the UPI Mechanism, the relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application. For Applications under the UPI Mechanism, i.e., upto ₹2 lakhs, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. The blocking of funds in such case (not exceeding ₹2 lakhs) shall happen under the UPI Mechanism.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs or the Sponsor Bank (as the case maybe) to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic

system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

For Applications submitted under the UPI Mechanism, post the successful validation of the UPI Mandate Request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

A UPI Investor applying through the UPI Mechanism should ensure that, they check the relevant SMS generated for the UPI Mandate Request and all other steps required for successful blocking of funds in the UPI linked bank account, which includes accepting the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the Stock Exchange (except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day), have been completed.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs or the Sponsor Bank (in case of Applications under the UPI Mechanism) on the basis of the instructions issued in this regard by the Registrar to the respective SCSB or the Sponsor Bank, within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using physical Application Form, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.
Applications under the UPI Mechanism	(iii) Through the Designated Intermediary, physically or electronically, as applicable; or (iv) Through BSE Direct.

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications (including those under the UPI Mechanism) using the on-line facilities of the Stock Exchange. **The Members of Syndicate, our Company and the Registrar to the Issue or the Lead Manager is not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications**

accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (vi) any Application made under the UPI Mechanism, accepted or uploaded or failed to be uploaded by a Designated Intermediary or through the app/web based interface of the Stock Exchange and the corresponding failure for blocking of funds under the UPI Mechanism.

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 42.

(c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.

(f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchange to use its network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the 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, Client ID or UPI ID (wherever applicable) 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 or the UPI-linked Account to be blocked;

(x) In case no corresponding record is available with the Depositories that matches the parameters namely, DP ID, Client ID, UPI 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, the Prospectus and as per the instructions in the Application Form and the Prospectus;

(gg) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(hh) Applications providing an inoperative demat account number;

(ii) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;

(jj) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);

(kk) Investor category not ticked;

(ll) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

(mm) A UPI Investor applying through the UPI Mechanism, not having accepted the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the stock exchange except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day; and

(nn) A non-UPI Investor making an Application under the UPI Mechanism, i.e., an Application for an amount more than ₹2 lakhs.

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please see "*Information for Applicants*" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID, UPI ID (where applicable) and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

(a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, **("*Institutional Portion*")**;

(b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped together, **("*Non-Institutional Portion*")**;

(c) *Applications received from Category III applicants:* Applications received from Category III, shall be grouped together, **("*Retail Individual Portion*").**

For removal of doubt, "***Institutional Portion***", "***Non-Institutional Portion***" and "***Retail Individual Portion***" are individually referred to as "***Portion***" and collectively referred to as **"*Portions*".**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹12,500 lakhs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the **"*Overall Issue Size*".**

Basis of Allotment for NCDs

Allotments in the first instance:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or online acknowledgement));

(ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

(iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e., a first-come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the Allotments would be made to the Applicants on proportionate basis.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:

(i) Individual Portion

(ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹5 lakhs;

(iii) Institutional Portion

(iv) on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

For each Portion, all Applications uploaded into the electronic book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion, respectively.

Minimum allotment of 10 NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

(b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of the same, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com for details in respect of subscription.

(c) Proportionate Allotments: For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;

(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after

such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference;

(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalised by draw of lots in a fair and equitable manner; and

(iv) The total Allotment under Option I to Option VII of the NCDs shall not exceed a value more than ₹25,000 lakhs.

(d) Applicant applying for more than one Options of NCDs:

If an Applicant has applied for more than one Options of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of oversubscription, the option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager will Allot the residual NCD (s) in the following order:

(i) first with monthly interest payment in decreasing order of tenor i.e., Options 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 Draft 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 Draft 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 or the Sponsor Bank (for Applications under the UPI Mechanism), as applicable, to unblock the funds in the relevant ASBA Account/UPI linked bank account, for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for

successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts or the UPI linked bank accounts (for Applications under the UPI Mechanism) of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Applicants can withdraw their Applications until the Issue Closing Date. In case an Applicant wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite.

In case of Applications (other than under the UPI Mechanism) were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications (other than under the UPI Mechanism) submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. For Applications made under the UPI Mechanism, an Applicant shall not be allowed to add or modify the details of the Application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the Applicant may withdraw the Application and reapply.

However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. Please also see, "- *Operational Instructions and Guidelines - Modification and cancellation of orders*" on page 168.

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, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

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 Deeds. Further, as per Regulation 15 of SEBI Debt Regulations, in the event our Company fails to execute the Debenture Trust Deeds 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 Secured Debenture Trust Deed and Unsecured Debenture Trust Deed;

(f) We shall utilize the Issue proceeds only upon execution of the Secured Debenture Trust Deed and Unsecured Debenture Trust Deed as stated in this Draft Prospectus and the Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e., ₹9,375.00 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 Draft 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 July 20, 2020, 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 2020, 5% of our Company's net profit after tax amounts to ₹167.71 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 Draft 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 Draft 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 Draft 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 Draft 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 Draft Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

(a) Litigations involving our Company

Against our Company

Civil cases

1. M. Mathew ("**Plaintiff**") had filed a suit (bearing number OS No. 6 of 2013) dated June 16, 2013 ("**Suit**") before the District Court, Kottayam ("**Court**") under section 134 of the Trade Mark Act, 1999 read with Order VII Rule I read with Section 26 of the Code Of Civil Procedure, 1908 against our Company and other (together referred to as the "**Defendants**"). The Plaintiff claims that the trademark "Muthoot" is the exclusive

property of the Plaintiff and no one else can claim the right to use the name in their business. The Plaintiff has prayed that a judgment and decree of permanent prohibitory injunction to be issued restraining the Defendants from directly or indirectly using the trade mark "Muthoot" allegedly registered in the name of the Muthoot and thereby infringing it, interfere with or cause harm to the trade of business of Plaintiff in any manner whatsoever, to grant a permanent prohibitory injunction restraining the Defendants from using in any manner the allegedly registered trade mark of the Plaintiff "Muthoot", in connection with their business and to grant such other relief as the Court may think fit. The Plaintiff has also filed an application (bearing number 1277 of 2013) dated June 16, 2013 for interim injunction restraining the Defendants from using the trademark 'Muthoot'. A counter affidavit was filed by Roy M. Mathew, as the Chairman of our Company, on August 23, 2013 denying all the claims of the Plaintiff and alleging that this was the Plaintiff's attempt to stall the functioning of the companies. An Affidavit was filed by the Plaintiff on December 3, 2015 impleading additional parties to the matter. Thereafter, Mathew Muthootu, our Managing Director, filed a written statement on May 28, 2019 categorically raising objections in relation to the Suit, inter alia, claiming that the proceedings challenging the validity of the trademark are pending before the relevant authority and therefore the Suit should be stayed and further substantiating the arguments advanced by the Defendants. The matter is currently pending.

2. Our Company received a notice bearing number ROC(K)/STAT/F92/196/2012 dated May 2, 2012 ("**Notice**") from the Registrar of Companies, Kerala and Lakshadweep ("**ROC**"). The ROC had received a letter dated January 31, 2012 from M Mathew ("**Complainant**"), requesting not to register any company with the name "Muthoot" as the same is registered in the Complainants name on September 19, 2005 by the trademark registry, Mumbai. Hence ROC issued the Notice requesting us to offer our comments within 15 days of receipt of the Notice. Our Company replied to the Notice *vide* letter dated May 31, 2012 stating that we have secured registration for our logo and the "Mini Muthoottu" in class 36 *vide* registration dated April 30, 2009 and have absolute right to carry on the business by using "Muthoottu" as part of our trademark. The matter is pending.

3. M. Murgan and others ("**Plaintiffs**") filed a suit (O.S. 183/2018) ("**Suit**") against R. Parvathy, our Company and others ("**Defendants**") before the Principal District Judge, Chengalpattu ("**Court**") alleging that various sale deeds ("**Sale Deeds**") for the property situated at Kancheepuram district, Thirupporur Taluk, Kelambakkam Firka, Eagattur Village ("**Property**") were entered into without the knowledge of the Plaintiffs, the alleged owners of the Property. The Plaintiffs have sought for the annulment of such Sale Deed and for the partition of the Property. The matter is currently pending.

4. An application under Section 9 of the Arbitration and Conciliation Act, 1956 dated June 13, 2016 was filed before the District Court at Ernakulum by Logical Developers Private Limited and others and Amardeep Buildcon Private Limited (the **"Petitioners**") against our Company. The Petitioners claimed that in furtherance of a memorandum of association dated March 8, 2007, the sale deed dated May 3, 2007 ("**Sale Deed**"), and that there was deliberate cheating by total misrepresentation of the conveyances mentioned in the Sale Deed for an amount of ₹218.33 lakhs. The Petitioners alleged that the Respondents were fully aware of the fact that they have title only over half share of the property conveyed, since they had purchased only half of the share in the said property and paid consideration for that half. Further, an arbitration petition ("**Petition**") under Section 11(6) of the Arbitration and Conciliation Act, 1956 was filed by Logical Developers Private Limited and Amardeep Buildcon Private Limited, before the Kerala High Court ("**Court**") on September 13, 2018 to appoint an arbitrator, as per the memorandum of understanding entered into between the Petitioners and Company, to resolve the dispute which had arisen on the Sale Deed. A counter affidavit was filed by our Company before the Court. However, the Court *vide* its order dated March 11, 2020 disposed of the Petition by appointing an arbitrator. A claim for ₹2,217.23 lakhs was made before the arbitrator the Petitioners. The matter is currently pending.

5. J. H. Prasanna Kumar (Complainant) filed a consumer complaint CC 1046/2020 against our Company (Opposite Party) before the Consumer Disputes Redressal Commission, Bangalore for waiver of interest in the loan amount during the lockdown period. The Complainant claims that the Government had given moratorium benefit during the lockdown and therefore the interest amount for the gold loan from the month of May 2020 should be waived off. The matter is currently pending.

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 Draft Prospectus, there are no civil proceedings filed by our Company.

Criminal cases

1. Our Company has filed a petition (bearing no. CC. No. 1096 of 2016) ("**Petition**") under Section 138 of the Negotiable Instruments Act, 1881 before the Judicial Magistrate First Class, Kochi ("**Court**") against V. Senthil Vel Murughan ("**Accused**"), the landlord of our branch located at Nagarcoil Tower Junction, for an amount of ₹3.87 lakhs being the interest free security deposit amount for which a cheque was issued and was dishonoured due to insufficiency of funds in the account of the Accused. This matter was transferred to a Negotiable Instruments Court, Ernakulam and is currently pending.

2. Our Company has filed various criminal complaints against customers and ex-employees of our Company before various judicial forums under section 138 of the Negotiable Instruments Act, 1881 for certain cheques that bounced on presentation and others which were remained unpaid. The aggregate amount involved in these matters is ₹63.32 lakhs. These matters were transferred to a Special's Court and are currently pending.

(b) Litigations* involving *our Directors

As on the date of this Draft 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 Draft 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 Draft 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 Draft 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 Draft 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 Draft 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 Draft 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) SEBI had issued a show cause notice to our Company dated December 12, 2019 ("**SCN**"), under Rule 4(1) of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, for the alleged issuance of a misleading advertisement on our website, in relation to the public issue of secured, redeemable non-convertible debentures aggregating to ₹10,000 lakhs with an option to retain oversubscription upto ₹10,000 lakhs ("**NCD Issue**"). SEBI in the SCN has alleged violation by our Company of Regulation 8 of the SEBI 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 lakhs 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 (in ₹ lakhs)	Provision (in ₹ lakhs)	Remarks
1	Shenkottai	07-07-2015/ 25-07-2015	1.00	The branch manager absconded with cash amounting to ₹1.00 lakh and 123 gold loan packets with total advance of ₹41.95 lakhs	0.00	-	1.00	The Company has filed a case against the branch manager at Shenkottai police station. The matter is pending before the Tenkasi district court. The staff left the keys inside the branch and went outside. Even though CCTV was installed in the branch, it was not in working condition at the time of the incident. Joint custody violation resulted in the malpractice.
2	Shenkottai	07-07-2015/ 25-07-2015	41.95	The branch manager absconded with cash amounting to ₹1.00 lakh and 123 gold loan packets with total advance of ₹41.95 lakhs	5.00	-	36.95	The Company has filed a case against the branch manager at Shenkottai police station. The matter is pending before the Tenkasi district court. The staff left the keys in the branch and went outside. Even

