



CHEMMANUR CREDITS AND INVESTMENTS LIMITED

Chemmanur Credits and Investments Limited ("our Company" or "the Company" or "the Issuer") was incorporated as 'Chemmanur Credits and Investments Limited', a public limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated December 16, 2008, issued by Registrar of Companies, Kerala and Lakshadweep ("RoC"). Our Company holds a certificate of registration dated June 10, 2010 bearing registration number N-16-00185 issued by the Reserve Bank of India ("RBI") to carry on the activities of a Non-Banking Financial Company ("NBFC") without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934. For further details about our Company including details regarding changes in Registered Office, see "History and Certain Other Corporate Matters" on page 101.

Corporate Identification Number: U65923KL2008PLC023560; **PAN:** AADCC5470E **E-mail:** mail@chemmanurcredits.com; **Website:** www.chemmanurcredits.com

Registered Office: Mangalodhayam Building, Round South, Thrissur - 680001, Kerala, India; **Telephone:** +91 0487-6621200/2424010

Compliance Officer and Company Secretary: Anju Thomas; **E-mail:** cs@chemmanurcredits.com; **Telephone:** +91 487-6621200/2424010 (Extn. 211)

Chief Financial Officer: Pramod M; **Email:** pramod@chemmanurcredits.com; **Tel:** +91 487-6621200/2424010 (Extn. 222)

PUBLIC ISSUE BY OUR COMPANY OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹1,000 EACH, ("NCDs") AT PAR, AMOUNTING UP TO ₹5,000 LAKH, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹5,000 LAKH AGGREGATING UP TO ₹10,000 LAKH, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE". THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 AS AMENDED ("SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER, AS AMENDED AND THE SEBI MASTER CIRCULAR. THE ISSUE IS NOT PROPOSED TO BE UNDERWRITTEN.

OUR PROMOTER

Our Promoter is Chemmanur Devassykutty Boby, **Email:** boby@chemmanurinternational.com, **Tel:** 0487-6621200. For further details see, "Our Promoter" on page 112.

GENERAL RISKS

Investment in debt securities involves a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this Issue. For taking an investment decision, the Investors must rely on their own examination of the Issuer and the Issue, including the risks involved in it. Specific attention of the Investors is invited to the chapter titled "Risk Factors" on page 16 and "Material Developments" on page 116, before making an investment in this Issue. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the debt securities or investor's decision to purchase such securities. This 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.

CREDIT RATING

The NCDs proposed to be issued under the Issue have been rated 'CRISIL BBB-/Stable' (pronounced as CRISIL triple B minus rating with Stable outlook); by CRISIL Ratings Limited ("CRISIL Ratings") vide its letter dated July 20, 2023. The rating of the NCDs by CRISIL Ratings indicate that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. These ratings are subjected to a periodic review during which it may be affirmed, changed, suspended, withdrawn, or placed on rating watch, based on one or more specific events. The Credit Rating Agencies' website will have the latest information on all its outstanding ratings. For the rating letter and the rating rationale, see "Annexure II" of this Draft Prospectus.

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 173.

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 filed with the BSE, pursuant to the provisions of the SEBI NCS Regulations will be kept open for public comments for a period of seven Working Days (i.e., until 5:00 pm) on [•] 2023. All the comments on this Draft Prospectus are to be forwarded to the attention of the Compliance Officer of our Company and/or to the Lead Manager to the Issue. Comments by post and mail shall be accepted. All comments received on this Draft Prospectus will be suitably addressed prior to filing of the Prospectus with the RoC.

LEAD MANAGER

VIVRO

VIVRO FINANCIAL SERVICES PRIVATE LIMITED
607/608 Marathon Icon, Opp. Peninsula Corporate Park
Off. Ganpatrao Kadam Marg, Veer Santaji Lane,
Lower Parel, Mumbai - 400 013, Maharashtra, India
Telephone: +91 22 6666 8040/41/42
Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Viral Shah/ Kruti Saraiya

DEBENTURE TRUSTEE*

MITCON CREDITIA
PARTNER WITH TRUSTED CREDITALS

MITCON CREDITIA TRUSTEESHIP SERVICES LIMITED
(formerly known as MITCON Trusteeship Services Limited)
1402/1403, B-Wing, Dalmal Towers, 14th Floor,
Free Press Journal Marg, 211, Nariman Point,
Mumbai - 400 021, Maharashtra, India
Telephone: +91 22 2282 8200
Email: contact@mitconcredentia.in
Website: www.mitconcredentia.in
Contact Person: Vaishali Urkude

REGISTRAR TO THE ISSUE

KFINTECH
EXPERIENCE TRANSFORMATION

KFIN TECHNOLOGIES LIMITED
(formerly known as KFin Technologies Private Limited)
Selenium Tower-B, Plot 31 & 32 Gachibowli
Financial District, Nanakramguda
Serilingampally, Hyderabad - 500 032
Telangana, India
Telephone: +91 40 6716 2222
Email: ccil.ncdipo@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna

CREDIT RATING AGENCY

CRISIL
An S&P Global Company

CRISIL RATINGS LIMITED
CRISIL House, Central Avenue, Hiranandani Business Park
Powai, Mumbai 400 076, Maharashtra, India
Tel: + 91 22 3342 3000 (B)
Email: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact Person: Ajit Velonie

STATUTORY AUDITORS

C.M. JOSEPH & ASSOCIATES

Chartered Accountants
MRA 5A, Pallath Lane, San Clinic Building,
Mount Carmel Church Road,
Mamangalam, Palarivattom.P.O.,
Cochin -682025
Tel: (0484) 4047884, 2338303, 2989303
E-mail: cmjosephfca@gmail.com, cmjfca@gmail.com
Website: www.cmjassociates.in
Contact Person: C.M. Joseph

ISSUE PROGRAMME

ISSUE OPENS ON [•]

ISSUE CLOSES ON [•]**

* MITCON Credentia Trusteeship Services Limited (formerly known as MITCON Trusteeship Services Limited), by its letter dated September 18, 2023, 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 36.

**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 minimum period of 3 Working Days and a maximum period of 10 Working Days from the date of the issue and subject to not exceeding 30 days from the date of filing of the Prospectus with ROC including any extensions) as may be decided by the Board of Directors of our Company ("Board") or the Debenture Committee, subject to approvals in accordance with the SEBI NCS Regulations. 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 an English national daily newspaper and a regional daily newspaper in the state of Kerala, with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. on one Working Day post the Issue Closing Date. For further details please see "General Information" on page 34.

A copy of the Prospectus and written consents of our Directors, our Chief Executive Officer, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Auditor, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Refund Bank, Sponsor Bank, Credit Rating Agency, the legal advisor, the Bankers to our Company, the Debenture Trustee, FSIAPL 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 236.

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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**” are to Chemmanur Credits and Investments Limited, a company incorporated under the Companies Act, 1956, registered as non-deposit taking non-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 of the Company is situated at Mangalodhayam Building, Round South, Thrissur – 680 001, 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.

The words and expressions used in this Draft Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI NCS Regulations, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations notified thereunder.

Company Related Terms

Term	Description
AoA/ Articles/ Articles of Association	Articles of Association of our Company, as amended from time to time
Associates	The associates of our Company as mentioned in the section “History and Certain Other Corporate Matters” on page 101
Audit Committee	Audit committee of the Board of Directors of our Company, constituted in accordance with applicable laws
Special Purpose Audited Financial Statements	The special purpose audited financial statements of our Company for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 comprising of the statement of assets and liabilities and the schedules forming part thereof, the statement of financial results and the schedules forming part thereof, statement of changes in equity, the statement of cash flow for the respective periods, statement of significant accounting policies, and other explanatory statements including notes thereto, issued by Statutory Auditor of the Company.
Auditor/ Statutory Auditor	The current statutory auditor of our Company, M/s. C. M. Joseph & Associates, Chartered Accountants for the financial year 2023-2024 holding valid certificate issued by the peer review board of the Institute of Chartered Accountants of India.
Board/ Board of Directors	Board of directors of our Company or any duly constituted committee thereof
Corporate Social Responsibility Committee	Corporate social responsibility committee of the Board of Directors of our Company, constituted in accordance with applicable laws
Committee	A committee constituted by the Board, from time to time.
Debenture Committee	The committee of the Board of Directors of the Company constituted for the purposes of, <i>inter alia</i> , issuance of debentures of the Company. For further details, see “ <i>Our Management</i> ” on page 103.
Equity Shares	Equity shares of face value of ₹10 each of our Company
KMP/ Key Managerial Personnel	The key managerial personnel of our Company as defined under Section 2 (sa) SEBI NCS Regulations. For details, see “ <i>Our Management</i> ” on page 103.
Group Companies	Chemmanur Gold Palace International Limited, Bobby Chemmanur (No.1) Chits Private Limited and Bobby Bazar Private Limited.
JLG	Joint Liability Group
Limited Review Special Purpose Unaudited Financial Results	The special purpose unaudited financial results of our Company for the quarter ended June 30, 2023, including notes thereto issued by Statutory Auditor of the Company.
Loan Assets	Assets under financing activities
Memorandum/ MoA/ Memorandum of	Memorandum of association of our Company, as amended from time to time

Term	Description
Association	
NBFC	Non-banking financial company as defined under Section 45-IA of the RBI Act, 1934
Nomination and Remuneration Committee	Nomination and remuneration committee of the Board of Directors of our Company, constituted in accordance with applicable laws
Networth	As defined in Section 2(57) of the Companies Act, 2013, as follows: “ <i>Networth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.</i> ”
Promoter	Chemmanur Devassykutty Bobby
Promoter Group	Includes the individuals and entities covered by the definition under Regulation 2(1) (ff) of the SEBI NCS Regulations.
Registered Office	The registered office of our Company is situated at Mangalodhayam Building, Round South, Thrissur – 680001, Kerala, India.
Risk Management Committee	The committee of the Board of Directors of the Company constituted for the purposes of <i>inter alia</i> , to assist the Board in the execution of its risk management accountabilities. For further details, see “ <i>Our Management</i> ” on page 103.
“Senior Management Personnel” or “SMP”	Senior Management Personnel of our Company in accordance with definition of Senior Management in Regulation 2 (iia) of the SEBI NCS Regulations, as described in “ <i>Our Management</i> ” on page 103
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 this Draft Prospectus and the Application Form
Application Supported by Blocked Amount/ Application/ ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising the relevant SCSB to block the Application Amount in the relevant ASBA Account and will include application made by UPI Investors using UPI where the Application amount will be blocked upon acceptance of UPI Mandate Request by UPI Investors, which will be considered as the application for Allotment in terms of this Draft Prospectus
Application Amount	The aggregate value of NCDs applied for, as indicated in the Application Form for the Issue
Application Form/ ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process and which will be considered as the Application for Allotment of NCDs and in terms of this Draft Prospectus
Application Supported by Blocked Amount/ ASBA	The Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorising the SCSB to block the Application Amount in the specified bank account maintained with such SCSB
ASBA Account	A bank account maintained with an SCSB by an Applicant, as specified in the Application Form submitted by the Applicant for blocking the Application Amount mentioned in the relevant ASBA Form and includes a bank account maintained by a UPI Investor linked to a UPI ID, which is blocked upon acceptance of a UPI Mandate Request made by the UPI Investor using the UPI Mechanism

Term	Description
Base Issue	₹5,000 lakh
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in “ <i>Issue Procedure – Basis of Allotment</i> ” on page 217.
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
CIBIL	TransUnion CIBIL Limited
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for registered brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs
Collecting Depository Participants/ CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the SEBI Master Circular
Collecting Registrar and Share Transfer Agents/CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the SEBI Master Circular
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with this Draft Prospectus. For further details, see “ <i>Issue Structure</i> ” on page 173.
Credit Rating Agency	For the present Issue, the credit rating agency being, CRISIL Ratings Limited (“ CRISIL Ratings ”)
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the NCDs issued under the Issue.
Debenture Trustee Agreement	Debenture Trustee Agreement dated September 15, 2023 entered into between our Company and the Debenture Trustee.
Debentures/NCDs	Secured redeemable, non-convertible debentures issued pursuant to the Issue
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date on which the Board or Debenture 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
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 this Draft 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	BSE Limited

Term	Description
Exchange/ DSE	
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 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	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility
Draft Prospectus	This Draft Prospectus dated September 21, 2023, filed with the Designated Stock Exchange and with SEBI for receiving public comments, in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations
Existing Secured Creditors	Canara Bank, Dhanlaxmi Bank, State Bank of India, the debenture holders of the privately placed secured non-convertible debentures and the secured debenture holders of the debentures issued by way of public issue.
Fugitive Economic Offender	Fugitive economic offender means an individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
Interest Payment Date/ Coupon Payment Date	As specified in “Issue Structure” on page 173.
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 lakh, pension funds of minimum corpus of ₹2,500 lakh, 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 non-banking financial companies
Issue	Public issue of NCDs by our Company amounting upto ₹5,000 lakh, with an option to retain over-subscription up to ₹5,000 lakh, aggregating up to ₹10,000 lakh, on the terms and in the manner set forth herein.
Issue Agreement	The Issue Agreement dated September 21, 2023 entered between the Company and the Lead Manager to the Issue.
Issue Closing Date	[•]
Issue Opening Date	[•]
Issue Size	Public issue of NCDs by our Company amounting up to ₹5,000 lakh, with an option to retain over-subscription up to ₹5,000 lakh, aggregating up to ₹10,000 lakh.
Lead Manager	Vivro Financial Services Private Limited
Listing Agreement	The uniform listing agreement entered into between our Company and the Stock Exchange in connection with the listing of debt securities of our Company
Market Lot	1 (one) NCD
Mobile App(s)	The mobile applications listed on the website of Stock Exchanges as may be updated from time to time, which may be used by RIBs to submit Bids using the UPI Mechanism
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
“Maturity Date” or “Redemption Date”	As specified in “Issue Structure” on page 173.
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

Term	Description
	in the NCDs, trust including public/private charitable/religious trusts which are authorised to invest in the NCDs, association of persons, scientific and/or industrial research organisations, which are authorised to invest in the NCDs, partnership firms in the name of the partners, limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakh
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Offer Document	This Draft Prospectus, the Prospectus, the Abridged Prospectus, the Application Form and supplemental information, if any, read with any notices, corrigenda and addenda thereto
Prospectus	The Prospectus to be filed with the RoC in accordance with the SEBI NCS Regulations, containing inter alia the Coupon Rate for the NCDs and certain other information.
Public Issue Account	Account(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs (including under the UPI Mechanism) on the Designated Date
Public Issue Account Bank	Banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, with whom the Public Issue Account will be opened i.e. [●]
Public Issue Account and Sponsor Bank Agreement	The agreement dated [●] 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 this Draft Prospectus.
Refund Bank	As specified in the Prospectus
Registrar to the Issue/ Registrar	Kfin Technologies Limited (formerly known as KFin Technologies Private Limited)
Registrar Agreement	Agreement dated September 20, 2023 entered into between the Issuer and the Registrar under the terms of which the Registrar has agreed to act as the Registrar to the Issue.
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulation, 1992 and the stock exchange having nationwide terminals, other than the Members of the Syndicate and eligible to procure Applications from Applicants
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 lakh
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	The banks registered with SEBI under the Securities and Exchange Board of India

Term	Description
Syndicate Banks	(Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account and a list of which is available on https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time. Additionally, the banks registered with SEBI, enabled for UPI Mechanism, list of which is available on https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Manager, Members of the Syndicate or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time
Security	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking <i>pari passu</i> charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State bank of India, Canara Bank, Dhanlaxmi Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs.
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 Master Circular in this case being, [•].
Stock Exchange	BSE Limited
Syndicate Agreement	Syndicate Agreement to be entered between the Company, Lead Manager and Syndicate Member as specified in the Prospectus
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 Member	As specified in the Prospectus
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 MITCON Credentia Trusteeship Services Limited (formerly known as MITCON Trusteeship Services Limited)
UPI	Unified Payments Interface, is an instant payment system developed by the NPCI. It

Term	Description
	enables merging several banking features, seamless fund routing and merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank account
UPI ID	ID created on UPI for single-window mobile payment system developed by the NPCI
UPI Investor	An Applicant who applies with a UPI number whose Application Amount for NCDs in the Issue is upto ₹5,00,000
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 Master Circular and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter	A person who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes an issuer whose director or promoter is categorised as such
Working Days	All days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e., period beginning from the Issue Closing Date to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Saturday, Sundays and bank holidays in Thrissur, as per the SEBI NCS Regulations, however, with reference to payment of interest/redemption amount of NCDs, Working Days shall mean those days wherein the money market is functioning in Thrissur.

Business/Industry Related Terms

Term	Description
AFCs	Asset Finance Companies
ALM	Asset Liability Management
ALCO	Asset Liability Committee
CAD	Current Account Deficit
CIC	Core Investment Companies
CIC-ND-SI	Systemically Important Core Investment Company
CRAR	Capital-To-Risk-Weighted Assets Ratio
DMs	Developed Markets
EMI	Equated Monthly Instalments
Ems	Emerging Markets
ETF	Exchange-Traded Fund
FIR	First Information Report
FOMC	Federal Open Market Committee
GDP	Gross Domestic Product
Gross Spread	Yield on the average minus the cost of funds
GDS	Gold Deposit Scheme
GFCE	Government Final Consumption Expenditure
GFCF	Gross Fixed Capital Formation
GLP	Gross Loan Portfolio
GMS	Gold Monetisation Scheme
GVA	Gross Value Added
HFC	Housing Finance Company
IBE	International Bullion Exchange
Ics	Investment Companies
ICCs	Investment and Credit Companies
IDF – NBFC	Infrastructure Debt Funds – NBFCs
IFCs	Infrastructure Finance Companies

Term	Description
IFSCA	International Financial Services Centres Authority
IMF	International Monetary Fund
Ind AS	Indian Accounting Standards
IGPC	India Gold Policy Centre
IIP	Index of Industrial Production
FSIAPL	Fitch Solutions India Advisory Private Limited (formerly known as IRR Advisory Services Private Limited)
FSIAPL Report	Report titled “Gold Loan Industry in India”, dated June 16, 2023, prepared and issued by Fitch Solutions India Advisory Private Limited (formerly known as IRR Advisory Services Private Limited) (FSIAPL)
KYC/KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
LCs	Loan Companies
LTV	Loan to value
Master Directions	RBI’s Master Direction – Non-Banking Financial Company – Non – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended
MFIs	Micro Finance Institutions
MFIN	Microfinance Institutions Network
MSMEs	Micro, Small and Medium Enterprises
MT	Million Tonnes
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NBFC-AA	NBFC-Account Aggregator
NBFC-ND-NSI (NBFC-BL/ NBFC – Base Layer)	Non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ML/ NBFC – Middle Layer	(a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund – Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFC)
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-MFIs	Non-banking financial company-microfinance institutions
NBFC-AA	NBFC-Account Aggregator
NBFIs	Non-banking Financial Institutions
NBFC-P2P	NBFC-Peer to Peer Lending Platform
NBFC-TL	NBFC-UL which in the opinion of RBI has substantial increase in the potential systemic risk
NBFC-UL	NBFCs which are specifically identified by the RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in SBR
NOF	Net Owned Fund
NPCI	National Payments Corporation of India
NPA	Non-Performing Assets
NOFHC	NBFC-Non-Operative Financial Holding Company
OGL	Online Gold Loans
PFCE	Private Final Consumption Expenditure
PMI	Purchasing Managers Index
PPP	Purchasing Power Parity
PSL	Priority Sector Lending
PMJDY	Pradhan Mantri Jan Dhan Yojana
R-GDS	Revamped Gold Deposit Scheme

Term	Description
R-GML	Revamped Gold Metal Loan Scheme
SBR Framework	Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs (as amended)
SFBs	Small finance banks
SME	Small and medium enterprises
SROs	Self-Regulatory Organizations
Tier I Capital	Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I Capital
TAT	Turnaround Time
WGC	World Gold Council

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
Asset Under Management / AUM	AUM represents aggregate value of outstanding loans before adjustment of provisions for NPA in accordance with IndAS or Indian GAAP, as applicable
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
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
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

Term	Description
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
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
RIBs	Retail Individual Bidder(s)
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 ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI NCS Regulations/ NCS Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time.
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2021
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Debenture Trustee Master Circular	SEBI Circular SEBI/HO/DDHS-PoD1/P/CIR/2023/109 dated March 31, 2023, as amended from time to time.
SEBI Master Circular	SEBI Circular SEBI/HO/DDHS-PoD1/P/CIR/2023/119 dated August 10, 2021, as amended from time to time.
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*”, “*History and Certain Other Corporate Matters*”, “*Our Management*”, “*Financial Statements*”, “*Financial Indebtedness*”, “*Issue Procedure*”, “*Outstanding Litigations*”, “*Key Regulations and Policies*”, and “*Summary of Main Provisions of the Articles of Association*” and on pages 41, 101, 103, 115, 117, 195, 132, 161 and 224 respectively will have the meanings ascribed to them in such chapters.

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

General Risk

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

Specific attention of investors is invited to statement of risk factors contained under section “*Risk Factors*” on page 16. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the debt securities or investor’s decision to purchase such securities.

Certain Conventions

In this 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 Chemmanur Credits and Investments 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 “financial year” are to the financial year ended on March 31.

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

Financial Data

Our Company publishes its financial statements in Rupees.

The Limited Review Special Purpose Unaudited Financial Results for the quarter ended June 30, 2023 has been prepared by the Company in accordance with Ind AS notified under the Companies Act, 2013 and other applicable statutory and / or regulatory requirements, as applicable, by Statutory Auditor, C.M. Joseph & Associates.

The Company’s Limited Review Special Purpose Unaudited Financial Results for the quarter ending June 30, 2023 has been prepared on the basis of unaudited limited review results prepared by V K S Narayan & Co in accordance with Ind AS notified under the Companies Act, 2013 and other applicable statutory and / or regulatory requirements.

The Company’s Special Purpose Audited Financial Statements for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 have been prepared by Statutory Auditor, C.M. Joseph & Associates in accordance with the accounting standards notified under the Companies Act, 2013 and other applicable statutory and / or regulatory requirements.

The Company’s Special Purpose Audited Financial Statements for the financial years ended March 31, 2023 and March 31, 2022 have been prepared on the basis of audited financial statements prepared by V K S Narayan & Co in accordance with Ind AS and Indian GAAP, respectively, notified under the Companies Act, 2013 and other applicable statutory and / or regulatory requirements.

The Company’s Special Purpose Audited Financial Statements for the financial year ended March 31, 2021 has been prepared on the basis the audited financial statements prepared by M/s. Cheeran Varghese & Co in accordance with Indian GAAP notified under the Companies Act, 2013 and other applicable statutory and / or regulatory requirements.

The Limited Review Special Purpose Unaudited Financial Results and Special Purpose Audited Financial Statements as included in this Draft Prospectus, in the chapter titled “*Financial Statements*” on page 115.

Unless stated otherwise, the financial data in this Draft Prospectus is derived from the Limited Review Special Purpose Unaudited Financial Results and Special Purpose Audited Financial Statements of the Company.

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.

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 ‘lakh’. All references to ‘lakh/lakhs’ mean ‘one hundred thousand’ and ‘crore’ means ‘ten million’ and ‘billion/bn./billions’ means ‘one hundred crore’.

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 June 16, 2023, prepared and issued by Fitch Solutions India Advisory Private Limited. (formerly known as IRR Advisory Services Private Limited.) (“**FSIAPL Report**”). Please refer to “*Industry Overview*” on page 48 for further details. Following is the disclaimer of Fitch Solutions India Advisory Private Limited. (formerly known as IRR Advisory Services Private Limited) in relation to the FSIAPL Report:

“This report is prepared by Fitch Solutions India Advisory Private Limited. (FSIAPL) (erstwhile IRR Advisory Services Private Limited.) FSIAPL has taken utmost care to ensure accuracy and objectivity while developing this report. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of FSIAPL.”

Exchange Rates

The exchange rates Rupees (₹) vis-à-vis of USD, as of June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, are provided below:

Currency	June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	82.04	82.22	75.81	73.50

Source: <https://www.fbil.org.in/#/home> and <https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx>

The above exchange rates are for the purpose of information only and may not represent the rates used by the Company for purpose of preparation or presentation of its financial statements. The rates presented are not a guarantee that any person could have on the relevant date converted any amounts at such rates or at all.

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 volatility in interest rates which could cause our gross spreads to decline and consequently affect our profitability;
2. Changes in the value of Rupee and other currency changes;
3. Unanticipated turbulence in interest rates or other rates or prices; the performance of the financial and capital markets in India and globally;
4. Changes in political conditions in India;
5. The rate of growth of our Loan Assets;
6. The outcome of any legal or regulatory proceedings we are or may become a party to;
7. 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;
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 16.

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 16, 48 and 84, respectively.

By their nature, certain market risk disclosures are only estimate and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as on the date of this 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 its Directors, the KMPs, the SMPs or any of its affiliates have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company and the Lead Manager will ensure that Investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION II - RISK FACTORS

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

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Draft Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled "Our Business" on page 84 and "Financial Statements" on page 115 before making an investment decision. The following are the risks envisaged by the management of the Company relating to the Company, the NCDs and the market in general. Potential investors should carefully consider all the risk factors stated in this Draft Prospectus in relation to the NCDs for evaluating the Company and its business and the NCDs before making any investment decision relating to the NCDs. The Company believes that the factors described below represents the principal risks inherent in investing in the NCDs but does not represent that the statements below regarding the risks of holding the NCDs are exhaustive. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Potential investors should also read the detailed information set out elsewhere in this Draft Prospectus and reach their own views prior to making any investment decision. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

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

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

This Draft Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with the Audited Financial Statements

Internal Risk Factors

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

As an NBFC, we are subject to periodic inspection by RBI under Section 45N of the RBI Act, 1934 ("**RBI Act**"), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. Any irregularities found during such investigations by such regulatory authorities could, similarly, expose us to warnings, penalties and restrictions.

During the course of finalization of inspection, regulatory authorities share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities also seek certain clarifications and share their findings in the ordinary course of business. We respond to observations made by such authorities and address them appropriately; however, we cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise/ the authorities will not make similar or other observations in the future. For instance pursuant to recent inspection by RBI Of financial position of the Company as on March 31, 2022, the RBI vide letter dated March 03, 2023 ("**Letter**"), observed supervisory concerns, which inter alia included matter with regards to (a) Non-executive director being head of Asset Liability Management Committee (ALCO); (b) non-inclusion of heads of risk verticals in Risk Management Committee; (c) issues on Nomination and Remuneration Committee (NRC) and remuneration of managing director (MD); (d) non-inclusion of list of items and value of items to be hypothecated in hypothecation deed of the loans and actual business being different from the one mentioned in loan application in respect to Grameen Loans (GSL-business loans); (e) delay in filing of

regulatory returns viz. DNBS 13, DNBS 4A, 4B and DNBS 2 (final) and delayed submission of returns; (f) non-compliance with Para 56(e) of Master Direction- Know Your Customer (KYC) Direction, 2016, whereby KYC records (including historical data) not uploaded by the Company to CKYCR Registry maintained with CERSAI; (g) Non-maintenance of board approved grievance redressal policy in the Company and appointment of senior manager cadre as principal nodal officer instead of an officer of GM or equivalent rank; (h) non-submission of information to National E-Governance Services Limited (“NeSL”, Information utility) for secured assets; (i) acting as collection agent for one of the group companies, with no disclaimer in the cash receipt given to the customers about the liability of the Company.

The Company has taken various steps to comply with RBI observations under the Letter, *inter alia* including, reconstitution of ALCO and ALCO being headed by CEO of the Company. Further, RMC was also reconstituted with heads of risk verticals forming part of the committee. The Company has also modified hypothecation deed by incorporating clear description about its value. The Company has engaged a new service provider to process uploading of KYC data live in CKCR portal on daily basis and has also taken registration with NeSL to upload loan data in the portal with NeSL support. Further, the Company is in process of complying all the other observations of the RBI in the Letter.

2. *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 is involved in certain criminal proceeding with 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.

Our Company, Promoter and our Directors are party to legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if determined against us, could adversely affect our business, results of operations and financial condition. We can give no assurance that these legal proceedings will be decided in our favour or that no further liability may arise from these claims in the future.

Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities, which could adversely affect our 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 132.

3. *We do not own the trademark i.e. we have been authorised to use it by our Promoter, Chemmanur Devassykutty Bobby vide NOC dated March 1, 2022. Termination or withdrawal or unfavourable terms of this authorisation to use or any negative impact on the ‘Chemmanur’ brand may adversely affect our business, reputation, goodwill, financial condition and results of operations.*

The trademark  is in the process of registration with the Registrar of Trademarks in India in the name of our Promoter i.e. Chemmanur Devassykutty Bobby. Further, our Promoter, Chemmanur Devassykutty Bobby has applied for registration of Trademark to the Trademark Authority vide application dated April 03, 2022 and the status of registration is still ‘objected’. We cannot assure you that we will continue to have uninterrupted use of this trademark. Further, termination or use of this trademark without authorization may adversely affect our business, reputation, goodwill, financial condition and results of operations.

Further, some of the other companies, wherein our Promoter is interested, also use this trademark. Any of the actions of our Promoter or companies in which they hold interest, may negatively affect our brand, reputation, business and financial condition, because this logo/ trademark of our Promoter, as appearing on the cover page of this Draft Prospectus, has not been registered, therefore, we cannot assure you that misuse of the same by any third party will not be detrimental to our business.

4. *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 on-going 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, debenture issuances on public and private placement basis 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.

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 loans, non-convertible debentures (excluding interest thereon) and other borrowings, ₹ 32,927.84 lakh, issued by our Company as of June 30, 2023 loans, non-convertible debentures and other borrowings amounting to ₹ 7,502.39 lakh 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.

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

Our results of operations are substantially dependent upon the level of our net interest margins. Interest Income is the largest component of our total income, and constituted 96.13 %, 89.01%, 92.66% and 94.73% of our total income for the quarter ended June 30, 2023, Fiscals 2023, 2022 and 2021, 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 and subordinated debts carry fixed rates of interest and the remaining are linked to the respective banks' benchmark prime lending rate/base rate/marginal cost of lending. As of June 30, 2023, 91.28 % and as of March 31, 2023, 76.24% 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 our assets and the cost of our funds due to market action/factors could have an impact on our profitability.

6. *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 decline.*

Our principal business is providing gold loan to customers in India secured by household 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 competitive 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.

In our microfinance business, we face competition from other microfinance NBFCs, commercial banks, small finance banks and local money lenders. Level of competition depends on the number of microfinance institutions that operate in such area. Further banks enjoy economies of scale and low cost of borrowing due to the schemes such as Pradhan Mantri Jan-Dhan Yojana by having an extensive customer and depositor base, larger branch networks, and accordingly, we may not be able to compete with them.

7. *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, defects in the quality of gold or sharp downward movement in the price of gold which could result in fall in collateral value. In the event of any decrease in the price of gold, customers may not repay their loans and the value of collateral gold jewellery securing the loans may have decreased significantly, resulting in losses which we may not be able to support. Although, we have in place an extensive internal policy on determining the quality of gold prior to disbursement of the gold loan, we cannot assure that methods followed by us are full proof and the impurity levels in the gold can be accurately assessed. The impact on our financial position and results of operations of a decrease in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not pre-determinable.

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.

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

8. *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 has 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 India Bullion and Jewellers Association Limited. Any such future restrictions by RBI could have a negative impact on our business and results of operation.

9. *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 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.

10. *Our statutory auditors have highlighted certain matters of emphasis to their audit reports relating to our audited financial statements, which may affect our future financial results.*

Our Company confirms that there were no modifications i.e., unmodified opinion given by C.M. Joseph & Associates on Special Purpose Audited Financial Statements. Further, our Company also confirms that there were no modifications i.e., unmodified opinions were given by M/s. V K S Narayan & Co in their audit reports for Fiscals 2023 and 2022 and M/s. Cheeran Varghese & Co in their audit report for Fiscal 2021. Except that there were certain Emphasis of Matter (“EOM”) on (a) transition to Ind AS in the final quarter of the financial year ended March 31, 2023 and unaudited results published for the nine months ended December 31, 2022 in Indian GAAP notified under the Companies (Accounts) Rules, as amended for Fiscal 2023; EOM on (a) implementation of matters relating to prudential norms and asset classification; (b) outbreak of Covid-19 pandemic and consequential lock down restrictions for the Fiscal 2022; and EOM on (a) interest on loan taken from Chairman and its impacts on financial statements; (b) outbreak of Covid-19 pandemic and consequential lock down restrictions for the Fiscal 2021.

However, the said EOM did not lead to any modification/qualification. The auditors for the relevant years have included certain emphasis of matters in their respective reports on the audited financial statements issued for the Fiscals 2023, 2022 and 2021. For details, please see “*Outstanding Litigations - Summary of reservations, qualifications, emphasis of matter or adverse remarks of auditors during the last three Fiscals immediately preceding the year of issue of this 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*”.

There can be no assurance that our statutory auditors will not include further matters of emphasis or other similar comments in the audit reports to our audited financial statements in the future, or that such remarks or matters of emphasis will not affect our financial results in future financial years. Investors should consider the matters of emphasis and remark in evaluating our financial condition, results of operations and cash flows. Any such matter of emphasis or remark in the auditors' report on our financial statements in the future may also adversely affect the

trading price of the NCDs.

11. *There have been certain inaccuracies and non-compliances with respect to certain provisions of the Companies Act, which have been accounted in our secretarial audit report. Consequently, we may be subject to regulatory actions and penalties which adversely affect our business.*

In the past, there have been non-compliances with certain provisions of the Companies Act, 2013. For instance, our secretarial audit report dated August 31, 2022, for the financial year 2022 has reported the utilization of the proceeds of the issue of non-convertible debt securities prior to the date of allotment and certain delays in making regulatory filings. While we attempt to comply with all regulatory provisions applicable to us, in the event we are not able to comply with any of the regulatory provisions, this may subject us to regulatory actions and/ or fines or penalties which may adversely affect our business, financial condition and reputation. We cannot assure the waiver of such penalties or regulatory actions or fines, if imposed due to such non-compliances.

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

As of June 30, 2023, we had an outstanding debt (including interest on bank borrowings and excluding interest on debentures) of ₹ 32,927.84 lakh. 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/pay any dividend to the shareholders/stake holders
- For extending any guarantee for the credit facilities extended to the group/allied concerns
- To repay monies brought in by the promoters / directors/principal shareholders and friends and relatives by way of deposits / loans / advances
- Effect any change in the unit's capital structure.
- Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by banks.
- Formulate any scheme of amalgamation or reconstruction.
- Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary / group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.
- Enter into borrowing arrangements either secured or unsecured with any other bank, financial institution, company or person.
- Undertake guarantee obligations on behalf of any other company, firm, director or person.
- Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.
- Effect any drastic change in their management setup .
- Effect any change in the remuneration payable to the Directors / partners, etc. either in the form of sitting fees or otherwise.
- Pay guarantee commission to the guarantors whose guarantees have been stipulated / furnished for the credit limits sanctioned by the banks.
- Create any further charge, lien or encumbrance over the assets and properties of the unit/ guarantors to be charged / charged to the bank in favour of any other bank, financial institution, firm or person.
- Sell, assign, mortgage or otherwise dispose off any the fixed assets charged to the bank.
- Undertake any trading activity other than the sale of produce arising out of its own manufacturing / trading operations.
- Open any account with any other bank. If already opened, the details thereof is to be given immediately and confirmation to this effect given to the bank.
- Effect any change in promoter directors or in the core management team
- Undertake any expansion/ modernization/ diversification programme/new line of business or manufacture other than incurring routine capital expenditure.
- Revalue the fixed assets
- Change the accounting policies in regard to stock valuation, depreciation of fixed assets, payment of dividends etc.
- Declare dividend or distribute profits if any instalments of principal and/or interest remains unpaid in respect of the aforesaid loan and/or in arrear for a period of three months or more.

- Enter into any hire purchase or lease arrangement during the currency of the loan

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.

13. *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 June 30, 2023, 100% of our branches i.e., 199 branches are located in the states of Kerala, Tamil Nadu and Karnataka. For details, please refer to “Our Business” on page 84. As a result, we are exposed to risks including any change in policies relating to these states, any localised social unrest, any natural disaster and any event or development which could make business in such states less economically beneficial. Further, any disruption, disturbance or breakdown in these states could adversely affect the result of our business and operations. Our concentration in these southern states of India exposes us to adverse economic or political circumstances that may arise in that region as compared to other NBFCs and commercial banks that may have diversified national presence and may have an adverse effect on our business, market share and results of operations.

14. *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 June 30, 2023, we have been sanctioned cash credit facilities of ₹ 2,500 lakh from State Bank of India and ₹ 500 lakh from Dhanlaxmi Bank. Further, we have been sanctioned term loans of ₹ 1,000 Lakh from Canara Bank. We may have difficulty in obtaining funding on acceptable terms from these or other lenders and other sources which we have not accessed so far. Any impairment of our relationship with any, or all, of our lenders or our inability to secure additional loans and renewal of existing facilities on favourable terms from such lenders in future may have a material adverse effect on our business, results of operations and financial condition.

15. *Our gold loans are of tenors not exceeding 180 days, and a failure to disburse new loans may result in a reduction of AUM and a corresponding decline in interest income.*

The gold loans we offer are short term loans and are due within one year of disbursement typically ranging from 90 days to 180 days. 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.

16. *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 are appraised 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.

17. *We depend on customers supplied information when evaluating customer credit worthiness.*

In deciding whether to extend credit or enter into other transactions with customers and counter parties, we 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 customers 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 the customers' risk profiles may be wilfully or inadvertently wrong or misleading, which may lead us to give loans to sub-prime customers that may adversely affect our financial condition and results of operations.

18. *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 quarter ended June 30, 2023, financial year ended as on March 31, 2023, March 31, 2022, and March 31, 2021, were ₹ 244.83 lakh, ₹ 249.09 lakh, ₹ 383.85 lakh and ₹ 233.57 lakh, 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. 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.

19. *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.

20. *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 various income groups. 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, our focus customer segment of the various income groups. It is therefore difficult to carry out precise credit risk analysis on our customers. While we follow certain procedures to evaluate the credit profile of our customers before we sanction business and personal loans and we generally rely on the quality of the pledged gold for gold loans 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.