Sl. No	Branch	Date of Detection / Date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi & action taken	Recovery (in ₹ lakh)	Amount written-off (in ₹ lakhs)	Provision (in ₹ lakhs)	Remarks
								though CCTV was installed in the branch, it was not in working condition at the time of the incident. Joint custody violation resulted in the malpractice.
3	Dwaraka	20-11-2015 / 09-12-2015	30.42	The branch manager with the involvement of the audit staff pledged spurious gold in the branch under fictitious names.	30.42	0.00	NIL	Since 100% recovery was effected, the Company terminated the services of all the employees (including the audit staff).
4	Nethaji Road	02-01-2016/ 18-01-2016	54.68	The branch manager along with some other employees had procured spurious jewellery and pledged it in the branch. Involvement of others is suspected, and the same is being is being investigated by Police. The Company also suspect negligence by the audit staff. FIR No: 1/2016 has been filed in pursuance of the same and police enquiry in progress	2.20	-	52.48	The Company has terminated all employees involved in the fraud. The Company has also handed over 17 spurious packets to the court on 12-10-2017 via the police and completed the appraising process by the court's appraiser. The Company has been allotted PR No:122/2017 in pursuance of the same.
5	Buchhi Reddy Palem	25-07-2016/ 06-09-2016	20.08	Members of the staff collected cash from borrowers for closure of loans and returned ornaments without remitting cash to the account.	20.08	-	NIL	Since 100% recovery was effected, the Company terminated the services of all the employees.
6	Channapatna	25-07-2016/ 06-09-2016	103.07	The branch manager obtained possession of the keys of the vault room by mis-guiding the other staff. Following which, he entered the branch early morning on 23.07.2016 and removed cash and valuables worth from ₹103.07 lakhs (₹98.74 lakhs gold and ₹4.33 lakhs cash) from the vault.	90.12	4.33	8.62	The Company terminated the branch employees. The Company also registered a criminal case against the accused which is pending before the court.
7	Panthalkudi	02-07-2016/ 06-09-2016	87.20	3 people impersonated customers and looted all the ornaments kept in the strong room. The	75.38	2.99	8.83	The Company filed a case against the concerned employees and

Sl. No	Branch	Date of Detection / Date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi & action taken	Recovery (in ₹ lakh)	Amount written-off (in ₹ lakhs)	Provision (in ₹ lakhs)	Remarks
				three people are not accomplices of our employees.				other the culprits at Aruppukottai Town police station and the case is pending before Aruppukottai court. At the time of robbery, the branch did not have CCTV installed inside the branch. The branch has now installed a CCTV which is in working condition. No joint custody violations observed.
8	Gangavalli	16-08-2016/ 04-10-2016	102.66	The former branch manager cut the window grill to enter the branch and stole an amount of ₹102.66 lakhs (₹101.31 gold and ₹1.35 lakh cash) from the branch	100.20	1.35	1.11	The Company terminated the branch manager and the joint custodian. Full recovery has been made in this case except: a. GL No: 2171 (Customer Name: Sasikala, Net Weight: 26gm and Gross weight 26.6gm) b. GL NO: 2019 (two chains weighing 20.520 gram) c. Cash balance of ₹1,34,873.00.
9	Summanahalli	14-11-2016/ 26-11-2016	15.78	An account was opened, and our Company's funds were transferred through NEFT to the personal account. Some of the gold loan packets were tampered with and the jewels were stolen. Further, rent payments to the extent of ₹0.75 lakhs were misappropriated by preparing cash vouchers without paying the landlord. (₹4.54 lakhs gold and ₹11.24 lakhs Cash)	3.50	11.24	1.04	The Company terminated all the employees. The main accused Rajesh has taken anticipatory bail and the police is yet to file a counter petition.
10	N I T Faridabad	21-03-2017	3.17	Fake/low purity /spurious gold ornaments were pledged to us. The ornaments were made of metal other than gold but were coated heavily with gold and therefore, was not traceable on	0.00	-	3.17	The Company terminated all the employees.

Sl. No	Branch	Date of Detection / Date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi & action taken	Recovery (in ₹ lakh)	Amount written-off (in ₹ lakhs)	Provision (in ₹ lakhs)	Remarks
				touch stone. This was done with the aid of fake KYC documents. The fraud came to light during the process of auditing, when we pierced and tested the metals.				
11	Old Railway Road	24-03-2017	6.89	Fake/low purity /spurious gold ornaments were pledged to us. The ornaments were made of metal other than gold but were coated heavily with gold and therefore, was not traceable on touch stone. This was done with the aid of fake KYC documents. The fraud came to light during the process of auditing, when we pierced and tested the metals.	0.00	-	6.89	The Company terminated all the employees.
12	Sector 37 Huda Market	24-03-2017	3.89	Fake/low purity /spurious gold ornaments were pledged to us. The ornaments were made of metal other than gold but were coated heavily with gold and therefore, was not traceable on touch stone. This was done with the aid of fake KYC documents. The fraud came to light during the process of auditing, when the Company pierced and tested the metals.	0.00	NIL	3.89	The Company terminated all the employees.
13	Sheetala Mata Road	24-03-2017	4.75	Fake/low purity /spurious gold ornaments were pledged to us. The ornaments were made of metal other than gold but were coated heavily with gold and therefore, was not traceable on touch stone. This was done with the aid of fake KYC documents. The fraud came to light during the process of auditing, when we pierced and tested the metals.	0.00	-	4.75	The Company terminated all the employees.

Sl. No	Branch	Date of Detection / Date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi & action taken	Recovery (in ₹ lakh)	Amount written-off (in ₹ lakhs)	Provision (in ₹ lakhs)	Remarks
14	Sona Chowk	24-03-2017	3.50	Fake/low purity /spurious gold ornaments were pledged to us. The ornaments were made of metal other than gold but were coated heavily with gold and therefore, was not traceable on touch stone. This was done with the aid of fake KYC documents. The fraud came to light during the process of auditing, when the Company pierced and tested the metals.	0.00	-	3.50	The Company terminated all the employees.
15	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	-	-	The Company terminated all the employees.
16	Sattenapalli	17-07-2017	41.80	The employees of the Company colluded defrauded our Company by intentionally inflating weight of ornaments, preparing fake pledge documents and renewing existing loans for higher amounts without borrowers' knowledge.	18.00	-	23.80	The Company terminated all the employees. The Company also filed a FIR against the concerned persons, proceedings for which are pending.
17	Charkop	15-05-2018/ 23-07-2018	186.90	109 gold packets (overdue packets) held at Charkop Branch in possession of the cluster head, Mr. Maju Mathew, 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, who were employees of the branch.	-	104.25	50.33	The Company terminated all the employees and filed a FIR against the people concerned.
18	Maruthiseva Nagar	23-12-2018/11-01-2019	19.86	Thickly gold coated spurious bangles were	19.86	NIL	-	The Company has filed a police complaint.

Sl. No	Branch	Date of Detection / Date of reporting to RBI	Amount (in ₹ lakhs)	Modus operandi & action taken	Recovery (in ₹ lakh)	Amount written-off (in ₹ lakhs)	Provision (in ₹ lakhs)	Remarks
				pledged to our Company				
19	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, she forged a deposit certificate and sent out a soft copy of the same. On receiving query from the investor, the fraud came to light.	NA	NA	NA	The full amount has been settled by Ms. Aneesha directly to the customer
20.	TML-Puthiragoundan Palayam	21-12-2019/06-01-2020	20.75	Certain borrowers pledged spurious ornaments to the Company	9.07	-	11.78	The Company has filed a police complaint.
21.	Ker-Pandlam	01-02-2021/12-02-2021	3.55	Certain members of a gang pledged manufactured thickly coated spurious ornaments which were reported in the following branches: a) Pndalam-3 accounts-₹241,800 b) Punnakkadu-1 account ₹59000 c) Thekkemela-1 account- ₹55000.	-	-	3.55	Our Company has filed a police complaint.
22.	TML Viralimalai	16-02-2021/04-03-2021	22.16	The employees of our Company were involved in misappropriation by cheating customers using dummy manual receipts and pledging ornaments at an enhanced amount and changing the customer accounts, pledging in different customers name and other activities.	18.46	-	3.70	Our Company has filed a police complaint and disciplinary action was taken against them.

(h) Summary of reservations, qualifications, emphasis of matter or adverse remarks of auditors during the six months period ended September 30, 2020 and in the last five Fiscals immediately preceding the year of issue of this Draft Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or emphasis of matter or adverse remarks

Other than as disclosed below, there are no reservations or qualifications or emphasis of matter or adverse remarks in the Company's Interim Unaudited Ind AS Financial Statements and in the audited financial statements in the last five Fiscals preceding this Draft Prospectus:

Financial Year	Summary of Reservations/Qualifications/Emphasis of Matter/Adverse Remarks	Impact on the Financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
2015 -16	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 ₹9,878.04 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, the Company has 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 in the capacity of a tenant for a total consideration of ₹21,900.00 lakhs. The Company has paid an aggregate amount of ₹20,000.00 lakhs as part payment of the consideration and has taken possession of the assets. Since substantial part of the consideration has 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).	No impact on the financial statements	No corrective steps were required. However, the Company subsequently took a fresh valuation of the property purchased due to fall in property prices on account of demonetization and to take into account the observations of RBI during their inspection in November 2016. The difference in the valuation amounting to ₹9,000.00 lakhs was brought back to the books of accounts of the Company. The values of Fixed Assets have been reduced to such extent.
2019-20	On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The impact of and uncertainty related to the COVID-19 pandemic has been identified as a key element for recognition and measurement of impairment on loans and advances on account of its impact on the Company's customers and their ability to repay their dues. The management has undertaken a thorough analysis of the possible impact of the pandemic and has concluded that the COVID-19 pandemic may have an impact on the Company's financial performance depending on future developments, which is highly uncertain as of now. Our audit opinion on the Financial Statements has not been modified in respect of the above matters.	No impact on the financial statements	The matter has been noted and suitable measures will be taken when required.
For the half year ended 30th September, 2020	The magnitude of disruption from the Covid-19 pandemic has significantly impacted organizations of all sizes, across all industry sectors which resulted in most countries announcing lockdowns and quarantine that have sharply stalled economic activities across the world. The Government of India too had imposed nationwide lockdown to contain the spread of the virus till June 08, 2020. The Indian economy is impacted and would continue to be	No impact on the financial statements	The matter has been noted and suitable measures will be taken when required.

Financial Year	Summary of Reservations/Qualifications/Emphasis of Matter/Adverse Remarks	Impact on the Financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
	impacted by the pandemic and the resultant restrictions due to the contraction in industrial and services output across small and large businesses. The impact of Covid 19 pandemic on the company's financial statements, including credit quality and provisions, remains uncertain and dependent on the current and further spread of Covid 19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels. The Company has assessed the impact of the Covid-19 pandemic on its liquidity and ability to repay its obligations as and when they fall due. Such an assessment has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs, current status and outcome of Company's lenders to extend moratorium and other financial support from banks and other agencies determining the Company's liquidity position over the next 12 months. Based on the sensitivity analysis conducted on stress scenarios, management believes that the company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time. In accordance with the Reserve Bank of India's guidelines relating to Covid -19 Regulatory package dated 27 March 2020 and 17 April 2020, the Company has granted moratorium of three months on the payment of all instalments falling due between 1 March, 2020 and 31 May, 2020 to all eligible borrowers for the moratorium, as per its moratorium policy. The RBI via press release dated 22 May 2020 has permitted lending institutions to extend the moratorium by another three months, i.e. from 1 June, 2020 to 31 August, 2020. The Company has extended the moratorium to its eligible customers, as per its moratorium policy. In accordance with the guidance from the ICAI and in management's view, the extension of the moratorium to the Company's borrowers by the Company pursuant to the RBI guidelines relating to Covid 19 Regulatory Package dated 27 March 2020 and 17 April 2020 and RBI press release by itself is not considered to result in significant credit risk to such borrowers. Based on an assessment of the situation, the company considers that the impairment loss/provision is adequate to cover any uncertainties.		

***** *The Board of Directors in their meeting dated April 20, 2020 approved the issuance of subordinated debt by the Company upto an amount of ₹10,000 lakhs during the Financial Year 2020-21. During the period April 1, 2020 to February 28, 2021, the Company has raised funds through Subordinated Debt amounting to ₹2,772.88 Lakhs during the Financial Year 2020-21. Subordinated Debt is being accepted as per the provisions relating to acceptance of subordinated debt mandated by Reserve Bank of India and is within the prescribed limits.*

(i) Summary of other observations of the auditors during the six months period ended September 30, 2020 and in the last five Fiscals immediately preceding the year of issue of this Draft 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:

<table>
<tr><th>Financial Year</th><th>Summary of Other Observations</th><th>Impact on the Financial statements and financial position of the Issuer</th><th>Corrective steps taken and proposed to be taken</th></tr>
<tr><td>2015 -16</td><td>In our opinion, the standalone financial statements comply with the accounting standards specified under Section 133 of the Companies Act, 2013 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;</td><td>The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.</td><td>Company has started making provision as per actuarial valuation for the subsequent years.</td></tr>
<tr><td>2015 -16</td><td>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:<table><tr><th>Amount in ₹ lakhs</th><th>Forum where the dispute is pending</th></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></td><td>To the extent of tax not paid, profit /general reserve of the Company has been overstated.</td><td>Appeal has been filed in all cases.</td></tr>
<tr><td>2015 -16</td><td>According to the information and explanations provided to us, frauds involving pledge of spurious gold amounting to ₹97.63 lakhs in Shenkottai and Netaji Road branches of the Company on the Company by its employees have been noticed.</td><td>Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements.</td><td>The Company has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Company has filed police complaints and is in the process of recovering these amounts from the employees and taking legal actions, where applicable</td></tr>
<tr><td>2016-17</td><td>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,<table><tr><th>Amount in ₹ lakhs</th><th>Forum where the dispute is pending</th></tr><tr><td>68.58</td><td>Commissioner of Income tax (Appeals), Kottayam</td></tr><tr><td>150.33</td><td>Commissioner of Income tax (Appeals), Kottayam</td></tr><tr><td>338.57</td><td>Commissioner of Income tax (Appeals), Kottayam</td></tr></table></td><td>To the extent of tax not paid, profit /general reserve of the company has been overstated.</td><td>Appeal has been filed in all cases.</td></tr>
<tr><td>2016-17</td><td>According to the information and explanations provided to us, frauds involving pledge of spurious gold and misappropriation and theft of cash totalling to ₹330.71 lakhs across 9 branches of the Company on the Company by its employees have been noticed. Out of this amount, ₹265.8 lakhs have been recovered during the period.</td><td>Since the Company has already created 100% provision for all applicable cases, No further impact on the financial statements.</td><td>The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable.</td></tr>
<tr><td>2017-18</td><td>As per the records produced for our verification and information and explanations provided to us there are no dues of income tax,</td><td>To the extent of tax not paid, profit /general</td><td>Appeal has been filed in all cases.</td></tr>
</table>

<table>
<tr><th>Financial Year</th><th>Summary of Other Observations</th><th>Impact on the Financial statements and financial position of the Issuer</th><th>Corrective steps taken and proposed to be taken</th></tr>
<tr><td></td><td>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:
<table>
<tr><th>Forum where the dispute is pending</th><th>Period of Dispute</th><th>Amount in ₹ lakhs</th></tr>
<tr><td>Commissioner of Income tax (Appeals), Kottayam</td><td>AY 2010-11</td><td>3.92</td></tr>
<tr><td>Commissioner of Income tax (Appeals), Kottayam</td><td>AY 2011-12</td><td>150.34</td></tr>
<tr><td>Commissioner of Income tax (Appeals), Kottayam</td><td>AY 2012-13</td><td>62.38</td></tr>
<tr><td>Commissioner of Income tax (Appeals), Kottayam</td><td>AY 2012-13</td><td>288.57</td></tr>
<tr><td>CPC</td><td>AY 2013-14</td><td>0.57</td></tr>
<tr><td>CPC</td><td>AY 2013-14</td><td>191.84</td></tr>
<tr><td>Deputy Commissioner, Dept. of Commercial Taxes, Ernakulam</td><td>FY 2012-13</td><td>4.59</td></tr>
</table></td><td>reserve of the company has been overstated.</td><td></td></tr>
<tr><td>2017-18</td><td>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.</td><td>Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements.</td><td>The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable.</td></tr>
<tr><td>2018-19</td><td>According to the information and explanations given to us, fraud on the Company amounting to ₹206.76 lakhs across two branches of the Company during the current year by its officers or employees has been noticed. Out of this amount, ₹16.09 lakhs were recovered.</td><td>Since the company has already created 100% provision for all applicable cases, No further impact on the financial statements.</td><td>The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company has filed police cases and is in the process of recovering these amounts from the employees and taking legal actions, where applicable.</td></tr>
<tr><td>2019-20</td><td>According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax, which have not been deposited on account of any dispute except the following:
<table>
<tr><th>Forum where the dispute is pending</th><th>Period of Dispute</th><th>Amount in ₹ lakhs</th></tr>
<tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2013-14</td><td>159.87</td></tr>
<tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2015-16</td><td>216.15</td></tr>
<tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2016-17</td><td>136.30</td></tr>
<tr><td>Commissioner of Income-tax (Appeals), Kochi</td><td>AY 2017-18</td><td>94.86</td></tr>
</table></td><td>To the extent of tax not paid, profit /general reserve of the company has been overstated.</td><td>Appeal has been filed in all cases.</td></tr>
</table>

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company held on November 13, 2020, the Directors approved the issue of NCDs to the public up to an amount not exceeding ₹50,000 lakhs for the financial year 2020-2021.

This Issue for an amount not exceeding ₹25,000 lakhs has been approved by the Debenture Committee of the Board of Directors of our Company in its meeting dated February 18, 2021.

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 Draft Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Disclaimer

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT PROSPECTUS. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT 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 [●], WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE**

INTERMEDIARIES NAMED IN THIS DRAFT PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THIS DRAFT 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 THIS DRAFT 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 THIS 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 [●], PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS DRAFT PROSPECTUS AS THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT 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 DRAFT 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 DRAFT 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 INDIA RATINGS AND RESEARCH PRIVATE LIMITED

ALL CREDIT RATINGS ASSIGNED BY INDIA RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMIATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTPS://WWW.INDIARATINGS.CO.IN/RATING-DEFINITIONS. IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE WWW.INDIARATINGS.CO.IN PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. INDIA RATINGS' CODE OF CONDUCT, CONFIDENTIALTY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

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 Draft Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 Working Days from the date of closure of the issue.

Consents

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

Consents in writing of the Public Issue Account Bank, Sponsor Bank, Refund Bank, some of the lenders to our Company and the Syndicate Member will be obtained prior to and will be filed along with a copy of the Prospectus with the RoC as required under Section 26 of the Companies Act, 2013.

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 M/s. Manikandan & Associates, Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the (a) Reformatted Ind AS Financial Statements dated March 11, 2021; (b) Reformatted IGAAP Financial Statements dated March 11, 2021; (c) Limited Review Report dated November 13, 2020; and (d) its report dated March 11, 2021 on the statement of tax benefits, included in this Draft Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Draft Prospectus.

(b) Our Company has received written consent from India Ratings to include the credit rating and rationale letter dated March 5, 2021, in respect of the credit rating issued for the NCDs to be issued pursuant to this Issue which furnishes the rationale for its rating.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depositary Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of this Draft Prospectus

This 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 the Prospectus

The Prospectus shall be filed with the RoC in accordance with Section 26 of the Companies Act, 2013.

Debenture Redemption Reserve ("DRR")

Pursuant to Regulation 16 of the SEBI 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 60.

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 Draft Prospectus.

Public issue of Equity Shares

Our Company has not made any public issue of Equity Shares or rights issuances in the last five years.

Previous Public Issues of Non-Convertible Debenture

Other than the Public Issue 1, Public Issue 2, Public Issue 3, Public Issue 4, Public Issue 5, Public Issue 6, Public Issue 7, Public Issue 8, Public Issue 9, Public Issue 10, Public Issue 11, Public Issue 12 and Public Issue 13, our Company has previously not made any public issues of non-convertible debentures.

Other than as specifically disclosed in this Draft Prospectus, our Company has not issued any securities for consideration other than cash.

Dividend

Our Company has no 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 five Fiscals and for the six months period ended September 30, 2020.

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 ₹17,593.14 lakhs pursuant to the prospectus dated January 14, 2020.

10. An expense of ₹101.07 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 ₹19,790.67 lakhs pursuant to the prospectus dated May 29, 2020.

11. An expense of ₹74.00 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 ₹14,970.99 lakhs pursuant to the prospectus dated September 7, 2020.

12. An expense of ₹72.20 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 ₹14,253.23 lakhs pursuant to the prospectus dated November 2, 2020.

13. An expense of ₹119.72 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 ₹21,644.30 lakhs pursuant to the prospectus dated January 11, 2021.

Impersonation

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

"Any person who:

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

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

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

Details regarding lending out of issue proceeds of Previous Issues

A. Lending Policy

Please refer to "*Our Business - Gold Loan Business*" on page 98.

B. Loans given by our Company

Our Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of previous issues.

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	Public Issue 10	Public Issue 11	Public Issue 12	Public Issue 13
	Total Issue Proceeds	**19,559**	**24,963**	**26,913**	**24,909**	**22,827**	**24,401**	**11,672**	**13,203**	**17,593**	**19,791**	**14,971**	**14,253**	**21,664**
(a)	Issue Related Expense	377	291	303	274	257	111	149	177	352	282	250	**254**	372
	Issue Proceed Less Issue Expenses	**19,182**	**24,672**	**26,610**	**24,635**	**22,570**	**24,290**	**11,523**	**13,026**	**17,241**	**19,509**	**14,721**	**13,999**	**21,292**
1.	Onward lending	19,182	4,648	14,602	11,117	2,762	14,107	7,932	5,814	13,502	16,426	11,497	13,999	17,613
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	3,083	3,224	-	3,659

C. Group Companies

Nil

D. Type of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by our Company as on March 31, 2020 is as follows:

(₹in lakhs)

No.	Type of Loans	Amount
1.	Secured	1,64,572.21
2.	Unsecured	4,537.76
Total assets under management (AUM)		**1,69,109.97**

E. Sectoral Exposure as on March 31, 2020

No.	Segment wise break up of AUM	Percentage of AUM (%)
1.	**Retail**	
(a)	Mortgages (home loans and loans against property)	0.05
(b)	Gold loans	97.27
(c)	Vehicle finance	-

No.	Segment wise break up of AUM	Percentage of AUM (%)
(d)	MFI	2.68
(e)	M & SME	-
(f)	Capital market funding (loans against shares, margin funding)	-
(g)	Others	-
2.	**Wholesale**	
(a)	Infrastructure	-
(b)	Real estate (including builder loans)	-
(c)	Promoter funding	-
(d)	Any other sector (as applicable)	-
(e)	Others	-
Total		**100.00**

F. Residual Maturity Profile of Assets and Liabilities as on March 31, 2020

(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	32,456.12	14,238.26	13,525.37	79,450.99	25,478.52	3,960.71	-	-	1,69,109.97
Investments	-	-	-	-	-	-	-	3.24	3.24
Borrowings	464.52	13,829.94	1,138.46	6,774.51	49,227.58	62,582.89	19,142.62	17.68	1,53,178.20
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

*G. Denomination of the loans outstanding by ticket size as on March 31, 2020**

No.	Ticket size**	Percentage of AUM (%)
1.	Up to 2 lakhs	92.37
2.	2 lakhs to 5 lakhs	6.27
3.	5 lakhs to 10 lakhs	0.97
4.	10 lakhs to 25 lakhs	0.18
5.	25 lakhs to 50 lakhs	0.07
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, 2020**

No.	LTV	Percentage of AUM (%)
1.	Up to 40%	1.15
2.	40%-50%	2.21

No.	LTV	Percentage of AUM (%)
3.	50%-60%	9.47
4.	60%-70%	19.00
5.	70%-80%	68.17
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, 2020

No.	Top 5 states	Percentage of AUM (%)
1.	Tamil Nadu	39.74
2.	Andhra Pradesh	22.27
3.	Karnataka	20.02
4.	Kerala	13.02
5.	Delhi (including NCR)	1.63
	Total	**96.68**

J. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2020

(in ₹ lakhs)

Particulars	Amount
Total advances to twenty largest borrowers	463.71
Percentage of Advances to twenty largest borrowers to Total Advances to our Company	0.27%

(b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2020

(in ₹ lakhs)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	463.71	14.02
Percentage of exposure to twenty largest borrowers to Total exposure to our Company	0.28%	0.31%

K. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2020

(in ₹ lakhs)

Movement of gross NPA	Amount
Opening gross NPA	2,987.43
- Additions during the year	2,252.93
- Reductions during the year	2,050.22
Closing balance of gross NPA	3,190.14
Movement of net NPA	
Opening net NPA	1,896.96
- Additions during the year	1,763.10
- Reductions during the year	1,401.68
Closing balance of net NPA	2,258.38
Movement of provisions for NPA	
Opening balance	1,090.47
- Provisions made during the year	489.83
- Write-off / write-back of excess provisions	648.54
Closing balance	931.76

L. Segment-wise gross NPA as on March 31, 2020

No.	Segment wise break up of gross NPA	Gross NPA (%)*
1.	**Retail**	
(a)	Mortgages (home loans and loans against property)	100
(b)	Gold Loans	1.85
(c)	Vehicle Finance	-
(d)	MFI	1.21
(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	**1.89**

** 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, 2020:

(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 6, 2021 between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of eight years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on Application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, option applied for, number of NCDs applied for, amount blocked on Application.

Additionally, the Stock Exchange shall be responsible for addressing investor grievances arising from applications submitted online through the app based/ web interface platform of the Stock Exchange or through its Trading Members. Further, in accordance with the Debt UPI Circular, the Designated Intermediaries shall be responsible for addressing any investor grievances arising from the Applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) Working Days from the date of receipt of the complaint.

In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st Floor
247 Park, L.B.S. Marg
Vikhroli West
Mumbai – 400 083
Maharashtra, India
Telephone: +91 22 4918 6200
Email: ncd1.mmfl2021@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance Email: ncd1.mmfl2021@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: NA
E-mail: cs@minimuthoottu.com

Change in Auditors of our Company during the last three years

The erstwhile statutory auditors of our Company, Vishnu Rajendran & Co., Chartered Accountants were replaced by M/s. Manikandan & Associates, Chartered Accountants, who were appointed for a period of three financial years starting from the Financial Year 2020-2021 and to hold office from the conclusion of the 22nd annual general meeting held for the adoption of the Financial Statements for the Financial Year 2019-2020 until the conclusion of the 25th annual general meeting held for the adoption of the financial statements for the Financial Year 2022-2023, pursuant to a resolution of our shareholders at their annual general meeting held on September 28, 2020.