21. *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.

- 22. *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. In case 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.

- 23. *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 require to take appropriate actions from our end. 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.

- 24. *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.***

As per the declaration given by the customers, we 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 losing the collateral for the loan disbursed and could adversely affect our reputation,

business and results of operations.

- 25. *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. 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.

- 26. *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 and Karnataka remains and is expected to remain our primary strategic focus, we also evaluate attractive growth opportunities in other regions in 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. We have recently opened 2 (two) and 7 (seven) branches in the states of Maharashtra and Andhra Pradesh, respectively. 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 and Karnataka and our experience in these states of Kerala, Tamil Nadu, 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.

- 27. *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 Registered 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.

28. A decline in our Company's capital ratio or capital adequacy requirement could restrict our future business growth.

As a NBFC-ND-NSI (NBFC-BL), our Company is required to maintain a leverage ratio-requirement of not more than 7 times on an ongoing basis. In addition, we are regulated by the RBI, and are subject to certain capital to risk weighted adequacy ratio (CRAR). The minimum capital requirement or capital to risk weighted adequacy ratio (CRAR) required to be maintained by us, as well as the respective capital to risk weighted adequacy ratio (CRAR) of us for the financial year ended as on March 31, 2023 and financial year ended as on March 31, 2022 are as follows:

Category	Minimum capital requirement/ adequacy ratio Tier I*	Capital to risk weighted adequacy ratio (CRAR)	
		March 31, 2023	March 31, 2022
NBFC -BL	12%	17.94%	23.23%

* Being a gold loan NBFC, we have to maintain Tier I Capital of 12%. For further details, see "Our Business" on page 84.

If we continue to grow our loan assets and asset base, we will be required to raise additional capital in order to continue to meet applicable capital to risk weighted adequacy ratio (CRAR) with respect to our business. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favourable to us.

29. 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. CRISIL Ratings Limited vide their rating rationale letter dated July 20, 2023 reaffirmed the rating of our long term bank loans of ₹ 2,500 lakh as 'CRISIL BBB-/Stable', and the rating of our non-convertible debentures of ₹ 10,000 lakh was reaffirmed as 'CRISIL BBB-/Stable'('CRISIL Triple B minus with Stable outlook). Further our Company has received the rating of 'CRISIL BBB-/Stable'('CRISIL Triple B minus with Stable outlook) by CRISIL Ratings Limited vide its letter dated July 20, 2023 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 - Credit Rating" on page 100 and "Annexure II" on page 241.

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

As a NBFC-ND-NSI (NBFC-BL), 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 which may restrict the availment of credit facilities from such banks in the future and 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 and SBR Framework, 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.

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.

- 31. *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 is to make a provision for standard assets at 0.25% 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.

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

As of June 30, 2023, March 31, 2023 and March 31, 2022, our microfinance AUM was ₹ 5463.88 lakh, ₹ 5,820.77 lakh and ₹ 3,063.61 lakh, respectively, representing 13.26 %, 14.27 % and 8.63%, respectively, of our aggregate AUM as of such date. Our microfinance customers typically belong to low income households 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 joint liability 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 microfinance 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 provisions 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.

- 33. *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 adequately 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.

- 34. *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.

- 35. *Our Promoter and Directors are interested in our Company in addition to their remuneration and reimbursement of expenses payable by the Company.***

Our Promoter and Directors are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding and debenture holding in our Company. We cannot assure you that our Promoter and the Directors will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoter and the Directors may take actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders. For details of Interest of our Directors, please refer to section titled "Our Management" on page 103.

- 36. *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 skilled managers and sales representatives are critical to our future, as 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.

- 37. *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.

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

For details regarding our related party transactions entered into by us during the previous three Fiscals, please refer to chapters titled “*Related Party Transactions*” on page 114 and “*Financial Statements*” beginning on page 115.

- 39. *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 Kerala Shops and Commercial Establishments Act, 1960, the Kerala Labour Welfare Fund Act, 1975, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. Our employees are eligible for Payment of Gratuity Act, 1972. 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.

- 40. *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.

- 41. *All our branch premises 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 June 30, 2023, we had 199 branches in 3 states. All the branches of our Company are on lease basis. 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.

42. *We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition.*

As of March 31, 2023, we had certain contingent liabilities not provided for, amounting to ₹ 137.57 lakh determined in accordance with our accounting policies as disclosed under our significant accounting policies and notes to the accounts. Further, the contingent liability of amounts disclosed in our Audited Financial Statements represents estimates and assumptions of our management based on advice received. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For further information on such contingent liabilities, see “Financial Information” on page 115. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

43. *The success and growth of our business depends upon our ability to transform our products and services to suit the needs of our customers. We are expanding and have forayed into business finance and microfinance in the recent past and may in the future continue to expand our services in new geographies. Our failure to mitigate specific regulatory, credit, and other risks associated with new geographies could have an adverse effect on our business and results of operations.*

We are exploring and will continue to explore our business initiatives, including those in which we have limited or no experience, as well as the business models that may be untested. For example, our business loans including loans to professionals and small and mid-size entrepreneurs were launched in financial year 2015 and as a result we have limited operating history for these products and services. We have limited financial data that can be used to evaluate our businesses, and such data may not be indicative of future performance.

These offerings may present new and difficult technology, operational, and other challenges, and if we experience service disruptions, failures, credit risk or other issues, our business may be materially and adversely affected. Developing in new areas require significant investments of time and resources, and may present new and difficult technological, operational and compliance challenges. Our businesses may not recoup our investments in a timely manner or at all. If any of this were to occur, it could damage our reputation, and limit our growth, business and prospects. Additionally, the market may not be receptive to our offerings or there may be other established players whose established presence in the business would inhibit our growth.

Success of our products or business in the lending and financial services industry also depends on our ability to constantly monitor and promptly react to legislative and regulatory changes that affect our business. Any change to the existing legal or regulatory framework may require us to allocate additional resources to our business, which may increase our regulatory compliance costs and direct management attention, and consequently affect our business, financial condition, results of operations and cash flows.

RISKS PERTAINING TO THIS ISSUE

44. *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.

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

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

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

- 46. *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.

- 47. *The Issuer, being a NBFC is not required to maintain a debenture redemption reserve (“DRR”)***

Pursuant to a Ministry of Corporate Affairs notification dated August 16, 2019 amending Section 71 of the Companies Act, 2013 and Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, a NBFC is not required to maintain DRR for debentures issued through a public issue. Hence, investors shall not have the benefit of reserve funds to cover the re-payment of the principal and interest on the NCDs.

- 48. *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.

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

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

- 50. *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.

51. 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 45. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

52. 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.

53. 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 48. 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

54. 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.

55. *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.

56. *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.

57. *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.

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

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

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

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

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated in Kerala on December 16, 2008 as a public limited company under the provisions of the Companies Act, 1956 as Chemmanur Credits and Investments Limited and received the certificate of commencement of business from the RoC on November 10, 2010. For further details about our Company, see “*History and Certain Other Corporate Matters*” on page 101.

Registration

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

- **Company Registration Number with RoC:** 023560
- **Corporate Identification Number issued by the RoC:** U65923KL2008PLC023560
- **LEI:** 335800PLYX4Y5WD74K05
- **Permanent Account Number:** AADCC5470E

Our Company has obtained a certificate of registration dated June 10, 2010 bearing registration no. N 16-00185 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration.

Registrar of Companies

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

Company Law Bhavan, BMC Road,
Thrikkakara P.O Kakkanad,
Kochi - 682 021, Kerala

Registered Office

Mangalodhayam Building,
Round South, Thrissur - 680001, Kerala, India
Tel: 0487-6621200/2424010
Email: mail@chemmanurcredits.com
Website: www.chemmanurcredits.com

For further details regarding changes to our Registered Office, see “*History and Certain Other Corporate Matters*” on page 101.

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
Chemmanur Devassykutty Bobby	Chairman & Managing Director	00046095	Chemmanur House, Avenue Road, VTC, Thrissur – 680 005, Kerala India.
Lijo Moothedan	Non-Executive Director	00877403	Moothedan House, Villa No. 47B/ 48, Hilite Spingdale Velliparamba, Kuttikkattoor, Kozhikode – 673008, Kerala. India.
Smitha Bobby	Non-Executive Director	00046059	270/AB/17, 45/46A, Hilite Springdale Villa, VTC: Kuttikattoor, P.O.: Velliparamba, Kozhikode – 673 008, Kerala, India.
Antony Sebastian C.	Independent Director	10083087	Choorakkal House, Thavoos Lane, Mission Quarters, Thrissur, 680001 Kerala India.
Edathole Habeebul Rahiman	Independent Director	06973269	Sanam, Naduvattam Beypore Kozhikode – 673 015, Kerala, India.

For further details of Directors of our Company, please see “*Our Management*” on page 103.

Chief Executive Officer

T K Thomas

Mangalodhayam Building,
Round South, Thrissur – 680 001, Kerala, India
E-mail: thomas.tk@chemmanurcredits.com
Tel: +91 487 6621200

Chief Financial Officer

Pramod M

Mangalodhayam Building,
Round South, Thrissur – 680 001, Kerala, India
Email: pramod@chemmanurcredits.com
Tel: +91 487 6621200

Company Secretary and Compliance Officer

Anju Thomas

Mangalodhayam Building,
Round South, Thrissur - 680001, Kerala, India
E-mail: cs@chemmanurcredits.com
Tel: +91 487 621200

All comments on this Draft Prospectus are to be forwarded to the attention of Anju Thomas, Company Secretary and Compliance Officer at the aforementioned address. Comments may be sent through email. However, please note that all comments by post must be received by the Issuer by 5:00 p.m. (Indian Standard Time) on the seventh Working Day from the date on which this Draft Prospectus is hosted on the website of the Stock Exchanges. All comments received on this Draft Prospectus will be suitably addressed prior to filing of the Prospectus with the RoC.

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

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name of the Applicant, Application Form number, Applicant’s DP ID, Client ID, PAN, address of Applicant, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of Application Form and the name and address of the relevant Designated Intermediary where the Application was submitted.

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

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

All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism (app based/web interface platform) of the Stock Exchange, 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
Tel: +91 22 6666 8040/41/42
Email: investors@vivro.net
Contact Person: Viral Shah/Kruti Saraiya
Website: www.vivro.net
SEBI Registration No.: INM000010122

Debenture Trustee



MITCON Credentia Trusteeship Services Limited (formerly known as MITCON Trusteeship Services Limited)

1402/1403, B-Wing, Dalamal Towers, 14th Floor,
Free Press Journal Marg,
211, Nariman Point, Mumbai – 400 021
Telephone: +91 22 2282 8200
Email: contact@mitconcredentia.in
Investor Grievance mail: investorgrievances@mitconcredentia.in
Website: www.mitconcredentia.in
Contact Person: Vaishali Urkude
SEBI Registration Number: IND000000596

MITCON Credentia Trusteeship Services Limited (formerly known as MITCON Trusteeship Services Limited) has by its letter dated September 18, 2023 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 173.

Registrar to the Issue



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)

Selenium Tower-B, Plot 31 & 32 Gachibowli
Financial District
Nanakramguda Serilingampally
Hyderabad – 500 032, Telangana, India
Telephone: +91 40 6716 2222
Facsimile: +91 40 6716 1563
Email: ccil.ncdipo@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
Investor Grievance id: einward.ris@kfintech.com
Compliance Officer: Anshul Kumar Jain
SEBI Registration Number: INR000000221

Credit Rating Agency

CRISIL

An S&P Global Company

CRISIL Ratings Limited

CRISIL House, Central Avenue

Hiranandani Business Park

Powai, Mumbai – 400 076

Tel: + 91 22 3342 3000 (B)

Email: crisilratingdesk@crisil.com

Website: www.crisil.com

Contact Person: Ajit Velonie

SEBI Registration No: IN/CRA/001/1999

Legal Advisor to the Issue



Khaitan & Co

One World Centre

10th & 13th Floors, Tower 1C

841 Senapati Bapat Marg

Mumbai – 400 013

Maharashtra, India

Tel: + 91 22 6636 5000

Website: www.khaitanco.com

Statutory Auditors

C.M. Joseph & Associates

Chartered Accountants,

MRA 5A, Pallath Lane, San Clinic Building,

Mount Carmel Church Road, Mamangalam,

Palarivattom.P.O, Cochin –682025

E-mail: cmjosephfca@gmail.com / cmjfca@gmail.com

Website: www.cmjassociates.in

Tel: (0484) 4047884, 2338303, 2989303

Cell: +91 9847045338

Firm Registration No.: 006408S

Contact Person: C.M. JOSEPH, Partner

Banker to our Company

Canara Bank

Palace Road

Thrissur – 680 020, Kerala, India

Tel: +91 487 2331130

Email: cbl4550@canarabank.com

Website: www.canarabank.com

State Bank of India

SME Branch, State Bank Bhavan

Kovilakathumpadam, Thiruvambady PO

Thrissur – 680 022, Kerala, India

Tel: +91 487 2221005

Email: sbi.07479@sbi.co.in

Website: www.sbi.co.in

Contact Person: Siji S, Relationship Manager (SME)

Bankers to the Issue***Public Issue Account Bank/Sponsor Bank/Refund Bank***

As specified in the Prospectus

Syndicate Member

As specified in the Prospectus

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

RTAs / CDPs

The list of the RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of 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 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/Guarantor to the Issue

There are no arrangers/guarantor to the Issue.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of the Base Issue i.e. ₹ 3,750.00 lakh 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 Account(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 CRISIL BBB-/Stable (pronounced as CRISIL triple B minus rating with Stable outlook) by CRISIL Ratings Limited *vide* its letter dated July 20, 2023 for the NCDs proposed to be issued pursuant to this Issue. The rating of the NCDs by CRISIL Ratings Limited indicates that the instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry a moderate degree of risk. The rating given by CRISIL Ratings Limited is valid as on the date of this Draft Prospectus and shall remain valid on date of the issue and allotment of NCDs and the listing of the NCDs on BSE. The rating provided by CRISIL Ratings Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The rating is not a recommendation to buy, sell or hold securities. For the rating letter, rating rationale, and press release, see “Annexure II” on page 241.

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, Public Issue Account Bank, Sponsor Bank, Refund Bank, Syndicate Member, the Debenture Trustee, FSIAPL, 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 Draft Prospectus with the RoC as required under Section 26 of the Companies Act, 2013. Further such consents shall not be withdrawn up to the time of delivery of this Draft Prospectus with the RoC.

Underwriting

This Issue is not underwritten.

Utilisation of Issue proceeds

For details on utilization of Issue proceeds, please refer to “Objects of the Issue” on page 45.

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 minimum period of 3 Working Days and a maximum period of 10 Working Days from the date of the issue and subject to not exceeding 30 days from the date of filing of the Prospectus with ROC including any extensions) as may be decided by the Board of Directors of our Company (“Board”) or the Debenture Committee, subject to relevant approvals, in accordance with the SEBI NCS Regulations. In the event of such an early closure or extension of 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 an English national daily newspaper and a regional daily newspaper in the state of Kerala, with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. on one Working Day post the Issue Closing Date. 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

The share capital of our Company as on June 30, 2023 is set forth below:

Share Capital	(in ₹)
AUTHORISED SHARE CAPITAL	
8,00,00,000 Equity Shares of ₹ 10 each	80,00,00,000
2,00,000 Preference Shares of ₹ 1,000 each	20,00,00,000
Total Authorised Share Capital	100,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
6,00,00,000 Equity Shares of ₹ 10 each fully paid up	60,00,00,000
Securities Premium Account	Nil

Note: There will be no change in the capital structure and securities premium account due to the issue and allotment of the NCDs.

2. Issue size

Public issue by our Company of Secured, Redeemable Non-Convertible Debentures (“NCDs”) amounting up to ₹5,000 lakhs, with an option to retain over-subscription up to ₹5,000 lakhs, aggregating up to ₹10,000 lakhs, on the terms and in the manner set forth herein.

3. Details of change in authorised share capital of our Company in the preceding three financial years and current year as on June 30, 2023:

There have been no changes in the authorised share capital of our Company since last three financial years and current year as on June 30, 2023.

4. Changes in the Equity Share capital of our Company in the preceding three financial years and current year as on June 30, 2023:

Date of Allotment	No of Equity Shares	Face value (₹)	Issue Price (₹)	Consideration (Cash, other cash, etc)	Nature for Allotment	Cumulative			Remarks
						No. of equity shares	Equity Share Capital (₹ in lakh)	Equity Share Premium (₹ in lakh)	
Nil									

5. Shareholding pattern of our Company on June 30, 2023:

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of Locked in shares		No. of Shares pledged or otherwise encumbered		No. of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: Equity Shares	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	6	5,16,62,800	Nil	Nil	5,16,62,800	86.105	5,16,62,800		5,16,62,800	86.105	Nil	86.105	Nil	Nil	Nil	Nil	5,16,07,800
(B)	Public	94	83,37,200	Nil	Nil	83,37,200	13.895	83,37,200		83,37,200	13.895	Nil	13.895	Nil	Nil	Nil	Nil	1,98,200
(C)	Non Promoter - Non Public											Nil					0	0
(C1)	Shares Underlying DRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(C2)	Shares Held By Employee Trust	Nil	Nil	Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total	100	6,00,00,000	Nil	Nil	6,00,00,000	100.00	6,00,00,000		6,00,00,000	100.00	Nil	100.00	Nil				5,18,06,000

6. List of top 10 holders of Equity Shares of our Company as on June 30, 2023:

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	% of total number of Equity Shares
1	Chemmanur Devassykutty Bobby	5,14,52,800	5,14,52,800	85.75
2	Chemmanur Gold Palace International Ltd	70,00,000	-	11.67
3	Jayabharathi .K	90,000	-	0.15
4	Smitha Bobby	55,000	55,000	0.09
5	Jose Chakkappan	55,000	-	0.09
6	Sumitha V G	55,000	55,000	0.09
7	Ramakrishnan Akkal	50,000	-	0.08
8	Kuriakose C P	40,000	40,000	0.07
9	Seshambal N S	40,000	-	0.07
10	Jisso C Baby	35,000	35,000	0.06

7. List of top 10 holders of non-convertible securities as on June 30, 2023 in terms of value (on cumulative basis):

S. No.	Name of holder of non-convertible securities	Category of holder	Face Value of non-convertible securities (₹)	Face Value of holding Amount (₹ in lakh)	Holding as a % of total outstanding non-convertible securities of the issuer
1.	Homi Farrok Kaka	Individual	1,000	200.00	1.99%
2.	Perviz Farrok Kaka	Individual	1,000	125.00	1.25%
3.	Rajeswari Amma Sarada	Individual	1,000	60.00	0.60%
4.	Sanjana Kurgod Shettar	Individual	1,000	50.00	0.50%
5.	Geetanjali Ravi K S	Individual	1,000	50.00	0.50%
6.	Jacob Koshy	Individual	1,000	47.00	0.47%
7.	Gogula Vinay Kumar Reddy	Individual	1,000	40.00	0.40%
8.	A V Sunny	Individual	1,000	40.00	0.40%
9.	Praveen K	Individual	1,000	35.00	0.35%
10.	Chitra K S	Individual	1,000	35.00	0.35%

8. List of top 10 holders of commercial paper as on June 30, 2023 in terms of value (on cumulative basis):

As on June 30, 2023 our Company has not issued any commercial papers.

9. List of top 10 holders of sub-ordinated debt as on June 30, 2023 in terms of value (on cumulative basis):

S. No.	Name of holder	Category of holder	Face value of holding (₹ in lakh)	Holding as a % of total subordinated debt outstanding of the issuer
1.	Ramaa Iyer K	Individual	203.00	1.07%
2.	Muralidhar K R	Individual	109.00	0.57%
3.	Siyaf M V	Individual	80.15	0.42%
4.	Devendra H G	Individual	70.00	0.37%
5.	Kala S.	Individual	64.75	0.34%
6.	Saroja. S	Individual	61.20	0.32%
7.	John Abraham	Individual	61.00	0.32%
8.	Siyak M V	Individual	59.45	0.31%
9.	Santhosh Kumar S	Individual	55.50	0.29%

S. No.	Name of holder	Category of holder	Face value of holding (₹ in lakh)	Holding as a % of total subordinated debt outstanding of the issuer
10.	Rajeswary Amma .	Individual	51.00	0.27%

10. Statement of the aggregate number of securities of our Company purchased or sold by our Promoter, Promoter Group, our Directors and the directors of our Promoter and/or their relatives within six months immediately preceding the date of filing of this Draft Prospectus.

Except for the details as set out in the table below, no securities of our Company have been purchased or sold by our Promoter, promoter group, our Directors, directors of our Promoter and/or their relatives within six months immediately preceding the date of filing of this Draft Prospectus.

Sr. No.	Name of the Transferor	Name of the Transferee	Date of purchase/ transfer	Whether purchase/ transfer	Number of Equity Shares
1.	Vipin Parayil	Chemmanur Devassykutty Bobby	May 8, 2023	Transfer	20,000
2.	Sumitha V G	Chemmanur Devassykutty Bobby	July 20,2023	Transfer	30,000
3.	Sumitha V G & Jyothibasu VG	Chemmanur Devassykutty Bobby	July 20,2023	Transfer	25,000
4.	Poovathumka daval Krishnan Rajendran	Chemmanur Devassykutty Bobby	September 01, 2023	Transfer	10,000

11. Shareholding of Directors in our Company

The shareholding of the Directors in our Company as on June 30, 2023 is mentioned below:

Sr. No.	Name of Director	Number of Equity Shares
1.	Chemmanur Devassykutty Bobby	5,14,52,800
2.	Lijo Moothedan	35,000
3.	Smitha Bobby	55,000
4.	Edathole Habeebul Rahiman	0
5.	Antony Sebastian Choorakkal	0

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

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

14. None of the Equity Shares held by the Promoter are pledged or encumbered otherwise.

15. As on June 30, 2023, 5,18,06,000 Equity Shares of our Company having face value of ₹ 10 each are in dematerialised form.

16. As on the date of this Draft Prospectus, the Company does not have any employee stock option schemes.

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

Nil.

OBJECTS OF THE ISSUE

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“**Net Proceeds**”), estimated to be approximately ₹ [●] lakh, 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 ₹ lakh)		
No.	Description	Amount
1.	Gross proceeds of the Issue	Upto 10,000.00
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 of borrowings of the Company.	At least 75%
2.	General corporate purposes*	Maximum of up to 25%
Total		100%

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

For further details of our Company’s outstanding indebtedness, see “*Financial Indebtedness*” on page 117.

Funding plan

Not applicable

Summary of the project appraisal report

Not applicable

Schedule of implementation of the project

Not applicable

Interests of Directors/Promoter

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

Interim Use of Proceeds

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

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. Our Board shall monitor the utilization of the proceeds of the Issue. For the relevant financial years commencing from financial year 2023-2024, 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:

Particulars	Amount (₹ in lakh)	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Issue (in %)
Lead managers fees	[•]	[•]	[•]
Underwriting commission	[•]	[•]	[•]
Brokerage, selling commission and upload fees	[•]	[•]	[•]
Fee Payable to the registrars to the issue	[•]	[•]	[•]
Fees payable to the legal advisors	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Fees payable to the regulators including stock exchange and depository.	[•]	[•]	[•]
Expenses incurred on printing and distribution of issue stationary	[•]	[•]	[•]
Any other fees, commission or payments under whatever nomenclature**	[•]	[•]	[•]
Grand Total	[•]	[•]	[•]

*To be updated in the Prospectus

** fees payable to rating agency, debenture trustee and auditors.

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

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

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

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

The Information under this section has been derived from the industry report titled “Gold Loan Industry in India” date June 16, 2023 prepared Fitch Solutions India Advisory Pvt. Ltd in an “as is where is basis” and the information in this section has not been independently verified by the Company, the Lead Managers, our Legal Counsel or any of their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources they believe to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Draft Prospectus.

Overview of Global Economy

The COVID-19 pandemic and Russia’s invasion of Ukraine had impacted the world in the last 3 years. The Global economy is still recovering from the effects of these adverse shocks. Pent-up demand, lingering supply disruptions and commodity price spikes; inflation reached multidecade highs last year in many economies, leading central banks to tighten aggressively to bring it back toward their targets and keep inflation expectations anchored.

The rapid rise in interest rates and anticipated slowing of economic activity to put inflation on a downward path have, together with supervisory and regulatory gaps and the materialization of bank-specific risks, contributed to stresses in parts of the financial system, raising financial stability concerns.

The unexpected failures of two specialized regional banks in the United States in mid-March 2023 and the collapse of confidence in Credit Suisse have roiled financial markets, with bank depositors and investors reevaluating the safety of their holdings and shifting away from institutions and investments perceived as vulnerable. The loss of confidence in Credit Suisse resulted in a brokered takeover. Broad equity indices across major markets have fallen below their levels prior to the turmoil, but bank equities have come under extreme pressure.

Inflation is declining with rapid rate rises but remains elevated amid Financial sector stress

Global headline inflation has been declining since mid-2022 at a three-month seasonally adjusted annualized rate. A fall in fuel and energy commodity prices, particularly for the United States, euro area, and Latin America, has contributed to this decline. To dampen demand and reduce underlying (core) inflation, the lion’s share of central banks around the world have been raising interest rates since 2021, both at a faster pace and in a more synchronous manner than in the previous global monetary tightening episode just before the global financial crisis. This more restrictive monetary policy has started to show up in a slowdown in new home construction in many countries.

Inflation excluding volatile food and energy prices has been declining at a three-month rate, although at a slower pace than headline inflation, in most major economies since mid-2022. Even so, both headline and core inflation rates remain at about double their pre-2021 levels on average and far above target among almost all inflation-targeting countries.

Moreover, differences across economies reflect their varying exposure to underlying shocks. For example, headline inflation is running at nearly 7% (y-o-y) in the euro area with some member states seeing rates near 15% - and above 10% in the United Kingdom, leaving household budgets stretched.

Indebtedness staying high

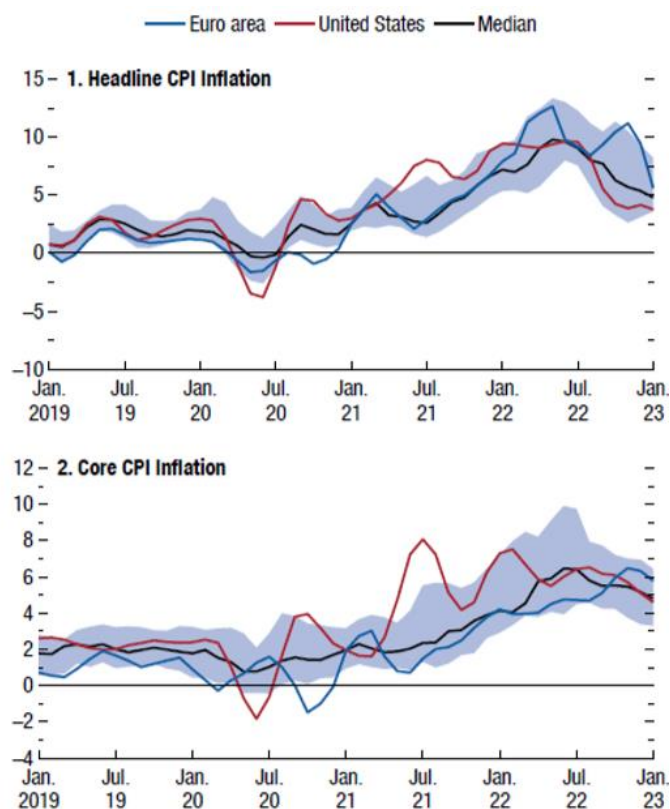
As a result of the pandemic and economic upheaval over the past three years, private and public debt have reached levels not seen in decades in most economies and remain high, despite their fall in 2021–22 on the back of the economic rebound from COVID-19 and the rise in inflation.

Monetary policy tightening - particularly by major advanced economies - has led to sharp increases in borrowing costs, raising concerns about the sustainability of some economies' debts. Among the group of emerging market and developing economies, the average level and distribution of sovereign spreads increased markedly in the summer of 2022, before coming down in early 2023. The effects of the latest financial market turmoil on emerging market and developing economy sovereign spreads have been limited so far, but there is a tangible risk of a surprise increase in coming months should global financial conditions tighten further. The share of economies at high risk of debt distress remains high in historical context, leaving many of them susceptible to unfavorable fiscal shocks in the absence of policy actions.

Commodity shocks unwinding even as Russia's War in Ukraine persists

The shock of Russia's invasion of Ukraine in February 2022 continues to reverberate around the world. Economic activity in Europe in 2022 was more resilient than expected given the large negative terms-of-trade fallout from the war and associated economic sanctions. Large budgetary support measures for households and firms - on the order of about 1.3% of GDP (net budgetary cost) in the case of the European Union - were deployed to help them weather the energy crisis. The stinging hike in prices galvanized a reorientation of gas flows, with marked increases in non-Russian pipeline and liquefied natural gas deliveries to Europe, alongside demand compression in the context of a mild winter and adjustments by industries to substitute for gas and to change production processes where feasible.

Oil and gas prices also began trending downward from their peaks in mid-2022. Together, these actions and channels have dampened the negative effects of the energy crisis in Europe, with better-than-expected levels of consumption and investment in the third quarter of 2022. Beyond Europe, a broad decline in food and energy prices in the fourth quarter of 2022 - although prices are still high - has brought some relief to consumers and commodity importers, contributing to the fall in headline inflation. Sustaining lower prices this year will depend on the absence of further negative supply shocks.



Source: IMF World Economic Outlook, April 2023

China's economic reopening

The evolution of especially contagious SARS-CoV-2 variants kindled a surge in COVID-19 around the world in 2022. Eventually, these variants made their way to China, which had hitherto escaped much of the disease's spread, partly through strict containment measures. As the country's COVID restrictions were ultimately lifted, multiple large outbreaks led to declines in mobility and economic activity in the fourth quarter of 2022 due to the disease's direct effects on human health and heightened fears of contagion. Supply disruptions also returned to the fore, even if temporarily, leading to a rise in supplier delivery times. The surge in infections compounded the headwinds from property market stresses in China. Declining property sales and real estate investment posed a drag on economic activity last year. There remains a large backlog of presold unfinished housing to be delivered, generating downward pressure on house prices, which price floors have so far limited in some regions.

The Chinese authorities have responded with a variety of measures, including additional monetary easing, tax relief for firms, new vaccination targets for the elderly, and measures to encourage the completion and delivery of unfinished real estate projects. As COVID-19 waves subsided in January of this year, mobility normalized, and high-frequency economic indicators—such as retail sales and travel bookings—started picking up. With China absorbing about a quarter of exports from Asia and between 5% and 10% from other geographic regions, the reopening and growth of its economy will likely generate positive spillovers with even greater spillovers for countries with stronger trade links and reliance on Chinese tourism.



Source: IMF World Economic Outlook, April 2023

World Economic Outlook

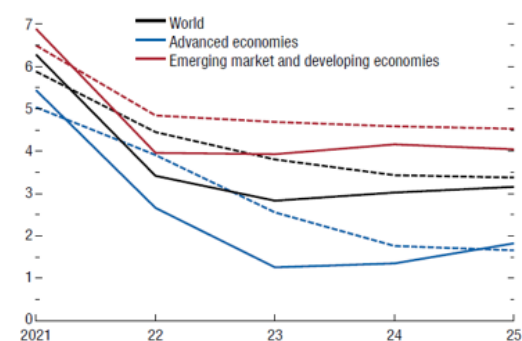
As per the IMF World Economic Outlook, April 2023, over the medium term, the prospects for global growth seems dimmer than in decades. IMF has provided the forecast in 2 scenarios.

Baseline Scenario – Feeble and Uneven growth

The first scenario describes the baseline projections for the global economy and the assumptions on which they are predicated. The baseline scenario assumes that the recent financial sector turmoil is contained and does not generate material disruptions to global economic activity with widespread recession. The forecasts are also based on the assumption that global interest rates will stay elevated for longer than expected. Governments are on average expected to gradually withdraw fiscal policy support, including, as commodity prices decline, by scaling back packages designed to shield households and firms from the effects of the fuel and energy price spikes in 2022.

Growth Outlook: Feeble and Uneven

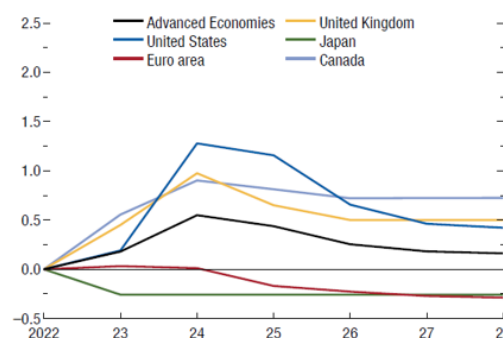
(%; dashed lines are from January 2022 WEO)



Source: IMF World Economic Outlook, April 2023

Projected Unemployment Rate Rises in Advanced Economies

(Percentage point difference from 2022 level)



Source: IMF World Economic Outlook, April 2023

The baseline forecast is for global output growth, estimated at 3.4% in 2022 to fall to 2.8% in 2023, 0.1% point lower than predicted in the January 2023 World Economic Outlook (WEO) Update, before rising to 3.0% in 2024. This forecast for the coming years is well below what was expected before the onset of the adverse shocks since early 2022. Compared with IMF's January 2022 WEO Update forecast, global growth in 2023 is 1.0% point lower, and this growth gap is expected to close only gradually in the coming two years. The baseline prognosis is also weak by historical standards.

Overview of the World Economic Outlook Projections (% change)

Name of the Country/ Economy	Actuals	Projections	
	2022	2023	2024
World Output	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
United States	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
Japan	1.1	1.3	1.0
United Kingdom	4.0	-0.3	1.0
Canada	3.4	1.5	1.5
Other Advanced Economies	2.6	1.8	2.2
Emerging Market and Developing Economies	4.0	3.9	4.2
Emerging and Developing Asia	4.4	5.3	5.1
China	3.0	5.2	4.5
India	6.8	5.9	6.3
Emerging and Developing Europe	0.8	1.2	2.5
Russia	-2.1	0.7	1.3
Latin America and the Caribbean	4	1.6	2.2
Brazil	2.9	0.9	1.5
Mexico	3.1	1.8	1.6
Middle East and Central Asia	5.3	2.9	3.5
Saudi Arabia	8.7	3.1	3.1
Sub-Saharan Africa	3.9	3.6	4.2
Nigeria	3.3	3.2	3.0
South Africa	2.0	0.1	1.8
World Trade Volume (goods and services)	5.1	2.4	3.5
Imports			
Advanced Economies	6.6	1.8	2.7
Emerging Market and Developing Economies	3.5	3.3	5.1
Exports			
Advanced Economies	5.2	3.0	3.1
Emerging Market and Developing Economies	4.1	1.6	4.3
Commodity Prices (US dollars)			
Oil	39.2	-24.1	-5.8
Non-fuel	7.4	-2.8	-1.0
World Consumer Prices	8.7	7.0	4.9
Advanced Economies	7.3	4.7	2.6
Emerging Market and Developing Economies	9.8	8.6	6.5

Source - IMF World Economic Outlook, April 2023

During the two pre-pandemic decades (2000–09 and 2010–19), world growth averaged 3.9% and 3.7% a year, respectively. For advanced economies, growth is projected to decline by half in 2023 to 1.3%, before rising to 1.4% in 2024. Although the forecast for 2023 is modestly higher (by 0.1% point) than in the January 2023 WEO Update, it is well below the 2.6% forecast of January 2022. About 90% of advanced economies are projected to see a decline in growth in 2023. With the sharp slowdown, advanced economies are expected to see higher unemployment: a rise of 0.5 % point on average from 2022 to 2024.

For emerging market and developing economies, economic prospects are on average stronger than for advanced economies, but these prospects vary more widely across regions. On average, growth is expected to be 3.9 % in 2023 and to rise to 4.2% in 2024. The forecast for 2023 is modestly lower (by 0.1 % point) than in the January 2023 WEO Update and significantly below the 4.7% forecast of January 2022. In low-income developing countries, GDP is expected to grow by 5.1%, on average, over 2023-24, but projected per capita income growth averages only 2.8% during 2023-24, below the average for middle-income economies (3.2 %) and so below the path needed for standards of living to converge with those in middle-income economies.

Plausible Alternative Scenario

In consideration of the elevated risks and uncertainties stemming from the recent global financial market turmoil, IMF also places strong emphasis on a plausible alternative scenario that illustrates the impact of downside risks materializing.

Recent events have revealed how greater-than-expected fragilities in segments of the banking systems of the United States and of other regions can cause financial sector turmoil. The fragilities come from a combination of unrealized losses, which reflect the speed and magnitude of monetary policy tightening, and reliance on uninsured or wholesale funding. Further shocks stemming from such fragilities are plausible, with potentially significant impact on the global economy.

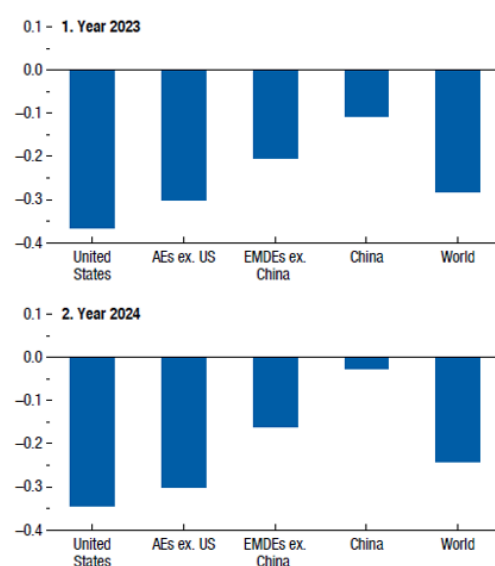
The plausible alternative scenario assumes a moderate additional tightening in credit conditions. The tightening stems from further stress in individual banks that are vulnerable on two metrics: share of nonretail or uninsured depositors and unrealized losses. Funding conditions for all banks tighten, due to greater concern for bank solvency and potential exposures across the financial system. Stricter supervision also adds to more cautious bank behavior. The overall impact is a decrease in the supply of credit and higher spreads for nonfinancial firms and for households. It is assumed that the stock of real bank lending in the United States declines by 2% in 2023, relative to the baseline - about one-tenth of the decrease experienced during 2008–09 and equivalent to a 150 basis point increase in corporate spreads, on average, in 2023. The tightening gradually dissipates after 2023. A similar decrease in credit and a similar increase in spreads occur in the euro area and in Japan. Other countries also experience a tightening in financial conditions, with the magnitude related to how closely correlated their respective financial conditions are with conditions in the United States. Countries are also affected through trade spillovers and the impact on global commodity prices.