Disclaimer statement from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accepts no responsibility for statements made other than in this Draft Prospectus or in the advertisements or any other material issued by or at our Company's instance in connection with the Issue of the NCDs and anyone placing reliance on any other source of information including our Company's website, or any website of any affiliate of our Company would be doing so at their own risk. The Lead Manager accept no responsibility, save to the limited extent as provided in the Issue Agreement.

None among our Company or the Lead Manager or any Member of the Syndicate is liable for any failure in uploading the Application due to faults in any software/ hardware system or otherwise; the blocking of Application Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who make an Application in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs

and will not issue, sell, pledge, or transfer the NCDs to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the NCDs being offered in the Issue.

KEY REGULATIONS AND POLICIES

The regulations summarized below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions, Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

We are a non-deposit taking (which does not accept public deposits), systemically important, NBFC. As such, our business activities are regulated by RBI regulations applicable to non-public deposit accepting NBFCs ("***NBFC-ND***").

As of November 22, 2019, the RBI has issued an updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016 as amended, ("**Master Directions**") applicable to all NBFC-NDSI's.

Following are the regulations governing an NBFC in India:

Regulations governing NBFCs

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the purchase or sale of any goods or providing of any service or the sale/purchase/construction of immovable property.

As per the prescribed law any company that carries on the business of a non-banking financial institution as its 'principal business' is to be treated as an NBFC. The term 'principal business' has not been defined in any statute; however, RBI has clarified through a press release (Ref. No. 1998-99/1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration (**"CoR"**). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI has raised the requirement of minimum net owned fund ("**NoF**") from ₹25 lakhs to ₹200 lakhs for the NBFC which commences business on or after April 21, 1999. Also, it was mandatory for all NBFCs to attain a minimum NoF of ₹200 lakhs by the end of 1 April 2017. NBFCs failing to maintain NOF of ₹200 lakhs are not eligible to hold a certificate of registration as an NBFC.

Regulation of NBFC registered with RBI

NBFCs are primarily governed by the RBI Act and the RBI Master Directions. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Types of Activities that NBFCs are permitted to carry out

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

(i) an NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and

(ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself.

Types of NBFCs

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the RBI in order to be able to commence any of the aforementioned activities.

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

The RBI has recently harmonised the categories of NBFCs into: (i) investment and credit companies (which erstwhile consisted of asset finance companies, investment companies, and loan companies); (ii) infrastructure finance companies; (iii) infrastructure debt funds; (iv) NBFC – micro finance institutions; and (v) NBFC – factors.

Our Company has been classified as an NBFC-ND-SI.

Systemically Important NBFC-NDs

As per the NBFC Master Directions, the revised the threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹50,000 lakhs and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹50,000 lakhs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio of 15 per cent.

Rating of NBFCs

Pursuant to the RBI Master Directions, all NBFCs with an asset size of ₹50,000 lakhs are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

Provisioning Requirements

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

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated January 17, 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25 per cent of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC

No. 037/03.01.001/2014-15 dated June 11, 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The provisions on standard assets are not reckoned for arriving at Net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier II Capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II Capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Capital Adequacy Norms

Every systemically important NBFC-ND is required to maintain, a minimum capital ratio consisting of Tier I and Tier II Capital of not less than 15 per cent of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II Capital of a NBFC-MFI shall not exceed 100 per cent of the Tier I Capital.

Tier-I Capital, has been defined as, owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10 per cent of the owned fund and perpetual debt instruments issued by a systemically important NBFC-ND in each year to the extent it does not exceed 15 per cent of the aggregate Tier I Capital of such company as on 31st March of the previous accounting year.

Owned Funds, has been defined as, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier - II Capital includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 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,

(i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

(ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10 per cent of (a) above.

Further, in accordance with RBI Notification No DNBR.007/CGM (CDS) 2015 dated 27 March 2015 which provides that a non-banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than ₹200 lakhs may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of:

(i) ₹100 lakhs before April 1, 2016; and
(ii) ₹200 lakhs before April 1, 2017

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved

securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI's Non- Deposit Accepting Companies Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no., etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

All NBFCs (whether accepting public deposits or not) having an asset base of ₹10,000 lakhs or more or holding public deposits of ₹20,000 lakhs or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

RBI *vide* circular bearing reference number RBI/2018-19/130 DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, has harmonised different categories of NBFCs into fewer ones, based on the principle of regulation by activity rather than regulation by entity. Accordingly, RBI has merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Further differential regulations relating to bank's exposure to the three categories of NBFCs viz., AFCs, LCs and ICs were harmonised. Further, a deposit taking NBFC-ICC shall invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC, an amount not exceeding twenty per cent of its owned fund.

Lending against security of gold

The RBI pursuant to the Master Direction –Non-Banking Financial Company –Systemically Important Non Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended from time to time ("RBI Master Directions") has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier l capital of 12%. The RBI Master Directions has issued guidelines with regard to the following:

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

(ii) NBFCs shall not grant any advance against bullion / primary gold and gold coins. NBFCs shall not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund.

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

(iv) Standardization of value of gold in arriving at the loan to value ratio: For arriving at the value of gold jewellery accepted as collateral, it will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by BBA or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.

(v) Verification of the Ownership of Gold: NBFCs should have an explicit Board approved policy in their overall loan policy to verify ownership of the gold jewellery, and adequate steps be taken to ensure that the KYC guidelines stipulated by the Reserve Bank are followed and due diligence of the customer undertaken. Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. The method of establishing ownership should be laid down as a Board approved policy. Auction Process and Procedures: The following additional stipulations are made with respect to auctioning of pledged gold jewellery:

(a) The auction should be conducted primarily at the branch level and where the same has failed NBFCs can pool gold jewellery from different branches in a district and auction it at any location within the district, after ensuring that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met.

(b) While auctioning the gold the NBFC should declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85% of the previous 30 day average closing price of 22 carat gold as declared by The Bombay Bullion Association Limited and value of the jewellery of lower purity in terms of carats should be proportionately reduced.

(c) It will be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.

(d) NBFCs must disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

(vi) Other Instructions:

(a) NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above ₹500,000.

(b) Every NBFC shall ensure compliance with the requirements under sections 269SS and 269T of the Income Tax Act, 1961, as amended from time to time.

(c) Documentation across all branches must be standardized.

(d) NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards ("**IAS**") and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made. The Ministry of Corporate Affairs has amended the existing IAS *vide* Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 and the same shall be applicable to the Company from April 1, 2018.

Implementation of Indian Accounting Standards: RBI Notification

The Reserve bank of India vide notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/ 2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation.

The guidelines cover aspects on Governance Framework, Prudential Floor for ECL and Computation of Regulatory Capital and Regulatory Ratios.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016

All NBFCs and NBFCs-ND-SI shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of ₹1 lakh and above, and if the fraud is of ₹100 lakhs or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-SI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Master Circular dated July 1, 2015 – Frauds – Future approach towards monitoring of frauds in NBFCs

In order to prevent the incidence of frauds in NBFCs, the RBI established a reporting requirement to be followed by NBFCs, both NBFC-D and NBFCs-ND-SI. In terms of the circular, all NBFCs-ND-SI shall disclose the amount related to fraud, reported in the company for the year in their balance sheets. NBFCs failing to report fraud cases to the RBI would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act. Additionally, the circular provides for categorisation of frauds and the reporting formats in order to ensure uniformity in reporting.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI. RBI vide notification dated November 26, 2015 titled "Online Returns to be submitted by NBFCs-Revised" changed the periodicity of NBFC-ND-SI returns from monthly to quarterly.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

Auditor's Report Master Directions are applicable to auditors of all NBFCs. In addition to the reports to be furnished under Companies Act, the auditors of NBFCs are mandated to provide a report as prescribed under Auditor's Report Master Directions. While matters pertaining to all NBFCs are covered under section 3(A) of Auditor's Report Master Directions, matters specifically pertaining to NBFCs-ND are mentioned in section 3(C). The report furnished by the auditors under Auditor's Report Master Directions shall include, amongst other things, if the NBFC has obtained the certificate of registration from the RBI to operate as an NBFC, clarification with respect to correctness of the capital adequacy ratio mentioned in the return submitted to RBI, status of furnishing of annual statement of capital funds, risk assets/exposures and risk asset ratio by NBFCs to the RBI and passing of resolution by the board of the NBFCs for non- acceptance of deposits from public. Every NBFC shall submit a certificate that is engaged in the business of being an NBFC and it holds a valid certificate of registration issued by the RBI

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc.

Ombudsman scheme for customers of NBFCs

The RBI had under its Statement on Development and Regulatory Policies-February 2018 dated February 7, 2018 announced the proposed ombudsman scheme for NBFCs to provide cost-free and expeditious grievance redressal to customers of all NBFC-Ds and all NBFCs with customer interface having an asset size exceeding ₹1 billion ("**Covered NBFCs**").

The RBI has on February 23, 2018 introduced the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the "**Scheme**"). The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by certain categories of NBFCs registered with the RBI to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The Scheme provides for the appointment by RBI of one or more officers not below the rank of general manager as ombudsmen (the "**Ombudsmen**") for a period not exceeding three years at a time, to carry out the functions entrusted to Ombudsmen under the Scheme. The Scheme describes the nature of complaints which any person could file with an Ombudsman alleging deficiency in services by an Covered NBFC, which include *inter alia* failure to convey in writing the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide adequate notice on proposed changes being made in the sanctioned terms in vernacular or a language understood by the borrower, levying of charges without adequate prior notice to the borrower/customer and failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues. The complaints may be settled by the Covered NBFC within a specified period or may be decided by an award passed by Ombudsman after affording the parties a reasonable opportunity to present their case, either in writing or in a meeting. Where the Ombudsman decides to allow the complaint, the award passed is required to contain the direction/s, if any, to the Covered NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the Covered NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the Covered NBFC. The Covered NBFC is required to implement the settlement arrived at with the complainant or the award passed by the Ombudsman when it becomes final and send a report in this regard to the RBI within 15 days of the award becoming final. The Ombudsman is required to send a report to the RBI governor annually (as on June 30 every year) containing general review of the activities of his office during the preceding financial year and provide such other information as may be required by the RBI.

Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("RBI KYC Directions")

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further amended on January 9, 2020, in view of Government of India Gazette Notification No. G.S.R. 582(E) dated August 19, 2019 and Gazette Notification G.S.R. 840(E) dated November 13, 2019, notifying amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. With a view to leveraging the digital channels for Customer Identification Process (CIP) by Regulated Entities (REs), the Reserve Bank has decided to permit Video based Customer Identification Process (V-CIP) as a consent based alternate method of establishing the customer's identity, for customer onboarding.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("**ALM**") System in relation to NBFCs ("**ALM Guidelines**") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹10,000 lakhs, irrespective of whether they are accepting/holding public deposits or not, or holding public deposits of ₹2,000 lakhs or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e., where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") provides for establishment of the Debts Recovery Tribunals (the "**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy framework for the Prevention of Money Laundering Act, 2002 ("**PMLA**") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹10 lakhs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹10 lakhs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹10 lakhs. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

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

RBI Notification dated December 3, 2015 titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All systematically important NBFCs must implement the security enhancement requirements under the Master Direction with respect to enhancing security of its Information Technology/Information Security Framework ("**IT**") business continuity planning, disaster recovery and management. NBFCs must constitute an IT Strategy Committee and IT Steering Committee and formulate an IT and Information Security Policy in furtherance of the same. Further, a Cyber Crisis Management Plan must be formulated to address cyber intrusions and attacks.

Appointment of Chief Risk Officer

RBI vide circular bearing reference number RBI/2018-19/184 DNBR (PD) CC. No.099/03.10.001/2018-19 dated May 16, 2019 directed that NBFCs with asset size of more than ₹50 billion shall appoint a Chief Risk Officer ("**CRO**") with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management. To ensure independence, the CRO will have a fixed tenure with the approval of the Board. The CRO shall report directly to the managing director/CEO/risk management committee of the Board. The CRO shall be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks. The CRO's role in deciding credit proposals shall be limited to be an advisor.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("Risk Management Directions"). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI")

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-day notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the secured creditor proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-day notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹100 lakhs, agricultural land and any case where the amount due is less than 20.00% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 ("**Code**") consolidates laws relating to insolvency, reorganisation and liquidation/ bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships ("**LLPs**"). The Code has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The Code prescribes a timeline

of 330 days for the insolvency resolution process, which begins from the date the application is admitted by the NCLT. During this period, the creditors and the debtor shall negotiate and finalise a resolution plan (accepted by 66% of the financial creditors) and in the event, they fail, the debtor is placed in liquidation and the moratorium lifted. The Code stipulates an interim-moratorium period which would commence after filing of the application for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company or be involved in the promotion or management of a company during the moratorium period. In light of the COVID-19 pandemic, the Government of India, introduced economic reforms to contribute to the ease of doing business. One of the reforms introduced is the suspension of the Code for a period of one year. An ordinance detailing the changes pursuant to this reform is expected to be introduced by the government. Further, the GoI *vide* notification dated March 24, 2020 ("**Notification**") has amended section 4 of the Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, Government of India has increased the minimum amount of default under the insolvency matters from ₹1,00,000 to ₹1,00,00,000.