The figure alongside summarizes the global effects of this plausible alternative scenario on the level of real GDP in 2023 and 2024. Results are presented as percent deviations from the baseline forecast. The moderate tightening in financial conditions leads to a decrease in the level of world output by 0.3% in 2023, implying real growth of about 2.5% instead of 2.8% in the baseline forecast - the lowest outcome since the global slowdown of 2001, excluding the initial COVID-19 crisis in 2020 and the global financial crisis in 2009. Real GDP is 0.2% lower than the baseline in 2024 and gradually recovers thereafter. The effects are generally larger in advanced economies than in emerging market economies, with growth falling below 1% compared with 1.3% in the baseline forecast. The United States, the euro area, and Japan have the largest declines in growth compared with the baseline: about 0.4% point lower in 2023. Countries with greater trade exposures to the United States (such as Mexico and Canada) experience a sharper impact; those with smaller exposures (such as China) are less affected.

Downside risks dominate

Risks to the outlook are squarely to the downside. Much uncertainty clouds the short- and medium-term outlook as the global economy adjusts to the shocks of 2020–22 and the recent financial sector turmoil. Recession concerns have gained prominence, while worries about stubbornly high inflation persist. There is a significant risk that the recent banking system turbulence will result in a sharper and more persistent tightening of global financial conditions than anticipated in the baseline and plausible alternative scenarios, which would further deteriorate business and consumer confidence. Additional downside risks include sharper contractionary effects than expected from the synchronous central

Real GDP Level in Plausible Alternative Scenario
(Percent deviation from baseline)



Source: IMF World Economic Outlook, April 2023

bank rate hikes amid historically high private and public debt levels. The combination of higher borrowing costs and lower growth could cause systemic debt distress in emerging market and developing economies. In addition, inflation may prove stickier than expected, prompting further monetary tightening than currently anticipated. Other adverse risks include a faltering in China's post-COVID-19 recovery, escalation of the war in Ukraine, and geo-economic fragmentation further hindering multilateral efforts to address economic challenges. With debt levels, inflation, and financial market volatility elevated, policymakers have limited space to offset new negative shocks, especially in low-income countries.

Global Trade Slowdown, with Narrowing Balances

Growth in the volume of world trade is expected to decline from 5.1% in 2022 to 2.4% in 2023, echoing the slowdown in global demand after two years of rapid catch-up growth from the pandemic recession and the shift in the composition of spending from traded goods back toward domestic services. Rising trade barriers and the lagged effects of US dollar appreciation in 2022, which made traded products costlier for numerous economies given the dollar's dominant role in invoicing, are also expected to weigh on trade growth in 2023. Overall, the outlook is for weaker trade growth than during the two pre-pandemic decades (2000–19), when it averaged 4.9%. The rise in current account balances in 2022 largely reflected commodity price increases triggered by the war in Ukraine, which caused a widening in oil and other commodity trade balances. Over the medium term, global balances are expected to narrow gradually as commodity prices decline. Creditor and debtor stock positions remained historically elevated in 2022, reflecting the offsetting effects of widening current account balances and the dollar's strength, which caused valuation gains in countries with long positions in foreign currency. Over the medium term, elevated positions are expected to moderate only slightly as current account balances narrow.

Overview of the Indian Economy

India had surpassed the UK to become the world's fifth-largest economy last year and is now behind only the US, China, Japan and Germany. India's Gross Domestic Product (GDP) has reached USD3.75trn (trillion) in 2023 from around USD2.0trn in 2014. Recently, a stronger-than-expected fourth quarter lifted India's growth to 7.2% in FY23 underscoring the country's economic resilience in the face of multiple challenges.

Gross Domestic Product (GDP)

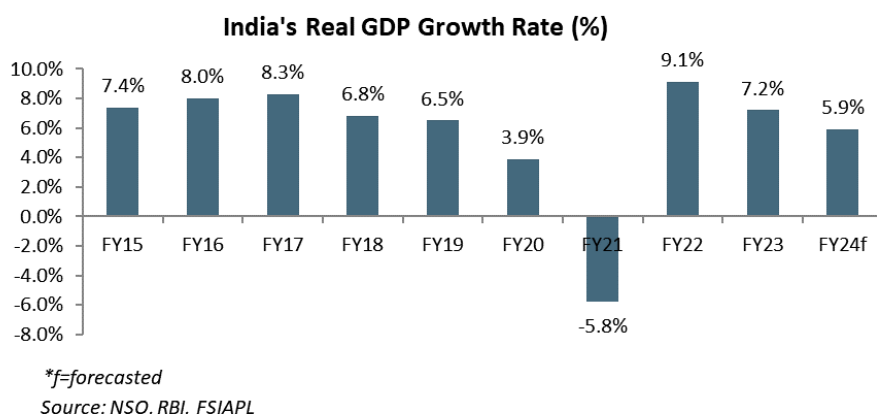
According to the Provisional Estimates (PE) of National Income for 2022-23 released by the National Statistical Office (NSO) on 31st May 2023, Real GDP or GDP at Constant (2011-12) prices in the year 2022-23 is estimated to attain a level of INR160.06trn, as against the First Revised Estimates of GDP for the year 2021-22 of INR149.26trn.

The growth in real GDP during 2022-23 is estimated at 7.2% as compared to 9.1% in 2021-22. For the previous three years, GDP growth numbers were revised up by 20 bps (2019-20), 80 bps (2020-21) and 40 bps (2021-22) indicating that the growth momentum was stronger than what early estimates suggested. While both consumption and investment demand gained traction, adverse external demand conditions and the resultant larger deficit in net exports dragged down growth in 2022-23.

Components of GDP					
Component	Growth (percent)				
	2018-19	2019-20	2020-21	2021-22	2022-23
I. Total Consumption Expenditure	7.0	5.0	-4.6	10.5	6.4
Private	7.1	5.2	-5.2	11.2	7.5
Government	6.7	3.9	-0.9	6.6	0.1
II. Gross Capital Formation	6.2	-6	-11.6	17.9	9.6
Gross Fixed Capital Formation	11.2	1.1	-7.3	14.6	11.4
Change in Stocks	27.3	-58.7	-85.5	687.8	2.7
Valuables	-9.7	-14.2	26.4	34.0	-18.9
III. Net Exports					
Exports	11.9	-3.4	-9.1	29.3	13.6
Imports	8.8	-0.8	-13.7	21.8	17.1
IV. GDP	6.5	3.9	-5.8	9.1	7.2

Source: NSO, RBI

Private final consumption expenditure (PFCE) registered a steady growth of 7.5%, buoyed by an uptick in the contact intensive activity including travel and tourism and an upbeat festival time demand in 2022-23. Government final consumption expenditure (GFCE) growth at 0.1% remained muted as the government continued on a consolidation path to restore fiscal health while stepping up capital expenditure to support growth and investment. The improvement in the quality of expenditure bodes well for sustainability and de-risking of growth going forward. Gross fixed capital formation (GFCF) remained strong with a double-digit growth of 11.4% in 2022-23, primarily aided by the government's thrust on infrastructure. As a result, the ratio of real GFCF to GDP increased to 34.0% in 2022-23 from 32.7% in the preceding year. India's exports, after exhibiting remarkable recovery post-COVID with a growth of 29.3% in 2021-22, tapered to 13.6% in 2022-23. The growth in imports at 17.1% in 2022-23 outpaced the growth in exports.

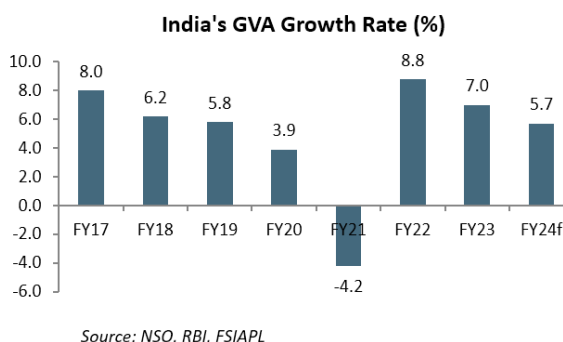


Fitch Group expects GDP to grow 5.9% y-o-y in FY24. Exports which had been buoyant are facing headwinds from the global growth slowdown and credit growth is facing tighter financial conditions. In fact, due to the evolving geopolitical conditions and the entrenched inflation, the financial conditions are expected to remain tighter and policy rates elevated, leading to elevated borrowing costs for long. The rise in central bank rates across the globe to fight inflation and the Russia-Ukraine conflict continue to weigh on the global growth.

Gross Value Added (GVA)

According to the Provisional Estimates (PE) of National Income for 2022-23 released by the National Statistical Office (NSO) on 31st May 2023, Aggregate supply - measured by gross value added (GVA) at basic prices - expanded by 7.0% in 2022-23, as compared with a growth of 8.8% a year ago. GVA growth was driven by a resilient agriculture sector and broad-based recovery in the services sector. On the other hand, the industrial sector decelerated sharply amidst intensification of input cost pressures, supply chain disruptions and fledgling global demand conditions.

Agriculture and allied sector growth moderated marginally in 2022-23, for the third consecutive year. The GVA of the sector grew by 4.0% during 2022-23 on record production of foodgrains (including rice, wheat, maize, barley and pulses), sugarcane and rapeseed and mustard. During 2022-23, the industrial sector's growth moderated amidst lingering global uncertainties. The organised manufacturing sector which benefitted from the lower base as well as softer raw material costs during 2021-22 faced the brunt of rising raw material costs in first half of FY23 and grew only by 1.3% in 2022-23. The supply chain bottlenecks following the war in Ukraine coupled with elevated raw material costs, impacted the profitability of manufacturing companies.



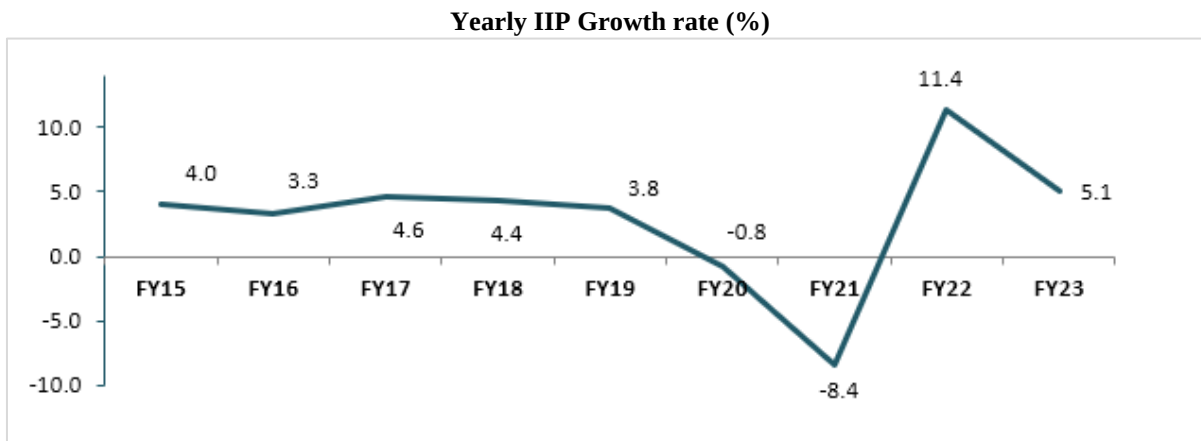
Components of GVA					
Sector	Growth (percent)				
	2018-19	2019-20	2020-21	2021-22	2022-23
Agriculture, Forestry and Fishing	2.1	6.2	4.1	3.5	4.0
Mining and Quarrying	-0.8	-3.0	-8.6	7.1	4.6
Manufacturing	5.4	-3.0	2.9	11.1	1.3
Electricity, Gas, Water Supply and others	7.9	2.3	-4.3	9.9	9.0
Construction	6.5	1.6	-5.7	14.8	10.0
Trade, Hotels, Transport, Communications	7.2	6.0	-19.7	13.8	14.00
Financial, Real Estate and Professional Services	7.0	6.8	2.1	4.7	7.1
Public Administration, Defence and Others	7.5	6.6	-7.6	9.7	7.2
IV. GVA at Basic Prices	5.8	3.9	-4.2	8.8	7.0

Source: NSO, RBI

Services sector, which being contact intensive faced the major brunt of COVID-19 pandemic, revived strongly in 2022-23. The high frequency indicators of services sector indicated strong growth in Q1FY23 supported by low base, but the momentum moderated in Q2FY23 and Q3FY23. In Q4FY23, three-wheeler sales, air passenger traffic and GST E-way bills improved while sales of passenger vehicles and construction sector moderated. Among sectors, construction, domestic trade and transport surpassed their pre-pandemic levels, while aviation, tourism and hospitality sectors, though recovering, are yet to reach the respective pre-pandemic levels.

Industrial Growth trends

The Index of Industrial Production (IIP) is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period. Industrial output measured by the index of industrial production (IIP) expanded by 5.1% during FY23 as compared to 11.4% last year. Manufacturing sector, which accounts for three-fourths of the industrial sector largely shaped the industrial sector recovery.



Source: MOSPI, FSIAPL

India's industrial output grew by 4.2% in April, data released by the Ministry of Statistics and Programme Implementation. At 4.2%, the latest industrial growth figure as per the Index of Industrial Production (IIP) is significantly higher than that for March, when it had come in at a five-month low of 1.1%. That number has now been revised to 1.7%. IIP growth was 6.7% in April 2022.

Output of the manufacturing sector accounts for more than three-fourth of the IIP. The third sector, electricity, saw production decline for the second straight month in April, following up March's 1.6% fall by 1.1%. However, in sequential terms, electricity generation was the only one to increase in April - by 2.3% - compared March. Mining output contracted by 20.6%, manufacturing by 6.1%, and total industrial output by 7.4% from the last month of 2022-23.

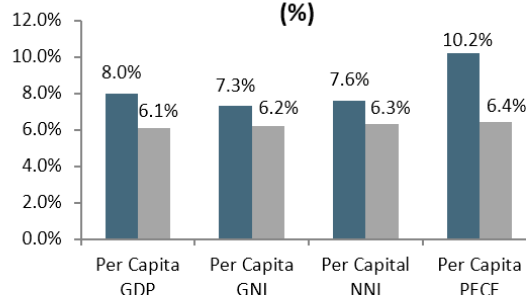
Going by the use-based classification of goods, the performance was mixed, with three of the six categories posting weaker numbers in April 2023. The category which saw a huge turnaround in April was consumer non-durable goods, whose output surged by 10.7% after having contracted by 2.7% in March. Growth in production of infrastructure goods

was also in double-digit territory - 12.8% as against 7% in March 2023. On the other hand, output of consumer durables contracted for the fifth month in a row, this time by 3.5%.

Per Capita GDP, Income and Final Consumption

According to the Provisional Estimates (PE) of National Income for 2022-23 released by the National Statistical Office (NSO) on 31st May 2023, India's per capita gross domestic product (GDP) grew by 8.0% to INR109,060 in 2021-22, while it increased by 6.1% to INR115,746 in 2022-23. Per Capita Gross National Income (GNI) increased by 7.3% in 2021-22; whereas it increased by 6.2% to INR113,395 in 2022-23. The per capita private final consumption expenditure (PFCE), that represents consumer spending, grew by 10.2% in 2021-22; while it increased by 6.4% to INR67,675 in 2022-23.

Growth in Per Capita GDP, Income and Final Consumption (%)



Source: MOSPI, FSIAPL

■ 2021-22 ■ 2022-23

Provisional Estimates (PE) of National Income for 2022-23

Particulars	2020-21 (2nd RE)	2021-22 (1st RE)	2022-23 (PE)	Change in 2021-22 (%)	Change in 2022-23 (%)
Per Capita GDP (INR)	100,981	109,060	115,746	8.0%	6.1%
Per Capita GNI (INR)	99,578	106,822	113,395	7.3%	6.2%
Per Capital NNI (INR)	86,054	92,583	98,374	7.6%	6.3%
Per Capita PFCE (INR)	57,728	63,595	67,675	10.2%	6.4%

Source: NSO

Indian Economic Outlook FY24

An overview of the India's Macro Economic projections is given in the table below:

India - Economic Outlook FY24 (% change)	FY18	FY19	FY20	FY21	FY22	FY23f	FY24f
Gross value added at FY12 prices	6.2	5.8	3.8	-4.8	8.1	6.7	5.7
- Agriculture	6.6	2.1	5.5	3.3	3.0	3.5	3.1
- Industry	5.9	5.3	-1.4	-3.3	10.3	4.1	3.9
- Services	6.3	7.2	6.3	-7.8	8.4	9.1	7.3
Real GDP	6.8	6.5	3.7	-6.6	8.7	7.0	5.9
- Private final consumption expenditure (PFCE)	6.2	7.1	5.2	-6.0	7.9	7.7	6.7
- Government final consumption expenditure (GFCE)	11.9	6.7	3.4	3.6	2.6	3.1	2.5
- Gross fixed capital formation (GFCF)	7.8	11.2	1.6	-10.4	15.8	11.5	9.6
Nominal GDP	11.0	10.6	6.2	-1.4	19.5	15.4	9.7
Average wholesale inflation	2.9	4.3	1.7	1.3	13	9.2	1.1
Average retail inflation	3.6	3.4	4.8	6.2	5.5	6.6	5.4
Year-end interest rate (10-yr G-sec)	7.6	7.5	6.1	6.2	6.8	7.3-7.4	7.1-7.2
Average exchange rate (INR/USD)	64.5	69.9	70.8	74.3	74.5	81.1	83.9
Fiscal deficit (central government, % of GDP)	3.5	3.4	4.6	9.3	6.7	6.4	5.9
Current account deficit (% of GDP)	1.8	2.1	0.9	-0.9	1.2	3.3	2.5

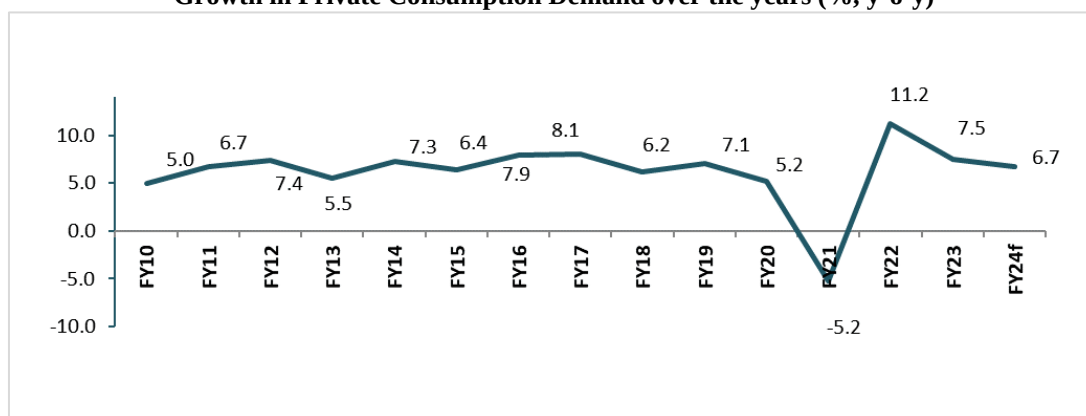
Source: Union Budget, NSO, RBI, India Ratings

Note: f - forecast, FY23 GDP and GVA numbers are as per first advance estimates of national income 2022-23

Fitch Group expects GDP to grow 5.9% y-o-y in FY24. Capex, deleveraged corporates, low NPA in the banking sector, Production-linked Incentive scheme and likelihood of global commodity prices remaining subdued, Fitch Group believes they are still not sufficient to take the FY24 GDP growth beyond 6%. The quarterly GDP trends so far have been following the ebbs and flows of the pandemic. With the COVID-19 pandemic receding, Fitch Group believes FY24 onwards the economic activities are likely to fully normalise lest there is no new shock. However, recovering the lost output due to COVID-19 will be a long haul. Fitch Group estimate shows that the expected GDP growth slowdown to 5.9% in FY24 will translate into GDP in FY24 being 10.9% lower than the long-term GDP trend. Even if we assume GDP would grow at 7.6% every year FY24 onwards, then also India would be able to catch up with the pre-pandemic GDP trend only by FY37.

Consumption Demand – Yet Not Broad Based: Fitch Group expects PFCE to grow 6.7% y-o-y in FY24 (FY23: 7.5%). Yet, it will be short of a broad-based consumption demand recovery because the current consumption demand is highly skewed in favour of the goods and services consumed largely by the households belonging to the upper income bracket. The goods and services of mass consumption have yet not shown a sustained pick-up. This to some extent is reflected in the way recovery in consumer durables and non-durables in terms of Index of Industrial Production has so far panned out in FY23. While consumer durables grew 3.4% y-o-y during 9MFY23, non-durables contracted 1.2% y-o-y. The household sector, which accounts for 44%-45% of the GVA, saw their nominal wage growth decline to 5.7% during FY17-FY21 from 8.2% during FY12-FY16. In fact, the real wage growth became nearly flat or even turned negative in some months of FY23 due to high inflation. In the interim, union/state governments through social sector spending however are providing a safety net to the most vulnerable section of population. As Fitch Group sees a rebound in the real wage growth of the household sector as an imperative for a sustainable recovery in the consumption demand, it believes a broad-based consumption recovery is still some distance away.

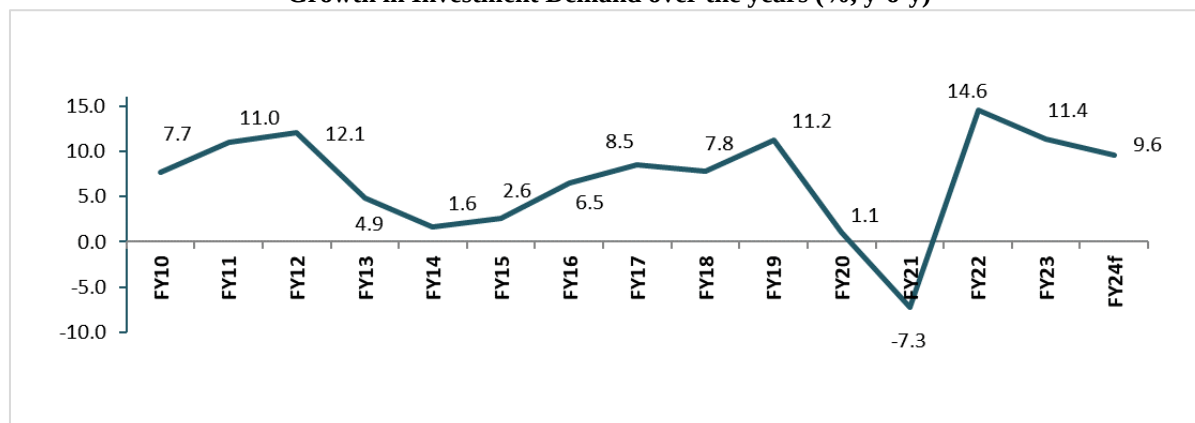
Growth in Private Consumption Demand over the years (% , y-o-y)



Source: NSO, FSIAPL

Investment Demand – Government Doing the Heavy Lifting: After PFCE, GFCF is the second-largest component (FY23AE: 29.4%) of GDP from the demand side. Fitch Group expects GFCF to grow 9.6% y-o-y in FY24 (FY23:11.4%), due to the sustained government capex.

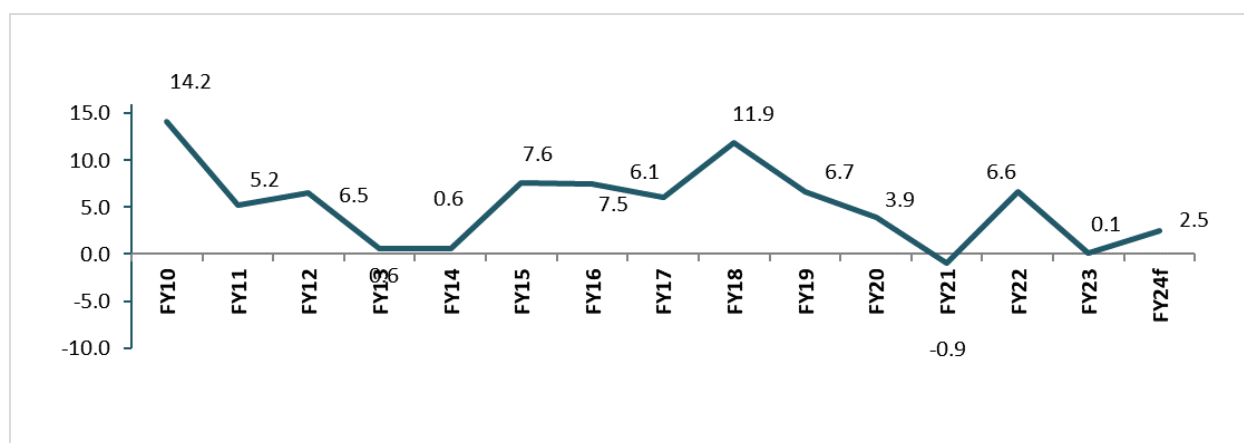
Growth in Investment Demand over the years (% , y-o-y)



Source: NSO, FSIAPL

Limited Growth in GFCE: GFCE had been providing the much-needed support to the economy for a while, averaging 7.9% growth during FY16-FY20. However, due to the government's focus shifting towards capex, the size of the revenue expenditure in the union budget FY24 has been kept at INR35.02 trillion, only INR0.43 trillion higher than the FY23RE of INR34.59 trillion. Ind- Ra therefore expects GFCE to grow at 2.5% y-o-y in FY24 (FY23: 0.1%).

Growth in Government Consumption Demand over the years (% , y-o-y)



Source: NSO, FSIAPL

Exports Losing Steam: As India's net exports (exports minus imports) have been negative, it is not contributing positively to the aggregate demand. Thus, a reduction in the size of the negative net imports is a positive for GDP. However, with merchandise exports losing steam due to the global growth slowdown and merchandise imports not moderating proportionately, Fitch Group expects the size of negative net exports to be 37.4% y-o-y higher in FY24. As a result, Fitch Group expects share of net exports to GDP to increase to negative 9.2% in FY24 from negative 7.1% in FY23.

Fiscal Consolidation and Push to Infrastructure: All the big themes of the FY23 budget, namely (i) capex, (ii) support to the vulnerable section of population, (iii) agriculture, (iv) green economy, and (v) fiscal consolidation not only have found adequate mention but also are the mainstay of the FY24 budget. Fitch Group believes this will provide macroeconomic stability and support the ongoing economic recovery. The assumed nominal GDP growth of 10.5% in the FY24 union budget although is a tad higher than Fitch Group estimate of 9.7%, the risk to government revenue is not going to be large. In case the nominal GDP grows at 10.0%, then also the gross tax collection will be lower by INR150 bn only.

Fitch Group, therefore, believes meeting the fiscal deficit target of 5.9% of GDP in FY24 should not be difficult. As the private sector greenfield capex has yet not revived and barring few sectors, is confined to maintenance capex, the union government had no choice, but to continue to do the heavy lifting. The capex is primarily concentrated in two ministries, namely railways and road transport and highways. These two ministries account for 49.81% of the expenditure in the capital account. Grants-in-aid for the creation of capital assets and expenditure on the capital account together in FY24 have been budgeted at INR13.71 trillion, INR3.17 trillion higher than FY23RE. This is an increase of 30.1%. This will push the government capex (including grants-in-aid for creation of capital assets)/GDP to 4.54% (FY23RE: 3.86%).

Current Account Deficit to Narrow: Fitch Group expects the current account deficit to narrow down to 2.5% of GDP in FY24 (FY23: 3.3%) in response to the evolving domestic and global demand conditions. Due to the uncertain external demand, merchandise exports are expected to grow just 0.5% y-o-y in FY24 (FY23: 1.8%). Also, with the GDP growth slowdown and softening of global commodity prices, imports are expected to contract by 1.7% y-o-y in FY24 (FY23: 17.5%). In level terms, Fitch Group expects merchandise exports and merchandise imports in FY24 to reach USD439bn and USD725 bn, respectively. Trade deficit is estimated to come in at USD286 bn (7.9% of GDP), but steady remittances and software exports may provide relief by keeping the current account deficit under check in FY24.

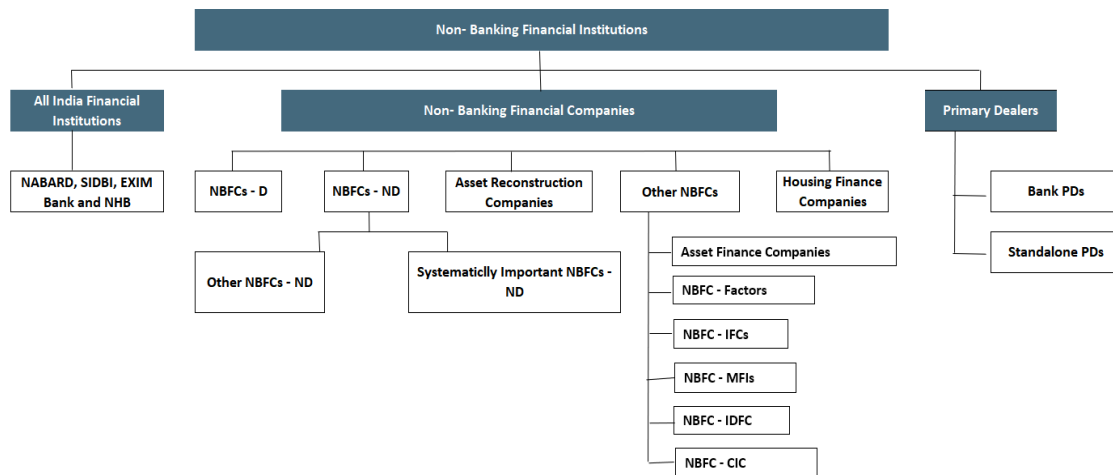
Flows in capital account are estimated to improve to USD 93.9 bn in FY24 from USD 71.6bn in FY23. As a result, there would be a net addition of USD 7.2 bn in the forex reserve in FY24. The agency expects this to help Indian rupee to average 83.90/USD in FY24 and the RBI's intervention in the forex market to keep the volatility in the Indian rupee under check.

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

On the basis of liabilities, NBFCs are classified into two categories (i) NBFCs-Deposit taking (NBFCs-D) and (ii) NBFCs-Non-Deposit taking (NBFCs-ND). NBFCs-D are subject to requirements of capital adequacy, liquid assets maintenance, exposure norms (including restrictions on exposure to investments in land, building, and unquoted shares), Asset-liability management and reporting requirements. The NBFCs, depending upon its nature of business, are broadly categorized as loan companies, investment companies, infrastructure finance companies (IFCs), asset finance companies (AFCs), core investment companies (CIC), infrastructure debt funds (IDFC), micro finance institutions (MFIs). In 2018-19, three categories of NBFCs namely, AFCs, loan companies (LCs) and investment companies (ICs) were merged into a new category called investment and credit companies (ICCs) for harmonisation and operational flexibility. The regulatory and supervisory framework for NBFCs has been continuously strengthened in order to ensure their strong and healthy functioning, limit excessive risk-taking practices, and protect the interests of the deposit holders.

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

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

Regulatory guidelines mandate that only those NBFCs with minimum net owned funds (NOF) of INR2cr can be allowed to operate. 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):** NBFC – 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.

New framework of categorisation of NBFCs

A four-layered scale-based approach to regulate NBFC in the country was introduced in October 2021. Further, the Reserve Bank of India (RBI) has set a limit of INR 1 crore per borrower for financing subscriptions to initial public offer (IPO). The ceiling will come into effect from April 1, 2022. The regulatory structure will comprise four layers based on their size, activity, and perceived risk. The lowest layer will be the base layer, followed by the middle, upper and top layers. The top layer might remain empty.

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

The regulatory minimum net-owned fund for finance companies acting as microfinance firms and those factoring business will be increased to INR 10 crore. The RBI has set a three-year glide path for the existing NBFCs to achieve the net-owned funds (NOF) of INR 10 crore by 31st March 2027. The following glide path is provided for the existing NBFCs:

NBFCs	Current NOF	By 31st March 2025	By 31st March 2027
NBFC-ICC	INR 2 crore	INR 5 crore	INR 10 crore
NBFC-MFI	INR 5 crore (INR 2 crore in NE Region)	INR 7 crore (INR 5 crore in NE Region)	INR 10 crore
NBFC-Factors	INR 5 crore	INR 7 crore	INR 10 crore

Source: RBI's 'Scale Based Regulation: A Revised Regulatory Framework for NBFCs' circular dated 22nd Oct 2021

However, for NBFC-P2P, NBFC-AA, and those with no public funds and no customer interface, the NOF shall continue to be INR 2 crore. The RBI has revised existing norms for classifying loans as non-performing assets (NPAs). The extant NPA classification norm stands changed to the overdue period of more than 90 days for all categories of NBFCs. A glide path is provided to NBFCs in Base Layer to adhere to the 90 days NPA norm as under –

NPA Norms	Classification
>150 days overdue	By March 31, 2024
>120 days overdue	By March 31, 2025
> 90 days	By March 31, 2026

Source: RBI's 'Scale Based Regulation: A Revised Regulatory Framework for NBFCs' circular dated 22nd Oct 2021

The glide path will not be applicable to NBFCs which are already required to follow the 90-day NPA norm. The central bank has provided a three-year transit period to NBFCs in the base layer to adhere to the revision. NBFCs in middle and upper layers have to make a thorough internal assessment of the need for capital, commensurate with the risks in their business. NBFCs in the upper layer will have to have a common equity tier-1 capital of at least nine per cent to enhance the quality of regulatory capital. In addition to the CRAR, the upper layer NBFCs will also be subjected to leverage

requirements to ensure that their growth is supported by adequate capital. A suitable ceiling for leverage will be prescribed subsequently as and when necessary.

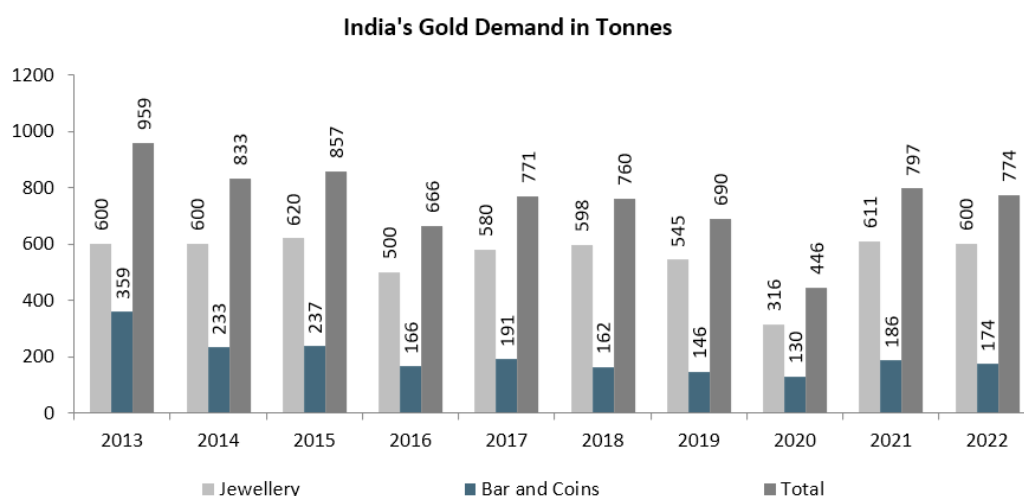
Evolution of Gold Loan Market in India

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 (2013-2022)

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 2013-2022.



Source: World Gold Council

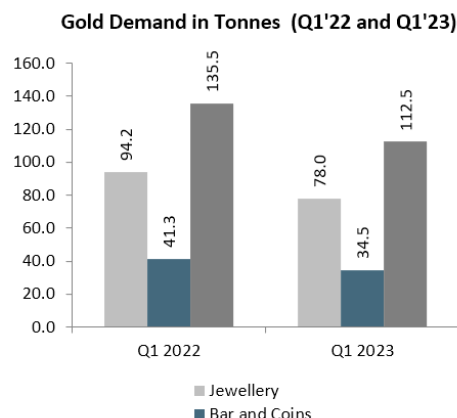
As per World Gold Council (WGC), India's overall gold demand remained resilient and witnessed a marginal decline of 2.92% in 2022 at 774 tonnes notwithstanding a sharp increase in prices. The overall gold demand in 2021 stood at 797 tonnes. Despite a relatively subdued trade and weaker consumer sentiment at the beginning of the year, hike in duty and sharp rise in prices in the midst of the season, demand has indeed remained surprisingly resilient.

The festivities at the beginning of the last quarter of 2022, also boosted investment demand, though, the attention shifted towards gold jewellery with the onset of the wedding season. Total jewellery demand in India for 2022 was down by 2% at 600 tonnes as compared to 611 tonnes in 2021 and in the value terms it was up by 4% at INR27,28,100 mn as against INR26,11,500 mn in the previous year. The total investment demand during the year was down by 7% at 174 tonnes in comparison to 186 tonnes in 2021. Total gold recycled in India in 2022 increased by 30% at 97.6 tonnes as compared to 75.2 tonnes in 2021. Total gold imported in India in 2022 was 673.3 tonnes, as compared to 924.6 tonnes in 2021, down by 27%.

Gold Demand moderates in first quarter of 2023 as prices surged

As per World Gold Council's data, India's gold demand stood at 112.5 tonnes in Q1 of 2023, declining by 17% y-o-y in volume terms compared to 135.5 tonnes in the same quarter a year ago. In value terms, the demand has dropped by 9% in Indian currency to INR562.2 crore in Q1 of 2023 as against INR615.4 crore in Q1 of last year. In dollar terms, the demand has tumbled by 17% to USD6.8bn as against USD8.2bn in Q1 2022. The reason behind the drop in the gold demand is due to record high and volatile gold prices. Global factors, primarily US interest rate hikes, pushing up dollar prices coupled with rupee depreciation kept gold prices above INR60,000/10g, a nearly 19% jump over last year.

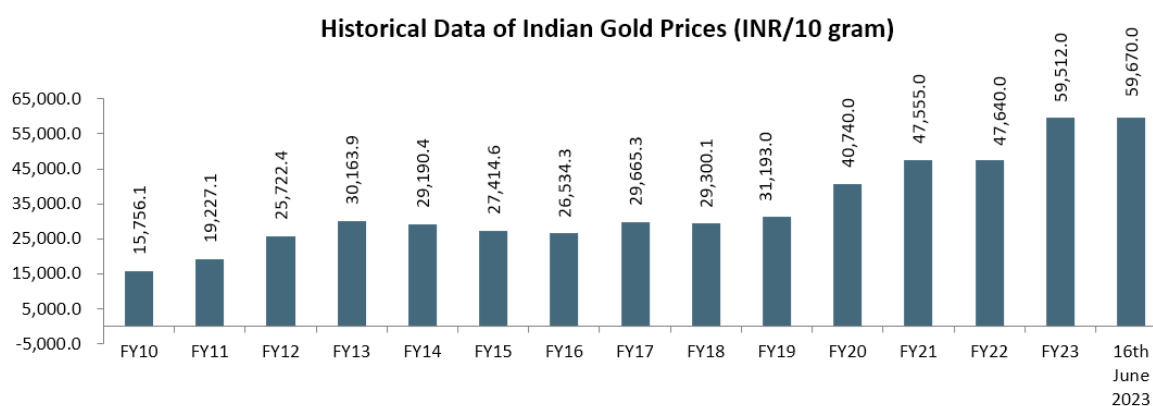
Total jewellery demand in India for Q1 2023 decreased by 17% at 78 tonnes as compared to Q1 2022 (94.2 tonnes). The value of jewellery demand was INR39,000 crore, down by 9% from Q1 2022 where it stood at INR42,800 crore. Total investment demand for Q1 2023 came in at 34.4 tonnes, decreasing by 17% in comparison to Q1 2022 (41.3 tonnes). In value terms, gold investment demand in Q1 2023 was INR17,200 crore, down by 8% from Q1 2022 (INR18,750 crore). Sharp rise in gold prices and volatility combined with fewer auspicious days to trigger consumption, has led to many households deferring buying perhaps in anticipation of a downward price correction.



Source: World Gold Council

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 FY10 to FY13. From FY14 to FY16; there was a decline in gold prices owing to geopolitical stability, low oil prices, low inflation and strong growing equity market. During this period, gold lost its attractiveness to investors either from a capital appreciation perspective as a hedge against inflation or as a safe haven; causing a significantly reduced demand.



Source: Multi Commodity Exchange of India Ltd.

■ Gold Rate INR/10 grams

However, from FY17 to FY19, gold prices started to surge to the pre-FY13 levels, further increasing to INR40,740 per 10gram in FY20 and INR 47,555 per 10gram in FY21. Gold prices crossed INR 61,000 per 10gram in April 2023. It is currently at INR59,670 per 10 grams as of 16th June 2023. Gold's rally has been spurred by one global event after another. First, the rise in inflation triggering central banks to raise interest rates, the geopolitical tensions between Russia-Ukraine invoking fears of a full-blown global war, uncertainty across stock markets worldwide and most recently the collapse of the Silicon Valley Bank followed by the stressed sale of Credit Suisse to its rival UBS.

Gold Loan Market in India

Gold enjoys a unique connection with Indians in terms of social status, financial security and rich cultural legacy. Along with the country's growing population and ever-increasing disposable income, India's inclination and liking for gold has also increased. Due to the emotional value associated with household jewellery, people are hesitant to sell their gold to meet their immediate financial needs; as an alternative, people pledge their gold ornaments as collateral and secure a

short-term loan. The pledging of gold ornaments and other gold assets to local pawnbrokers and money lenders to avail loans has been prevalent in Indian society over ages. The increased holding of gold as an asset among large section of people, and the practices related to borrowing against gold in the informal sector, have encouraged some loan companies to provide loans against the collateral of used household gold jewellery. Over a period of time, many companies have emerged as 'specialised gold loan companies.

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

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

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

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

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

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

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

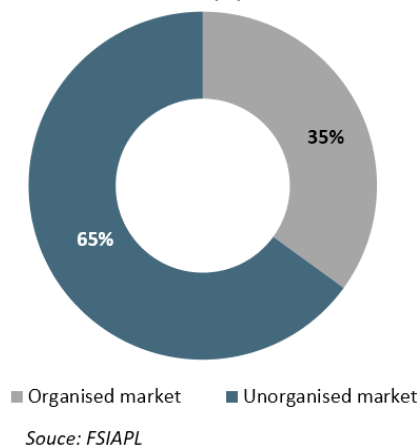
Gold Loan NBFCs in India

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

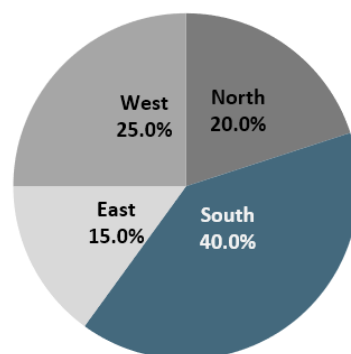
The total gold loan industry AUM stood at approximately INR17,285bn in FY23, out of which approximately 35% accounted for organised market. India's unorganised gold loan market is estimated to be around 65% of the total gold loan market. There are no official estimates available on the size of this market, 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.

Gold Loan market (%) as of FY23



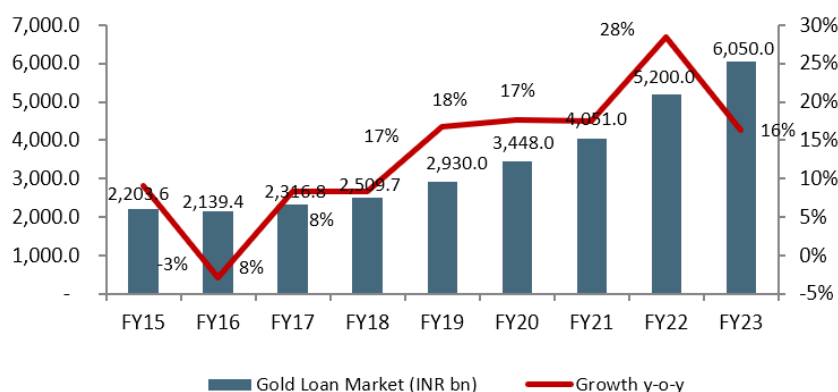
Regional Gold Loan Demand (FY23)



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 INR17,285bn in FY23, out of which approximately 35% valuing INR6,050.0bn accounted for organised market.

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



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. Indian Gold loan market of organised players has increased at a CAGR of 12-13% from INR2,203.6bn in FY15 to INR6,050.0bn in FY23 owing to increase in gold prices, good monsoon and favourable macroeconomic factors. During this period, NBFCs' focused on improving the business per branch, undertook aggressive marketing and diversified into new regions.

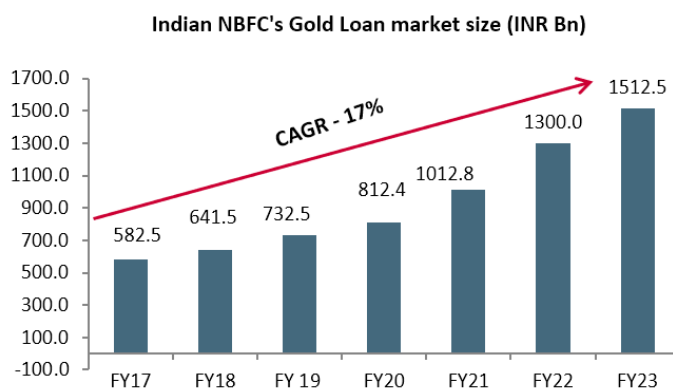
Overview of some operational parameters of organized players is provided below:

Parameters	Gold Loan NBFCs	Banks	Money Lenders
Loan to Value	Upto 75%	Upto 75%	Higher than 75%
Penetration	Highly penetrated	Not highly penetrated. Selective branches	Highly penetrated
Interest Charges	Around 12-25% p.a	Around 7-17% p.a	Usually in the range of 35-60% p.a.
Regulatory Body	RBI	RBI	Not regulated
Processing Fees	No/Minimal processing fees	Higher than NBFCs	Nil
Documentaion	Minimal, Govt. ID proof	Complete KYC compliance	Nil or minimal
Customer Service	High-Gold Loan is core focus	Non- core focus	Core focus
Repayment Structure / Flexibility	Flexible. No pre-payment charges	EMI based. Pre-payment penalty is charged.	One time
Model of Disbursal	Cash, Cheque/Electronic Transfer (Cash upto INR20,000/-)	Cheque, Electronic Transfer	Cash
Working Hours	Open beyond banking hours	Typical Banking Hours	Open beyond banking hours
Fixed Office Space	Branch with dedicated staff for gold loans	Bank branches	No fixed place
Turn Around Time	Around 10 minutes	1-2 hours	More than 10 minutes

Source: Industry Sources, FSIAPL

Growth in Gold Loans market of NBFCs (Gold Loan) in the Last 6 Years

The gold loan AUM of NBFCs grew at a CAGR of 17% between FY17 and FY23. 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 INR582.5bn in FY17 to INR1512.5bn in FY23.

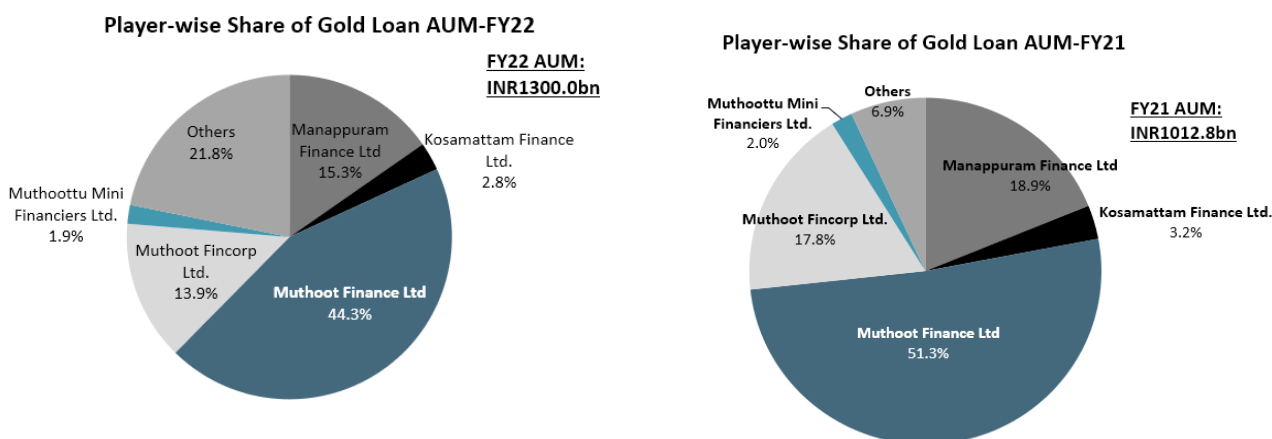


Source: FSIAPL

Gold Loan NBFCs AUM further grew by an impressive 19-20% over the next 5 years from INR641.5bn in FY18 to INR1512.5bn in FY23 due to geographic expansion, rise in gold prices and higher marketing expenditure undertaken by players in order to improve product awareness and build brand identity. NBFCs and banks approach the gold loan market differently, which is reflected in their interest rates, ticket sizes and loan tenures. NBFCs focus more single-mindedly on

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

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



Source: Company Annual Reports, Credit Rating Reports, FSIAPL

Muthoot Finance Ltd. witnessed decline in market share of gold loan AUM from 51.3% in FY21 to 44.3% in FY22. Manappuram Finance Ltd's market share decreased from 18.9% in FY21 to 15.3% in FY22. Muthoot Fincorp Ltd's market share decreased from 17.8% in FY21 to 13.9% in FY22.

Muthoot Finance Ltd. has witnessed growth of 10.8% in Gold AUM from INR519.3bn in FY21 to INR575.3bn in FY22. Meanwhile, Manappuram Finance Ltd. has witnessed a growth of 4.2% in Gold AUM from INR191.0bn in FY21 to INR199.0bn in FY22. Muthoot Mini Financiers Ltd. has been expanding its franchisee in the core gold finance business, with its AUM growing by 22.1% y-o-y from INR19.9bn in FY21 to INR24.3bn in FY22.

Key Growth Drivers for Gold Loan

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

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

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

Rising consumerism in rural areas

WGC estimates that about 65% of the Indian household gold belongs to rural communities, who are the biggest purchasers of gold loan. Unpredictability of the rain and harvest season means farmers become cash-strapped frequently. For them, unlocking value of their household gold is the easiest way to meet their financial obligations. Consumption growth in

rural India had outpaced urban spending by the widest margin in last decade, encouraged by relatively good rainfall and an increase in government spending on infrastructure. However, the year 2019 witnessed a slowdown in the rural market due to factors such as liquidity crunch, drop in gross domestic product (GDP), floods in several parts, weakened household spending, high food inflation due to spike in milk and onion prices impacted consumer wallet in rural regions. The rural consumption was back on high single digit growth in FY20, helped by factors including government spending in infra projects and increased rural spending. Additionally, the expected rise in consumerism in rural areas will lead to increased gold loans being taken for non-income generating purposes.

Changing attitudes towards Gold Loan

Few decades back, the gold loan was a high-cost affair, interest charged were around 35-50% (local moneylenders) but now organized players in the market (banks and NBFCs) offer the loan at 7.5-20% per annum. In recent, gold loan is becoming a word of mouth whether it is Tier1, Tier2 or Tier 3 cities – people are turning more towards depositing gold with banks and NBFCs because it is one of the easiest ways to avail money. The overall process to avail gold loans has become more formal and transparent with an entry of organized financial players. Further, gold is a secured asset and there is no requirement of any additional collateral but however; to avail home loans & personal loans, one need to show income certificates, bank statements & income tax returns. One good thing about gold loan is that it can be used for any purpose so more and more people are migrating towards this loan. It is not only the rural communities who are willing to put household jewellery in the market – acceptance towards using family gold for financial needs is increasing in the relatively untapped urban market. Using gold loans to meet household exigencies is gaining popularity in Indian cities and metros.

Ease of availability of Gold Loan

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

Untapped opportunities in the non-south regions

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

Lower default rates

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

Development of online gold loan market

Many new age fintech companies and traditional players have started to offer innovative products such as online gold loans (OGL) catering to the young and urban population. Primary beneficiaries of online gold loan facilities are digitally and financially literate customers who belong to the age group of 25 to 40 years. Gold loan companies have come up with various operating models like visiting customer's residence, allowing customers to place their gold within the NBFC's vault after which customers have the option to pledge this gold via online channels and receive funds directly to their bank accounts.

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

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

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

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

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

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

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

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

Other Instructions:

- NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above INR0.5mn
- High value loans of INR0.1mn and above must only be disbursed by cheque.
- Documentation across all branches must be standardized.
- NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

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

Loan to Value Ratio (LTV)

LTV ratio describes the size of a loan which is taken out compared to the value of the asset securing the loan. Lenders and others use LTV's to determine how risky a loan is. A higher LTV ratio suggests more risk because the assets behind the loan are less likely to pay off the loan as the LTV ratio increases. The LTV ratio has been capped at 75% for traditional banks and NBFCs. RBI regulations state that - gold jewellery accepted as security/collateral will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd. If the gold is of purity less than 22 carats, the collateral should be translated into 22 carat value and

exact grams need to be valued. Loan against bullion, units of Exchange-Traded Fund (ETF) and units of gold mutual funds is not permitted. This standardisation and increased transparency of LTV calculations across the organised sector has meant healthy businesses for NBFCs.

RBI directions on lending against security of single product-gold jewellery

As per RBI directions all applicable NBFCs should follow the below mentioned directives:

- (i) NBFCs shall maintain a Loan-to-Value (LTV) Ratio not exceeding 75% for loans granted against the collateral of gold jewellery; provided that the value of gold jewellery for the purpose of determining the maximum permissible loan, amount shall be the intrinsic value of the gold content therein and no other cost elements shall be added thereto.
- (ii) NBFCs shall disclose in their balance sheet the percentage of such loans to their total assets.
- (iii) 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.

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.

Provisioning Policy for Systemically Important Non-Deposit taking NBFC

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

Source: RBI Circular

Provisioning Policy for Non-Systemically Important Non-Deposit taking NBFC

Asset Classification	Provisioning Policy
Standard Asset	0.25% of outstanding
Sub-standard Assets	10% of outstanding
Doubtful Assets	100% of unsecured portion + 20% - 50% of secured portion
Loss Assets	100% 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.

Impact of GST on purchase of Gold Jewellery

Earlier excise duty and VAT of 1% each were attracted to gold jewellery initially. Once GST was implemented, all the other taxes were eliminated, and only a GST of 3% was brought into effect. Whenever a customer purchases gold jewellery, they have to bear a flat rate of 3% GST. Additionally, he also has to pay GST at 5% on the making charges. It is important to note that the import, purchase, and making charges of gold have different GST rates individually. However, there is no GST attracted if you sell old gold jewellery and purchase new jewellery in a single transaction.

Gold Monetisation Scheme (GMS)

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

Key Risks in Gold Loan Financing

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

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

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

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

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

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

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

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

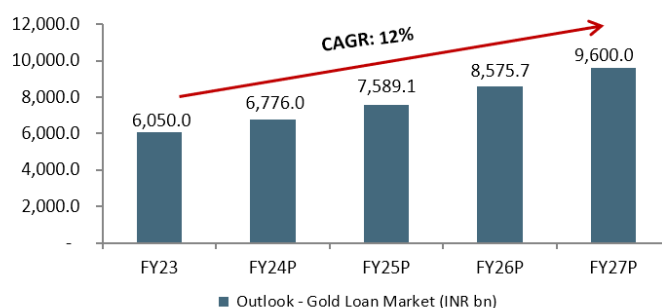
Outlook of the Gold Loan Market in India

Outlook of the Gold Loan Market in India

India is one of the largest markets for gold and in our Indian culture gold is considered as auspicious, particularly in Hindu and Jain cultures and gold is worn for important ceremonies and occasions. Gifting gold is a deeply ingrained part of marriage rituals in Indian society where weddings generate approximately about 50% of annual gold demand. Rural residents and low-income groups are the major customers of gold loans, as gold is usually the only asset they possess. Gold loan has emerged as one of the most reliable credit sources for these categories of customers. Further the gold loan market is still underpenetrated, considering the abundant availability of gold as collateral with Indian private households. This could play a vital role in the expansion of gold loan market. FSIAPL has estimated that the gold loan market size will grow to INR9,600bn by FY27P.

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 INR6,050.0bn in FY23 to INR9,500bn in FY27P which would be driven by gold loan NBFCs moving into non-southern Indian territories, improving penetration, improving product awareness and building brand identity. Diversification into other regional geographies and untapped markets would be the key for industry AUM to grow. Gold loan industry AUM projection from FY21 to FY27P is provided below:

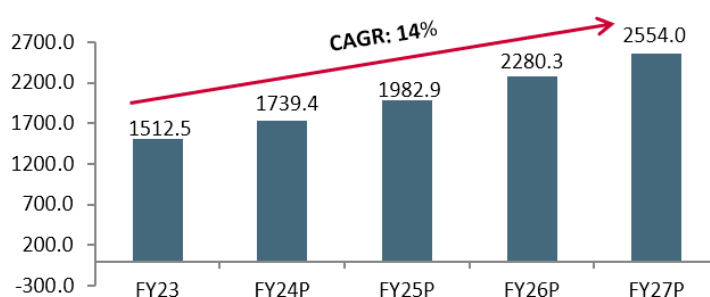
Outlook of gold loan market of organised players (FY23 - FY27P)



Source: FSIAPL

Since the COVID-19 outbreak of the pandemic, gold loans have become an easy way of accessing capital and both banks and NBFCs have reported higher disbursements and increasing revenue numbers from their gold loans portfolio. Industry report suggests that MSME companies are turning to gold to raise funds, rebuild their business and manage working capital requirements. Gold loan processing is perceived to be faster and more convenient, compared to personal loans. Organized players are adopting marketing initiatives to raise awareness against heavy interest rates charged by the unorganized players (which are in the range of 25-50%) especially in rural parts. Also, player's ability to leverage technology and improve their online gold disbursements could turn out to be a game changer. Based on these growth drivers, we expect gold loan NBFCs' AUM to grow at 14% CAGR, from INR1,512.5bn in FY23 to INR2,554.0bn in FY27P. Indian NBFC's gold loan AUM projection for the coming 4 years is provided below:

Outlook of Indian NBFC's Gold Loan market (FY23-FY27P)



Source: FSIAPL

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 depreciating against the US dollar over the months and it is INR81.9 per US dollar as on 16th June 2023. The Indian rupee is poised to experience further depreciation as it follows the upward trend of the dollar index and higher US yields, driven by concerns of inflation in the US. Energy crunch across the Asia to Europe belt have led to sharp rise in oil prices and renewed concerns of hot-steaming inflation. Being India importing nearly 80% of its oil needs, high prices result in increased imported inflation thereby putting rupee under pressure.

Higher inflation leads to increase in expenses and lesser savings thereby affecting personal finances. Higher inflation over a period can cause higher interest rates, thereby making loans expensive. A weak rupee against dollar affects any investment done abroad, foreign education and foreign travel. The inflationary pressures have led to interest rate hike by RBI which has already raised interest rates twice last year. A higher interest rate will lead to higher EMIs. For the investor of debt funds, rise in interest rates would bring down the bond prices and hence has a negative impact on the debt funds 'net asset values'. As explained above, the rising exchange rates and the resulting inflationary pressures will have an impact on the value of the assets of the retail investors and hence it is imperative for the retail investors to invest in class of assets which are a good inflation hedge. Among all the class of assets, gold is considered as a best hedge against inflation and seen as an ideal asset for portfolio diversification.

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

RBI is among the 10th largest holder of gold reserves among central banks globally, according to the latest WGC report with USA and Germany among the top holders ever since uncertainty over the dollar outlook mounted after the US-China trade war concerns in 2018, central banks across the globe started buying gold to diversify their foreign exchange reserves base. RBI also started buying gold after a long gap (after Nov 2009). The surge in foreign inflow and low yield on overseas sovereign bonds may have led to RBI buy gold. As at FY23, the Reserve Bank held 794.64 metric tonnes of gold. RBI held 760.42 metric tonnes as of FY22, compared to 695.31 metric tonnes as of FY21.

As of FY23, 437.22 metric tonnes of gold are held overseas in safe custody with the Bank of England and the Bank of International Settlements (BIS), 301.10 metric tonnes of gold are held domestically. While the quantity of holding is less than that of the US, Germany, France and Switzerland, it is far higher than other emerging economies, with the exception of China.

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

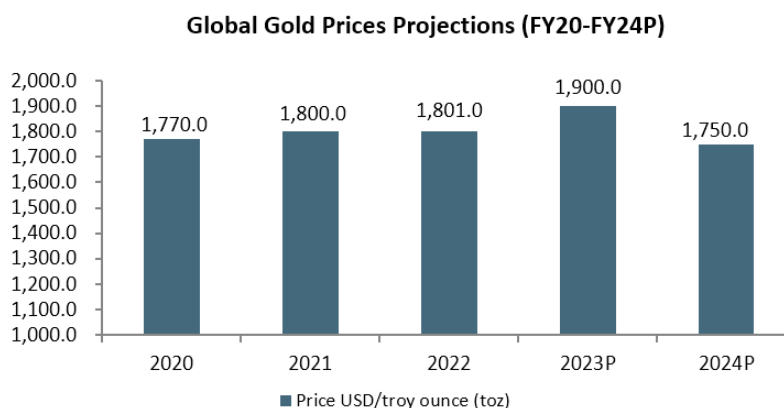
India's desire to add gold reserves seems to be driven mainly by the fear of depreciation in dollar value causing capital loss. India's forex reserves have been on an upward trajectory for most part over the last three decades as the RBI used the copious foreign portfolio and direct investment inflows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

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. As per World Bank - Commodity Markets Outlook, April 2023, the global prices of gold are expected to decline from USD1,801.0 per toz in 2022 to USD1,750.0 per toz in 2024P. 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, April 2023

Regulatory pressure

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

Security Threats and Risks of Theft

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

Lack of financial literacy among rural customers

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

Young Indians attraction to alternative jewellery

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

Change in Savings Pattern

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

Data Security

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

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

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

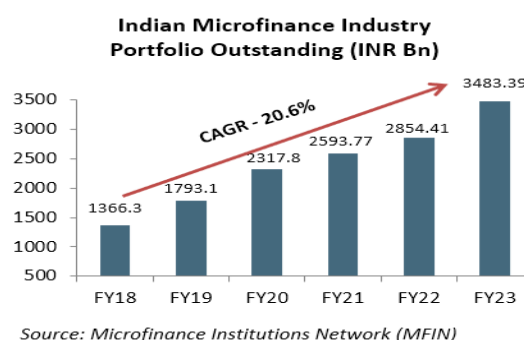
Overview of the Microfinance Industry in India

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.

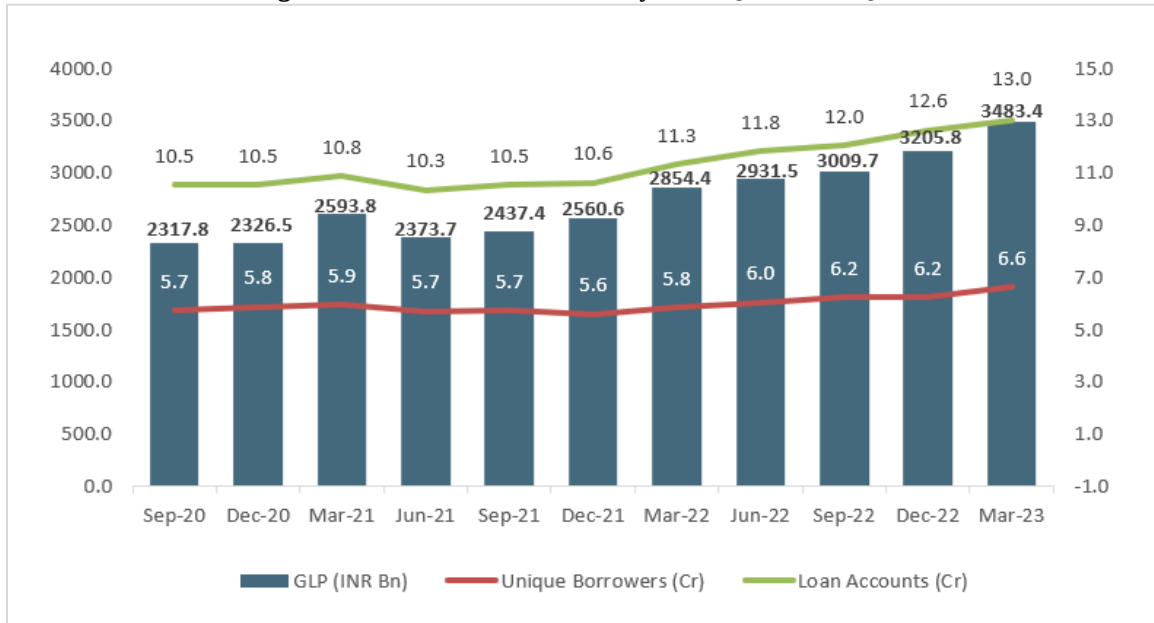
Number of negative events in the past have influenced growth as well as asset quality of the microfinance sector including – the Andhra Pradesh crisis of October 2010, farm loan waivers by several states, demonetisation in November 2016, floods in some states, as well as recent economic slowdown. Despite 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 Microfinance Institutions Network (MFIN), MFIs operate in 27 States and 5 Union Territories in India. As of FY23, the sector served 6.6 crore(cr) unique borrowers through 13.0cr loan accounts. The industry Gross Loan Portfolio (GLP) has grown at a CAGR of 20.6% during FY18 to FY23 period as depicted in the graph alongside.



GLP growth of Microfinance Industry from Q2FY21 to Q4FY23

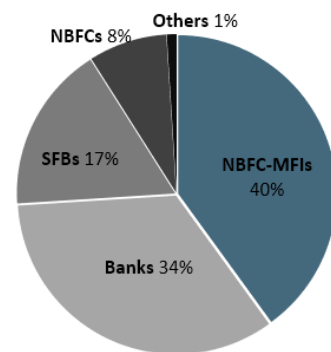


Source: Microfinance Institutions Network (MFIN)

Microfinance loan portfolio stands at INR3,483.4bn as on 31st March 2023, serving 6.6 crore unique borrowers with 13.0 crore loan accounts. GLP as on 31st March 2023, showed an increase of 22.0% y-o-y as compared to INR2,854.41bn as on 31st March 2022. Some other trends of the industry are as follows:

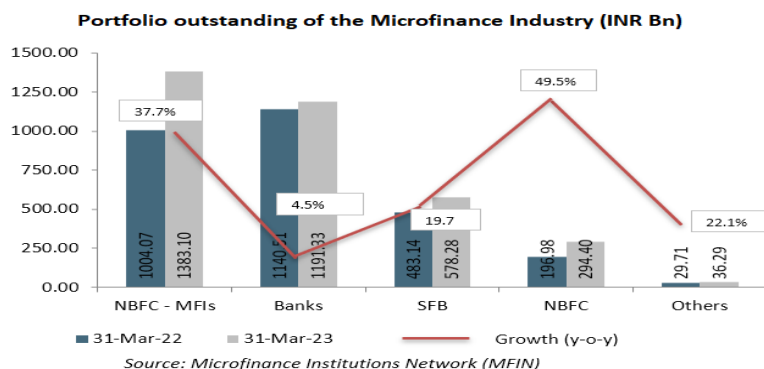
- As on 31st March 2023, 82 NBFC-MFI holds the largest share of portfolio in micro-credit with total loan outstanding of INR1,393.4bn, which is 40% of total micro-credit universe. Banks are second largest provider of micro-credit with a loan amount outstanding of INR1,184.4bn accounting for 34% to total industry portfolio. SFBs have a total loan amount outstanding of INR592.2bn with total share of 17%. NBFCs account for another 8% and other MFIs account for 1% of the universe.
- The microfinance active loan accounts increased by 15% during the past 12 months to 13.0 crores as on 31st March 2023.
- In terms of regional distribution of GLP, East & Northeast and South account for 63% of the total portfolio
- The Top 10 states constitute 83.9% in terms of GLP. Bihar continues to be the largest state in terms of portfolio outstanding followed by Tamil Nadu and Uttar Pradesh. Among Top 10 states, West Bengal has the highest average loan outstanding per account now of INR28,736 followed by Kerala at INR28,437.

Share of Various Lenders in Micro Finance Loan Portfolio Outstanding (31st March 2023)



Source: Microfinance Institutions Network (MFIN)

The graph below depicts the comparison of portfolio growth of different microfinance lenders as on 31st March 2022 and 31st March 2023.



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 INR3.0 lakh per eligible borrower, 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.

The RBI has issued a working paper on the introduction of expected credit loss framework for scheduled commercial banks. Under the framework, the banks would, in due course of time, have to provide for assets on an expected loss basis like mid and large sized MFIs. While contours for the same would be different for both forms of practitioners, the impact could be higher for banks. Hence, the agency expects small finance banks (SFBs) may continue to decrease the share of microfinance loans, possibly faster than expected. This may provide NBFC-MFIs an opportunity over the long term.

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.

The COVID-19 and restructured book impact on credit costs has been largely absorbed till 1HFY23. The growth momentum is expected to continue in FY24, as disbursements pick up in aftermath of COVID-19 and due to the removal of prescriptive cap on lending rates in March 2022. The new regulations are positive for the sector and provide all microfinance practitioners with the ability to price in risks while providing a level playing field for non-bank financial companies (NBFC)-microfinance institutions (MFIs) in terms of applicable regulations. The impact of elections in key states in FY24 on the sector to be a key monitorable. Most NBFC-MFIs would see credit costs to normalise in the range of 1%-3% during FY24 with median of around 2%, which is expected to be slightly higher than pre-covid levels. Also, there is increasing exposure per borrower in an inflationary environment with a possibly non-commensurate increase in income levels and this aspect would also be a key monitorable.

Challenges face by the Microfinance Industry in India

Inflation impacting the weaker section

Over 65% of the segment's borrowers are employed in the essential goods and services segments and hence inflation may impact their cash inflows positively. However, it also has an impact on their expenditure and hence the combined effect may not be definitive. In addition, there would be a category such as artisans, where demand for output may be affected. This implies that there could be a section of borrowers without agri income source facing some challenges in repayments or availing next cycle of loans unless inflation tames down hereon. Under the volatile global macro-economic and political scenario, this factor would be a key monitorable.

Higher Interest rates as compared to Banks

Banks have a strong foothold in Indian grounds and is slowly evolving to meet the needs of the times. Most Microfinance Institutions charge a very high rate of interest (12-30%) when compared to commercial banks (8-14%). The regulatory authority RBI issued guidelines to remove the upper limit of 26% interest on MFI loans.

Borrower Profile More Sensitive to Political Factors

There could be state elections in three major states of the country in FY24 and national elections in early FY25. NBFC-MFIs having a high exposure to these states may be cautious in lending in those states. NBFC-MFIs lend to the socio-economically weaker segment and hence are more susceptible to idiosyncratic risks or income / expenditure shocks than other segments. The impact on credit costs and disbursements because of these elections could be a key monitorable in FY24.

Expense related to geographical outreach

Microfinance institutions serve small ticket loans to the urban poor and under banked in distant hinterlands as a result of the model. There are logistical and field force costs associated with the outreach. As a result, margins are eroding, necessitating digitization and process automation. Many MFIs have discovered that working and dealing with clients in remote places is challenging, and hence geographical variables play an important part in posing problems to MFIs.

Overview of MSME Loans in India

The Micro, Small and Medium Enterprises (MSMEs) sector is a major contributor to the socio-economic development of the country. In India, the sector has gained significant importance due to its contribution to GDP of the country and exports. The sector has also contributed immensely with respect to entrepreneurship development especially in semi-urban and rural areas of India.

Credit Growth and Performance of MSME sector in India

Credit growth to the MSME sector has been remarkably high in the past 2 years supported by the extended Emergency Credit Linked Guarantee Scheme. The CIBIL MSME Pulse Report of March 2023 states the MSME credit stood at INR22.9trn (excluding INR1.3trn against 720+ DPD/ Doubtful & INR1.2trn against loss) as of Q2FY23 with y-o-y growth rate of 10.6%. Including Doubtful/Loss Accounts /Accounts beyond 720 DPD, the value is INR25.4trn.

MSME Credit Exposure (in INR trillion)

Period	<720 DPD & Sub-Std	Doubtful	>720+DPD & Loss	MSME Total
Q2FY21	19.1	0.9	0.9	20.9
Q3FY21	19.6	1.0	0.9	21.5
Q4FY21	20.4	1.0	1.0	22.4
Q1FY22	20.3	1.0	1.1	22.3
Q2FY22	20.7	1.1	1.2	22.9
Q3FY22	21.4	1.1	1.2	23.7
Q4FY22	22	1.3	1.2	24.5
Q1FY23	22.1	1.2	1.2	24.5
Q2FY23	22.9	1.2	1.3	25.4

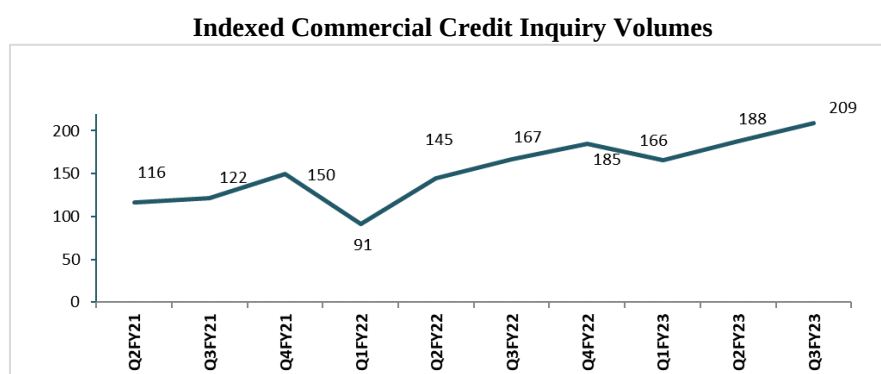
Source: CIBIL

The book of INR22.9trn in Q2FY23 is made of INR7.9trn from PSBs, INR10.1trn from Private and INR3.1trn from NBFCs, remaining fall under others. The small segment has the highest proportion in the MSME book at INR9.5trn, and micro and medium at INR5.8trn and INR7.6trn, respectively.

This credit growth is observed across all sub-segments of MSME lending. Balances for micro grew at 13% y-o-y, whereas the small and medium segments' books grew at 10% and 8% respectively. Outstanding balances increased y-o-y by 6%, 18% and 3% for PSBs, Private Banks and NBFCs, respectively.

Increasing MSME Credit Demand in India

The CIBIL MSME Pulse Report of March 2023 states that demand for MSME loans (measured in terms of number of commercial credit inquiries) has accelerated and has grown to about 1.7 times the demand of two years ago. NBFC saw credit demand crossing 2x for the same period. This can be attributed to the efforts on the part of government and financial sector to develop and implement multiple support mechanisms, and an evolving digital public infrastructure for the MSME sector.



Source: CIBIL

Note: Index: FY 20-Q2 = 100

Since the launch of ECLGS, credit originations have seen an uptick. Share of origination amount across lenders remained broadly similar to that of last year, and private players maintained the highest market share across all segments in Q2FY23. Disbursements in PSBs, PVT and NBFCs grew at 21%, 25% and 34%, respectively. In Micro segment, origination share has moved from PSBs to PVT and NBFCs over 2 years. Disbursements in Q2FY23 grew by 24% y-o-y. Micro, small and medium segments saw a growth of 54%, 23% and 9% in disbursements respectively. Significant growth in the micro segment establishes that there's increased inclusivity focus in the market.