*The Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules 2019 ("**IBC Rules, 2019**")*

The Code, which regulates the insolvency resolution process for "corporate persons" previously excluded financial service providers from its purview. With the notification of the IBC Rules, 2019, the provisions of the Code will apply to financial service providers as well, which are subject to modifications and additional conditions as set out in the IBC Rules, 2019. Financial service providers are defined to mean persons engaged in the business of providing financial services in terms of authorisation issued or registration granted by a financial sector regulator under the Code. "Financial services" is broadly defined in the Code, and includes, inter alia, services in the nature of acceptance of deposits, administration of assets, underwriting services, advisory services with respect to dealings in financial products, operation of an investment scheme, and maintenance of records of ownership of a financial product. The IBC Rules, 2019, lays down the provisions for setting up an advisory committee, resolution plan and the liquidation process of Financial service providers.

Laws relating to employment

Shops and establishments legislations in various states

The provisions of various shops and establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

Our Company is required to comply with various labour laws, including the Code of Wages, 2019, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Laws relating to intellectual property

The Trade Marks Act, 1999 and the Indian Copyright Act, 1957 *inter-alia* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

Miscellaneous

*Foreign Exchange Management (Debt Instrument) Regulations, 2019 ("**FEMA Debt Regulations**")*

The FEMA Debt Regulations prohibits investments by non-residents in debt instruments in contravention of the rules laid down by the RBI. Similarly, restriction have also been placed on individuals, entities, mutual funds, venture capitals, firms, or association of persons from receiving investments in violation to the FEMA Debt Regulations. The FEMA Debt Regulations differs on the basis of whether the transaction is being made by FPI, or NRI/OCI citizen on a repatriation or a non- repatriation basis. If the transaction is being made by NRI/OCI on a non-repatriation basis then it becomes essential to understand if it is occurring on the account of demerger, merger, or an amalgamation taking place. All transactions of this nature are mandatorily required to be channelled

through a bank. The sale proceeds to are required to be remitted as per the FEMA Debt Regulations. All requisite conditions, as laid down by SEBI, needs to be complied with.

*Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 ("**FPI Regulations**")*

The FPI Regulations makes it mandatory for the FPI to obtain the necessary certificate from the designated depository participant on behalf of SEBI. The eligibility criteria for FPI, includes the applicant to not be an NRI, or OCI. The applicant's country's central bank should be a member of the Bank for international settlements. The FPI Regulations also differentiates FPIs into Category I (Governments, Pension Funds, University Funds) and Category II (corporate bodies, individuals). The FPI Regulations, specifically lays down the kind of investments FPI are allowed to transact in, namely shares, debentures, mutual funds, REIT and states the responsibilities of the depository participants.

*Foreign Direct Investment ("**FDI**")*

FDI in an Indian company is governed by the provisions of the FEMA read with FEMA Regulations and the FDI Policy. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities. Under the approval route, prior approval from the relevant ministry/ministries of the Government or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route. Further, as per the sector specific guidelines of the Government, 100% FDI/NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

In addition to the above, our Company is required to comply with the provisions of the Companies Act, 2013, and the rules made thereunder, as amended, the Foreign Exchange Management Act, 1999, various tax related legislations and other applicable statutes.

Regulatory measures on account of the COVID-19 pandemic

The Government of India on October 23, 2020 has announced the '*Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020)*' (the '**Scheme'**), which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by the respective lending institutions.

The RBI has issued circulars, the Statement of Developmental and Regulatory Policies dated May 22, 2020 and Monetary Policy Statement, 2020-2021: Resolution of Monetary Policy Committee dated May 22, 2020 announcing certain additional regulatory measures with an aim to revive growth and mitigate the impact of COVID-19 on business and financial institutions in India, including:

(a) permitting banks to grant a moratorium of six months on all term loan instalments and working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), falling due between March 1, 2020 and August 31, 2020, subject to the fulfilment of certain conditions;

(b) permitting the recalculation of 'drawing power' of working capital facilities sanctioned in the form of cash/ credit overdraft facilities by reducing the margins till the extended period, being August 31, 2020, and permitting lending institutions to restore the margins to the original levels by March 31, 2021;

(c) permitting the increase in the bank's exposures to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank, up to 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" of "this Company" means Muthoottu Mini Financers Limited

(2) "The Seal" means the Common Seal of the Company.

Table "A" not to apply

1. (a) The regulations contained in Table marked "A" in Schedule I of the Companies Act, 1956, (hereinafter called the Act or the said Act) shall apply to the Company, except in so far as excluded, modified, varied or altered expressly or impliedly by the regulations of the Company hereinafter following or made from time to time.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

(b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE REDUCTION AND ALTERATION OF CAPITAL

6. The Company may from time to time in General Meeting increase its Share Capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued

(a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the General Meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets

of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further issue of Shares

(b) Where at any time after the expiry of two years from the formation of a Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital, then

(i) such further shares shall be offered to the persons who at the date of offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the Capital paid up on those shares at that date.

(ii) the offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.

(iii) unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (b) shall contain a statement of this right. PROVIDED THAT the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

(iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of directors may dispose of them in such manner as they think most beneficial to the Company.

(c) Notwithstanding anything contained in the preceding sub-clause (1), the further shares aforesaid may be offered to any persons whether or not those persons include the persons referred to in clause (a) of sub-section (1) in any manner whatsoever:-

(i) if a special resolution to that effect is passed by the company in general meeting, or

(ii) where no such special resolution is passed if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(d) Nothing in clause (c) of sub-section (1) shall be deemed –

(i) to extend the time within which the offer should be accepted, or

(ii) to authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(e) Nothing in this article shall apply –

to the increase of the subscribed capital of the company caused by the exercise of an option attached to debentures issued or loans raised by the company –

(i) to convert such debentures or loans into shares in the company, or

(ii) to subscribe for shares in the company; (Whether such option is conferred in these Articles or otherwise.)

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) either has been approved by the Central Government before the issue of debentures or the raising of the loans, or is in conformity with the rules 197, if any, made by that Government in this behalf; and

(b) in the case of debentures or loans other than debentures issued to, or loans obtained from, the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or the raising of the loans.

Shares at the disposal of the Directors

(a) Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

Same as Original Capital

(a) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new shares shall be considered as part of the original Capital and shall be subject to the provisions herein contained with reference to the payment of calls, instalments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

SHARES AND CERTIFICATES

Issue of further Shares not to affect right of existing share holders

13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking *pari passu* therewith.

Provisions of Sections 85 to 88 of the Act to apply

14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

15. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.

(b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.

(c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, Copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Restriction on allotment

17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares to be numbered progressively and no shares to be subdivided

18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Shares at the disposal of the Directors

19. Subject to the provisions of Section 81 of the Act and these Articles the shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in General Meeting to give to any person the option to call for any shares either at par or at a premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the Capital of the Company on payment in full or part for any property sold and transferred or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting

'**Buy back of Shares**'

22A. Notwithstanding anything contained in any other Article of the Articles of Association, but subject to the provisions of Section 77 A and 77 B of the Act and Securities & Exchange Board of India (Buy back of Securities) Regulations 1998 as may be in force at any time and from time to time, the Company may acquire, purchase, own, resell any of its own fully/partly paid or redeemable Preference Shares or Equity Shares and any other security as may be specified under the Act, Rules and regulations from time to time and may make payment thereof out of funds at its disposal or in any manner as may be permissible or in respect of such acquisition/purchase on such terms and conditions and at such time or times in one or more instalments as the Board may in its discretion decide and deem fit. Such Shares which are so bought back by the Company may either be extinguished and destroyed or reissued as may be permitted under the Act or the Regulations as may be in force at the relevant time subject to such terms and conditions as may be decided by the Board and subject further to the rules & regulations governing such issue.

CALLS

Directors may make Calls

31. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and such members/debenture holders shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Directors. A Call may be made payable by instalments. A call may be postponed or revoked as the Board may determine. The option or right to call of shares shall not be given to any of the person except with the sanction of the Issuer in general meeting.

Calls to date from resolution

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such Call was passed and may be made payable by members/debenture holders on a subsequent day to be specified by the Directors.

Notice of Call

33. Thirty days' notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.

Directors may extend time

34. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be Calls

35. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a Call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a Call duly made and notified.

Instalments on shares to be duly paid

36. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform basis

37. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amount have been paid up shall not be deemed to fall under the same class.

Liability of joint holders of shares

38. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares.

When interest on call or instalment payable

39. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

Payment in anticipation of calls may carry Interest

42. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the money due

upon the shares held by him beyond the sum actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

(b) The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

43. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of Transfers

59. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Form of Transfer

60. The instrument of transfer shall be common, in writing and all the provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof.

'Dematerialisation of Securities'

60A. (1) The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.

(2) (i) The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.

(ii) Option for Investors:

Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

(iii) Securities in Depository to be in fungible form:
All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C & 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

(iv) Rights of Depositories & Beneficial Owners:

(a) Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(c) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.

(v) Service of Documents:

Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities:

Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(vii) Allotment of Securities dealt with in a depository:

Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) Register and Index of Members:

The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

Instrument of transfer to be executed by transferor and transferee

61. (a) Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

Directors , the Directors may, at their own absolute and uncontrolled discretion any by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either; alone or jointly with any other person or persons indebted to the company or any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

(b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

Transfer of Shares

62. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of Members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

(b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.

(c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the certificate relating to the shares and if no such certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.

(d) Nothing in clause (c) above shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.

(e) The Company shall accept all applications for transfer of shares/debentures; however, this condition shall not apply to requests received by the Company.

(A) for splitting of a share or debenture certificate into several scripts of very small denominations;

(B) proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.

(i) transfer of equity shares/debentures made in pursuance of any statutory provisions or an order of a Competent Court of law;

(ii) the transfer of the entire equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.

(iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) Debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.

(iv) the transfer of less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

(f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share. However, the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever;

Transfer books and Register of members when closed

65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year.

Transfer to Minors etc.

66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title to shares of deceased holder

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognise as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Registration of persons entitled to share otherwise than by transfer

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.

(b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

'**Nomination**'

(c) (1) Every Shareholder or Debenture holder or Deposit holder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act.

(2) Where the Shares or Debentures or Deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under Section 58A(11) and 109A of the Act.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debenture holder or Deposit holder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

(4) Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or Deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

'**Transmission of Shares or Debentures**'

(d) (1) A nominee, upon production of such evidence as may be required by the Board and subject to provisions of Section 109B of the Act and as hereinafter provided, elect, either –

(a) to register himself as holder of the Share or Debenture, as the case may be; or

(b) to make such transfer of the Share or Debenture, as the deceased Shareholder or Debenture holder, as the case may be, could have made.

(2) if the nominee elects to be registered as holder of the Share or Debenture himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debenture holder, as the case may be.

(3) a nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.

71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

Refusal to register nominee

72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Directors may require evidence of transmission

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

No Fees on transfer or transmission

74. No fees shall be charged for registration of transfer transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death of Marriage, Power of Attorney or similar other document.

The Company not liable for disregard of a notice prohibiting registration of transfer

75. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give affect thereto if the Directors shall so think fit.

76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

JOINT HOLDERS

Joint-holders

77. Where two or more persons are registered as the holders of any shares/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders

(i) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debentures.

Transfer by joint holders

(ii) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

(iii) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share/debenture.

Death of one or more joint holders

(iv) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognised by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Receipt of one sufficient

(v) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.

Delivery of certificate and giving of notices to first named holder

(vi) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holders of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holders

(vii) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.

(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

BORROWING POWERS

Restriction on powers of the Board

78. The Board of Directors shall not, except with the consent of the Company in General Meeting and subject to Article 172 of the Articles of Association of the Company:

(a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

(b) remit, or give time for the repayment of any debt due by a Director.

(c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition alter the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.

(d) borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

(e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial year immediately preceding, whichever is greater.

Explanation: Every resolution passed by the Company in General Meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount up to which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

Conditions on which money may be borrowed

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable or such other types of debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.

Terms of Issue of Debentures

80. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution

Bonds, debentures etc. to be subject to the control of Directors

Any bonds, debentures, debenture stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Provided that bonds, debentures, debenture stocks or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting by a special resolution.

Securities may be assignable free from equities

81. Debentures, debenture stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Issue at discount etc. or with special privileges

82. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following:

Debentures with voting rights not to be issued

(a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.

(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

(d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.

(e) The term 'charge' shall include mortgage in these Articles.

(f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

Limitation of time for issue of Certificate

(g) The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

Right to obtain copies of the inspect Trust Deed

(h) (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.

(1) In the case of a printed Trust Deed of the sum of Rupee One and
(2) In the case of a Trust Deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

(ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of Members of the Company.

Mortgage of uncalled Capital

83. If any uncalled Capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled Capital in trust for the person in whose favour such mortgage or security is executed.

Indemnity may be given

84. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Registration of charges

85. (a) The provisions of the Act relating to registration of charges shall be complied with.

(b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.

(c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may

be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 125 of the Act.

(d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any persons acquiring such property or any part thereof or any share as interest therein shall be deemed to have notice of the charge as from the date of such registration.

(e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.

(f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders pari passu.

(g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.

(h) The Provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.

(i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.

(j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.

(k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered office of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Managers as therein provided.

(l) The Company shall also comply with the provisions of section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.

(m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:

(i) a short description of the property charged;
(ii) the amount of the charge; and
(iii) except in the case of securities to bearer, the names of persons entitled to the charge.

(n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

Trust not recognised

86. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders.

BOARD OF DIRECTORS

Board of Directors

126. Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three and not more than twelve.

The First Directors of the Company shall be:

1. Shri Roy M Mathew
2. Shri M. Mathew
3. Shri Sosamma Mathew
4. Shri Nizzy Mathew

Appointment of Senior Executives as Whole time Directors

127. (a) Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Whole time Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:

(i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a Director shall not constitute a break in his appointment as Wholetime Director.

(ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.

(iii) He shall cease to be a Director of the Company on the happening of any event specified in Section 283 and 314(2C) of the Act. He shall cease to be a Director of the Company, if for any reason whatsoever he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.

(iv) Subject to what is stated herein above he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/s and/or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/s and/or the Board may, from time to time determine.

(b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such whole-time directors

Appointment of Chairman

134. The Directors may from time to time elect among themselves a chairman of the Board and determine the period for which he is to hold office if at any meeting of the Board, the chairman is not present within fifteen minutes after the time appointed for holding the same, the directors present may choose one of their members to be chairman of the meeting.

Qualification of Director

135. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

MANAGING DIRECTORS

Power to appoint Managing or Wholetime Directors

172. (a) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Wholetime Directors and/or Special Director like Technical Director, Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may be resolution vest in such Managing Director or Managing Directors/Wholetime Director(s), Technical Director(s), Financial Director(s) and Special Director(s) such of the power hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such condition and subject to such restriction as it may determine, the remuneration of such Directors may be way of monthly

remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

Appointment and payment of remuneration to Managing or Wholetime Director

(b) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.

THE SECRETARY

Secretary

173. Subject to the provisions of Section 383 A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called "**the Secretary**") who shall have such Qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

SEAL

The seal its custody and use

174. (a) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence.

(b) **Seal abroad**

The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.

Unpaid or Unclaimed Dividend

190. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of MUTHOOTTU MINI FINANCIERS LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund account of the Central Government.

No claim for such transferred amount will lie against the Company or Central Government.

(c) No unpaid or unclaimed dividend shall be forfeited by the Board before the claim becomes barred by law;

Dividend and call together

191. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

192. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

AUDIT

Accounts to be audited

206. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

Appointment and qualification of auditors

207. (a) The Company at the annual general meeting each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting, and shall, within seven days of the appointment, give intimation thereof to every auditor so appointed.

(b) At any annual general meeting, a retiring Auditor, by whatever authority appointed, shall be reappointed unless:

(i) he is not qualified for reappointment;

(ii) he has given the Company notice in writing of his unwillingness to be reappointed;

(iii) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be reappointed, or

(iv) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons, as the case may be, the resolution cannot be proceeded with.

(c) Where at an annual general meeting no auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.

(d) The Company shall, within seven days of the Central Government's power under sub-clause (c) becoming exercisable give notice of that fact to the Government.

(e) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy be caused by the resignation of an auditor, the vacancy shall only be filled by the Company in general meeting.

(f) A person, other than a retiring Auditor, shall not be capable of being appointed at an annual general meeting unless special notice of the Resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190

of the Act, and the provisions of Section 225 of the Act shall apply in the matter. The provision of this sub-clause shall also apply to a Resolution that a retiring Auditor shall not be re-appointed.

(g) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.

(h) None of the persons mentioned in Section 226 of the Act as being not qualified for appointment as Auditors shall be appointed as Auditors of the Company.

Audit of Branch Office

208. The Company shall comply with the provisions of Section 228 of the Act in relation to the audit of the accounts of branch offices of the Company except to the extent to which any exemption may be granted by the Central Government, in that behalf.

WINDING UP

Distribution of Assets

217. (a) Subject to the provisions of the Act, if the Company shall be would up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them, respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them, respectively.

(b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

218. Subject to the provisions of the Act.

Distribution in specie or kind

(a) If the Company shall be would up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributors, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.

(b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.

(c) In case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

219. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by

the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

SECRECY CLAUSE

220. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of accounts with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to this knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

(b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to required discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

INDEMNITY AND RESPONSIBILITY

Directors and other rights to indemnity

221. (a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Wholetime Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which such Director, Manager, Secretary and Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.

(b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

Directors and other officers not responsible for the acts of others

222. Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the money of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of the office or in relation thereto, unless the same happens through his own dishonesty.

SECTION IX - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been entered or/are to be entered into by our Company. These contracts which are or may be deemed material shall be attached to the copy of this Draft 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 Draft Prospectus with the Stock Exchange until the Issue Closing Date.

Material Contracts

1. Agreement dated March 12, 2021 between the Company and the Lead Manager;

2. Agreement dated March 6, 2021 between the Company and the Registrar to the Issue;

3. Agreement dated March 11, 2021 between the Company and Vistra ITCL (India) Limited, the Debenture Trustee;

4. Agreement dated [●] executed by the Company, the Registrar, the Public Issue Account Bank, the Sponsor Bank, the Refund Bank and the Lead Manager;

5. Syndicate Agreement dated [●] 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 5, 2021, from India Ratings and Research Private Limited, granting credit ratings to the NCDs.

8. Copy of the Board Resolution dated November 13, 2020 approving the issue of NCDs to the public up to an amount not exceeding ₹50,000 lakhs for the financial year 2020-2021;

9. Copy of the Debenture Committee resolution dated February 18, 2021 approving this Issue;

10. Copy of the resolution passed by the Shareholders of the Company at the Extraordinary General Meeting held on December 10, 2013, approving the overall borrowing limit of Company;

11. Copy of the resolution of the Debenture Committee dated March 15, 2021 approving this Draft 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, and the lenders to our Company, to act in their respective capacities, have been obtained and will be filed along with a copy of the 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 M/s. Manikandan & Associates, Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the: (a) Reformatted Ind AS Financial Statements dated March 11, 2021; (b) Reformatted IGAAP Financial Statements dated March 11, 2021; (c) Limited Review Report dated November 13, 2020; and (d) its report dated March 11, 2021 on the statement of tax benefits, included in this Draft Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Draft Prospectus;

14. The Limited Review Report of the Statutory Auditors dated November 13, 2020, on the Interim Unaudited Ind AS Financial Statements;

15. The examination report of the Statutory Auditors dated March 11, 2021 in relation to the Reformatted Ind AS Financial Statements included herein;

16. The examination report of the Statutory Auditors dated March 11, 2021 in relation to the Reformatted IGAAP Financial Statements included herein;

17. Annual Reports of the Company for Fiscal 2020, 2019, 2018, 2017 and 2016;

18. A statement of tax benefits dated March 11, 2021 issued by Statutory Auditors regarding tax benefits available to us and our Debenture Holders;

19. Due diligence certificate dated [●] filed with SEBI by the Lead Manager; and

20. In-principle listing approval letter dated [●] issued by BSE, for the Issue.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Applicants subject to compliance of the provisions contained in the 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 Draft 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 Draft Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements.

Signed by the Directors of our Company

Name: Nizzy Muthoottu

Designation: Chairwoman and Wholetime Director

Name: Mathew Muthoottu

Designation: Managing Director

Name: Rajagopal M.S.

Designation: Independent Director

Name: Jose Paul Maliakal

Designation: Independent Director

Place : Kochi
Date : 15th March 2021

ANNEXURE I

DAY COUNT CONVENTION

Interest on the NCDs shall be computed on an actual/actual basis for the broken period, if any. For Options I, II, 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)	[●]		
Options		[●]	[●]
Tenure		[●]	[●]
Coupon (%) for NCD Holders in Category I, II and III		[●]	[●]
Frequency of the Interest Payment with specified dates starting from date of allotment		[●]	[●]
Day Count Convention	[●]		

Option II

Company	Muthoottu Mini Financiers Limited
Face Value	₹1,000
Day and date of Allotment (tentative)	[●]
Tenure	[●]
Coupon (%) for NCD Holders in Category I, II and III	[●]
Frequency of the Interest Payment with specified dates starting from date of allotment	[●]
Day Count Convention	[●]

Cash flow	**Date of interest/redemption payment** (2)	**No. of days in Coupon/maturity period**	**Amount (in ₹)**
1st coupon	[●]	[●]	[●]
2nd coupon	[●]	[●]	[●]
3rd coupon	[●]	[●]	[●]
4th coupon	[●]	[●]	[●]
5th coupon	[●]	[●]	[●]
6th coupon	[●]	[●]	[●]
7th coupon	[●]	[●]	[●]
8th coupon	[●]	[●]	[●]
9th coupon	[●]	[●]	[●]
10th coupon	[●]	[●]	[●]
11th coupon	[●]	[●]	[●]
12th coupon	[●]	[●]	[●]
13th coupon	[●]	[●]	[●]

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
14th coupon	[●]	[●]	[●]
15th coupon	[●]	[●]	[●]
16th coupon	[●]	[●]	[●]
17th coupon	[●]	[●]	[●]
18th coupon	[●]	[●]	[●]
19th coupon	[●]	[●]	[●]
20th coupon	[●]	[●]	[●]
21st coupon	[●]	[●]	[●]
22nd coupon	[●]	[●]	[●]
23rd coupon	[●]	[●]	[●]
24th coupon	[●]	[●]	[●]
25th coupon	[●]	[●]	[●]
Principal	[●]	-	[●]
Maturity value			

Option III

Company	Muthoottu Mini Financiers Limited
Face Value	₹1,000
Day and Date of Allotment (tentative)	[●]
Tenure	[●]
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	₹[●]
Frequency of the Interest Payment with specified dates starting from date of allotment	[●]
Day Count Convention	[●]

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
Principal/Maturity value	[●]	[●]	[●]

NOTES:

1. Effect of public holidays has been ignored as these are difficult to ascertain for future period except January 26, April 1, May 1, August 15, October 2, day have been taken into consideration.
2. As per SEBI circular no. CIR/IMD/DF-1/122/2016, dated November 11, 2016, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on the days when the money market is functioning in Mumbai. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next day, which will be the day on which money market in Mumbai is functioning has been considered as the effective interest payment date. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. However, if the redemption date of the debt securities falls on non- Working Day, the redemption proceeds shall be paid on the previous Working Day.
3. Deemed Date of Allotment has been assumed to be [●].
4. The last coupon payment will be paid along with maturity amount at the redemption date.

ANNEXURE II

CREDIT RATING LETTER AND RATIONALE

APPENDED OVERLEAF

India Ratings & Research
A Fitch Group Company

Fitch Group

Ms. Ann Mary George

Chief Financial Officer,

Mini Muthoottu Tech Towers,

Kaloor, Cochin – 682017, Kerala, India.

March 05, 2021

Dear Sir/Madam,

Re: Rating Letter of Muthoottu Mini Financiers Limited

India Ratings and Research (Ind-Ra) has taken the following rating actions on Muthoottu Mini Financiers Limited's (MMFL) debt instruments:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Bank loans*	-	-	-	INR5,000	IND BBB/Stable	Affirmed
Non-convertible debentures (NCDs*)	-	-	-	INR11,011.1	IND BBB/Stable	Affirmed
Proposed bank loans#	-	-	-	INR10,000	IND BBB/Stable	Assigned

*details in annexure table
#amount is unallocated

Out of the above rated NCDs limit; INR 5000 million limit was assigned IND BBB/Stable as per the press release dated 24-December-2020 and of which INR 2500 million is unutilized

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with

respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, “India Ratings” means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at +91 22 4000 1700.