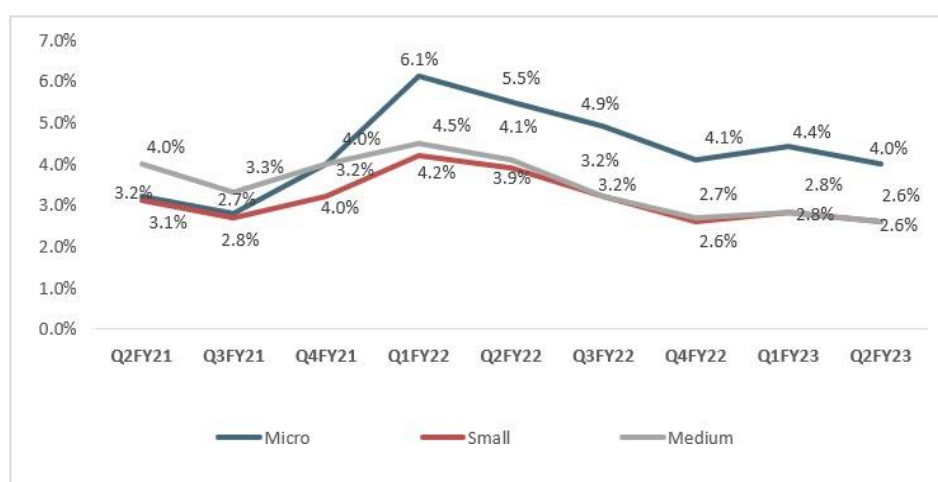
MSME Disbursement Amounts (in INR Billion)					
Period	Micro (< 1 Cr)	Small (1-10 Crs)	Medium (10-50 Crs)	Overall	
Q2FY21	380	690	650	17200	
Q3FY21	340	590	560	14900	
Q4FY21	410	680	630	17200	
Q1FY22	180	380	400	9600	
Q2FY22	370	700	670	17400	
Q3FY22	470	890	840	22000	
Q4FY22	550	950	900	24000	
Q1FY23	460	770	660	18900	
Q2FY23	570	860	730	21600	

Source: CIBIL

Delinquency rates by MSME segments (90+ DPD)

Delinquency rates (90+ DPD) by each MSME segment is provided in the chart below. The delinquency rates for Micro segment have increased from 3.2% in Q2FY21 to 4.0% in Q2FY23. The delinquency rates for Small segment have increased from 3.1% in Q2FY21 to 4.2% in Q1FY22, later it decreased to 2.6% in Q2FY23. The delinquency rates for Medium segment have increased from 4.0% in Q2FY21 to 4.5% in Q1FY22, later it decreased to 2.6% in Q2FY23.

Delinquency rates by MSME segments (90+ DPD)



Source: CIBIL

Micro Units turning NPA is a huge concern

According to data from the Department of Financial Services (DFS), the micro-enterprise segment is facing significant distress as indicated by the fact that 17.27 lakh units, which had availed credit under the Emergency Credit Line Guarantee Scheme (ECLGS), have turned into non-performing assets (NPAs) as of 24th March 2023.

ECLGS provided 100% guarantee coverage by the National Credit Guarantee Trustee Company (NCGTC) to banks and other lenders during the COVID-19 pandemic. This guaranteed coverage was applicable to credit provided to MSMEs with an overall loan outstanding up to INR50 crore, across all lenders, in any sector, and classified as regular, SMA-0 (special mention account), or SMA-1 as on 29th February 2020 or 31st March 2021. The overall scheme limit was set at INR 5 lakh crore.

As per the DFS data, 98.9 lakh guarantees involving INR13,683 crore was issued for loans up to INR1 lakh, while 9.34 lakh guarantees involving INR22,086 crore was issued for loans ranging between INR1 lakh and INR5 lakh. Guarantees for loan amounts exceeding INR1 crore were relatively fewer, with only 38,907 guarantees issued for loans over INR1 crore.

As of 28th February 2023, a total of 1.13 crore MSME borrowers were supported with a guaranteed amount of INR2.40 lakh crore under the Emergency Credit Line Guarantee Scheme (ECLGS). Out of these borrowers, 97.6% (1.10 crore) borrowers were micro and small units. Around 17.72 lakh accounts, which constituted approximately 16.9% of the total borrowers numbering around 1.04 crore, had slipped into the NPA category. Notably, the majority of NPAs were from the micro-enterprise segment, accounting for 93.5% of the share, as compared to 3.2% for other business enterprises, 2.8% for small enterprises, and 0.5% for medium units.

Risk Profile of MSME Loans

As per the CIBIL MSME Pulse Report of March 2023, CIBIL MSME rank transition was monitored for borrowers over a one-year period starting Sep-21 to Sep-22, and transition was monitored for rank buckets of low risk: CMR 1–3; medium risk: CMR 4–6; and high risk: CMR 7–10.

CIBIL Transition Matrix of CMR from Sep-21 to Sep-22

		CMR as of Sep'22			Downgrades	Upgrades	Same
		CMR1-3	CMR4-6	CMR7-10			
CMR as of Sep'21	CMR1-3	69%	25%	6%	31%	0%	69%
	CMR4-6	14%	67%	19%	19%	14%	67%
	CMR7-10	2%	11%	87%	0%	13%	87%

Source: CIBIL

It was observed 31% of total borrowers who were in CMR 1–3 in Sep'21 downgraded to lower rank buckets by Sep'22, and 14% of total borrowers who were CMR 4–6 in Sep'21 upgraded to higher rank buckets by Sep'22.

Digital Lending in MSME segment

The ecosystem-based approach of digital lending has transformed both the supply and demand side of lending. As a result, an MSME proprietor's lack of a digital footprint, formal documentation, and owned properties is not an impediment. Digital lenders assess a borrower's creditworthiness with data mapped from economic behaviour, payment history, and other past transactions by leveraging data analytics and AI. These novel methods make for a more inclusive lending ecosystem.

Another method hitherto unseen is that of 'verticalized underwriting'; digital lenders collaborate with aggregators in various industry segments to fully understand industry-specific needs and challenges and provide credit solutions that suit them. Digital lending has also augmented the reach of credit; proprietors in small cities can seamlessly access credit that was previously available to them in only physical outlets that were out of town. This has been made even more accessible through solutions like E-NACH, CKYC/OKYC, E-sign, video sign. The cost benefits of the lack of physical infrastructure are also passed down from lenders to borrowers. All of this leads to a cost advantage to the lenders which translates to a lower cost of capital.

The shift brought about by digital lending is changing the optics of MSME lending. What was once an onerous and time-consuming task is now becoming an easily accessible business decision. Empowering the underserved through capital inclusion is a win-win-win situation; for the lending ecosystem, MSME borrowers, and India's economy as a whole.

Overview of the Personal Loan Industry in India

India with a population of over 1.4bn people is one of the largest and most complex credit markets in the world. With increasing incomes and consumption, the demand for personal credit is on the rise. Personal loans have assumed significance in the wake of global pandemics, high inflation and rising living costs. India personal loan market is segmented based on source, tenure, purpose, interest rate, company and region. Based on source, the market can be bifurcated into bank and NBFC. Banks dominate the market since the penetration of banks is far more than any other credit union in the country. Based on purpose, the market can be fragmented into home improvement, wedding, travel and others. The credit landscape in India is ever evolving and has witnessed changing consumer preferences, shift in demand towards smaller ticket loans, ease of access to credit, increased usage of digital platforms and entry of non-traditional lenders in the ecosystem.

Market Size of Personal Loans in India

Credit bureau 'CRIF High Mark' reported that the overall personal loan market in India grew at a CAGR of 21.5% from INR5,364.0bn in FY20 to INR7,924.0bn in FY22. The number of active personal loans increased at a CAGR of 31.3% from 339.2 lakhs in FY20 to 584.6 lakhs in FY22. The increasing income gap and expenditure coupled with rising aspirations, especially among the young population are the key factors driving the Indian personal loan market.

Overall Personal Loans in India	FY20	FY21	FY22
Portfolio Outstanding (in INR bn)	5,364.0	6,474.0	7,924.0
Active Loans (in Lakhs)	339.2	396.9	584.6
PAR 31-90 days	1.6%	2.3%	2.2%
PAR 91-180 days	0.8%	1.3%	0.8%
PAR 180+ days	2.4%	3.2%	3.2%

Source: CRIF High Mark

The above table shows that PAR 31-90 days of Personal loan market increased from 1.6% in FY20 to 2.2% in FY22. PAR 91-180 days increased from 0.8% in FY20 to 1.3% in FY21, later it dropped to 0.8% in FY22. PAR 180+ days increased from 2.4% in FY20 to 3.2% in FY22.

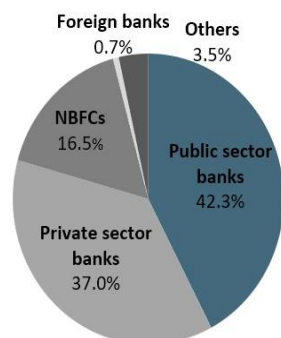
Market Share of Personal Loans in India

Overall Personal Loans: Public sector banks and private banks dominate overall personal loans market with share of 42.3% and 37.0% respectively (by value) in FY22. NBFCs have been catching up in the game since past few years and

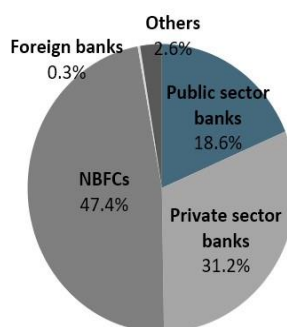
have captured 16.5% of the overall personal loans (by value). On the basis of number of active loans, NBFC leads the pack with a 47.4% share of the pie (by volume), followed by private sector banks at 31.2% and public sector banks in 18.6%.

Lender-wise market share of Overall Personal Loans in India (FY22)

On the basis of Portfolio outstanding



On the basis of Active Loans

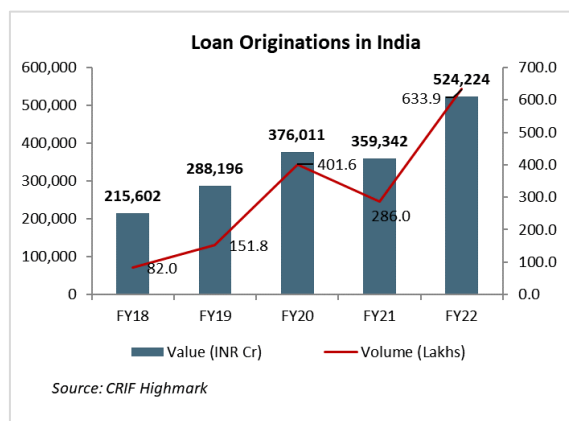


Source: CRIF High Mark

Growth in Originations of Personal Loans

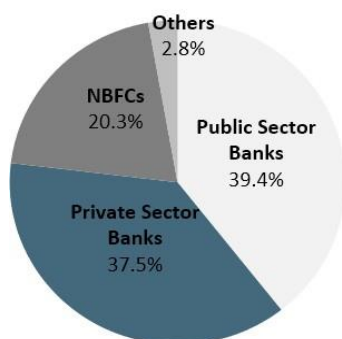
Loan origination is the process by which a borrower applies for a new loan, and a lender processes that application. The personal loan segment has witnessed loan origination of 2.4X growth in originations by value and 7.7X growth in originations by volume from FY18 to FY22 as depicted in the chart below. The total loan origination value stood at INR524,224cr in FY22 with number of loan originations of 633.9 lakhs.

As given in the graph below, originations (by value) is dominated by Public Sector Banks (39.4%) and Private Banks (37.5%) as of FY22. Originations (by volume) is dominated by NBFC (73.7%), followed by Private Banks (17.6%) as of FY22. Originations share (by volume) for Public Sector Banks decreased from 17.6% in FY21 to 7.8% in FY22; originations share (by volume) for NBFCs increased from 68.1% in FY21 to 73.7% in FY22.

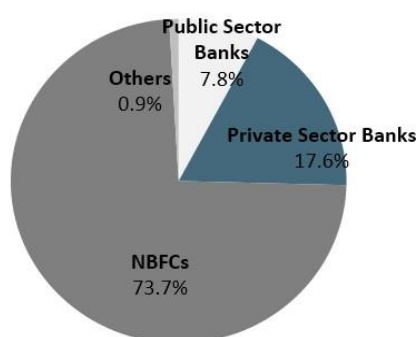


Loan Originations (FY22) – By Lender Type

% of Origination (By Value)



% of Origination (By Volume)

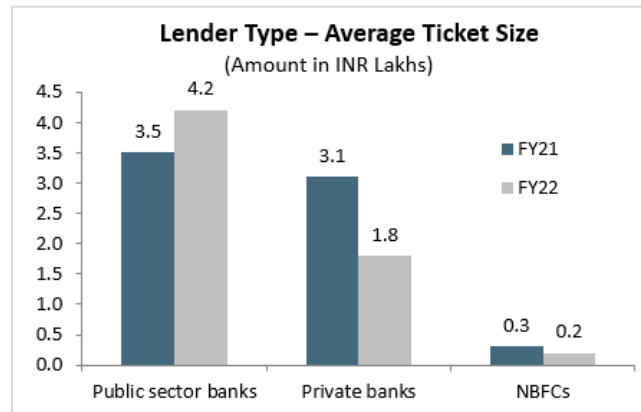


Source: CRIF High Mark

Average Ticket Size of Personal Loans in India

Average ticket size of personal loans in India is shrinking for Private sector banks and NBFCs. Average ticket size of public sector banks increased from INR3.5 lakhs in FY21 to INR4.2lakhs in FY22. Meanwhile, average ticket size of private sector banks reduced from INR3.1lakhs in FY21 to INR1.8 lakhs in FY22. Average ticket size of NBFCs reduced from INR0.3lakhs in FY21 to INR0.2 lakhs in FY22.

The average ticket size of loans being taken in non-metro cities is smaller as compared to metro cities. Small ticket personal loan is expected to keep growing in the coming years as Fintechs, NBFCs and Banks focus on creating frictionless financial solutions that cater to the credit needs of the digitally savvy millennial customers.



Source: CRIF High Mark

Digitization in Personal loan lending

Digital lending is the issuance of a loan using information technology. Digital lending starts from an online application on the bank's website and ends with an automated loan issuance system. The latter may include several programs with the functions of an application form, document capture, electronic signature, credit analysis, loan administration, and other capabilities.

The pandemic has accelerated digital transformation across financial services and products. High internet penetration coupled with robust technological advancement has provided the required impetus to strong financial inclusion and growth. In 2022, the 'Buy Now Pay Later' offering, which is revolutionizing access to credit, will see massive adoption, including uptake in the EMI product category. Many banks are using rule-based algorithms for underwriting, enabling credit assessment checks, enabling product offerings and increasing process efficiency. Digital lending in India, being a convenient, simplified and paperless method of availing loans is projected to witness an accelerated adoption across metro and non-metro cities with a precise focus on an underserved population.

The factors crucial to the growth of the digital lending and banking services to personal loan sector will be a better collaboration amongst banks/NBFC's and fintech and digital adoption. The partnership between banks/NBFC's and Fintechs will help scale the ability to provide personal loans starting from as low as INR1000 completely digitally along with the ability to also collect them digitally and seamlessly. The Digital Co-Lending Platform is an agile tech-driven multi-dimensional solution that provides an end-to-end solution for the complex accounting issues which are common under co-lending. Features such as dedicated escrow management and collections mechanism, makes the platform unique and best-in-class, delivering a more efficient loan management cycle. Many banks are targeting to partner with atleast NBFCs and to build co-lending loan book through the digital platform in the next two years.

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This section should be read in conjunction with the sections “Industry Overview”, “Forward Looking Statements”, “Risk Factors”, and “Financial Information” derived from our Audited Financial Statements on pages 48, 14, 16 and 115 respectively.

Unless otherwise indicated or unless the context otherwise requires, the financial information included herein is derived from our Limited Review Special Purpose Unaudited Financial Results for the quarter ended June 30, 2023 and Special Purpose Audited Financial Statements for financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with the requirements of the SEBI NCS Regulations and the Companies Act set forth elsewhere in the Draft Prospectus. Our financial year ends on March 31 of each year and references to a particular financial year are to the twelve months ended March 31 of that year. In this section, any reference to “we”, “us” “our” or “our Company” refers to Chemmanur Credits and Investments Limited.

Overview

We are, a non-deposit taking, non-banking financial company (base layer) registered with the RBI bearing registration no. N-16-00185 dated June 10, 2010 under Section 45-IA of the RBI Act primarily engaged in the gold loan sector lending money against the pledge of household gold jewellery (“**Gold Loans**”) in the state of Kerala, Tamil Nadu and Karnataka. We also provide Microfinance Loans, business and personal loans, money transfer services and distribution of third party insurance products. We have been engaged in the lending business for more than 13 years and are based in Kerala, India. As of June 30, 2023, we operated through 199 branches located across 3 states namely Kerala, Tamil Nadu & Karnataka managed through our registered office located at Thrissur, Kerala and we employ 1095 persons in our business operations.

We are a part of Bobby Chemmanur Group which is engaged in diverse range of businesses and based in Kerala, India. The group has retail gold jewellery showrooms in USA and Middle East apart from those in India. The Bobby Chemmanur Group has received BIS certification for purity of gold. Our Promoter is Chemmanur Devassykutty Bobby popularly known as Bobby Chemmanur, the Chairman and Managing Director of our Company. Currently, we offer various Gold Loan schemes to suit the individual needs of our customers. Currently we offer Gold Loans for tenure ranging up to 180 days. The schemes differ in relation to interest rate chargeable, amount advanced per gram of gold, tenure, amount of loan.

For the three months ended June 30, 2023, and financial year ended on March 31, 2023, March 31, 2022 and March 31, 2021, our Company held 0.85 tonnes, 0.86 tonnes, 0.87 tonnes and 0.87 tonnes of gold jewellery respectively, as security for all Gold Loans.

Under our microfinance loan segment (“**Microfinance Loans**”), we provide unsecured loans to group of women customers (minimum of 5 persons) for their business and personal needs. Under the Joint Liability Group (“**JLG**”) model, loans are provided to individual customers, however group guarantees the repayment of loans given to individual members of the group. Through this model, our customers, who typically do not have collateral to take up loans, are able to gain access to credit.

We also offer business loans – named as Gramin Shakthi Loan (“**Business Loans**”) to our customers for their business needs. These are secured business loans where target customers are engaged in small scale business, however, currently dependent on informal sources of funding. This loan type shall enable customers to increase the scale of their business. Gramin Shakthi Loans help the individuals to mitigate the difficulty in meeting business funding requirements or to raise working capital funds.

Key Operational and Financial Parameters based on the Audited Financial Statements

- (a) The table below sets out the key operational and financial parameters of our Company for the quarter ended June 30, 2023:

(₹ in lakh)	
Particulars	June 30, 2023
BALANCE SHEET	
Assets	
Property, Plant and Equipment	N.A.

Financial Assets	N.A.
Non-financial Assets excluding property, plant and equipment	N.A.
Total Assets	N.A.
Liabilities	
Financial Liabilities	
-Derivative financial instruments	N.A.
-Trade Payables	N.A.
-Debt Securities	N.A.
-Borrowings (other than Debt Securities)	N.A.
-Subordinated liabilities	N.A.
-Other financial liabilities	N.A.
Non-Financial Liabilities	
-Current tax liabilities (net)	N.A.
-Provisions	N.A.
-Deferred tax liabilities (net)	N.A.
-Other non-financial liabilities	N.A.
Equity (Equity Share Capital and Other Equity)	N.A.
Total Liabilities and Equity	N.A.
PROFIT AND LOSS	
Revenue from operations	2,355.19
Other Income	0.06
Total Income	2,355.25
Total Expense	2,385.90
Profit after tax for the year	(25.92)
Other Comprehensive income	-
Total Comprehensive Income	(25.92)
Earnings per equity share (Basic)	(0.04)
Earnings per equity share (Diluted)	(0.04)
Cash Flow	
Net cash from / used in(-) operating activities	N.A.
Net cash from / used in(-) investing activities	N.A.
Net cash from / used in (-)financing activities	N.A.
Net increase/decrease(-) in cash and cash equivalents	N.A.
Cash and cash equivalents as per Cash Flow Statement as at end of quarter	N.A.
Additional Information	
Net worth	8,532.44
Cash and cash equivalents	N.A.
Loans	N.A.
Loans (Principal Amount)	N.A.
Total Debts to Total Assets	N.A.
Interest Income	2,264.15
Interest Expense	1,173.18
Impairment on Financial Instruments	(14.22)
Bad Debts to Loans	-
% Stage 3 Loans on Loans (Principal Amount) (Note 4)	N.A.
% Net Stage 3 Loans on Loans (Principal Amount) (Note 4)	N.A.

Tier I Capital Adequacy Ratio (%) (Note 3)	N.A.
Tier II Capital Adequacy Ratio (%) (Note 3)	N.A.

N.A. – Not Applicable

Notes:

- 1) The above **Key Operational and Financial Parameters** for the quarter ended on June 30, 2023 were prepared based on the unaudited financial results published by the Company, so the Balance Sheet items and Cash flow information is shown as “NA” “Not Applicable”.
- 2) Additional information which were not disclosed in the above mentioned financial result is also show as “NA”.
- 3) Tier I Capital Adequacy Ratio and Tier II Capital Adequacy Ratio were not disclosed separately in the unaudited financial results of the Company for the quarter ended on June 30, 2023. Total Capital Adequacy Ratio (CRAR) of the Company as on June 30, 2023 is 26.23%.
- 4) #Stage 3 Loans were not disclosed in the unaudited financial results of the Company for the quarter ended on June 30, 2023. The NPA position as on June 30, 2023 is as under.

Particulars	June 30,2023
a. Gross NPA	0.59%
b. Net NPA	0.23%

- (b) The table below sets out the key operational and financial parameters of our Company for the financial year ended March 31, 2023 based on audited Ind AS financial statements:

(₹ in lakh)

Particulars	Fiscal 2023
BALANCE SHEET	
Assets	
Property, Plant and Equipment	1,771.81
Financial Assets	42,713.40
Non-financial Assets excluding property, plant and equipment	5,456.90
Total Assets	49,942.11
Liabilities	
Financial Liabilities	
-Derivative financial instruments	-
-Trade Payables	-
-Debt Securities	10,247.75
-Borrowings (other than Debt Securities)	8,676.34
-Subordinated liabilities	17,589.30
-Other financial liabilities	4,385.33
Non-Financial Liabilities	
-Current tax liabilities (net)	-
-Provisions	171.58
-Deferred tax liabilities (net)	-
-Other non-financial liabilities	130.42
Equity (Equity Share Capital and Other Equity)	8,741.39
Total Liabilities and Equity	49,942.11
PROFIT AND LOSS	
Revenue from operations	8,313.37
Other Income	7.28
Total Income	8,320.65
Total Expense	8,240.47
Profit after tax for the year	80.18
Other Comprehensive income	9.40
Total Comprehensive Income	89.58

Earnings per equity share (Basic)	0.13
Earnings per equity share (Diluted)	0.13
Cash Flow	
Net cash from / used in(-) operating activities	(4,369.98)
Net cash from / used in(-) investing activities	(565.96)
Net cash from / used in (-)financing activities	5,172.67
Net increase/decrease(-) in cash and cash equivalents	236.73
Cash and cash equivalents as per Cash Flow Statement as at end of Half Year	795.45
Additional Information	
Net worth	8,741.39
Cash and cash equivalents	795.45
Loans	40,634.42
Loans (Principal Amount)	40,800.91
Total Debts to Total Assets	0.73
Interest Income	7,406.46
Interest Expense	3,891.90
Impairment on Financial Instruments	81.60
Bad Debts to Loans	-
% Stage 3 Loans on Loans (Principal Amount)	0.61%
% Net Stage 3 Loans on Loans (Principal Amount)	0.22%
Tier I Capital Adequacy Ratio (%)	17.94%
Tier II Capital Adequacy Ratio (%)	9.18%

Notes:

- 1) Total Debts to Total assets = Debt securities + Borrowings (other than debt securities) + Subordinated liabilities/ Total Assets
- 2) The following events occurred between April 1, 2023 – September 14, 2023.
 - (i) The Company from April 1, 2023 till September 14, 2023 have made the repayment of the term loans from Canara bank amounting to ₹141.56 lakh
 - (ii) The Company from April 1, 2023 till September 14, 2023 has redeemed secured privately placed non-convertible debentures amounting to ₹720.28 lakh out of which ₹4.76 lakh pertains to non-convertible debentures which were earlier matured but remained unclaimed.
 - (iii) The Company from April 1, 2023 till September 14, 2023 has redeemed subordinated debt amounting to ₹1,248.80 lakh
 - (iv) The Company has raised funds through issuance of subordinated debt amounting to ₹2,840.70 lakh.
 - (v) The Company has been sanctioned term loan of ₹2,500 lakhs and has availed term loan ₹700 lakhs as of September 14, 2023.
- (c) The table below sets out the key operational and financial parameters of our Company for the financial years ended March 31, 2022 and March 31, 2021, based on audited Indian GAAP financial statements:

(₹ in lakh)

Particulars	Fiscal 2022	Fiscal 2021
BALANCE SHEET		
Assets		
Property, Plant and Equipment	1,378.43	1,444.15
Financial Assets	36,991.90	36,470.32
Non-financial Assets excluding property, plant and equipment	924.48	584.19
Total Assets	39,294.81	38,498.66
Liabilities		
Financial Liabilities		
-Derivative financial instruments	-	-
-Trade Payables	-	-
-Debt Securities	5,021.58	6,741.57
-Borrowings (other than Debt Securities)	3,925.16	2,766.59

-Subordinated liabilities	17,277.70	16,459.90
-Other financial liabilities	3,295.47	2,624.23
Non-Financial Liabilities	.	.
-Current tax liabilities (net)	-	-
-Provisions	330.67	314.45
-Deferred tax liabilities (net)	-	-
-Other non-financial liabilities	639.59	798.30
Equity (Equity Share Capital and Other Equity)	8,804.64	8,793.62
Total Liabilities and Equity	39,294.81	38,498.66
PROFIT AND LOSS		
Revenue from operations	7,188.74	7,357.99
Other Income	143.91	115.56
Total Income	7,332.65	7,473.55
Total Expense	6,901.63	6,549.58
Profit after tax for the year	431.02	923.97
Other Comprehensive income	N.A.	N.A.
Total Comprehensive Income	N.A.	N.A.
Earnings per equity share (Basic)	0.72	1.54
Earnings per equity share (Diluted)	0.72	1.54
Cash Flow		
Net cash from / used in(-) operating activities	4,094.35	627.98
Net cash from / used in(-) investing activities	(241.78)	(96.53)
Net cash from / used in (-)financing activities	(3,746.53)	(546.07)
Net increase/decrease(-) in cash and cash equivalents	106.04	(14.62)
Cash and cash equivalents as per Cash Flow Statement as at end of Half Year	558.72	452.68
Additional Information		
Net worth	8,804.64	8,793.62
Cash and cash equivalents	558.72	452.68
Loans	35,508.29	34,138.37
Loans (Principal Amount)	35,508.29	34,138.37
Total Debts to Total Assets	0.67	0.67
Interest Income	6,794.80	7,079.93
Interest Expense	3,199.06	2,924.55
Impairment on Financial Instruments	-	-
Bad Debts to Loans	-	-
% Stage 3 Loans on Loans (Principal Amount) (Note 2)	N.A.	N.A.
% Net Stage 3 Loans on Loans (Principal Amount) (Note 2)	N.A.	N.A.
Tier I Capital Adequacy Ratio (%)	23.23%	23.03%
Tier II Capital Adequacy Ratio (%)	11.85%	11.74%

Notes:

- 1) Items such as Financial Assets, Non-financial Assets, Other financial liabilities, Non-Financial Liabilities, Other non-financial liabilities, Other Comprehensive income, Total Comprehensive Income, Impairment on Financial Instruments were not to be disclosed as per the Financial statements prepared under IGAAP so the items are disclosed as "NA" ("Not Applicable")
- 2) Stage 3 Loans were not disclosed in the Audited Financial Statements for the Financial year ended on March 31, 2022 and March 31, 2021, respectively as it was not required to be disclosed under IGAAP. The NPA position as on March 31, 2022 and March 31, 2021 is as under.

Particulars	Fiscal 2022	Fiscal 2021
Gross NPA (%)	1.08%	0.68%
Net NPA (%)	0.86%	0.50%

Debt Equity Ratio of the Company (as on March 31, 2023):

(₹ in lakh)

Particulars	As on March 31, 2023	
	Pre- Issue	Post- Issue [#]
Debt		
Debt Securities	10,289.71	20,289.71
Borrowings (other than Debt Securities)	26,390.29	26,390.29
Total Debts	36,680.00	46,680.00
Equity		
Equity Share Capital	6,000.00	6,000.00
Other Equity		
Special Reserve Fund	931.30	931.30
Securities Premium	-	-
Retained Earnings	1,810.09	1,810.09
Other Comprehensive Income	-	-
Less: Unamortized expenses of Public Issues, term loans, and other prepaid expenses	230.87	230.87
Total Equity	8,510.52	8,510.52
Debt/Equity	4.31	5.48

[#]The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹ 10,000 lakh from the Issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

Notes:

- 1) Debt securities represent principal outstanding of debt securities such as NCDs issued under public issue and private placement after adjustment of EIR (Effective Interest Rate) and NCDs matured but not paid under private placement.
- 2) Borrowings (other than Debt Securities) represent Term loan From Bank, Loans repayable on demand (Cash credit limit), Lease liabilities, and Subordinated Liabilities (Subordinated Debt) and SD matured but not paid.
- 3) The figures disclosed above are based on audited Financial Statements of the Company as at Financial Year ended March 31, 2023.
- 4) Debt / Equity Ratio= Total Debt (Borrowings) / Net worth
- 5) The following events occurred between April 01, 2023 – September 14, 2023:
 - (i) The Company from April 1, 2023 till September 14, 2023 have made the repayment of the term loans from Canara bank amounting to ₹141.56 lakhs.
 - (ii) The Company from April 1, 2023 till September 14, 2023 has redeemed secured privately placed non-convertible debentures amounting to ₹720.28 lakhs out of which ₹4.76 lakhs pertains to non-convertible debentures which were earlier matured but remained unclaimed.
 - (iii) The Company from April 1, 2023 till September 14, 2023 has redeemed subordinated debt amounting to ₹1,248.80 lakhs.
 - (iv) The Company has raised funds through issuance of subordinated debt amounting to ₹2,840.70 lakhs.
 - (v) The Company has been sanctioned term loan of ₹2,500 lakhs from State Bank of India and has availed term loan ₹700.00 lakhs as of September 14, 2023.

For details of the debt-equity ratio of our Company, see “Capital Structure” beginning on page 41.

Our Strengths

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

Our Company is engaged primarily in Gold Loan business with adequate experience based in South India

We are registered with RBI as non-deposit taking NBFC (base layer) having registration no. N-16-00185 dated June 10, 2010. We have been engaged in the Gold Loans business for over 13 years and we believe that we have been successfully meeting the expectations of our customers. Our Company is one of the growing Gold Loans companies in terms of branch expansion. We have network of 199 branches spread across 3 states namely Kerala, Tamil Nadu and Karnataka. We attribute our growth, in part, to our market penetration, particularly in areas less served by organised lending institutions.

We offer multiple schemes of Gold Loans to our customers. Our credit approval procedures, credit process and Gold Loans product which are designed to meet the requirements of our customers have also aided in attracting new customers and retaining existing customers which leads to increase in business.

Providing high-quality service to our customers

Our loan products are designed to align with our customers financial needs. The branches are set based on the market survey to ensure that branches are located near our customers. We have appointed qualified staff at the branch level who are adequately trained to appraise the collaterals and disburse loans in efficient manner and at regional and head office levels to handle customer support centers. Furthermore, since our Gold Loans are secured by gold jewellery, there are minimal documentary and credit assessment requirements, thereby shortening our turnaround time. We believe our high-quality customer service and quick response time are significant strengths for our business.

Access to a range of funding sources

Our Company predominantly access capital/ funding by means of term loans (including working capital term loans) and cash credit facilities from banks, issuances of redeemable non-convertible debentures on a public and private placement basis. Our Company has also issued subordinated debt which is considered as Tier II Capital of our Company. As of June 30, 2023, the total secured borrowings utilised by our Company aggregated to ₹ 12,897.64 lakh and unsecured borrowings utilised by our Company aggregated to ₹ 20,030.20 lakh, respectively. As on date of the Draft Prospectus, our Company has been assigned CRISIL BBB-/Stable rating by CRISIL Ratings for our bank facilities, existing public non-convertible debentures of ₹ 10,000 lakh and proposed public issue of NCDs.

Experienced senior management team and a skilled workforce

The Promoter and Key Managerial Personnel have significant experience and in-depth industry knowledge and expertise. Also, our Company has hired experienced employees, to strengthen the credit appraisal and risk management systems, and to develop and implement credit policies. We believe that the in-depth industry knowledge and loyalty of our senior management team provide us with an added advantage. Our Promoter, Chemmanur Devassykutty Bobby is a veteran in gold jewellery business and has led Chemmanur International group to grow into an international jewellery chain traversing different countries such as USA and Middle East. Our Chief Executive Officer, T K Thomas, is with the Company as CEO for the last 12 years and has been in gold loan NBFC sector for the last 17 years. Our Chief Financial Officer, Pramod M, has over 16 years of experience in financial services industry. Further, our Company has been successful in attracting, fostering and retaining the good talent.

Effective internal controls and risk management systems

We believe that we have effective internal controls and risk management systems that allow us to assess and monitor risks across our business lines. Our internal audit is carried out by a team of gold inspectors and internal auditors specially identified for the purpose based on a schedule fixed by the risk management team in our head office. Our Board has constituted various committees, including the Audit Committee, Asset Liability Management Committee and Risk Management Committee, to monitor and manage risks at various levels. For details of Committees, please refer to section titled 'Our Management' on page 103. We place emphasis on risk management measures to maintain an appropriate balance between risk and return and have taken steps to implement comprehensive policies and procedures to identify, measure, monitor and manage risks. New loan schemes under loan products are launched as approved in meeting of the management team consisting of heads of departments. Such meetings are held as required and approvals are granted taking into account the lending policy approved by the Board. We believe that we have effective procedures for evaluating and managing the market, credit and other relevant risks.

Secured loan book and healthy asset quality

We provide finance which are secured against pledge of household gold jewellery in the case of Gold Loans and hypothecation of business assets in the case of small business loans. Hypothecation of stock of goods and other assets,

including assets/ stock of goods acquired with the loan amount are provided as security for our small business loans. We believe this provides us with a cushion against possible defaults by the borrowers. We believe that our effective credit approval mechanisms, credit control processes, audit and risk management processes and our lending policy, audit policy and risk management policy help us maintain the quality of our loan portfolio. Our gross non-performing assets and net non-performing assets as a percentage of our AUM for the quarter ended on June 30, 2023 stood at 0.59 % and 0.23 %, respectively.

Our Strategies

The business strategies of our Company are designed to capitalize on our competitive strengths and enhance our market position. Key elements of our strategies include:

Expanding our geographical reach

We intend to continue to grow our loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential. A good reach to customers is crucial for our business. The customers of our Company are retail customers, small businessmen, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail Gold Loans by pledging their gold jewellery and ornaments with us rather than by taking loans from banks and other financial institutions. As on June 30, 2023, our Company has 199 branches located across 3 states i.e., Kerala, Tamil Nadu and Karnataka. Our strategy for branch expansion includes further strengthening our presence in South Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in South Indian states. We also seek to expand our business through branch expansion in non-southern states to expand our geographical reach in order to meet the growing demand and enhance our ability to reach out to new customers in these states. We expect to penetrate new markets and expand our customer base in rural and semi-urban markets where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all.

In-house training capabilities and strengthening recruitment process

Our Company has been targeting to recruit qualified staff at all levels who can be groomed to take up challenges and come out with better performance. We also endeavour to develop learning solutions for preparing our employees to equip them with necessary skills to cater the ever-increasing needs of our customers. The training department is functioning under the Department of Human Resources. The department understands that it has a key role to play in keeping the employees' aspirations and organizational goals aligned. They work on the principle that better knowledge helps employees to serve customers better.

Further growth of our Gold Loan business

Historically, Indians have been one of the largest consumers of gold due to the strong preference for gold jewellery among Indian households and its widespread use as a savings instrument. Indian population views investment in gold as a fallback option in the times of need. As a result, the market for gold loan financing in India offers good potential for further growth. Loans can be required for meeting some sudden medical exigency or for educational purposes or for business by enterprise owners. Gold loans extended by the NBFCs are very handy and flexible, though costlier than loans provided by banks. The Company continuously monitors viability of each branch with respect to per branch asset under management.

Target new customer segments

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

Product diversification

Our Company is planning to enter into business in new Gold Loan products such as "Online Gold Loan" followed by

“Door Step Gold Loan”. New products will be launched initially in selected locations after evaluating the risks involved and later on extended to more areas based on performance. In addition to these, we shall be coming out with new variants of gold loan products based on continuous study and appraisal of the Gold Loan market and customers’ needs.

Strengthen our operating processes and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks relating to the lending business. The objective of our risk management systems is identifying, assessing, monitoring and measuring various elements of risks involved in the business such as including credit risk, interest risk, market risk, liquidity and to implement policies and procedures to mitigate such risks. We plan to continue to adapt our risk management procedures, to take account of trends we have identified. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage all the business risks inherent to our business.