Sincerely,

India Ratings

Prakash Agarwal
Prakash Agarwal
Director

Abhishek Bhattacharya
Director

Annexure: Facilities Breakup

Instrument Description	Banks Name	Ratings	Sanction Amount (INR million)	Outstanding/Rating Amount(INR million)
Cash Credit	South Indian Bank	IND BBB/Stable	1490	1287.35
Cash Credit and working capital demand loan	Dhanlaxmi Bank	IND BBB/Stable	240	142.89
Cash credit	State Bank of India	IND BBB/Stable	500	425.7
Open Cash Credit	Union Bank of India	IND BBB/Stable	750	
Cash Credit	Punjab National Bank	IND BBB/Stable	500	296.27
Cash Credit	IndusInd Bank	IND BBB/Stable	500	468.26
Cash Credit	Union Bank of India	IND BBB/Stable	250	
Cash Credit	Karur Vysya Bank	IND BBB/Stable	250	
working capital demand loan	DCB Bank	IND BBB/Stable	150	150
Term Loan	Catholic Syrian Bank	IND BBB/Stable	300	300
Term Loan	Dhanlaxmi Bank	IND BBB/Stable	50	2.5

Unutilised	20
Total Rated	5000

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/ Outlook
NCD	INE101Q08084	27-Jan-16	10.5	27-Jul-22	INR121.0	IND BBB/Stable
NCD	INE101Q08092	27-Jan-16	11.25*	27-Jul-22	INR319.1	IND BBB/Stable
NCD	INE101Q07375	24-Apr-19	9.75	24-Apr-22	INR153.5	IND BBB/Stable
NCD	INE101Q07383	24-Apr-19	10.22*	24-Apr-22	INR193.4	IND BBB/Stable
NCD	INE101Q07391	24-Apr-19	10	24-Apr-24	INR179.7	IND BBB/Stable

NCD	INE101Q07409	24-Apr-19	10.47*	24-Apr-24	INR211.5	IND BBB/Stable
NCD	INE101Q07722	30-Sep-20	9.5	21-Jan-22	INR336.0	IND BBB/Stable
NCD	INE101Q07730	30-Sep-20	9.75	29-Sep-22	INR134.4	IND BBB/Stable
NCD	INE101Q07748	30-Sep-20	9.77*	29-Sep-22	INR278.8	IND BBB/Stable
NCD	INE101Q07755	30-Sep-20	10	29-Sep-23	INR204.7	IND BBB/Stable
NCD	INE101Q07763	30-Sep-20	10.22*	29-Nov-24	INR75.0	IND BBB/Stable
NCD	INE101Q07771	30-Sep-20	10.5	29-Sep-25	INR308.4	IND BBB/Stable
NCD	INE101Q07789	30-Sep-20	10.28*	29-Oct-27	INR159.7	IND BBB/Stable
NCD	INE101Q07797	24-Nov-20	9.5	18-Mar-22	INR242.3	IND BBB/Stable
NCD	INE101Q07805	24-Nov-20	9.75	23-Nov-22	INR123.5	IND BBB/Stable
NCD	INE101Q07813	24-Nov-20	9.77*	23-Nov-22	INR222.4	IND BBB/Stable
NCD	INE101Q07821	24-Nov-20	10	23-Nov-23	INR212.3	IND BBB/Stable
NCD	INE101Q07839	24-Nov-20	10.22*	23-Jan-25	INR86.5	IND BBB/Stable
NCD	INE101Q07847	24-Nov-20	10.5	21-Nov-25	INR362.4	IND BBB/Stable
NCD	INE101Q07854	24-Nov-20	10.28*	23-Dec-27	INR175.9	IND BBB/Stable
NCD	INE101Q07862	15-Feb-21	9.25	9-Jun-22	INR319.9	IND BBB/Stable
NCD	INE101Q07870	15-Feb-21	9.5	14-Feb-23	INR212.5	IND BBB/Stable

NCD	INE101Q07888	15-Feb-21	9.54*	14-Feb-23	INR450.4	IND BBB/Stable
NCD	INE101Q07896	15-Feb-21	10	14-Aug-24	INR472.7	IND BBB/Stable
NCD	INE101Q07904	15-Feb-21	10.71*	14-Aug-26	INR218.2	IND BBB/Stable
NCD	INE101Q08118	15-Feb-21	10.25	13-Mar-26	INR277.1	IND BBB/Stable
NCD	INE101Q08126	15-Feb-21	10.41*	14-Feb-28	INR213.6	IND BBB/Stable
Utilised limit					INR6265.0	
Unutilised limit					INR4746.0	
Total					INR11,011.1	
*yield						

India Ratings & Research
A Fitch Group Company

India Ratings Assigns Muthoottu Mini Financier's Proposed Bank Loans 'IND BBB'/Stable; Affirms Existing Ratings

05

MAR 2021

By Sohail Pathan

India Ratings and Research (Ind-Ra) has taken the following rating actions on Muthoottu Mini Financiers Limited's (MMFL) debt instruments:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Bank loans	-	-	-	INR5,000	IND BBB/Stable	Affirmed
Non-convertible debentures (NCDs*)	-	-	-	INR11,011.1	IND BBB/Stable	Affirmed
Proposed bank loans#	-	-	-	INR10,000	IND BBB/Stable	Assigned

*details in Annexure
#the amount is unallocated

The affirmation factors in MMFL's extensive experience in gold-loan financing business; stability of the gold asset class funded by MMFL; its stable asset quality; moderately-improved profitability and adequate liquidity and capital buffers. The ratings factor in MMFL's improved asset under management (AUM) per branch and its significant presence in the gold finance business in the southern states.

The ratings, however, are constrained by MMFL's high regional concentration for assets and liabilities; high market risk in gold loan business, which can convert into credit risk; moderate funding diversification; evolving systems, processes and record-keeping; moderate operating performance, as reflected in low internal accruals than peers; high operating cost and concentrated product portfolio.

KEY RATING DRIVERS

Extensive Experience in Gold Loans Business: MMFL has over two decades of experience in the gold finance business in the highly-competitive markets of Kerala and Tamil Nadu. Loans against gold have inherent strength, as the collateral – gold - is highly liquid in nature. Furthermore, the company has been expanding its loan growth in the core gold finance business of around 21% year-to-date 9MFY21 (FY20: 22% yoy) with AUM of INR20.41 billion. Additionally, MMFL had securitised loans to the extent of INR3,231 million in FY20. MMFL's operating efficiency, measured through AUM per branch, improved to INR24.67 million in 9MFY21 (FY20: INR21 million; FY19: INR18 million). Scaling of the loan book could further improve the company's operational efficiency in the medium term.

Asset Quality Remains Stable; May turn Volatile with Gold Prices: As of 9MFY21, MMFL's gross non-performing assets (NPAs) improved to 0.96% (1HFY21: 1.02%; FY20: 1.89%; FY19: 2.16%) on 90-days' past due NPA recognition. Its annualised pre-provision operating buffer improved to 2.80% of the total average earning assets in 9MFY21 (FY20: 1.3%; FY19: 1.39%) on account of moderation in cost of funds and improved operational efficiency. Further, the company's migration to shorter-tenor products has reduced its lending yields derived from overdue customers. The interest receivable portion of MMFL's loan book stood at around 3.7% of gold loan book in 9MFY21, inferring delays in servicing by customers or customers opting for bullet payment, leading to higher yield for MMFL on that portion of loan. However, the resolution and classification of NPAs is based on the occurrence of overdues in principal, after the end of the loan tenor. MMFL maintains a risk filter, wherein resolution is initiated if the principal plus interest reaches 85% loan-to-value (LTV),leading to the closing of the loan by the borrower or in case of a delay, auctioning post intimating the borrower. Considering the gold price scenario, MMFL had moved to shorter tenor of three to six months since August 2020, than the previous nine months. Furthermore, gold prices have corrected in the past few months any significant movement in the prices in the near term could lead to an increased auction risk.

Liquidity Indicator - Adequate: As per the December 2020 asset liability statement, MMFL had no cumulative mismatches. At end-January 2021, MMFL had unencumbered cash of around INR377 million and unutilised bank lines of around INR263 million, which along with steady inflows of repayments and borrowings provide adequate cover to the repayments. MMFL raised around INR4,901.5 million through the issuance of public, private NCDs and bank borrowings in 9MFY21. At end-December 2020, the average tenure on the asset side was three-to-six months, and 48 months on the liability side for NCDs. This, along with the highly liquid nature of gold, keeps MMFL's asset liability profile comfortable.

Improved Profitability: MMFL's net interest margin increased on account of improved borrowing cost (9MFY21: 8.83%; FY20:8.69%). MMFL reported a net profit of INR368 million in 9MFY21 (FY20: INR336 million) and its annualised return on asset rose to 2.3% (FY20:1.8%; FY19: 1.3%) due to the growth in AUM; improving operational efficiency and controlled credit cost. However, MMFL's profitability remains weak than its higher-rated peers, largely due to its high operational costs.

Funding Mix Yet to Diversify: In 9MFY21, MMFL majorly depended on NCDs sourced from Kerala that formed around 78% of its borrowing mix and the balance from bank funding through working capital and term loans. The agency believes the company's growth plans and liquidity situation could come under pressure, if MMFL's dependence on NCDs sourced from the local (Kerala) market remained high. Historically, the company has shown the ability to mobilise funds from local high net worth individuals and retail borrowers through Kerala's branch network where a large part of investors in NCDs are repeat investors. MMFL has also demonstrated the capability of raising funds through securitisation from banks in FY20 and FY19, largely due to granularity and liquid nature of loan collateral, thereby adding additional avenue to mobilise funds, in event of stress in operating environment.

Internal Control Systems and Compliance Still Evolving: MMFL's internal processes, largely those for capturing, monitoring and processing the branch-level activities, are still evolving. In this context, MMFL is reviewing its internal processes and has appointed external IT firm to revamp its entire legacy systems. Ind-Ra would closely monitor the company's efforts in improving its record-keeping and management information system systems, with a focus on strengthening the internal process, which would augment the management's control over the business.

High Operating Cost: MMFL's operating cost, though moderating, remains higher than peers' largely due to its small scale of operations and lower AUM per branch. The company has started its operations in Gujarat and further plans to expand in the northern geographies in the medium- to-long term and is in the process of implementing modified operational branch structure with zonal offices being setup across India for better business oversight (branches in 9MFY21: 804; FY20: 784; FY19: 767). Ind-Ra believes, growing its AUM per branch will help improve operational efficiency. MMFL's cost-to-income ratio was at 66.91% in 9MFY21 (FY20: 78.5%; FY19: 77.8%); however, the agency believes the company's operating expense will only moderate with the scaling of the loan book over the medium term.

Average Capital Buffers: MMFL's capitalisation remained stable in 9MFY21 with tier-1 capital ratio of 21.46% (FY20: 24.57%; FY19: 25.1%) and capital adequacy ratio of 25.99% (FY20:29.65; FY19:34.85%). The overall capital adequacy ratio has moderated due to reclassification of tier-2 capital in FY20. MMFL had leverage (debt/equity) of 3.68x in 3QFY21 (FY20: 2.91x; FY19: 2.3x). However, a sizeable part of this capital is locked in the form of fixed assets, and the fixed asset-to-equity has reduced to 40% in 9MFY21 (FY20:40.8%; FY19: 44.2%).

RATING SENSITIVITIES

Positive: A demonstrated ability to improve the efficiency of internal systems with improving management information systems and increased control on branch vigilance; sustained improvement in the capital and profitability buffers along with lower operational cost and the successful execution of growth strategy would be the key drivers for a positive rating action. Also, the diversification of the funding profile, including the ability to tie up funding together, can lead to a positive rating action.

Negative: A negative rating action could result from the company's inability to raise funds through new banking channels or public NCDs or a sharp rise in the delinquencies, which could constrict capital as well as liquidity, or inability to maintain above-average capital buffers. Also, any business diversification in terms of the acquisition of fixed assets or related-party transactions, which would lead to moving away from the key line of business, would lead to a rating review. A significant increase in the leverage to 5x, on a sustained basis, or 25% sharp decline in gold prices within a month, leading to loss post auction in a particular month/quarter will lead to a negative rating action.

While the company's internal systems and processes are evolving, any sudden regulatory action due to non-compliance may also lead to a rating downgrade. Moreover, any material change in the regulatory policy impacting a gold loan company's viability or competitive advantage would lead to a negative rating action.

COMPANY PROFILE

MMFL, a Kerala-based non-deposit taking non-banking finance company, lends against high-yielding gold jewellery, which forms around 97% of the total loans. It also has around 2% portion of its AUM as micro finance loans. Incrementally, MMFL plans to grow in the northern geographies of Gujarat and Maharashtra in gold loans segment.