Loan-Book for the quarter ended as on June 30, 2023 and financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021

The product-wise loan book of our Company for the quarter ended June 30, 2023 and financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021 is as follows:

Particulars	Total Assets Under Management (₹ in lakhs) as of				% of Assets Under Management (%) as of			
	June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021	June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Gold Loans	31720.91	30,190.86	27,625.48	27,791.34	76.97%	74.00%	77.80%	81.41%
Microfinance Loans	5463.88	5,820.77	3,063.61	2,639.14	13.26%	14.27%	8.63%	7.73%
Business Loans	3219.62	3,818.60	3,871.09	3,276.94	7.81%	9.36%	10.90%	9.60%
Other Business*	808.43	970.68	948.10	430.95	1.96%	2.38%	2.67%	1.26%
Total	41212.84	40,800.91	35,508.28	34,138.37	100.00%	100.00%	100.00%	100.00%

*Other business includes consumption loans and insta loans (personal loan)

Our Company’s Business

Gold loans

Our core business is disbursement of Gold Loans, which are typically small ticket loans secured by the pledge of gold jewellery. For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021, we had approximately 65,206, 64,461, 65,068 and 68,946 respectively Gold Loans accounts, aggregating to ₹ 31,720.91 lakh, ₹ 30,190.86 lakh, ₹ 27,625.48 lakh and ₹ 27,791.34 lakh which comprised 76.97 %, 74.00%, 77.80% and 81.41% of our total assets under management respectively.

For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021 income from interest on our Gold Loans constituted 69.26 %, 66.76 %, 78.18 % and 77.11 % of our total income, respectively. For the quarter ended June 30, 2023 and the financial years ended as on March 31 2023, March 31, 2022 and March 31, 2021 the average loan amount advanced by us was ₹ 53,602, ₹ 43,868, ₹ 40,589 and ₹ 43,871 per loan transaction. For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021, our Gold Loans portfolio yield (representing interest income on Gold Loans as a percentage of average outstanding of Gold Loans), were 21.26 %, 20.70 %, 20.69 % and 22.50 % per annum, respectively.

Loan disbursement process

Initial Evaluation and Loan Origination Process

The principal form of security that we accept is household gold jewellery. While these restrictions narrow the pool of assets that may be provided to us as security, we believe that it provides us with the key advantages. 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 lend up to 75% of the value of jewellery (basis the category of gold loan scheme of the 22 carat gold price based on 30 days average price of 22 carat gold declared by India Bullion and Jewellers Association Limited, as per RBI

guidelines). We appraise the jewellery collateral solely based on the gold content in the jewellery. Our Gold Loans are 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. As per our internal Gold Loan manual, we do not accept household gold jewellery below 22 carats as security for Gold Loans.

Before sanctioning the Gold Loan, the branch officials take precautions and obtain declarations to ensure that the applicant who is pledging the ornaments, is the owner of those ornaments and that the borrower is creditworthy. We conduct field checks to ensure the financial standing and repayment capacity of loan applicants in case the aggregate loans outstanding of the borrower exceeds ₹ 2,00,000 basis which a report is prepared. This is done by way of physical visits to the business/residential place of the customer by the Branch Manager and a branch staff member before processing the loans. The area manager/regional managers further cross verify the particulars of these records. In event of aggregate loan outstanding of the borrower exceeds ₹ 8,00,000, the Area Manager/ Sr. Area Manager shall conduct joint field visits and the field visit reports for borrowers with aggregate loan outstanding above ₹ 12,00,000 are countersigned by the Zonal Manager. We also photograph customers with web-cameras installed in our branches at the time of each pledge. A unique customer number is provided to every customer. The customer's gold is checked for its authenticity by our team of appraisers. Further, a declaration of ownership of the gold jewellery is obtained from the borrower in all cases.

Loan Approval process

The first step in the process is the appraisal and evaluation of the household gold jewellery and ornaments, as security/collateral for the Gold Loans. Employees in our branches are trained for gold appraisal and operate in accordance with guidelines contained in our internal Gold Loan manual regarding their function and responsibilities. The initial appraisal is performed by a trained employee and verified by the Branch Manager/ Branch in charge. This process involves several principal tests, which include the acid and salt test, point scratching test, the weight test, flexibility test, smell test, usability test and sound test. The gross weight of the gold jewellery is determined by weighing the jewellery. The weight of stones and other material that is embedded in the jewellery is also deducted from the gross weight to determine the net weight.

During the appraisal and evaluation, the customer fills the application form in connection with the gold to be provided as security and thereafter recorded by an appraiser after the gold has been appraised and evaluated. The application is then signed by the customer, the appraiser (staff) and also by the branch manager/manager in charge.

Sanction of loan

In order to have an overall control over the sanction of loans to a single borrower and to ensure the need for having an in-depth knowledge of the borrower who avail higher amounts of loans, the sanction powers are delegated to various authorities of our Company as provided below:

Sanctioning level	Maximum LIMIT per borrower (₹)
Branch Manager	8,00,000
Area Manager /Sr. Area Manager Regional Manager	12,00,000
Zonal Manager	20,00,000
By Head Ops / CFO	30,00,000
HO GL Sanction Committee	Specific cases above ₹ 30 lakh up to ₹ 50 lakh to a single borrower duly recommended by BM, AM/ Sr. Area Manager /RM and ZM shall be considered by a committee comprising of any two of the following three officials:- i) CFO ii) Head -Operations iii) Head - Sales by submitting all relevant details well in advance (3 working days). Details required to be submitted: 1. Field verification by AM/ Sr. Area Manager /RM and ZM jointly with their recommendations. 2. CIBIL report of the customer

	3. Information on the business of the borrower such as ITR, Annual Return etc. if desired by the committee.
Maximum limit per borrower	₹ 50,00,000/- for a maximum period of 6 months.

Post disbursement process

Custody of gold collateral and Inventory Control

The gold jewellery and ornaments pledged by the customers are kept in plastic bag and sealed. These ornaments are appraised by the appraiser and verified by the branch manager and joint custodian. The packets are kept in cabinets in the strong room. When the packets/covers are kept inside, entry is made in the securities register which is also kept inside the strong room. In few of our branches where sufficient space is not available for building a strong room, the gold ornaments are stored in fire-proof/burglar proof safes. The safes and strong rooms in which the gold jewellery is kept are built as per industry standards and practices. The physical stock of pledge packets is also verified and tallied with the general ledger on a fortnightly basis and at the time of internal audit and gold inspection. Further, no new branches can be opened without storage arrangements having been made thereat.

Collection and Recovery Processes

We believe that our loan recovery procedure is particularly well-suited to our target market for each of our products. The entire collection operation is administered in-house through our branch officials and we do not outsource loan recovery and collection operations. The customers may redeem the loan at any time prior to the full tenure. In the event that a loan is not repaid on time and after providing due notice to the customer, the pledged gold is disposed off in public auction in accordance with the Board approved auction procedure and applicable RBI guidelines. Auction proceeds will be adjusted against the Principal, Interest, postages and auction charges due from the customer. Any surplus arising out of the auction proceeds after adjusting the dues from the customer is refunded to the customer or is appropriated towards any other liability by the borrower. In the event that the recoverable amount is more than the realisable value of the pledged gold, the customer remains liable for the shortfall. Notices are sent to all customers whose ornaments are auctioned, intimating them of amount adjusted towards dues and surplus or deficit after such adjustment.

Our Company has an internal collection process wherein a customer is intimated by means of short messaging service and phone calls in the event of defaults in repayment in a timely manner. When a customer does not repay loan on or before its maturity, even after repeated follow up, we initiate the recovery process and dispose off the pledged gold, by public auction as per Reserve Bank of India guidelines to recover the amount owed to us, including the principal, interest and other charges. Before initiating the recovery process, we inform the customer through registered notices. Gold ornaments pledged with our Company will be disposed by the Company by way of public auction, after the due date. Our Company will give due notice of auction to the customer by way of registered post at least 15 days before the date of auction.

Our Auction Policy

Chemmanur Credits and Investments Limited is an NBFC mainly engaged in lending against the security of gold ornaments. The situation for auction of the gold ornaments pledged arises only when the borrower has not repaid the dues in spite of the various opportunities given to him by our Company. Thus, auction of the pledged gold ornaments is the last measure resorted by our Company to recover the dues from the borrower. It shall be the policy of our Company to avoid the auction of the ornaments pledged by the customer to the maximum possible extent.

Our Company shall follow up with the borrowers for release of the pledged ornaments before putting the same in the auction list by sending registered notice reminding the borrowers. Even after putting the ornaments in the auction list, a last opportunity shall be given to the customer to get the pledged items released by all possible means of settlement.

Our Company normally categorizes those loan accounts in which pledged ornaments are not released within the loan tenure as overdue loans accounts, and the same will be put in the auction list. Ornaments pledged in such accounts will be sold by public auction as per the terms of the policy. Though normally the Company includes only those accounts which are overdue for auction, in a situation where the gold price is on downward trend and the realisation of the loan dues is difficult, our Company can start the auction procedures by giving proper prior notice to the customer even before the accounts are categorised as overdue. However, such steps will be initiated only after a decision to that effect is taken by the Board.

If the loan is not settled by the customer even after receipt of the registered notice sent in respect of the overdue loans, final auction intimation shall be given to the customer by registered post with acknowledgement due giving him another

15 days' time and intimating him of date and place of auction. This intimation shall contain the details of loan such as the loan number, date of loan, net weight of the ornament pledged, principal amount, interest, additional interest and other charges due from the customer, and total amount due. Our Company keeps the post office receipt towards proof of intimation/ notice to the customer.

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

1. The Company shall obtain registration under respective rules and regulations in force particularly under GST rules. All the terms and conditions prescribed under such rules/regulations shall be complied with.
2. The gold ornaments pledged will be auctioned only through auctioneers approved and appointed by the Board.

The auction shall be announced to the public by issue of advertisement in at least two daily newspapers (one in national and one in vernacular language) and shall be made well in advance before the auction. The auction list shall also be displayed at respective branch office(s).

Microfinance Loans

Our microfinance loans are typically small ticket loans, unsecured and given to Joint Liability Groups of woman customers. Accordingly, we provide loans to groups of women, with each group consisting of minimum five women based on our criteria. Under the JLG model, loans are provided to individual customers, however group guarantees the repayment of loans given to individual members of the group. We provide Microfinance Loans upto a maximum limit of ₹ 60,000 for a maximum period of 24 months.

Our operations are focused on low income households engaged in economic activity and/ or women with limited access to formal financial institutions and our goal is to achieve gender equality in the society by providing the microfinance loan services to women.

For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021, we had approximately 59,149, 49,366, 23,686 and 33,849, respectively Microfinance Loan accounts, aggregating to ₹ 5,464 lakh, ₹ 5,821 lakh, ₹ 3,064 lakh and ₹ 2,639 lakh which comprised 13.26 %, 14.27 %, 8.63 % and 7.73 % of our total assets under management respectively.

For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021 income from interest on our Microfinance Loans constituted 14.53 %, 8.42 %, 5.39 % and 7.88 % of our total income, respectively. For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021 the average loan amount advanced by us was ₹ 15,454, ₹ 15,770, ₹ 20,457 and ₹ 15,202 per loan transaction. For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021, our Microfinance Loans portfolio yield (representing interest income on Microfinance Loans as a percentage of average outstanding of Microfinance Loans), were 24.08 %, 22.59 %, 13.85 % and 20.41 % per annum, respectively.

Increase in Microfinance Loans

With the changes brought in by RBI in 'Microfinance Lending Framework', with effect from current Financial Year, we are authorised to increase lending under Microfinance schemes upto 25 % of total assets as against 10% till last Financial Year. We can grant more loans to Microfinance borrowers through more number of branches in the coming years.

Microfinance Loan disbursement process

The Microfinance branches identify locations where loans are required through market survey within vicinity of branch and collect the KYC documents of the prospective loanees. A group guarantee is taken from the members of JLG group and the loan documentation is completed after the required personal verifications. Group training sessions are held wherein all rules and regulations in respect of the microfinance services are provided to each group. A housing survey of the members of each group is also conducted during this process. The loans of members of a particular group are handed over to their group leader. The collection for the loans is made on daily basis.

Business Loans

Apart from Gold Loans, we also provide financial assistance to individuals, who are engaged in small scale businesses,

but are currently dependent on informal sources of funding which is known as “Gramin Shakthi Loan” or “GSL”.

Gramin Shakthi Loans are provided to mitigate their difficulty in meeting business requirements or to raise working capital funds.

GSL are secured business loans, wherein our Company offer loans upto ₹ 1,50,000 for various fund requirements like working capital needs, expansion of business etc. with weekly instalment or monthly instalment options.

Our business loans typically cover loans provided against the hypothecation of business asset with the loan amount ranging from ₹ 25,000 to ₹ 1,50,000. The tenure of such business loan generally ranges from 50 weeks to 104 weeks. The interest charged is at 25 % per annum at a diminishing rate.

For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021, we had approximately 16,630, 19,127, 16,539 and 16,572, respectively Business Loan accounts, aggregating to ₹ 3,220 lakh, ₹ 3,819 lakh, ₹ 3,871 lakh and ₹ 3,277 lakh which comprised 7.81 %, 9.36 %, 10.90 % and 9.60 % of our total loan and advances respectively.

For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021 revenues from our Business Loans constituted 9.45 %, 11.72 %, 8.10 % and 9.08 % of our total income, respectively. For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021 the average loan amount advanced by us was ₹ 37,592, ₹ 34,231, ₹ 34,320 and ₹ 34,587 per loan transaction. For the quarter ended June 30, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021, our Business Loans portfolio yield (representing interest income on Business Loans as a percentage of average outstanding of Business Loans), were 25.34 %, 24.36 %, 16.62 % and 20.83 % per annum, respectively.

Loan Disbursement Process

Initial Evaluation and Loan Origination Process

Our field officers identify potential borrowers within in the vicinity of our branches based on eligibility criteria such as a) persons engaged in buying and selling of goods/commodities either as retailer/wholesaler, b) self employed persons engaged in service sector and c) regular income with capacity for repayment of loan with interest. The GSLs are secured usually by way of (i) demand promissory notes, and/or (ii) hypothecation of goods/stock/equipment/machinery acquired and/or (iii) personal guarantee of close relatives of the borrower or persons acceptable to our Company.

Loan approval and Collection process

For approval of loan, the staff of our Company has to compulsorily collect self-attested true copies of the bank pass book issued in the name of the borrower, post which the loan application is processed. Managers make visits to the applicant's business location/residence for loan appraisal purpose. Based on set parameters, meetings with customers are conducted through personal visits. Once a proposal is sanctioned, our Company works towards the agreement executions and disbursements are conducted. Repayment of the loan with interest is ensured based on prefixed weekly installments advised to the borrower.

Our Field officers visit borrowers' place of business for collection of weekly installments on specified dates. Installment is collected and receipt is provided to the borrower. Collection details are updated in the system using a designed android application in the presence of the borrower.

Other Business

(i) Personal Loan

We also offer two unsecured loan products viz. Consumption loans and Insta loans (personal loans). The Consumption Loans and Insta Loans are provided to eligible customers, who are having regular income with capacity to repay the loan with interest.

(ii) Money Transfer Services

We provide money transfer service as a fee-based business for transfer of money from abroad. Under our money transfer agreements, with agents of Money Transfer companies we make payment of money remitted by persons

from abroad to the beneficiaries after checking their identity. The money paid by us on behalf of the agent of the Money Transfer company is refunded to us by the agent on the next working day after payment. We are entitled to receive a commission for the services provided depending on the number of transactions and the amount of money transferred.

With expected increase in branch networks we expect increased volume in Money Transfer services and resultant increase in income in the coming years.

(iii) Insurance and micro-insurance distribution services

We have tied up with insurance providers such as Kotak Mahindra Life Insurance Company Limited and Liberty Health Insurance Limited for distribution of their products. We are acting as master policy holders to cover our customers and their spouses under Micro Finance and Gramin Shakthi loans. The insurance coverage ranges from ₹ 5,000 to ₹ 1,50,000 depending on the loan amount. We have obtained corporate agency license from IRDAI to solicit life insurance, general insurance and health insurance.

We plan to focus more on Insurance business in coming years. With the proposed increase in branch network and geographical coverage we expect a reasonable increase in Insurance business and increase in our income.

Branch Network

Our Company has established a presence in South India, with 199 branches located across 3 states, namely Kerala, Tamil Nadu and Karnataka as of June 30, 2023. The distribution of branches across India by region as of June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 is as set out in the following table:

State	As of			
	June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Kerala	121	121	114	113
Tamil Nadu	41	41	23	18
Karnataka	37	33	10	Nil
Total	199	195	147	131

Marketing, Sales and Customer Care

Our Company undertakes publicity through media, both print and electronic to increase the visibility of our brand. Our media plans consider the visibility and reach of our brand within the desired budget. These advertisements are carried out across various states wherever our Company has presence. This helps individual branches to target the public and thereby generate business from the locality. We advertise more through digital/social media platform rather than print and electronic media. The branches of our Company display the ombudsman scheme available for customers, the names and address of the nodal officer (Grievance Redressal Officer) along with the RBI official in respect of customer grievances for addressing customer complaints. Our grievance redressal mechanisms are further monitored by the ‘Stakeholders Relationship Committee’ of our Board.

Asset Quality

We maintain our asset quality through the establishment of prudent credit norms, the application of stringent credit evaluation tools, limiting customer exposure, and direct interaction with customers. In addition to our credit evaluation and recovery mechanism, our asset-backed lending model and adequate asset cover has helped maintain low gross and net NPA levels.

NPA Policy

Our Board adopted the policy on income recognition and asset classification dated May 26, 2023 (“**IRAC Policy**”). In terms of the IRAC Policy, all gold loans outstanding beyond the loan validity are disposed of as per our Auction Policy. In order to undertake this, our Company has put in place a gold loan monitoring, follow-up and disposal mechanism. In the case of other loans regular follow up is done in person by field officers and their supervisors to recover overdue/NPA loans.

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 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 *inter alia* the following provisions on their loan portfolio:

Asset Classification	Provisioning Policy
Standard Assets	0.25%
Sub-standard Assets	10% of the principal & 100% of interest accrued but not collected
Doubtful Assets	(a) 100% of the principal to the extent to which the advance is not covered by the realisable value of security and 100% of interest accrued but not collected (b) In addition to item (a) above, depending upon the period for which asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion shall be made.
Loss Assets	100% write off

For further details, please refer to “Key Regulations and Policies” on page 161.

Based on the RBI Master Directions for asset classification, details of the classification of our gross NPAs for significant classes of our assets for the quarter ended Juen 30, 2023 and the Fiscals 2023, 2022 and 2021 are furnished below:

Details of NPA and provisions thereon of our Company, as of the specified dates are set out in the table below:

(₹ in lakh)

Asset Type	As on June 30, 2023	As on March 31		
		2023	2022	2021
Sub-standard	41.36	57.99	321.69	181.57
Doubtful	132.81	136.75	26.10	15.67
Loss	70.66	54.35	36.06	36.33
Gross NPA	244.83	249.09	383.85	233.57
Gross NPA% of Assets under management	0.59%	0.61%	1.08%	0.68%
Less Provisions	148.32	150.19	77.74	62.42
Net NPA	96.51	98.9	306.11	171.15
Net NPA% of Assets under management	0.23%	0.24%	0.86%	0.50%

Assets-Liabilities Management Policy

Our Board adopted the asset-liability management policy (“ALM Policy”) vide board resolution dated May 26, 2023. Through this policy, our Company proposes to lay down broad guidelines in respect of interest rate and liquidity risks management systems in Company, which form part of the Asset-Liability Management (ALM) function. The initial focus of the ALM function would be to enforce the risk management discipline, i.e., managing business after assessing the risks involved. The organizational set up for liquidity risk management under the ALM Policy has been divided between (a) the Board of Directors, (ii) the Risk Management Committee, and (iii) the Asset-Liability Management Committee (“ALCO”).

Funding Sources

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to achieve funding stability and liquidity. Our sources of funding comprise term loan and cash credit from banks, issuances of (i) redeemable non-convertible debentures; (ii) subordinated debt in addition to equity infused by the Promoter.

For details, please refer to sections titled “Financial Information” and “Financial Indebtedness” on pages 115 and 117,

respectively.

Capital Adequacy and Leverage Ratio

As per the Master Directions, every NBFC-ND-NSI (NBFC-BL) including us is subject to the leverage ratio requirements and capital adequacy requirements prescribed by the RBI. Currently, we are required to maintain capital adequacy 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 are required to maintain a minimum Tier I Capital of 12.00% and also the total of Tier II capital, at any point of time, shall not exceed one hundred percent of Tier I capital. We are required to maintain a Leverage ratio of not more than 7 times. Additionally, we are required to transfer up to 20% of our net profit to a reserve fund and make provisions of NPAs. We had Tier I and Tier II capital adequacy ratio of 27.12%, 35.08% and 34.76% as on March 31, 2023, March 31, 2022 and March 31, 2021 respectively. Where Tier I capital adequacy ratio stood at 17.94%, 23.23% and 23.03% as on March 31, 2023, March 31, 2022 and March 31, 2021 respectively, against prescribed limit of 12% for NBFCs engaged in business of gold loans. We had leverage ratio of 4.79 times, 3.47 times and 3.38 times for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021. We have satisfied the minimum capital adequacy ratios prescribed by RBI for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021.

Risk Management

Risk Management Policy approved vide board resolution dated September 29, 2022 represents the standards of risk assessment to be followed by our Company as an NBFC, formulated in line with the RBI guidelines, and with the approval of the Board of Directors. Company's Risk management is a business facilitator by making more informed decisions with balanced risk-reward paradigm. Our Company follows a disciplined risk management process and has been taking business decisions, ensuring growth and a balanced approach on risk reward matrix. The policy lays down a framework for identifying, assessing, and measuring various elements of risk involved in the business and formulation of procedures and systems for mitigating such risks.

i. Credit risk

Credit risk is a risk of loss due to failure of a borrower to meet the contractual obligation of repaying his debt as per the agreed terms is commonly known as risk of default.

ii. Market risk

This is due to external market dynamics, which gives rise to risks like fall in price of security, interest Rate Risk and Funding Risk. Our Company deals with gold loans and has to face the risk of market fluctuations in the price of the gold which is determined by many factors. Our Company shall resort to proper ways to manage such risks.

iii. Operational risk

An operational risk is any eventuality arising out of the act relating to people, technology, infrastructure and external factors, which can give rise to some type of loss in the organisation, is termed as operational risk. Mostly it is internal and unknown. Therefore the persons responsible shall keep continuous watch and shall gather the symptoms / warning signals to manage operational risk.

iv. Liquidity risk

Company may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Internal Audit System

A tiered approach is undertaken by our internal audit team in accordance with audit policy approved vide board resolution dated May 26, 2023 to strengthen our risk management process. We have internal audit systems which consist of audit and inspection, for risk assessment and internal controls. The audit system comprises of accounts audit and gold appraisal. In accordance with our audit policy, all of our branches are subject to gold audit every 25 days and internal audit of Microfinance Loans, Business Loans and personal loans is conducted once in every three months.

Credit Rating

We have been provided CRISIL BBB- (Stable) rating by CRISIL Rating for our bank facilities of ₹ 2,500 lakh and existing public listed non-convertible debentures of ₹ 10,000 lakh. We have also obtained CRISIL BBB- (Stable) from CRISIL Rating for public issue of NCDs of ₹ 10,000 lakh. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business.

Competition

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

Insurance Coverage

We maintain insurance coverage on all our assets located at our registered office, on all our movable/immovable assets including gold ornaments kept as security in branch premises owned by us against Burglary and special perils (such as fire and earthquakes). Our insurance policies are generally policies with a one year validity that we renew upon expiry.

Intellectual Property

The trademark/service mark and logo in connection with the “BOCHE, CONQUER THE WORLD WITH LOVE” logo is owned by our Promoter and is pending for registration in various classes including classes which pertain to our Company’s business. There can be no assurance that our Promoter would be able to obtain registration of the aforesaid logo and trademarks under each or all of the classes. Once such trademark and/or logo is registered we intend to enter into an agreement with our Promoter for the use of such logo and/or trademark. We have obtained permission from our Promoter in writing to use the logo. For further details, see section titled “*Risk Factors*” on page 16.

Property

Our registered office is at Mangalodhayam Building, Round South, Thrissur – 680 001, Kerala, India which is being used by us on a leasehold basis. If these leases are not renewed on a timely basis or at all, we do not think that relocating would materially and adversely affect our operations and profitability.

Human Resource

As on June 30, 2023, we had 1,095 employees engaged in various business operations like sales, marketing, recovery, audit etc. We endeavour to nurture dedicated talent by providing required training. We groom our employees to take up challenges and to provide better customer service.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Brief background of our Company

Our Company was incorporated in Kerala on December 16, 2008, as a public limited company under the provisions of the Companies Act, 1956 as Chemmanur Credits and Investments Limited and received the certificate of commencement of business from the RoC on November 10, 2010. Our Company has obtained a certificate of registration dated June 10, 2010, bearing registration no. N16-00185 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking finance without accepting public deposits subject to the conditions mentioned in the certificate of registration.

Our Company is promoted by Chemmanur Devassykutty Bobby. The promoter has expanded the family-run business of more than 150 years of retail gold jewellery. Chemmanur Devassykutty Bobby, under the Bobby Chemmanur group, has branches in USA and Middle East apart from those in India and has interests in various other fields such as finance, chits, super market, real estate, builders and developers, e-commerce, holiday resorts, holiday timeshare/vacation ownership etc. The registered office of our Company is situated at Chemmanur Credits and Investments Limited, Mangalodhayam Building, Round South, Thrissur - 680001, Kerala, India. The liability of the members of our Company is limited. The Corporate Identification Number of our Company is U65923KL2008PLC023560.

Change in Registered Office of our Company

Date	Details of Registered Office
At incorporation	Building No.17/504-F4, Sarara Complex, Mavoor Road, Near New Bust Stand, Puthiyara, P.O. Kozhikode, Kerela – 673 001, India
March 19, 2012	Kozhikode to 4th Floor, West Fort Tower, West Fort Junction, Civil Lane, Thrissur – 680 004
May 25, 2013	Mangalodhayam Building, Round South, Thrissur – 680 001, Kerala, India

Main Objects of our Company

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

1. To carry on the business of lending or advancing money either upon or without security as a non-banking financial company as per RBI guidelines, to advance money either upon or without security to the weaker sections of society at preferential rate of interest or otherwise, including lending under microfinance schemes, to carry on the business of hire purchase by lending or advancing money upon or without security, and to carry on the business of money lending in accordance with the provisions of Kerala Money lenders Act, 1958, subject to all applicable rules and regulations.
2. To borrow, raise or receive money, including by way of debentures, bonds or otherwise, subject to the laws in force from time to time, but the company shall not carry on the business of banking as defined in the Banking Regulation Act, 1949.
3. To carry on and undertake the business of stock brokers, to undertake depository participant activities, to provide custodial and depository services of assets and securities, to collect dividends, bonuses, interests, income, rights, entitlements accruing on such assets and securities, to do the business of money transfer services, money changers, authorized dealers in foreign exchange or foreign securities, exchange houses etc. either directly or as agents, brokers or otherwise of other companies engaged in these businesses, to do fee based marketing activities for other third party products and services and to act as Business Correspondents and / or Direct Selling Agents of Banks and other Financial Institutions.
4. To act as a corporate agent for soliciting or procuring the business of all types of insurance.

Key Milestones and Major Events

Financial Year	Key Milestones/Major Events
2010	Certificate of registration issued by RBI to act as non-deposit taking NBFC.
2012-13	Opened our 100 th branch on August 24, 2012 (on first anniversary of opening of first branch)
2015-16	Expanded operation to Tamil Nadu
2016-17	Certificate of registration as Corporate Agency with IRDAI.

Financial Year	Key Milestones/Major Events
2021-22	Expanded operation to Karnataka
2022-23	Issued secured, non-convertible debentures for the first time. The securities were listed on BSE
2023-24	Expanded Operations to Maharashtra

Subsidiaries of our Company

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

Holding of our Company

As on the date of this Draft Prospectus our Company does not have any holding company.

Associate of our Company

As on the date of this Draft Prospectus our Company does not have any associate company.

Key terms of Material Agreements

As on the date of this Draft Prospectus our Company has not entered into any material agreements which are not in the ordinary course of business.

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. The composition of our Board is governed by the provisions of the Companies Act, 2013, and the rules prescribed thereunder, in compliance with the same, our Company require us to have not less than 3 (three) and not more than 15 (fifteen) Directors.

As on the date of this Draft Prospectus, our Board comprises of 5 (Five) Directors, of which 1 (One) Director is Chairman & Managing Director and 4 (Four) Directors are Non-Executive Directors including 1(One) women Director and 2 (Two) Independent Directors.

Details of Board of Directors as on the date of this Draft Prospectus:

Name, designation, and DIN	Age (in years)	Address	Date of Appointment	Other directorships
Chemmanur Devassykutty Bobby Designation: Chairman & Managing Director DIN: 00046095	59	Chemmanur House, Avenue Road, VTC, Thrissur - 680005, Kerala India.	Since incorporation	• Bobby Chemmanur Enterprises Private Limited
Lijo Moothedan Designation: Non-Executive Director DIN: 00877403	48	Moothedan House, Villa No. 47B/ 48, Hilite Spingdale Velliparamba, Kuttikka Ttoor Kozhikode 673008 Kerala India	Since incorporation	• C.D.B. 24 Karat International Jewellers Private Limited • C.D.B. 24 Karat Gold and Diamonds Private Limited • Chemmanur Gold Palace International Limited • Bobby Chemmanur (No. 1) Chits Private Limited • Bobby Chemmanur Enterprises Private Limited • Bobby Chemmanur Entertainments Private Limited • Boche Bhumi Putra Private Limited
Smitha Bobby Designation: Non-Executive Director DIN: 00046059	52	270/AB/17, 45/46A, Hilite springdale Villa, VTC: Kuttikatoor PO: Velliparamba District Khozikode - 673 008, Kerala, India	September 2, 2022	Nil
Antony Sebastian C. Designation: Independent Director DIN: 10083087	69	Choorakkal House, Thavoos Lane, Mission Quarters, Thrissur, 680001 Kerala India	March 24, 2023	Nil
Edathole Habeebul Rahiman Designation: Independent Director DIN: 06973269	68	Naduvattam Beypore Kozhikode 673015 Kerala India	March 24, 2017	Nil

Brief profile of the Directors of our Company

Chemmanur Devassykutty Bobby is the Chairman & Managing Director of the Company. He is a veteran in gold jewellery business and has led Chemmanur International group to grow into an international jewellery chain traversing different countries such as USA and Middle East. He has been involved in multiple charity activities including Bobby Fans Association Charitable Trust (founder trustee) and Life Vision Charitable Trust (founder trustee). He has been awarded an Honorary Doctorate by World Records University, Mother Theresa Award and Vijayashree Award, Longest Marathon Run (812 KM) for starting world's largest blood bank by Unique World Records, World Records University, Asia Book of Records, India Book of Records, and Limca Book of Records, Business Excellence Award by Cochin Herald & Indian Chamber of Commerce & Industry, Ambassador of Peace by Universal Peace Federation, among others.

Lijo Moothedan is the Non- Executive Director of the Company. He has over 15 years of experience in jewellery segment and expertise in management and operation of diverse nature of business. He holds a degree of Bachelor of commerce from Calicut University.

Smitha Bobby is a Non-Executive Director, who joined the Board of our Company in 2022. She is spouse of Chemmanur Devassykutty Bobby, Chairman & Managing Director of our Company.

Edathole Habeebul Rahiman is the Independent Director of the Company. He holds the degree of Bachelor of Science – Agriculture from Kerala Agricultural University. He joined the Board of our Company in 2017, as Independent Director. Prior to joining the Company, he was the General Manager of Bank of Baroda.

Antony Sebastian Choorakkal is the Independent Director of the Company. He is a Practicing Chartered Accountant who has been in practice for last 40 years and has experience in statutory audits of companies, banks, firms and other entities, societies etc. He joined the Board of our Company in March 24, 2023, as Independent Director.

Relationship between Directors

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

Sr. No.	Name of Director	Designation	Relationship with other Directors
1.	Chemmanur Devassykutty Bobby	Chairman & Managing Director	Lijo Moothedan – Brother-in-law. Smitha Bobby – Wife
2.	Lijo Moothedan	Director	Chemmanur Devassykutty Bobby - Brother-in-law. Smitha Bobby – Sister
3.	Smitha Bobby	Non-Executive Director	Chemmanur Devassykutty Bobby – Husband Lijo Moothedan – Brother

Remuneration of Directors

Details of remuneration paid for the current year, Fiscals 2023, 2022 and 2021 by our Company:

(₹ in lakh)

Name of Director	For Current Financial Year (till June 30, 2023)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Chemmanur Devassykutty Bobby	27.00	108.00	84.00	60.00
Jisso C Baby*	-	-	-	11.15

*Ceased to be a Whole-time director of the Company w.e.f. March 13, 2021

Remuneration paid to the Directors for the current year and Fiscals 2023, 2022 and 2021 by our Subsidiaries and Associates:

Not applicable, as our Company does not have any subsidiaries or associate companies as of the date of this Draft Prospectus.

The terms of remuneration of the Chairman & Managing Director are as below:

The following table sets forth terms of remuneration to Chemmanur Devassykutty Bobby, Chairman & Managing Director, with effect from April 1, 2021, subject to review every Financial Year based on the net profit for the respective year and in conformity with the relevant provisions of the Companies Act, as approved by the Board of Directors at their meeting held on September 6, 2021 and shareholder's resolution dated September 30, 2021. Though the shareholders had fixed remuneration of ₹ 96,00,000 for the FY 2021-22 in the annual AGM dated September 30, 2021, due to inadequate profit during the FY 2021-22, the remuneration paid has been limited to ₹ 84,00,000, which is maximum remuneration as per Section 197 of the Companies Act read with Schedule V of Companies Act, 2013.

The Board in their meeting held on September 2, 2022 and shareholders by their resolution dated September 30, 2022 approved payment of remuneration of ₹ 1,08,00,000 to Chemmanur Devassykutty Bobby, Chairman and Managing Director with effect from the FY 2022-23 as per Section 197 of the Companies Act read with Schedule V of Companies Act, 2013.

Particulars	Remuneration
Salary	₹ 1,08,00,000
Bonus	NIL
Perquisites	NIL

Remuneration of Independent Directors

The Independent Directors are paid remuneration by way of sitting fees and reimbursement of other expenses (travelling, boarding and lodging) incurred for attending the Board/Committee meetings. The Non-Executive Directors are not paid any sitting fees.

Our Company pays sitting fees of ₹ 25,000 per meeting to the Independent Directors for attending the meetings of the Board and Committees thereof. The Non-Executive Directors are not paid any sitting fees during the current year and the last three fiscals i.e., Fiscal 2023, 2022 and 2021.

There is no commission paid to any of the Directors during the current year and the last three fiscals i.e. Fiscal 2023, 2022 and 2021.

Confirmations

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

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

None of our Directors is 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 of Equity Shares) Regulations, 2021.

None of the director of our Company are promoters or whole time directors of another company that is a wilful defaulter.

None of our Directors have been categorised as a wilful defaulter by the RBI, any government/regulatory authority and/or by any bank or financial institution. None of our Directors are 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.

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

Borrowing Powers of the Board:

Pursuant to resolution passed by the shareholders of our Company on September 29, 2014 in accordance with provisions of 180(1)(c) and all other applicable provisions of the Companies Act and Articles of Association, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's

bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) by a sum not exceeding ₹ 1,00,000 lakh.

Interest of the Directors:

Except Chemmanur Devassykutty Bobby, Smitha Bobby and Lijo Moothedan, no other Directors are interested in the promotion of the Company. Chemmanur Devassykutty Bobby, Smitha Bobby and Lijo Moothedan were holding 1,96,000 shares 500 shares and 1,000 shares respectively as on the date of subscription of Memorandum of Association. Chemmanur Devassykutty Bobby, Smitha Bobby and Lijo Moothedan are holding 5,14,52,800 shares, 55,000 shares and 35,000 shares respectively as on June 30, 2023.

All the Directors of our Company, including our Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. All the Independent Directors of our Company are entitled to sitting fees for attending every meeting of the Board or a committee thereof.

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

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

As of the date of this Draft Prospectus, our Directors have not taken any loan from our Company. Except as disclosed in the Section "*Related Party Transactions*" on page 114 none of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to anybody corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

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 to become, or to help them qualify as a director, or otherwise for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

No contribution has been made by the directors as part of the Issue or separately.

None of our Directors' relatives have been appointed to an office or place of profit of our Company.

Except as disclosed hereinabove and the section titled "*Risk Factors*" on page 16, the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as stated in the sections titled "*Related Party Transactions*" on page 114 and to the extent of compensation and commission if any, and their shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any immovable property acquired or proposed to be acquired by our Company in the preceding two years of filing this Draft Prospectus with the RoC nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company. No benefit/interest will accrue to our Promoter/Directors/ Key Managerial Person/ Senior Management Personnel out of the objects of the issue.

Debenture holding of Directors:

Except as mentioned below, as on June 30, 2023, none of the Directors of our Company hold any Debentures issued by our Company under private placement:

Sr. No.	Name of the Director	Number of Debentures holding	Amount (₹)
1.	Chemmanur Devassykutty Bobby	255	2,55,000

Details of change in Directors of our Company during last three years preceding the date of this Draft Prospectus and the current financial year:

Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
Jisso C Baby Designation: Whole Time Director DIN: 01622660	December 16, 2008	NA	March 13, 2021	Resignation
Anna Bobby Designation: Additional Director DIN: 08050266	February 19, 2021	NA	May 24, 2021	Resignation
Chemmanur Devassykutty Bobby Designation: Chairman and Managing Director DIN: 00046095	October 1, 2022	NA	NA	Re- appointment as Managing Director
Smitha Bobby Designation: Non-Executive Director DIN: 0046059	September 2, 2022	NA	NA	Appointment
Panamittath Madhavan Nair Rajagopal Designation: Independent Director DIN: 07177470	March 25, 2015	March 24, 2023	NA	Retirement
Antony Sebastian C. Designation: Independent Director DIN: 10083087	March 24, 2023	NA	NA	Appointment

Shareholding of Directors, including details of qualification shares held by Directors as on June 30, 2023:

As on June 30, 2023, none of our Directors hold any qualification shares in our company.

Except as mentioned below, none of the Directors of our Company holds shareholding in our Company:

Sr. No.	Name of the Director	No. of Equity Shares	% of total shares of our Company
1.	Chemmanur Devassykutty Bobby	5,14,52,800	85.75%

Sr. No.	Name of the Director	No. of Equity Shares	% of total shares of our Company
2.	Lijo Moothedan	35,000	0.058%
3	Smitha Boby	55,000	0.09%

Shareholding of Directors in Subsidiaries and Associate companies, including details of qualification shares held by Directors as on the date of this Draft Prospectus:

Not applicable as our Company does not have any subsidiaries or associate companies.

Key Managerial Personnel:

Provided below are the details of the Key Managerial Personnel and Senior Management of our Company, other than our Chairman & Managing Director, as of the date of this Draft Prospectus.

T K Thomas is the Chief Executive Officer of the Company. He is an experienced Banker with more than 4 decades experience in the financial services industry. He has previously worked with Bank of Baroda. Before joining our Company as CEO he worked with a major NBFC as Vice President for five years. He is with the Company as CEO for the last 12 years and has been in Gold Loan NBFC sector for the last 17 years. He holds a Masters' degree in Business Administration (MBA) and he is certified associate of the Indian Institute of Bankers.

Pramod M is the Chief Financial Officer of the Company. He is a Chartered Accountant and holds a degree of Bachelor of commerce from Calicut University. He has an experience of 16 years in the financial services industry with comprehensive experience in the Gold Loan industry. He is with the company for last seven years and has worked in reputed NBFC group such as Manappuram Finance Limited.

Anju Thomas is the Company Secretary/Compliance officer of the Company. She is a Company Secretary from 2015 batch and has 7 years of experience of working with certain well known NBFCs such as Hedge Finance Limited. She is with the Company for almost four years now.

As on the date of this Draft Prospectus, all of the Key Managerial Personnel of our Company are the permanent employees of our Company.

Senior Management Personnel of our Company

In addition to the T K Thomas, Pramod M, Anju Thomas who are also designated as our Company's Key Managerial Personnel, whose details are provided in "Key Managerial Personnel" on this page, the details of the Senior Management Personnel, as on the date of this Draft Prospectus, are set out below:

Brief profile of our Senior Management Personnel

1. Jayakumar K (AGM HR)
2. Suresh S (Head-Operations & Risk Management)
3. Subi G Nair (Head-Sales & Recovery)
4. Ratheesh N T (Head-Credit Division)

Compensation of our Company's Key Managerial Personnel and Senior Management Personnel

(₹ in lakh)

Name of KMP/SMP	For Current Year (till June 2023)	For Fiscal 2023	For Fiscal 2022	For Fiscal 2021
Jayakumar K	4.23	17.12	15.60	13.64
Suresh S	2.94	11.35	10.03	9.24
Subi G Nair	3.81	15.11	14.38	11.58
Ratheesh N T	2.44	9.44	8.39	7.24
T K Thomas	7.50	30.00	30.00	28.40
Pramod M	4.07	15.93	15.32	13.50
Anju Thomas	2.25	8.24	8.56	7.68

Interest of Senior Management Personnel

Except as stated below, none of our Senior Management Personnel has been paid any consideration of any nature from our Company:

- Remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except as stated below, Senior Management Personnel are not interested in the Company:

- To the extent of the shareholding in the Company, if any held by them or their relatives or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding and/ or the stock options granted to some of our key managerial personnel.
- To the extent of debentures of our Company held by them or to be subscribed by them in this Issue and to the extent of any interest/redemption proceeds paid/payable to him and other distributions in respect of the said debentures.

Except for the letter of appointment issued to our Senior Management Personnel as an employee of the Company, our Company has not entered into any contracts or arrangement with the Senior Management Personnel relating to appointment and remuneration or providing for benefits upon termination of employment.

Relationship with other Senior Management Personnel

None of our Senior Management Personnel are related to each other.

Shareholding of our Company's Senior Management Personnel

As on the date of this Draft Prospectus, none of the SMPs hold shares in our Company.

Corporate Governance

We are in compliance with the requirements in relation to the composition of the Board of Directors and constitution of Committees such as Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Risk Management Committee as required under the Companies Act, 2013 and other applicable law.

Details of various committees of the Board:

Audit Committee:

The Audit Committee was last reconstituted vide a resolution passed by the Board on March 29, 2023. As on the date of this Draft Prospectus, it comprises of:

Name	Designation on Committee	Designation on Board
Edathole Habeebul Rahiman	Chairman	Independent Director
Lijo Moothedan	Member	Non-Executive Director
Antony Sebastian C.	Member	Independent Director
Smitha Boby	Member	Non-Executive Director

The scope of the Audit Committee includes the references made under Section 177 and other applicable provisions of the Companies Act, 2013 besides the other terms that may be referred by the Board of Directors.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last reconstituted vide a resolution passed by the Board on March 29, 2023. As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Edathole Habeebul Rahiman	Chairman	Independent Director
Antony Sebastian C.	Member	Independent Director
Lijo Moothedan	Member	Non-Executive Director

The scope of activities of the Nomination and Remuneration Committee is as set out in Section 178 of the Companies Act, 2013.

Corporate Social Responsibility Committee (“CSR Committee”)

The CSR Committee was last re-constituted vide a resolution passed by the Board on March 29, 2023. As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Lijo Moothedan	Chairman	Non-Executive Director
Smitha Bobby	Member	Non-Executive Director
Antony Sebastian C.	Member	Independent Director
Edathole Habeebul Rahiman	Member	Independent Director

Stakeholders Relationship Committee

The Stakeholders Relationship Committee was last re-constituted vide a resolution passed by the Board on March 29, 2023. As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Antony Sebastain C.	Chairman	Independent Director
Edathole Habeebul Rahiman	Member	Independent Director
Chemmanur Devassykutty Bobby	Member	Chairman & Managing Director
Lijo Moothedan	Member	Non-Executive Director

Risk Management Committee

The Risk Management Committee was last reconstituted vide a resolution passed by the Board on March 29, 2023. As on the date of this Draft Prospectus, it comprises of:

Name	Designation on Committee	Designation on Board
Edathole Habeebul Rahiman	Chairman	Independent Director
Antony Sebastian C.	Member	Independent Director
Chemmanur Devassykutty Bobby	Member	Chairman & Managing Director
Lijo Moothedan	Member	Non-Executive Director
T.K. Thomas	Member	Chief Executive Officer
Suresh S.	Member	Head Operations & Risk Management and internal Auditor
Pramod M.	Member	Chief Financial Officer
Subi G Nair	Member	Head Sales, Marketing and Recovery

Asset Liability Management Committee

The Asset Liability Management Committee was reconstituted vide a resolution passed by the Board on March 29, 2023. As on the date of this Draft Prospectus, it comprises of:

Name	Designation on Committee	Designation on Board
T.K. Thomas	Chairman	Chief Executive Officer
Lijo Moothedan	Member	Whole Time Director
Pramod. M	Member	Chief Financial Officer
Suresh S	Member	Head – Operations & Risk Management and Internal Auditor
Subi G Nair	Member	Head- Sales, Marketing & Recovery

Debenture Committee

The Debenture Committee was last reconstituted vide a resolution passed by the Board on March 18, 2021. As on the date of this Draft Prospectus, it comprises of:

Name	Designation on Committee	Designation on Board
Lijo Moothedan	Chairman	Director
T.K.Thomas	Member	Chief Executive Officer
Pramod. M	Member	Chief Financial Officer
Anju Thomas	Member	Company Secretary

OUR PROMOTER

The Promoter of our Company is:

Chemmanur Devassykutty Bobby

Profile of the Promoter:

As on June 30, 2023, our Promoter holds 5,14,52,800 Equity Shares equivalent to 85.75% of the Equity Share capital of our Company.

Profile of our Promoter

	Chemmanur Devassykutty Bobby
	PAN: ACFPB6597C
	Date of Birth: May 26, 1964
	Age: 59
	Address: Chemmanur House, Avenue Road, VTC, Thrissur - 680005, Kerala India.
	Educational qualifications: Honorary Doctorate Degree from World Record's University
	Experience in the business or employment: 12 years

For more details regarding the Promoter, please see “Our Management” on page 103.

Our Promoter holds directorship in following entities other than our Company as on date of this Draft Prospectus:

S. No.	Name of the Company	Designation	Date of Appointment
1.	Boby Chemmanur Enterprises Private Limited	Director	October 9, 2020

Other ventures

Our Promoter has investments in our Company including the following entities:

1. C.D.B.24 Karat Gold And Diamonds Private Limited
2. C D B 24 Karat International Jewellers Private Limited
3. Bobby Chemmanur (No.1) Chits Private Limited
4. Bobby Chemmanur Airlines Private Limited
5. Bobby Housing And Construction Private Limited
6. CD Bobby Developers and Builders Private Limited
7. CDB Infrastructure Private Limited
8. BDC Realty And Infra Private Limited
9. DBC Real Estate Developers Private Limited
10. Chemmanur Fashion Jewellers, Sulthan Bathery
11. Chemmanur Fashion Jewellers, Manjeri
12. Chemmanur International Jewellers, LLP
13. Bobby Chemmanur International Developers LLP
14. Chemmanur Gold Palace International Limited
15. Bobby Chemmanur Enterprises Private Limited
16. Bofast Logistics Limited
17. BOCHE Enterprises LLP
18. Melophilez Associates Private Limited
19. Mallooz IT Solutions Private Limited
20. Boche Tours And Travels Private Limited
21. Port Land Hospital Private Limited

22. Boche Bhumi Putra Private Limited

Other Confirmations:

Our Company confirms that the PAN, AADHAR number, driving license number, passport and bank account number of the Promoter and PAN of Directors have been submitted to the Stock Exchange at the time of filing this Draft Prospectus.

Our Promoter and the relatives of the Promoter as per the Companies Act, have not been identified as Wilful Defaulters.

No violation of securities laws has been committed by our Promoter in the past or is currently pending against it except as disclosed in section titled “*Outstanding Litigations*” on page 132.

Our Promoter was not 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.

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

Our Promoter is not a promoter of another company which is debarred from accessing the securities market or dealing in securities under any order or directions passed for any reasons by SEBI.

Common pursuits of our Promoter

Our Promoter is not engaged in businesses similar to ours.

Interest of our Promoter in our Company

Except as stated under the chapter titled “*Financial Information*” beginning on page 115, and to the extent of their shareholding in our Company, our Promoter does not have any other interest in our Company’s business.

Our Promoter does not intend to subscribe to this Issue.

Payment of benefit to our Promoter for last three financial years

Other than as disclosed under the “*Related Party Transactions*” and “*Our Management*”, available at page 114 and 103, respectively and the dividend that declared and paid by our Company, our Company has not made payments of any benefits to the Promoter during last three financial year preceding the date of this Draft Prospectus.

Interest of our Promoter in property, land and construction

Our Promoter does not have any interest in any property acquired by our Company within two years preceding the date of filing of this Draft Prospectus or any property proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

RELATED PARTY TRANSACTIONS

For details of the related party transactions entered during the financial years ended March 31, 2023, 2022 and 2021 see “Financial Information” on page 115.

Below are the details of related party transactions entered during the current financial year as on June 30, 2023 and the preceding three financial years with regard to loans made or, guarantees given or securities provided.

(₹ in lakh)

Name of related parties	Nature of transactions	For three months ended June 30, 2023	For Financial Year ended		
			March 2023	March 2022	March 2021
NIL	NIL	NIL	NIL	NIL	NIL

For further details please refer to ‘Financial Information’ on page 115.

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

No.	Particulars	Page No.
1.	Limited Review Special Purpose Unaudited Financial Results for the quarter ended June 30, 2023	F1- F16
2.	Special Purpose Audited Financial Statements for the year ended March 31, 2023	F17- F90
3.	Special Purpose Audited Financial Statements for the year ended March 31, 2022	F91- F138
4.	Special Purpose Audited Financial Statements for the year ended March 31, 2021	F139- F183



**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT OF UNAUDITED
QUARTERLY SPECIAL PURPOSE FINANCIAL RESULTS OF CHEMMANUR CREDITS
AND INVESTMENTS LIMITED**

The Board of Directors
Chemmamir Credits and Investment Limited
Mangalodhayam Building,
Round Sollth,
Thrissur - 680001
Kerala, India.

Dear Sir/Madam,

- I. This review report is issued in accordance with the terms of our engagement letter dated 05th September 2023.
2. We have reviewed the accompanying Statement of Unaudited Special Purpose Financial Results of Chemmanur Credits and Investments Limited (the "**Company**"), for the quarter ended June 30, 2023, together with the related notes thereon (hereinafter referred to as the "**Statement of Unaudited Special Purpose Financial Results**") prepared by the management of the Company for the purpose of inclusion in the Draft Prospectus, Prospectus and any other document in relation to proposed public offering of non-convertible debentures (hereinafter collectively referred to as the "**Offer Documents**"), prepared in accordance with the proposed public offering of non-convertible debentures of the Company pursuant to the requirements of provisions of Para 3.3.10 (b) of Schedule I to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "**SEBI Regulations**"), to be submitted with the stock exchange where the securities are to be listed.

Management's Responsibility

3. The preparation of the Statement of Unaudited Special Purpose Financial Results in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) - "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**"), is the responsibility of the Management of the Company, including the creation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Statement of Unaudited Special Purpose Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error and also applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditors' Responsibility

4. We conducted our review of the Statement of Unaudited Special Purpose Financial Results in accordance with 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. This Standard requires that we plan and perform the



review to obtain moderate assurance as to whether the financial statements are free from material misstatement.

5. A review interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

6. Based on our review,¹ conducted as above, nothing have come to our attention that causes us to believe that the accompanying Statement of Unaudited Special Purpose Financial Results, has not been, prepared in all material aspect, in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the SEBI Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Restriction on use

7. Our obligations in respect of this review report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this review report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
8. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purpose of inclusion in the Offer Documents prepared in connection with the Issue of the Company pursuant to the requirements of the SEBI Regulations, to be submitted with the stock exchange where the securities are to be listed.
9. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For C.M. Joseph & Associates

Chartered Accountants

Firm's Registration Number: 006408S

C.M. Joseph
Partner

M. No.: 202800

UDIN: 23202800BGTEYK5106

Place: Ernakulam

Date: 18/09/2023



CHEMMANUR CREDITS AND INVESTMENTS LIMITED
CIN: U65923KL2008PLC023560
Mangalodhayam Building, Round South, Thrissur - 680001

STATEMENT OF UN AUDITED SPECIAL PUPRPOSE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 2023

₹ in Lakhs except face value of shares and EPS

Particulars	3 Months ended June 30, 2023	Preceding 3 months ended March 31, 2023	Corresponding 3 months ended June 30, 2022	Year to date figures for current period ended June 30, 2023	Year to date figures for period ended June 30, 2022	Previous Year ended March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations						
Interest income	2,264.15	1,931.46	1,757.49	2,264.15	1,757.49	7,406.46
Dividend income	0.00	0.00	0.00	0.00	0.00	0.00
Rental income	22.88	22.89	22.88	22.88	22.88	91.53
Fees and commission income	68.16	612.04	39.88	68.16	39.88	815.38
Total revenue from operations	2,355.19	2,566.39	1,820.25	2,355.19	1,820.25	8,313.37
Other income	0.06	5.17	4.88	0.06	4.88	7.28
Total income	2,355.25	2,571.56	1,825.13	2,355.25	1,825.13	8,320.65
Expenses						
Finance costs	1,182.94	1,084.65	913.18	1,182.94	913.18	3,924.87
Impairment of financial instruments	(14.22)	(21.15)	(0.31)	(14.22)	(0.31)	81.60
Employee benefit expenses	789.36	700.41	548.66	789.36	548.66	2,640.69
Depreciation, amortisation and impairment	222.15	200.94	183.77	222.15	183.77	763.30
Other expenses	205.67	233.04	181.33	205.67	181.33	760.78
Total expenses	2,385.90	2,197.89	1,826.63	2,385.90	1,826.63	8,171.24
Profit/ (loss) before tax	(30.65)	373.67	(1.50)	(30.65)	(1.50)	149.41
Tax expenses						
(i) Current tax						
- Related to current year	6.29	78.85	24.91	6.29	24.91	101.63
- Related to prior years						
(ii) Deferred tax	(11.02)	(2.00)	13.43	(11.02)	13.43	(32.40)
Profit/ (loss) for the period	(25.92)	296.82	(39.84)	(25.92)	(39.84)	80.18
Other comprehensive income/(loss)						
<i>(i) Items that will not be reclassified to profit or loss</i>						

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Remeasurement gain/ (loss) on defined benefit plan	0.00	12.56	0.00	0.00	0.00	12.56
<i>(ii) Income tax relating to items the above</i>	0.00	(3.16)	0.00	0.00	0.00	(3.16)
Total other comprehensive income/(loss)	0.00	9.40	0.00	0.00	0.00	9.40
Total comprehensive income(loss) for the period	(25.92)	306.22	(39.84)	(25.92)	(39.84)	89.58
Earnings per share						
Basic (₹)	(0.04)	0.49	(0.07)	(0.04)	(0.07)	0.13
Diluted (₹)	(0.04)	0.49	(0.07)	(0.04)	(0.07)	0.13
Face value per share (₹)	10.00	10.00	10.00	10.00	10.00	10.00

For Chemmanur Credits and Investments Ltd.

Place: Thrissur
Date: 18/09/2023

Boby C D
Chairman and Managing Director
DIN: 00046095

Notes :

1. The above unaudited financial statements were reviewed by the Audit Committee in their meeting held on August 11, 2023 and recommended to the Board for approval. The unaudited Financial Statements for the quarter ended June 30, 2023 has been approved by Board of Directors at their meeting held on August 11, 2023.
2. The Company has adopted Indian Accounting Standards ('Ind AS') as notified under section 133 of the Companies Act 2013('the Act') read with the Companies (Indian Accounting Standards) Rules from April 01, 2022. 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 III as per Notification No. C.S.R. 1022(E) dated 11.10.2018 issued by Ministry of Corporate Affairs, Government of India.
3. The working results have been arrived at after considering impairment as per Indian Accounting Standards, provisions, depreciation on fixed assets and other usual and necessary provision.
4. In compliance with Regulation 52 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 a 'Limited review' of standalone financial results for the quarter ended on June 30, 2023 have been carried out by the Statutory Auditor of the company.
5. Previous year figures have been regrouped/reclassified wherever necessary to confirm to current year provision.
6. 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.
7. Earnings per share is reported for the quarter, period or year ended as applicable.
8. Disclosure pursuant to Regulation 54 of Securities and Exchange Board of India(Listing Obligation and Disclosure Requirements)Regulation ,2015

- a) Nature of security created and maintained with respect to secured listed non convertible debt securities is:

Public issue I is secured by way of first ranking pari-passu charge with existing secured creditors, on all movable assets including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b)receivables of the Company ,fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State Bank of India, Canara Bank, Dhanalaxmi Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs.

- b) The Company has maintained requisite full asset cover by way of first ranking pari passu charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State Bank of India, Canara Bank, Dhanlaxmi Bank or

any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs.

9. Information required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015 is attached as Annexure I.
10. Reserves and Surplus includes statutory reserve as per section 45 IC of Reserve Bank of India Act 1934, General Reserve and Retained Earnings.
11. Disclosure as per the notification No.RBI/DOR/2021-22/86.DOR.STR.REC.51/21.04.048/2021-22. September 24, 2021 under Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 relating to the total amount of loans not in default/ stressed loans transferred and acquired to/ from other entities
 - a. The company has not transferred through assignment in respect of loans not in default during the quarter ended 30 June 2023.
 - b. The company has not transferred or acquired any stressed loans during the quarter ended 30th June 2023.
12. Disclosure under regulation 52(7) and 52(7A) has been made in Annexure II.
13. The security cover certificate for the period ended June 30, 2023, as per Regulation 54(3) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 is attached as Annexure III.

Annexure I

Information required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) regulations, 2015

Sl. No.	Particulars	Period Ended June 30, 2023
1	Debenture Redemption Reserve (note 10)	Nil
2	Net Worth (note 1)	8,532.44 Lakhs
3	Net Profit/(Loss) After Tax	(25.92) Lakhs
4	Earning Per Share(Face Value Rs. 10)	₹ (0.04)
5	Debt Equity Ratio (note 2)	4.32 times
6	Debt Service Coverage Ratio*	Not Applicable
7	Interest Service Coverage Ratio*	Not Applicable
8	Outstanding Redeemable Preference Shares	Nil
9	Capital Redemption Reserve/Debenture Redemption Reserve	Nil
10	Current Ratio (note 3)*	3.66 times^
11	Long Term Debt to Working Capital (note 4)*	1.25 times^
12	Bad Debts to Account Receivable Ratio (note 5)*	Negligible
13	Current Liability Ratio (note 6)*	0.22 times^
14	Total Debts to Total Assets (note 7)*	73.67%
15	Debtors Turnover*	Not Applicable
16	Inventory Turnover*	Not Applicable
17	Operating Margin*	Not Applicable
18	Net Profit Margin (note 8)	-1.10%
19	Sector Specific Equivalent Ratios (note 9)	
	a. Gross NPA	0.59%
	b. Net NPA	0.23%
	c. CRAR	26.23%

*The Company is registered under the Reserve Bank of India Act, 1934 as Non-Banking Financial Company. Hence these ratios are generally not applicable.

^The financial statements have been presented in accordance with the format prescribed for Non-Banking Financial Companies under the Companies (Indian Accounting Standards) Rules, 2015 in Division III as per Notification No. C.S.R. 1022(E) dated 11.10.2018, issued by Ministry of Corporate Affairs, Government of India, the Company has worked out these ratios by considering the maturity of assets and liabilities.

Notes:

- 1 Net Worth = Equity Share Capital + Other Equity - Deferred tax asset(net)-Deferred Revenue Expenditure
- 2 Debt Equity Ratio = (Non-convertible debentures + Subordinated Liabilities + Bank Borrowings) / (Equity Share Capital + Other Equity)
- 3 Current Ratio = Current Assets / Current Liabilities. (Based on the maturity of assets/liabilities)
- 4 Long Term Debt to Working Capital = (Non-Convertible Debentures + Subordinated Liabilities + Term Loan Bank)/(Current Assets-Current Liabilities)
- 5 Bad Debts to Account Receivables Ratio = Bad Debts / Gross AUM
- 6 Current Liability Ratio = Current Liability / Total Liabilities
- 7 Total Debts to Total Assets = (Non-Convertible Debentures + Subordinated Liabilities + Term Loan Bank)/ Total Assets

- 8 Net Profit Margin = Profit after Tax/Total Income
- 9 Gross and Net NPA are as per RBI Prudential Norms
- 10 Creation of Debenture Redemption Reserve is not applicable to NBFCs pursuant to notification issued by Ministry of Corporate Affairs on August 16, 2019 in exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013). The Company has deposited the sum of 15% of the amount of its debentures maturing during the Year ending on 31st March, 2024.

Annexure II

Disclosure under regulation 52(7) and 52(7A)

A. Statement of utilization of issue proceeds

Statement of Utilization of issue proceeds: (In Lakhs)									
Name of the Issuer (1)	ISIN (2)	Mode of Fund Raising (Public Issues/Private Placement) (3)	Type of instrument (4)	Date of raising funds (5)	Amount raised (in ₹ lakhs) (6)	Fund Utilized (in ₹ lakhs) (7)	Any deviation (Yes/No) (8)	If (8) is Yes, then specify the purpose for which the funds were utilized (9)	Remarks, if any (10)
Chemmanur Credits and Investments Limited	INE051307986 INE051307978 INE051307994 INE051307AA0 INE051307AB8 INE051307AC6 INE051307AD4 INE051307AE2	Public Issue	Secured Redeemable Non Convertible Debentures	12/01/2023	9,222.69	9,222.69	No	NA	Nil

B. Statement of Deviation/ Variation in use of proceeds:

Particulars	Remarks
Name of listed entity	Chemmanur Credits and Investments Limited
Mode of fund raising	Public issue
Type of instrument	Non-convertible Securities
Date of raising funds	12/01/2023
Amount raised	Rs. 92.23 Crores
Report filed for quarter ended	Yes
Is there a deviation/ variation in use of funds raised?	No
Whether any approval is required to vary the objects of the issue stated in the prospectus/ offer document?	No
If yes, details of the approval so required?	NA
Date of approval	NA
Explanation for the deviation/ variation	NA
Comments of the audit committee after review	NA
Comments of the auditors, if any	NA

Annexure III

(₹ In Lakhs)

Column A	Column B	Column C ⁱ	Column D ⁱⁱ	Column E ⁱⁱⁱ	Column F ^{iv}	Column G ^v	Column H ^{vi}	Column I ^{vii}	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge Other Secured Debt	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative) debt amount considered more than once (due to exclusive plus pari passu charge)	(Total C to H)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-Passu charge (excluding items Covered in column F)	Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets viii		Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K +L+M+ N)			
								Relating to Column F						
		Book Value	Book Value	Yes/No	Book Value	Book Value								
ASSETS														
Property, Plant and Equipment		0	0	No	0	0	1,882.69	0	1,882.69	0	0	0	0	0
Capital Work-in-Progress		0	0	No	0	0	167.88	0	167.88	0	0	0	0	0
Right of Use Assets		0	0		0	0	4,704.54	0	4704.54	0	0	0	0	0
Goodwill		0	0		0	0		0	0.00	0	0	0	0	0

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Intangible Assets		0	0	No	0	0	22.61	0	22.61	0	0	0	0	0
Intangible Assets under Development		0	0		0	0	0	0	0	0	0	0	0	0
Investments		0	0		0	0	0	0	0	0	0	0	0	0
Loans	Gold Loan and other loan	0	6801.61	Yes	34,258.96	0	-	0	41,060.57		6801.61	0	34,258.96	41,060.57
Inventories		0	0	0	0	0	0	0	0	0	0	0	0	0
Trade Receivables		0	0	0	0	0	0	0	0	0	0	0	0	0
Cash and Cash Equivalents	Cash and Cash Equivalents	0	0	Yes	1,308.34	0	0	0	1,308.34	0	0	0	1,308.34	1,308.34
Bank Balances other than Cash and Cash Equivalents	Term Deposits with Bank	0	0	No	-	0	119.88	0	119.88	0	0	0	-	0.00
Others	Other Current and non current asset	0	0	Yes	1,183.55	0	689.27	0	1,872.82	0	0	0	1,183.55	1,183.55
Total		0.00	6801.61		36750.85	0.00	7586.87	0.00	51139.33	0.00	6801.61	0.00	36750.85	43552.46
									-					
LIABILITIES									-					
Other debt sharing pari-passu charge with above debt		0.00	0		0	0	0	0	0	0	0	0	0	0
Other Debt:		0	0		0	0	0	0	0	0	0	0	0	0
Subordinated debt		0	0		0	0	18920.45	0	18,920.45	0	0	0	0	0

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Borrowings :									-	0	0	0	0	0
Bank	Borrowing from bank	0	2875.11		0	0.00	0	0.00	2,875.11	0	0	0	0	0
Debt Securities*	NCD issued under private & Public placement	0	0		10,026.41	0	0	0	10,026.41	0	0	0	0	0
Others		0	0		0	0	0	0	0	0	0	0	0	0
Trade payables		0	0		0	0	0	0	0	0	0	0	0	0
Lease Liabilities		0	0		0	0	5,163.55	0	5,163.55	0	0	0	0	0
Provisions		0	0		-	0	171.58	0	171.58	0	0	0	0	0
Others		0	0		215.74	0	5,239.27	0	5,455.01	0	0	0	0	0
Total		0	2875.11		10,242.15	0	29494.85	0	42612.11	0	0	0	0	0
Cover on Book Value			2.37		3.59									
Cover on Market Value^{ix}			2.37		3.59									
		Exclusive Security Cover Ratio	2.37		Pari-Passu Security Cover Ratio	3.59								

*Does not include adjustments relating to Effective Interest Rate (EIR) as per Ind AS

Related Party Transactions for 2023-24

SL NO	Details of the party(listed entity/subsidiary) entering into the transaction		Details of the counterparty			Type of Related Party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the period from 01.04.2023 to 30.06.2023	In case monies are due to either party as a result of the transaction		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments				
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening Balance	Closing Balance	Nature of indebtedness (loan/issueance of debt/any)	Cost	Term	Nature (loans/advances/inter-corporate deposits/investments)	Interest rate (%)	Term	Secured / unsecured	Purpose for which the funds will be utilised by the ultimate recipient of funds (end usage)
1	Chemmanur Credits and Investments Limited	AADC C547 0E	CD Bobby	ACFPB 6597C	Managing Director	Interest on Subordinated Debt		0.14	0	0								
2	Chemmanur Credits and Investments Limited	AADC C547 0E	T.K Thomas	AGEP T0419 Q	Chief Executive Officer	Interest on NCD(Listed)		0.45	0	0								
3	Chemmanur Credits and	AADC C547 0E	Maithri KM	EROP M248 8H	Relative of Key Manager	Interest on SD/NCD		0.59	0	0								

	Investments Limited				al Personnel (Listed and Unlisted)													
4	Chemmanur Credits and Investments Limited	AADC C547 0E	Bimy Joseph	AILPJ7 811K	Relative of Key Managerial Personnel	Interest on SD		0.13	0	0								
5	Chemmanur Credits and Investments Limited	AADC C547 0E	CD Bobby	ACFPB 6597C	Managing Director	Remuneration		27.00	0	0								
6	Chemmanur Credits and Investments Limited	AADC C547 0E	T.K Thomas	AGEP T0419 Q	Chief Executive Officer	Remuneration		7.50	0	0								
7	Chemmanur Credits and Investments Limited	AADC C547 0E	Pramod M	ARXPP 0432H	Chief Financial Officer	Remuneration		4.07	0	0								
8	Chemmanur Credits and Investments Limited	AADC C547 0E	Anju Thomas	AZNP T4889 J	Company Secretary	Remuneration		2.25	0	0								
9	Chemmanur Credits and Investments Limited	AADC C547 0E	CD Bobby	ACFPB 6597C	Managing Director	Rent Paid		0.32	0	0								
10	Chemmanur Credits and	AADC C547 0E	Boby chemmanur No.1	AAGC B0036 N	Associates	Chit Collection		0.04	0	0								

	Investments Limited		Chits Pvt Ltd			Received												
11	Chemmanur Credits and Investments Limited	AADC C547 0E	Boby chemmanur No.1 Chits Pvt Ltd	AAGC B0036 N	Associates	Repayment of Chit Collection		0.04	0	0								
12	Chemmanur Credits and Investments Limited	AADC C547 0E	Chemmanur Gold Palace International Limited	AADC C4861 D	Associates	Rental Income		24.71	0	0								
13	Chemmanur Credits and Investments Limited	AADC C547 0E	Chemmanur Gold Palace International Limited	AADC C4861 D	Associates	Inter Corporate Deposit (ICD)		1,000.00	0	1000	Inter Corporate Deposit	1000	1 Mon th	Inter Corporate Deposit	6 %	1 Mon th	Unsecured	Lending of loans
14	Chemmanur Credits and Investments Limited	AADC C547 0E	Chemmanur Gold Palace International Limited	AADC C4861 D	Associates	Interest on ICD		5.42	0	0								
	Total						-	1072.65	-	1,000.00		1,000.00						

INDEPENDENT AUDITORS' REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2023, STATEMENT OF PROFIT AND LOSS AND CASH FLOWS STATEMENT FOR THE YEAR ENDED MARCH 31, 2023, OF CHEMMANUR CREDITS AND INVESTMENTS LIMITED

To the Board of Directors,
Chemmanur Credits and Investments Limited
 Mangalodhayam Building, Round South
 Thrissur - 680001

Dear Sir/Madam,

We have audited the accompanying financial statements of Chemmanur Credits and Investments Limited (the "**Company**"), which comprise the balance sheet as at March 31, 2023, and the statement of profit and loss, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "**financial statements**").

Management's Responsibility for the Financial Statements

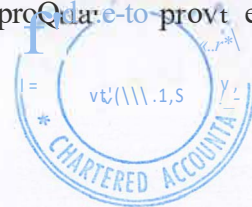
Management is responsible for the preparation of the financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and based on the provisions of Para 3.3.10 of Schedule I to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "**SEBI NCS Regulations**"). This also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in the manner so required as per Companies Act, 2013, SEBI NCS Regulations and give a true and fair view of the state of affairs of the Company as at March 31, 2023, and of its results of operations and its cash flows for the year then ended.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of preparation and presentation of financial statements. The financial statements are prepared to assist the Company to meet the requirements of SEBI NCS Regulations, as amended. As a result, the financial statements may not be suitable for another purpose.

Other Matter

Chemmanur Credits and Investments Limited has prepared a separate set of financial statements for the year ended March 31, 2023, in accordance with the Indian Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 on which M/s. V.K.S. Narayan & Co, Chartered Accountants, has issued a separate auditor's report to the shareholders of the Company dated May 30, 2023.

For C.M. Joseph & Associates

Chartered Accountants

Firm's Registration Number: **006408S**

C.M. Joseph

Pminer.

M. No.: 202800

UDIN: **23202800BGTEYJ4057**

Place: Ernakulam

Date: 18/09/2023



CHEMMANUR CREDITS AND INVESTMENTS LIMITED				
Balance Sheet as at March 31, 2023				
(₹ in lakhs)				
	Note		As at	
		March 31, 2023	March 31, 2022	April 1, 2021
ASSETS				
(1) Financial assets				
(a) Cash and cash equivalents	5	795.45	558.72	452.68
(b) Bank balances other than cash and cash equivalents	6	0.00	0.00	0.00
(c) Receivables				
(i) Trade receivables	7(i)	0.00	0.00	0.00
(ii) Other receivables	7(ii)	770.55	924.89	1,879.27
(d) Loans	8	40,634.42	35,423.39	34,012.25
(e) Other financial assets	9	512.98	274.39	257.54
(2) Non-financial assets				
(a) Current tax assets (net)	10	350.08	174.07	0.00
(b) Deferred tax assets (net)	11	163.29	134.04	26.22
(c) Property, plant and equipment	12	1,771.81	1,378.43	1,444.15
(d) Right-of-use assets	13	4,729.45	4,007.33	3,728.22
(e) Intangible assets	14	19.58	22.05	30.11
(f) Capital work-in-progress	15	151.66	109.59	20.62
(g) Other non-financial assets	16	42.84	38.74	16.33
TOTAL ASSETS		49,942.11	43,045.64	41,867.39
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial liabilities				
(a) Debt securities	17	10,247.75	4,957.43	6,689.04
(b) Borrowings (other than debt securities)	18	8,676.34	8,043.15	6,319.54
(c) Subordinated liabilities	19	17,589.30	17,106.15	16,410.80
(d) Other financial liabilities	20	4,385.33	4,059.81	3,409.96
(2) Non-financial liabilities				
(a) Current tax liabilities (net)	10	0.00	0.00	28.33
(b) Provisions	21	171.58	165.12	138.94
(c) Other non-financial liabilities	22	130.42	62.17	66.52
EQUITY				
(a) Equity share capital	23	6,000.00	6,000.00	6,000.00
(b) Other equity	24	2,741.39	2,651.81	2,804.26
TOTAL LIABILITIES AND EQUITY		49,942.11	43,045.64	41,867.39

Notes are an integral part of the financial statements

For and on behalf of the Board

As per our report of even date attached

Boby CD **Lijo Moothedan** **T.K. Thomas**
Chairman and MD **Director** **Chief Executive Officer**
DIN: 00046095 **DIN: 00877403**

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M **Anju Thomas**
Chief Financial Officer **Company Secretary**
M.No:43159

C.M. JOSEPH
PARTNER

M. No: 202800

Place: THRISSUR,
Date : 18/09/2023.

UDIN: 23202800BGTEYJ4057

CHEMMANUR CREDITS AND INVESTMENTS LIMITED				
Statement of Profit and Loss for the year ended March 31, 2023				
(₹ in lakhs)				
		Note number	For the year ended	
			March 31, 2023	March 31, 2022
	Revenue from operations			
(i)	Interest income	25	7,406.46	6,856.54
(ii)	Dividend income		0.00	0.00
(iii)	Rental income	26	91.53	91.53
(iv)	Fees and commission income	27	815.38	393.94
(I)	Total revenue from operations		8,313.37	7,342.01
(II)	Other income	28	7.28	7.15
(III)	Total income (I) + (II)		8,320.65	7,349.16
	Expenses			
(i)	Finance costs	29	3,924.87	3,673.81
(ii)	Impairment of financial instruments	30	81.60	(41.23)
(iii)	Employee benefit expenses	31	2,640.69	2,070.48
(iv)	Depreciation, amortisation and impairment	32	763.30	703.05
(v)	Other expenses	33	760.78	601.84
(IV)	Total expenses		8,171.24	7,007.95
(V)	Profit/ (loss) before tax (III - IV)		149.41	341.21
(VI)	Tax expenses			
	(i) Current tax			
	- Related to current year		101.63	183.51
	- Related to prior years		0.00	0.55
	(ii) Deferred tax		(32.40)	(108.47)
(VII)	Profit/ (loss) for the period (V) - (VI)		80.18	265.62
(VIII)	OTHER COMPREHENSIVE INCOME			
(A)	<i>(i) Items that will not be reclassified to profit or loss</i>			
	Remeasurement gain/ (loss) on defined benefit plan		12.56	2.58
	<i>(ii) Income tax relating to items the above</i>		(3.16)	(0.65)
	TOTAL OTHER COMPREHENSIVE INCOME		9.40	1.93
(IX)	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (VII + VIII)		89.58	267.55
(X)	Earnings per share	34		
	Basic (₹)		0.13	0.44
	Diluted (₹)		0.13	0.44
	Face value per share (₹)		10.00	10.00

Notes are an integral part of the financial statements
For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER
M.No: 202800

UDIN: 23202800BGTEYJ4057

Place: THRISSUR,
Date : 18/09/2023.