FINANCIAL SUMMARY

Particulars	**FY20**	**FY19**
Total assets (INR million)	20,099	16,974
Total tangible equity (INR million)	4,659	4,394
Net profit (INR million)	336	233
Return on assets (%)	1.8	1.3
Equity/Asset (%)	23.2	25.9
Tier 1 capital (%)	24.57	25.1
GNPA (%)	1.89	2.16
Source: MMFL; Ind-Ra		

RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (million)	Rating	24 December 2020	7 August 2019	14 August 2018	3 August 2017
Bank loans	Long term	INR15,000	IND BBB/Stable	IND BBB/Stable	IND BBB-/Stable	IND BBB-/Stable	IND BBB-/Stable
NCDs	Long-term	INR11,011.1	IND BBB/Stable	IND BBB/Stable	IND BBB-/Stable	IND BBB-/Stable	IND BBB-/Stable

ANNEXURE

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/ Outlook
NCD	INE101Q08084	27 January 2016	10.5	27 July 2022	INR121.0	IND BBB/Stable
NCD	INE101Q08092	27 January 2016	11.25*	27 July 2022	INR319.1	IND BBB/Stable
NCD	INE101Q07375	24 April 2019	9.75	24 April 2022	INR153.5	IND BBB/Stable
NCD	INE101Q07383	24 April 2019	10.22*	24 April 2022	INR193.4	IND BBB/Stable
NCD	INE101Q07391	24 April 2019	10	24 April 2024	INR179.7	IND BBB/Stable
NCD	INE101Q07409	24 April 2019	10.47*	24 April 2024	INR211.5	IND BBB/Stable
NCD	INE101Q07722	30 September 2020	9.5	21 January 2022	INR336.0	IND BBB/Stable
NCD	INE101Q07730	30 September 2020	9.75	29 September 2022	INR134.4	IND BBB/Stable
NCD	INE101Q07748	30 September 2020	9.77*	29 September 2022	INR278.8	IND BBB/Stable
NCD	INE101Q07755	30 September 2020	10	29 September 2023	INR204.7	IND BBB/Stable
NCD	INE101Q07763	30 September 2020	10.22*	29 November 2024	INR75.0	IND BBB/Stable
NCD	INE101Q07771	30 September 2020	10.5	29 September 2025	INR308.4	IND BBB/Stable
NCD	INE101Q07789	30 September 2020	10.28*	29 October 2027	INR159.7	IND BBB/Stable
NCD	INE101Q07797	24 November 2020	9.5	18 March 2022	INR242.3	IND BBB/Stable
NCD	INE101Q07805	24 November 2020	9.75	23 November 2022	INR123.5	IND BBB/Stable
NCD	INE101Q07813	24 November 2020	9.77*	23 November 2022	INR222.4	IND BBB/Stable
NCD	INE101Q07821	24 November 2020	10	23 November 2023	INR212.3	IND BBB/Stable
NCD	INE101Q07839	24 November 2020	10.22*	23 January 2025	INR86.5	IND BBB/Stable
NCD	INE101Q07847	24 November 2020	10.5	21 November 2025	INR362.4	IND BBB/Stable
NCD	INE101Q07854	24 November 2020	10.28*	23 December 2027	INR175.9	IND BBB/Stable
NCD	INE101Q07862	15 February 2021	9.25	9 June 2022	INR319.9	IND BBB/Stable
NCD	INE101Q07870	15 February 2021	9.5	14 February 2023	INR212.5	IND BBB/Stable
NCD	INE101Q07888	15 February 2021	9.54*	14 February 2023	INR450.4	IND BBB/Stable
NCD	INE101Q07896	15 February 2021	10	14 August 2024	INR472.7	IND BBB/Stable
NCD	INE101Q07904	15 February 2021	10.71*	14 August 2026	INR218.2	IND BBB/Stable
NCD	INE101Q08118	15 February 2021	10.25	13 March 2026	INR277.1	IND BBB/Stable
NCD	INE101Q08126	15 February 2021	10.41*	14 February 2028	INR213.6	IND BBB/Stable
Utilised limit					INR6265.0	

Unutilised limit	INR4746.0	
Total	INR11,011.1	
*yield		

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

SOLICITATION DISCLOSURES

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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Applicable Criteria

Financial Institutions Rating Criteria
Non-Bank Finance Companies Criteria

Analyst Names

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Jindal Haria

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Media Relation

Ankur Dahiya

Manager – Corporate Communication
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ANNEXURE III

CONSENT OF THE DEBENTURE TRUSTEE

APPENDED OVERLEAF

February 25, 2021

Muthoottu Mini Financiers Limited
Mini Muthoottu Tech Towers,
Kaloor, Cochin – 682 017,
Kerala, India

Dear Ma'am/Sir

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debenture ("NCDs") aggregating up to `20,000 lakhs and Unsecured Redeemable NCDs upto `5,000 lakhs ("Issue") of Muthoottu Mini Financiers Limited ("Company").

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Prospectus to be filed with the BSE Limited ("**Stock Exchange**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Prospectus to be filed with the Registrar of Companies, Kerala and Lakshadweep ("**RoC**"), Stock Exchange and to be forwarded to SEBI in respect of the Issue and also in all related advertisements and communications sent pursuant to the Issue. The following details with respect to us may be disclosed:

Name:	Vistra ITCL (India) Limited
Address:	The IL&FS Financial Centre, Plot C - 22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051
Tel:	022 - 2659 3333
Fax:	022 - 26533297
Email:	itclcomplianceofficer@vistra.com
Investor Grievance email:	itclcomplianceofficer@vistra.com
Website:	www.vistraitcl.com
Contact Person:	Mr. Jatin Chonani- Compliance Officer
SEBI Registration No:	IND000000578

We confirm that we are registered with SEBI and that such registration is valid as on the date of this letter. We are enclosing herewith a copy of our registration certificate. We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

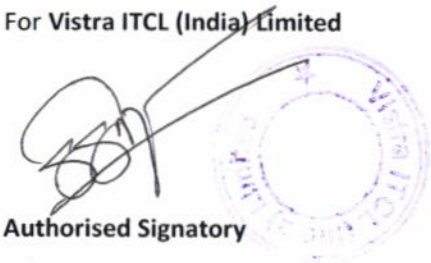
We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company.

We confirm that we will immediately inform you and the Lead Manager of any change to the above information until the date when the NCDs commence trading on the BSE Limited. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the Lead Manager and the legal advisor to the Issue in respect of the Issue.

Sincerely

For **Vistra ITCL (India) Limited**



Authorised Signatory

CC:

Vivro Financial Services Private Limited
607-608 Marathon Icon
Veer Santaji Lane
Opp. Peninsula Corporate Park
Off Ganpatrao Kadam Marg
Lower Parel
Mumbai- 400013

Khaitan & Co
One World Centre
10th & 13th Floor, Tower 1C,
Senapati Bapat Marg,
Mumbai 400 013
Maharashtra, India

Without Prejudice:
This No Objection Certificate (NOC) is issued by Vistra ITCL (India) Ltd ("Vistra") in its capacity as a Debenture Trustee to Muthoottu Mini Financiers Limited and this shall be valid for thirty (30) calendar days from the date of its issue. In the event the purpose of issuing this NOC is not initiated within 30 calendar days then this NOC shall automatically stand cancelled/invalid and would not have any legal force and effect. Please note that this NOC is issued based on the information/records available with Vistra and this shall not be construed as making any recommendation in any manner.

ANNEXURE IV

STATEMENT OF ACCOUNTING RATIOS

APPENDED OVERLEAF

Annexure I

Accounting Ratio Statement:

Particulars	30/09/2020#	31/03/2020*	31/03/2019$	31/03/2018$	31/03/2017$	31/03/2016$
Earnings Per Share-Basic (₹)^	7.80	13.44	8.40	4.31	(36.04)	4.35
Earnings Per Share-Diluted (₹)^	7.80	13.44	8.40	4.31	(36.04)	4.35
Return on Net Worth (%)^	3.96%	7.06%	4.73%	3.38%	(22.17%)	2.20%
Net Asset Value per Equity Share (₹)	196.81	190.28	177.46	169.10	162.56	197.51
Weighted Avg. No. of Equity Shares used in calculating Basic EPS	2,49,52,539	2,49,52,539	2,49,52,539	2,37,28,628	2,25,00,000	2,25,00,000
Weighted Avg. No. of Equity Shares used in calculating Diluted EPS	2,49,52,539	2,49,52,539	2,49,52,539	2,37,28,628	2,25,00,000	2,25,00,000
Total No. of Equity Shares outstanding at the end of the period/year	2,49,52,539	2,49,52,539	2,49,52,539	2,49,52,539	2,25,00,000	2,25,00,000

^ *notannualised*

**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. 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. The figures are based on Reformatted Ind AS Financial Statements of the Company for the Fiscal 2020.*

The figures are based on Interim Unaudited Ind AS Financial Statementsof the Company for the six month period ended September 30, 2020,

$ The figures are based on Reformatted IGAAP Financial Statements of the Company for the Fiscals 2019, 2018, 2017 and 2016.

Notes:

1. The ratios have been computed as below:
   a. Earnings per Share = Net Profit/ (Loss) attributable to equity shareholders / Weighted average number of equity shares outstanding during the period/year
   b. Return on Net Worth (%) = Net Profit/ (Loss) after tax/ Net Worth at the end of the period/year.
   c. Net Assets Value per Equity Share (₹) = Net Worth at the end of the period/year / Number of equity shares outstanding at the end of the period/year
2. Net Worth = Share Capital (+) Other Equity or Reserves and Surplus excluding revaluation reserves and deferred revenue expenditure.

For Manikandan and Associates
Chartered Accountants
Firm Registration No: 008520S
Peer Review No: 008123
UDIN : 21208654AAAAGM6772

MANIKANDAN & ASSOCIATES ERNAKULAM 682 011 CHARTERED ACCOUNTANTS

Manikandan C.K
Managing Partner
Membership No: 208654

Date : March 11, 2021
Place : Kochi

ANNEXURE V

STATEMENT OF CAPITALISATION

APPENDED OVERLEAF

Annexure I

Capitalization Statement as at 30/09/2020

(₹ in lakhs)

Particulars	Pre- Issue*	Increase due to the Issue	Post- Issue
Debt			
Debt Securities	1,39,818.38	25,000.00	1,64,818.38
Borrowings (other than Debt Securities)	43,661.81	-	43,661.81
Total Debts	**1,83,480.19**	**25,000.00**	**2,08,480.19**
Equity			
Equity Share Capital	24,952.54	-	24,952.54
Other Equity			
Special Reserve Fund	5,129.33	-	5,129.33
Securities Premium	7,844.15	-	7,844.15
Debenture Redemption Reserve	-	-	-
Retained Earnings	11,834.17	-	11,834.17
Other Comprehensive Income	-3.55	-	-3.55
Less: Unamortized expenses of Public Issues	647.74	-	647.74
Total Equity	**49,108.90**	-	**49,108.90**
Debt/Equity	**3.74**		**4.25**

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

Notes:

1. Debt Securities includes interest accrued but not due thereon but excluding unamortized expense of public issues.
2. Borrowings includes interest accrued but not due thereon.
3. The figures disclosed above are based on the Interim Unaudited Ind AS Financial Statements of the Company as at September 30, 2020.
4. Debt / Equity = Total Debt / Equity.
5. The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹ 25,000 lakhs from the proposed public issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.
6. The Company has raised secured non-convertible debenture amounting to ₹ 30,990.20 Lakhs and unsecured non-convertible debenture amounting to ₹ 4,907.33 Lakhs through public issue during October 1, 2020 – February 28, 2021 impact of which is not provided in the above table.
7. The Company during October 1, 2020 – February 28, 2021 redeemed secured public non-convertible debenture amounting to ₹ 3,415.61 lakhs and unsecured public non-convertible debenture amounting to ₹ 6,849.15 lakhs, impact of which is not provided in the above table.
8. The Company during October 1, 2020 – February 28, 2021 redeemed secured privately placed non-convertible debenture amounting to ₹ 778.41 lakhs and unsecured privately placed non-convertible debenture amounting to ₹ 591.00 lakhs, impact of which is not provided in the above table.
9. The Company during October 1, 2020 – February 28, 2021 has repaid the short-term loans against Fixed Deposits amounting to ₹ 2,688.37 lakhs with South Indian Bank impact of which is not provided in the above table.

MANIKANDAN & ASSOCIATES * ERNAKULAM 682 016 * CHARTERED ACCOUNTANTS

10. The Company during October 1, 2020 – February 28, 2021 has availed new working capital facilities from Karur Vysya Bank, DCB Bank and CSB Bank amounting to ₹ 2,500 lakhs, ₹ 1,500 lakhs and ₹ 3,000 lakhs respectively.
11. Other Equity does not include revaluation reserve.
12. Debt Securities does not include unclaimed matured debentures and interest thereon amounting to ₹ 199.31 Lakhs.

For Manikandan and Associates
Chartered Accountants
Firm Registration No: 008520S
Peer Review No: 008123
UDIN: 21208654AAAAGM6772

MANIKANDAN & ASSOCIATES ERNAKULAM 682 011 CHARTERED ACCOUNTANTS

Manikandan C.K
Managing Partner
Membership No: 208654

Date : March 11, 2021
Place : Kochi

ANNEXURE VI

STATEMENT OF DIVIDENDS

APPENDED OVERLEAF

Annexure I

Statement of Dividend

(₹. *In lakhs, except per share data*)

Particulars	30/09/2020	31/03/2020	31/03/2019	31/03/2018	31/03/2017	31/03/2016
On Equity Shares						
Fully Paid-up Share Capital (Nos.)	2,49,52,539	2,49,52,539	2,49,52,539	2,49,52,539	2,25,00,000	2,25,00,000
Face Value / Paid Up Value (₹)	100	100	100	100	100	100
Equity Share Capital	24,952.54	24,952.54	24,952.54	24,952.54	22,500.00	22,500.00
Rate of Dividend	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Dividend	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-

For Manikandan and Associates
Chartered Accountants
Firm Registration No: 008520S
Peer Review No: 008123
UDIN : 21208654AAAAGM6772

MANIKANDAN & ASSOCIATES ERNAKULAM 682 011 CHARTERED ACCOUNTANTS

Manikandan C.K
Managing Partner
Membership No: 208654

Date : March 11, 2021
Place : Kochi