CHEMMANUR CREDITS AND INVESTMENTS LIMITED

Statement of Changes in Equity for the period ended March 31, 2023

(₹ in lakhs)

A. EQUITY SHARE CAPITAL

(1) Current reporting period

Balance as at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2023
6,000.00	-	6,000.00	-	6,000.00
6,000.00	-	6,000.00	-	6,000.00

(2) Previous reporting period

Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2022
6,000.00	-	6,000.00	-	6,000.00
6,000.00	-	6,000.00	-	6,000.00

B. OTHER EQUITY

(1) Current reporting period

Particulars	Reserves and Surplus			Total other equity
	Retained Earnings	Reserve Fund	Impairment Reserve	
Balance as at April 1, 2022	1,740.97	830.18	80.66	2,651.81
Net profit/(loss) for the year	80.18	-	-	80.18
Remeasurement gain on defined benefit plans	9.40	-	-	9.40
Transfer to/ from retained earnings	(20.46)	16.04	4.42	-
Dividend	-	-	-	-
Balance as at March 31, 2023	1,810.09	846.22	85.08	2,741.39

(2) Previous reporting period

Particulars	Reserves and Surplus			Total other equity
	Retained Earnings	Reserve Fund	Impairment Reserve	
Balance as at April 1, 2021	2,049.65	743.98	-	2,793.63
Ind AS transition adjustments	(10.43)	-	21.06	10.63
Restated balance as at April 1, 2021	2,039.22	743.98	21.06	2,804.26
Net profit/(loss) for the year	265.62	-	-	265.62
Remeasurement gain on defined benefit plans	1.93	-	-	1.93
Transfer to/ from retained earnings	(145.80)	86.20	59.60	-
Dividend	(420.00)	-	-	(420.00)
Balance as at March 31, 2022	1,740.97	830.18	80.66	2,651.81

Notes are an integral part of the financial statements

For and on behalf of the Board

As per our report of even date attached

Boby CD **Lijo Moothedan** **T.K. Thomas**
Chairman and MD **Director** **Chief Executive Officer**
DIN: 00046095 **DIN: 00877403**

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M **Anju Thomas**
Chief Financial Officer **Company Secretary**
M.No:43159

C.M.JOSEPH
PARTNER
M.No: 202800

Place: THRISSUR,
Date : 18/09/2023.

UDIN: 23202800BGTEYJ4057

CHEMMANUR CREDITS AND INVESTMENTS LIMITED		
Statement of Cash Flows for the year ended March 31, 2023		
	For the year ended	
	March 31, 2023	March 31, 2022
	₹ in lakhs	
I. CASHFLOWS FROM OPERATING ACTIVITIES		
Profit before tax	149.41	341.21
Depreciation, amortisation and impairment	763.30	703.05
Impairment of financial instruments	81.60	(41.23)
Finance costs	3,924.87	3,673.81
(Profit)/ loss on sale of property, plant and equipment	0.92	7.39
Provision for gratuity	38.61	35.45
Provision for cash loss	2.59	5.00
Rental income	(91.53)	(91.53)
Operating profit before working capital changes	4,869.77	4,633.15
(Increase)/ decrease in receivables	154.34	954.38
(Increase)/ decrease in loans	(5,292.63)	(1,369.91)
(Increase)/ decrease in other financial assets	(335.52)	(69.51)
(Increase)/ decrease in other non-financial assets	(4.10)	(22.41)
Increase/ (decrease) in provisions	(22.18)	(11.69)
Increase/ (decrease) in other financial liabilities	187.30	(157.04)
Increase/ (decrease) in other non-financial liabilities	68.25	(4.35)
Cash generated from/ (used in) operations	(374.77)	3,952.62
Finance costs paid	(3,717.57)	(3,000.99)
Income tax paid	(277.64)	(386.46)
Net cash from/ (used in) operating activities	(4,369.98)	565.17
II. CASHFLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment and intangible assets	(660.75)	(290.44)
Proceeds from sale of property, plant and equipment	3.26	3.42
Rental income	91.53	91.53
Net cash from/ (used in) investing activities	(565.96)	(195.49)
III. CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of debt securities	9,528.39	1,558.00
Proceeds from issue of subordinated liabilities	3,724.40	2,494.40
Proceeds from long-term borrowings	-	1,000.00
Repayment of debt securities	(4,260.26)	(3,277.99)
Increase/ (decrease) in other borrowings	(531.71)	58.55
Repayment of subordinated liabilities	(3,288.15)	(1,676.60)
Dividend paid	-	(420.00)
Net cash from/ (used in) financing activities	5,172.67	(263.64)

IV.	Net increase/ (decrease) in cash and cash equivalents	236.73	106.04
	(I + II + III)		
V.	Cash and cash equivalents at the beginning	558.72	452.68
VI.	Cash and cash equivalents at the end	795.45	558.72
	Cash and cash equivalents comprise of:		
	- Cash	424.31	279.10
	- Balances with banks	371.14	279.62
	Total	795.45	558.72

Notes are an integral part of the financial statements

For and on behalf of the Board

Boby CD **Lijo Moothedan** **T.K. Thomas**
Chairman and MD **Director** **Chief Executive Officer**
DIN: 00046095 **DIN: 00877403**

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

Place: THRISSUR,
Date : 18/09/2023.

As per our report of even date attached

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYJ4057

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Chemmanur Credits and Investments Limited is a Public Limited Company incorporated on December 16, 2008. The Company is a Non-Systemically Important Non-Deposit Taking Non-Banking Financial Company Registered under section 45IA of RBI Act, 1934. The Company provides a wide range of fund based and fee-based services including gold loans, micro finance, consumption loans etc.

Registration Details

Corporate Identity Number (CIN)	U65923KL2008PLC023560
Reserve Bank of India Registration no.	N16-00185
Company's Registered Office	Mangalodhayam Building, Round South, Thrissur, 680001
Ministry of Finance (Financial Intelligence Unit - India (FIU-IND))	FINBF13040

2 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Any application guidance/clarifications/directions issued by RBI or other regulators are implemented as and when they are issued/applicable.

The Company's financial statements up to and for the year ended 31 March 2022 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013, the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") and prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India (RBI) for NBFCs to the extent applicable, collectively referred as "Previous GAAP".

These are the Company's first standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in **Note 4**.

These standalone or separate financial statements were approved by the Company's Board of Directors and authorized for issue on May 30, 2023.

2.2 Presentation of financial statements

The Balance Sheet, Statement of Changes in Equity and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet, Statement of Changes in Equity and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the RBI.

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or '₹') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Certain accounting policies of the Company and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such value in use in Ind AS 36.

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

2.5 Use of estimates, judgments and assumptions

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Following are areas that involved a higher degree of estimate and judgment or complexity in determining the carrying amount of some assets and liabilities.

a) Effective Interest Rate (EIR) Method

The Company recognizes interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given/taken. This estimation, by nature, requires an element of judgment regarding the expected behavior and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

b) Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments requires judgment, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgments and estimates include:

The Company's criteria for assessing if there has been a significant increase in credit risk.

- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL model, including the various formulae and the choice of inputs.
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model.
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

c) Employee Benefits

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 sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d) Impact of COVID-19

The COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain.

The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus.

Economic forecasts are subject to a high degree of uncertainty in the current environment. Limitations of forecasts and economic models require a greater reliance on management judgment in addressing both the error inherent in economic forecasts and in assessing associated ECL outcomes.

The calculation of ECL under Ind AS 109 involves significant judgments, assumptions and estimates. The level of estimation uncertainty and judgment has increased during financial year as a result of the economic effects of the COVID-19 outbreak.

As a result of government and bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modeled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty. As a result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at March 31, 2022 about future events that the management believe are reasonable in the circumstances. There is a considerable degree of judgment involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecasts since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

e) Accounting for leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

f) 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.

g) Business model objective of financial assets.

Classification and measurement of financial assets depends on the results of the contractual cashflow characteristics and the business model objective. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are 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.

h) Other estimates

These include provisions (other than loan portfolio), contingent liabilities, useful lives, depreciation method and residual value of property, plant and equipment and intangible assets etc.

3 SIGNIFICANT ACCOUNTING POLICIES**3.1 Revenue recognition****a) Interest income**

Interest income is recognized in Statement of profit and loss using the Effective Interest Rate (EIR) method for all financial instruments measured at amortized cost, debt instruments measured at FVTOCI and debt instruments designated at FVTPL.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis. Additional interest and interest on trade advances are recognized when they become measurable and when it is not unreasonable to expect their ultimate collection.

b) Dividend income

Dividend is recognized as income when the right to receive the dividend is established and the amount of dividend can be measured reliably.

c) Revenue from and rendering of services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115.

Revenue from contract with customer for rendering services is recognized at a point in time when performance obligation is satisfied.

d) Net gain/ (loss) on change in fair value

The assets which are being measured at FVTPL are restated to their fair value as at the reporting date and any gain/ (loss) on change in fair value will be recognized as income/ expense in the Statement of Profit and Loss.

3.2 Financial Instruments**a) Recognition and measurement**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in Statement of profit and loss.

b) Financial assets**Classification and measurement**

The Company classifies its financial assets into the following measurement categories: amortized cost; fair value through other comprehensive income; and fair value through profit or loss.

All recognized financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial instruments measured at amortized cost

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in Statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to Statement of Profit and Loss.

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the Statement of Profit and Loss. The gain or loss on disposal is recognized in the Statement of Profit and Loss. Interest income is recognized in the Statement of Profit and Loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the Company's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognized in the Statement of Profit and Loss when the Company's right to receive dividends is established.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets.

Impairment of financial assets

Company recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit and loss. ECL is calculated using a model which captures portfolio performance over a period of time. ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original EIR.

ECL is measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- Lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Key elements of ECL computation are outlined below:

- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognized and is still in the portfolio.
- Loss given default ("LGD") estimates the normalized loss which Company incurs post customer default. It is usually expressed as a percentage of the Exposure at default ("EAD"). Effective interest rate ("EIR") is the rate that discounts estimated future cash flows through the expected life of financial instrument. For calculating EIR any upfront fees need to be excluded from the loans and advance amount.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where historical information is not available, the PD/ default rates as stated by external reporting agencies is considered.

Credit impaired financial assets

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL computation is as per the applicable prudential regulatory norms.

Significant increase in credit risk

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's expert credit assessment.

Impairment Reserve

Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), the Company will appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g.: a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

Substantial modification

When a financial asset is modified, the Company assesses whether this modification results in derecognition. In accordance with the Company's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition.

The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition.

Other modification

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/ loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write Off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is 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 subject to the write off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

c) Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

d) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

e) Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in Statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

f) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

g) Debt Securities and other borrowed funds

After initial measurement debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR)

3.3 Cash and bank balances

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

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.

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.4 Property, plant and equipment

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset 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.

Depreciation

Depreciation on property, plant and equipment is calculated using written down value method (WDV) to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013.

The estimated useful lives are as follows:

Description of the asset	Estimated Useful Life (Years)
Furniture and Fixtures	10
Electrical fittings	10
Computers (End use machines)	3
Plant and Machinery	15
Vehicles (Motorcycles, scooters and other mopeds)	8
Strong room - RCC Frame Structure	60

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.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

3.5 Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortization and cumulative impairment.

Intangible assets i.e., Software are amortized on written down value basis over the estimated useful life of 3 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognised.

3.6 Impairment of non-financial assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of Profit and Loss.

3.7 Leases

The Company determines that a contract is or contains a lease if the contract conveys right to control the use of an identified asset for a period of time in exchange for a consideration.

Company as a lessee

At the inception of a contract which is or contains a lease, the Company recognizes lease liability at the present value of the future lease payments for non-cancellable period of a lease which is not short term in nature except for lease of low value items. The future lease payments for such non-cancellable period are discounted using the Company's incremental borrowing rate.

The Company elects to apply the practical expedient to not to separate non-lease component from lease component, in case of a contract containing lease. The Company accounts such contracts as a single lease component.

Lease payments include fixed payments, i.e., amounts expected to be payable by the Company under residual value guarantee, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise termination option. The Company also recognizes a right of use asset which comprises of amount of initial measurement of the lease liability, any initial direct cost incurred by the Company and estimated dilapidation costs.

Right of use assets is amortized over the period of lease.

Payment made towards short term Leases (leases for which lease term is 12 months or lesser) and low value assets are recognized in the statement of Profit and Loss as rental expenses over the tenor of such leases.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

3.8 Non-current asset held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and biological assets, which continue to be measured in accordance with the Company's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortized or depreciated.

3.9 Finance cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, subordinated debts, interest expense on lease liabilities computed by applying the Company's incremental borrowing rate and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

3.10 Employee Benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia/bonus are recognized in the period in which the employee renders the related service. A liability is recognized for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

Defined contribution plans

Defined contribution plans are the post-employment plans under which the Company pays a fixed contribution to a fund and the Company's liability is limited to payment of such fixed contributions. Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

The Company provides benefits such as, provident fund and pension schemes (both managed by other than the Company) to its employees which are treated as defined contribution plans.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The major defined benefit plans of the Company are as follows:

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, in capacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company's gratuity scheme is unfunded. The Company recognizes the obligation of a defined benefit plan in its Balance Sheet as a liability.

Gains and losses through remeasurements of the net defined benefit liability / (asset) are recognized in other comprehensive income. The effects of any plan amendments are recognized in net profit in the Statement of Profit and Loss.

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

3.11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Any reimbursements with respect to liabilities/provisions are recognized only when there is a virtual certainty that the said amounts will be received.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The provision in such cases will be recognized at lower of cost of fulfilling the contract and any expected compensation for not fulfilling the contract.

3.12 Foreign Currency Translations

These financial statements are presented in Indian rupees, which is the functional currency of the Company. Transactions in foreign currencies, i.e., other than Indian rupees, are recorded at the exchange rate prevailing on the date of transaction.

Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the statement of Profit and Loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalized as part of borrowing costs.

3.13 Current and deferred tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in the statement of Profit and Loss except when they relate to items that are recognized outside profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit and loss, as appropriate. Current income taxes are determined based on respective taxable income based on tax rate enacted as at reporting date.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carryforwards and unused tax credits could be utilized.

Deferred tax assets and Liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.14 Contingent liabilities and contingent assets

A contingent liability is a possible obligation 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 company or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. It is disclosed in the financial statements. If the outflow of such obligation becomes probable, it is recognized as a provision.

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 company. Contingent assets are recognized only if there is a virtual certainty of realization. It is disclosed in the financial statements if it is probable only.

3.15 Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years' presented.

3.16 Statement of Cashflows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.17 Segment Reporting

Operating segments are reported in manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The management assesses the financial performance and position of the Company and makes strategic decisions. The chief operating decision maker consists of the Directors of the Company.

The Company's primary business segments are reflected based on the principal business carried out, i.e., financial. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments.

4 FIRST-TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS

These financial statements of the Company for the year ended March 31, 2023 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2021 as the transition date from the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2023 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Note #4.2 below.

4.1 Exemptions availed on first-time adoption to Ind AS

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

a. Property, plant and equipment and Intangible Assets

On transition to Ind AS, Company has elected to continue with the carrying value of all its property plant and equipment and intangible assets existing as at April 1, 2021, measured as per previous GAAP and used that carrying value as the deemed cost of the property plant and equipment.

b. Leases

The Company elects to apply the criteria for identifying whether a lease is or contains a lease based on the facts and circumstances existed as at April 1, 2021. The lease liability on transition date is arrived at by computing the present value of remaining lease payments discounted using the Company's incremental borrowing rate.

Right of use asset at transition date is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease immediately prior the date of transition to Ind AS.

c. Business combinations

The Company elects to apply the requirements of Ind AS 103 from the date of transition, i.e., April 1, 2021 only.

4.2 Reconciliation between Previous GAAP and Ind AS

(i) Equity reconciliation

Particulars	Note	March 31, 2022	April 1, 2021
As reported under previous GAAP		8,804.64	8,793.63
Application of EIR method on financial assets	(a)	-	-
Application of EIR method on borrowings	(b)	(1.58)	-
Expected credit loss provision on loans	(e)	80.66	21.06
Depreciation on ROU assets	(c)	(438.61)	
Finance cost on lease liabilities	(c)	(435.00)	
Rent expenses	(c)	537.73	
Unwinding of discount on security deposits	(c)	16.51	
Employee benefits	(d)	-	
Deferred tax adjustments	(f)	87.49	(10.43)
Other adjustments		(0.03)	
Equity under Ind AS		8,651.81	8,804.26

(ii) Total comprehensive income reconciliation

Particulars	Note	For the year ended March 31, 2022
Net profit under previous GAAP		431.02
Application of EIR method on loan assets	(a)	-
Unwinding of discount	(c)	16.51
Application of EIR method on borrowings	(b)	(1.58)
Interest expenses on lease liability	(c)	(435.00)
Depreciation on ROU assets	(c)	(438.61)
Expected loss provision on financial assets	(e)	59.60
Employee benefits	(d)	-
Rent expenses	(c)	537.73
Deferred tax adjustments	(f)	97.92
Other adjustments		(0.04)
Total comprehensive income under Ind AS		267.55

(iii) Reconciliation of Statement of cash flows

There are no material adjustments to the Statement of Cash flows as reported under the Previous GAAP.

Notes to reconciliation between previous GAAP and Ind AS**(a) Application of effective interest rate method on loans and advances given**

The Company has major portfolio of gold loan for which company is not collecting any transaction charges for each loans. Further, majority of the other loans are for a period less than 12 months.

Considering the above, since the amount involved is immaterial in nature, no effective interest adjustment is made for loan assets.

(b) Application of effective interest rate method on borrowings

The Company had adjusted an amount of ₹1.58 lakhs as effective interest rate adjustment for the year ended March 31, 2022.

No EIR adjustment was required for opening balances as at April 1, 2021

(c) Leases

As a transition adjustment, the Company had recognized right of use asset of ₹3,728.22 lakhs and there was an addition of ₹717.72 lakhs during the year 2021-22. The Company had also been recognized lease liability to the extent of ₹3,505.28 lakhs. Further lease liability has also created for ₹665.06 lakhs for the additions made during the said period.

The rent deposits of the Company has been discounted to its present value and difference of ₹222.94 lakhs on transition and ₹52.66 lakhs during 2021-22 had been taken while computing cost of ROU asset.

During the year 2021-22, depreciation of ₹438.61 lakhs has been provided on ROU assets. The interest on lease liability was ₹435.00 lakhs. As at year-end, the security deposit has been restated to its present value as at year-end. The unwinding of discount accounted for in 2020-21 in this regard was ₹16.51 lakhs.

The rent expenses incurred has been considered as the repayment of lease liability for the year.

(d) Employee Benefits

The Company had taken revised actuarial valuation reports for gratuity on transition date and there was no change in the valuation. During the year 2021-22, the Company had reclassified actuarial gain of ₹2.58 lakhs to the other comprehensive income.

(e) Expected credit loss on financial assets

The Company was creating provision on loans as per the income recognition and asset classification norms prescribed by RBI. On transition to Ind AS, Ind AS 109 gives specific guidance on accounting for impairment of financial assets. Consequently, RBI had directed that if the ECL provision requirements of Ind AS 109 to be recognised in the financial statements and any provision required in excess of ECL should be recognised by creating impairment reserve out of the profit or loss for the period.

Based on this, as part of transition, the Company had reversed provision created of ₹21.08 lakhs and a further reversal of ₹59.60 had been made during the year 2021-22.

(f) Deferred tax adjustments

Due to the transitional adjustments made, the Company had reversed the deferred tax asset amounting to ₹10.43 lakhs as at April 1, 2021. Further, due to the difference between the Previous GAAP and Ind AS, an additional benefit of ₹97.92 lakhs made in Profit or loss for the period ending on March 31, 2021. Deferred tax expense of ₹0.65 lakhs had made in other comprehensive income also.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

(Presented in ₹ Lakh other than Share Data and EPS)

Note 5: Cash and cash equivalents

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
(a) Cash on hand	424.31	279.10	119.67
(b) Balances with banks	371.14	279.62	333.01
Total	795.45	558.72	452.68

Note 6: Bank balances other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
(a) Term deposits with Banks	-	-	-
Total	-	-	-

Note 7: Receivables

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
(i) Trade receivables	-	-	-
	-	-	-
(ii) Other receivables - Interest receivables			
(a) Considered good – secured	749.87	907.38	1,807.32
(b) Considered good - unsecured	20.68	17.51	71.95
	770.55	924.89	1,879.27
Less: Allowance for impairment loss	-	-	-
Total	770.55	924.89	1,879.27

Note 8: Loans

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
(A)			
(i) Gold loan	30,190.86	27,625.48	27,791.34
(ii) GSL Accounts	3,818.60	3,871.09	3,276.94
(iii) Micro finance loans	5,820.77	3,063.61	2,639.14
(iv) Consumption loans	501.47	533.12	430.95
(v) Insta loans	469.21	414.98	-
	40,800.91	35,508.28	34,138.37
Less: Impairment allowance	(166.49)	(84.89)	(126.12)
	40,634.42	35,423.39	34,012.25

(B)***(I) Secured by Tangible assets***

(i) Gold loan	30,190.86	27,625.48	27,791.34
(ii) Business loan	3,818.60	3,871.09	3,276.94
(iii) Personal loan	-	-	-
(iv) Loans to related parties	-	-	-
	34,009.46	31,496.57	31,068.28
Less: Impairment allowance	(77.10)	(65.33)	(88.82)
	33,932.36	31,431.24	30,979.46

(II) Unsecured

(i) Gold loan	-	-	-
(ii) Business loan	-	-	-
(iii) Personal loan	6,791.45	4,011.71	3,070.09
(iv) Loans to related parties	-	-	-
	6,791.45	4,011.71	3,070.09
Less: Impairment allowance	(89.39)	(19.56)	(37.30)
	6,702.06	3,992.15	3,032.79

(C)***(I) Loans in India***

i) Public sector	-	-	-
ii) Others	40,800.91	35,508.28	34,138.37
	40,800.91	35,508.28	34,138.37

(II) Loans outside India

	-	-	-
	40,800.91	35,508.28	34,138.37
Less: Impairment allowance	(166.49)	(84.89)	(126.12)
Total	40,634.42	35,423.39	34,012.25

Note 9: Other financial assets

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Rent deposits	255.17	195.39	161.23
b) Other security deposits	13.07	10.57	10.57
c) Other financial assets	244.74	68.43	85.74
Total	512.98	274.39	257.54

Note 10: Current tax assets (Net)

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Current tax assets (net of provisions)	350.08	174.07	(28.33)
Total	350.08	174.07	(28.33)

Note 11: Deferred tax assets (Net)

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Deferred tax assets	1,403.02	1,127.32	971.35
b) Deferred tax liabilities	(1,239.73)	(993.28)	(945.13)
Total	163.29	134.04	26.22

(A) The balance of deferred tax assets comprises temporary differences attributable to:

(₹ in lakhs)

Particulars	As at April 1, 2022	Charged/ (credited) to profit or loss for the period	Recognised in Other Comprehensive Income	As at March 31, 2023
Difference between book base and tax based in respect of PPE, ROU assets and intangible assets	(993.68)	(185.36)	-	(1,179.04)
Application of EIR on financial assets	65.21	18.61	-	83.82
Application of EIR on financial liabilities	0.40	(49.73)	-	(49.33)
Deferred tax on lease liabilities	1,023.82	244.07	-	1,267.89
Employee Benefits	38.29	4.82	(3.16)	39.95
Others	-	-	-	-
Deferred tax assets (net)	134.04	32.41	(3.16)	163.29

Particulars	As at April 1, 2021	Charged/ (credited) to profit or loss for the period	Recognised in Other Comprehensive Income	As at March 31, 2022
Difference between book base and tax based in respect of PPE, ROU assets and intangible assets	(945.13)	(48.55)	-	(993.68)
Application of EIR on financial assets	56.11	9.10	-	65.21
Application of EIR on financial liabilities	-	0.40	-	0.40
Deferred tax on lease liabilities	882.28	141.54	-	1,023.82
Employee Benefits	32.96	5.98	(0.65)	38.29
Others	-	-	-	-
Deferred tax assets (net)	26.22	108.47	(0.65)	134.04

Disclosure pursuant to Ind AS 12 Income Taxes*(₹ in lakhs)*

Particulars	March 31,2023	March 31,2022
(a) Current tax	101.63	184.06
(b) Deferred tax	(32.40)	(108.47)
Total tax expenses in the Statement of Profit and Loss	69.23	75.59
Tax effect on other comprehensive income	(3.16)	(0.65)
Deferred tax credit recorded in equity	-	-
Tax losses on which deferred tax is not recognised	-	-

Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss:*(₹ in lakhs)*

Particulars	March 31,2023	March 31,2022
Profit before tax	149.41	341.21
Applicable income tax rate	25.17%	25.17%
Expected income tax expenses	37.61	85.88
<u>Adjustment on account of:</u>		
a) Expenses not allowable as per income tax	5.07	5.86
b) Effect of income exempt from tax	-	-
c) Non-creation deferred tax on temporary differences	-	-
d) Tax related to prior years	-	0.55
e) Deferred tax recognised in OCI	(3.16)	(0.65)
b) Others	29.71	(16.05)
Tax expense recognised during the year	69.23	75.59

Note 12: Property, plant and equipment

(₹ in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2022	Additions	Deletion	As at 31.03.2023	As at 01.04.2022	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Furniture & Fixtures	701.54	449.46	-	1,151.00	185.09	138.23	-	323.32	827.68	516.45
Plant & Equipment	415.64	118.21	(6.55)	527.30	33.65	44.48	(2.80)	75.33	451.97	381.99
Computer	38.92	30.91	-	69.83	4.21	16.88	-	21.09	48.74	34.71
Electrical Fittings	45.24	0.06	(0.01)	45.29	14.70	7.35	-	22.05	23.24	30.54
Vehicles	12.31	15.29	(0.42)	27.18	1.60	1.77	-	3.37	23.81	10.71
RCC Frame Structure	411.25	-	-	411.25	7.22	7.66	-	14.88	396.37	404.03
Total	1,624.90	613.93	(6.98)	2,231.85	246.47	216.37	(2.80)	460.04	1,771.81	1,378.43

(₹ in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2021	Additions	Deletion	As at 31.03.2022	As at 01.04.2021	For the Year	Deductions	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Furniture & Fixtures	574.89	126.72	(0.07)	701.54	-	185.15	(0.06)	185.09	516.45	574.89
Plant & Equipment	378.97	50.44	(13.77)	415.64	-	39.39	(5.74)	33.65	381.99	378.97
Computer	19.74	23.45	(4.27)	38.92	-	7.86	(3.65)	4.21	34.71	19.74
Electrical Fittings	44.39	0.85	-	45.24	-	14.70	-	14.70	30.54	44.39
Vehicles	12.31	-	-	12.31	-	1.60	-	1.60	10.71	12.31
RCC Frame Structure	413.85	-	(2.60)	411.25	-	7.68	(0.46)	7.22	404.03	413.85
Total	1,444.15	201.46	(20.71)	1,624.90	-	256.38	(9.91)	246.47	1,378.43	1,444.15

Notes:

- (i) There are no property, plant and equipment which are acquired through business combination during the year (previous year - nil)
- (ii) The Company has not revalued any of the assets during the year (previous year - nil)
- (iii) All immovable properties held are in the name of the Company.

Note 13: Right-of-use asset

(₹ in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2022	Additions	Deletion	As at 31.03.2023	As at 01.04.2022	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Building	4,445.94	1,261.83	-	5,707.77	438.61	539.71	-	978.32	4,729.45	4,007.33
Total	4,445.94	1,261.83	-	5,707.77	438.61	539.71	-	978.32	4,729.45	4,007.33

(₹ in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2021	Additions	Deletion	As at 31.03.2022	As at 01.04.2021	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Building	3,728.22	717.72		4,445.94	-	438.61		438.61	4,007.33	3,728.22
Total	3,728.22	717.72	-	4,445.94	-	438.61	-	438.61	4,007.33	3,728.22

Notes:

(i) There are no property, plant and equipment which are acquired through business combination during the year (previous year - nil)

Note 14: Intangible Assets

(₹ in lakhs)

Description	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2022	Additions	Deletion	As at 31.03.2023	As at 01.04.2022	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Computer Software	30.11	4.75	-	34.86	8.06	7.22	-	15.28	19.58	22.05
Total	30.11	4.75	-	34.86	8.06	7.22	-	15.28	19.58	22.05

(₹ in lakhs)

Description	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2021	Additions	Deletion	As at 31.03.2022	As at 01.04.2021	For the Year	Depreciation on sale/Woff of Assets	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Computer Software	30.11	-	-	30.11	-	8.06	-	8.06	22.05	30.11
Total	30.11	-	-	30.11	-	8.06	-	8.06	22.05	30.11

Notes:

(i) There are no property, plant and equipment which are acquired through business combination during the year (previous year - nil)

Note 15: Capital work-in-progress

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
Capital work-in-progress (Refer Note	151.66	109.59	20.62
Total	151.66	109.59	20.62

Ageing of capital work-in-progress

(₹ in lakhs)

Capital work-in-progress of branches:	Less than 1 year	1-2 years	More than 2 years	Total
As at March 31, 2023				
Tamil Nadu	35.01	-	-	35.01
Kerala	5.93	3.58	-	9.51
Karnataka	102.37	2.65	-	105.02
Maharashtra	2.12	-	-	2.12
Total	145.43	6.23	-	151.66
As at March 31, 2022				
Tamil Nadu	11.46	-	-	11.46
Kerala	29.51	-	-	29.51
Karnataka	68.62	-	-	68.62
Total	109.59	-	-	109.59
As at April 1, 2021				
Tamil Nadu	13.48	-	-	13.48
Kerala	7.14	-	-	7.14
Total	20.62	-	-	20.62

Note: There is no cost of over-run and delay in completion from the original schedule for any of the above projects.

Note 16: Other non-financial assets

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Prepaid expenses	18.01	9.15	9.27
b) Advance for expenses	-	10.60	1.00
c) Deposits with government authorities	24.83	18.99	6.06
e) Others	-	-	-
Total	42.84	38.74	16.33

Note 17: Debt Securities

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
<i>At amortised cost</i>			
Non-convertible debentures (Secured)			
- In India (Refer note (ii) below)	10,247.75	4,957.43	6,689.04
- Outside India	-	-	-
Total	10,247.75	4,957.43	6,689.04

Note:

(i) There are no debt securities measured at fair value through profit or loss (FVTPL) or designated as FVTPL.

(ii) The bonds are secured by paripassu floating charge on current assets, book debts and loans and advances.

Details of non-convertible debentures (secured)

(₹ in lakhs)

From Balance Sheet date	Interest rate range	As at	
		March 31, 2023	March 31, 2022
<u>Repayable on maturity:</u>			
Maturing within 1 year*	Less than 30%	1,797.19	4,363.84
Maturing between 1 year to 2 years	Less than 13.50%	4,299.10	507.24
Maturing between 2 year to 3 years	Less than 13.50%	1,405.92	150.50
Maturing beyond 3 years	Less than 13.50%	2,787.50	-
Total amortised cost		10,289.71	5,021.58

From Balance Sheet date	Interest rate range	As at
		April 1, 2021
<u>Repayable on maturity:</u>		
Maturing within 1 year*	Less than 30%	4,933.74
Maturing between 1 year to 2 years	Less than 30%	1,495.30
Maturing between 2 year to 3 years	Less than 13.50%	312.53
Maturing beyond 3 years	Less than 13.50%	-
Total amortised cost		6,741.57

*including the matured debentures classified under other financial liabilities.

Series Wise Details of non-convertible debentures (secured)

A) Issue on Private Placement

(₹ in lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
NCD 2012/05	-	0.29
NCD 2012/06	-	47.56
NCD 2012/07	-	424.64
NCD 2012/08	-	105.56
NCD 2012/09	185.75	1,103.16
Sub Total	185.75	1,681.20
NCD 2013/10	48.52	189.13
Sub Total	48.52	189.13
NCD 2015/XIIIE	-	3.00
Sub Total	-	3.00
NCD 2016/XVA	-	25.00
NCD 2016/XVB	-	55.00
NCD 2016/XVC	-	56.00
NCD 2016/XVE	-	50.00
NCD 2016/XVF	-	63.25
Sub Total	-	249.25
NCD 2017/XVIB	10.00	27.25
NCD 2017/XVIC	-	25.10
NCD 2017/XVID	-	74.50
NCD 2017/XVIE	18.50	23.50
Sub Total	28.50	150.35
NCD 2018-19/17A	-	15.00
Sub Total	-	15.00
NCD 2019-20/18A	-	320.00
NCD 2019-20/18B	-	57.00
Sub Total	-	377.00
19-20 -DEMAT - XVI	-	47.10
19-20 -DEMAT - XVII	-	13.00
19-20 -DEMAT - XXIII	-	29.00
19-20 -DEMAT - XXIV	-	32.70
19-20 -DEMAT - XXIX	-	15.00
19-20 -DEMAT - XXX	-	10.00
Sub Total	-	146.80
20-21- DEMAT -II	-	20.00
20-21- DEMAT -III	-	27.00
20-21- DEMAT -IV	23.50	23.50
20-21 DEMAT-VI	-	41.75
20-21 - DEMAT- VII	-	30.00
20-21 -DEMAT - VIII	29.00	29.00
20-21-DEMAT - IX	6.00	6.00
20-21- DEMAT -XII	-	39.00
20-21- DEMAT -XIII	-	17.00
20-21- DEMAT -XIV	37.00	37.00
20-21- DEMAT -XV	10.00	10.00
20-21 DEMAT-XVII	-	4.00
20-21 DEMAT-XVIII	-	10.00
20-21 DEMAT-XIX	20.00	20.00
20-21 DEMAT-XX	7.45	7.45
20-21 DEMAT-XXII	94.00	94.00
20-21 DEMAT-XXIII	-	100.00
20-21 DEMAT-XXV	-	25.00
20-21 DEMAT-XXVI	35.00	35.00
20-21 DEMAT-XXVII	12.00	12.00
Sub Total	273.95	587.70
21-22 DEMAT-I	-	287.50
21-22 DEMAT-II	-	34.00
21-22 DEMAT-III	19.50	19.50
21-22 DEMAT-IV	10.00	10.00
21-22 DEMAT-V	21.50	21.50
21-22 DEMAT-VI	7.00	7.00
21-22 DEMAT-VII	-	372.50

21-22 DEMAT-VIII	-	72.50
21-22 DEMAT-IX	27.50	27.50
21-22 DEMAT-X	8.00	8.00
21-22 DEMAT-XI	67.00	67.00
21-22 DEMAT-XII	10.00	10.00
21-22 DEMAT-XIII	-	128.00
21-22 DEMAT-XIV	-	10.00
21-22 DEMAT-XV	10.00	10.00
21-22 DEMAT-XVI	7.00	7.00
21-22 DEMAT-XVII	5.00	5.00
21-22 DEMAT -XVIII	-	149.00
21-22 DEMAT- XIX	-	23.00
21-22 DEMAT- XX	17.00	17.00
21-22 DEMAT- XXI	15.00	15.00
21-22 DEMAT -XXII	14.00	14.00
21-22 Demat XXIII	-	86.00
21-22 Demat XXIV	135.00	135.00
21-22 Demat XXV	11.00	11.00
21-22 Demat XXVI	11.00	11.00
Sub Total	395.50	1,558.00
22-23 Demat I	67.50	-
22-23 Demat II	5.00	-
22-23 Demat III	13.00	-
22-23 Demat IV	7.20	-
22-23 Demat VI	16.30	-
22-23 Demat V	69.50	-
22-23 Demat VII	11.00	-
22-23 Demat IX	45.00	-
22-23 Demat X	39.20	-
22-23 Demat VIII	32.00	-
Sub Total	305.70	-
Total	1,237.92	4,957.43
NCD Matured but not paid	41.96	64.15
Grand Total	1,279.87	5,021.58

B) Issued on Public Offer

(₹ in lakhs)

Particulars		As at	
Series	ISIN_CODE	March 31, 2023	March 31,2022
Series-1	INE051307986	799.19	-
Series-2	INE051307978	2,226.22	-
Series-3	INE051307994	1,327.74	-
Series-4	INE051307AA0	1,061.79	-
Series-5	INE051307AB8	1,694.69	-
Series-6	INE051307AC6	629.98	-
Series-7	INE051307AD4	319.59	-
Series-8	INE051307AE2	1,163.49	-
Total		9,222.69	-

Note 18: Borrowings (Other than Debt Securities)

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
(a) In India			
<i>At amortised cost</i>			
<u>i) Secured</u>			
<i>Term loans</i>			
- From Banks (Refer note 53)	660.77	1,039.72	207.99
<i>Loans repayable on demand</i>			
- From Banks (Refer note 53)	2,914.68	2,885.44	2,501.59
<u>ii) Unsecured</u>			
- Unsecured loan from related parties	-	-	57.00
- Lease liabilities	5,100.89	4,117.99	3,552.96
(b) Outside India	-	-	-
Total	8,676.34	8,043.15	6,319.54

Note:

(i) There is no borrowings measured at FVTPL or designated at FVTPL.

Details of loans from Banks (Secured)

(₹ in lakhs)

From Balance Sheet date	Interest rate range	As at		
		March 31, 2023	March 31, 2022	April 1, 2021
<u>A) Repayable on demand</u>				
Working capital facilities	Less than 12%	2,914.68	2,885.44	2,501.59
<u>B) Repayable in instalments</u>				
Maturing within 1 year	Less than 12%	332.77	375.72	168.00
Maturing between 1 year to 3 years	Less than 12%	328.00	664.00	39.99
Maturing between 3 year to 5 years				
Maturing beyond 5 years				
Total amortised cost		3,575.45	3,925.16	2,709.58

Note 19: Subordinated Liabilities

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
<i>At amortised cost</i>			
<u>i) Unsecured</u>			
- Subordinated debts	17,589.30	17,106.15	16,410.80
Total	17,589.30	17,106.15	16,410.80

Details of Subordinated debts (Unsecured)

(₹ in lakhs)

From Balance Sheet date	As at March 31, 2023		As at March 31, 2022	
	Interest rate range	Amount	Interest rate range	Amount
<u>Repayable on maturity:</u>				
Maturing within 1 year*	13.50 - 16.10%	2,727.35	13.50 - 16.10%	3,399.25
Maturing between 1 year to 3 years	13.50 - 30%	7,744.85	Up to 30%	5,917.40
Maturing between 3 year to 5 years	Up to 13.50%	6,580.25	Up to 30%	7,106.45
Maturing beyond 5 years	Up to 13.50%	661.50	Up to 13.50%	854.60
Total amortised cost		17,713.95		17,277.70

From Balance Sheet date	As at April 1, 2021	
	Interest rate range	Amount
<u>Repayable on maturity:</u>		
Maturing within 1 year*	13.50 - 16.10%	1,848.15
Maturing between 1 year to 3 years	Up to 30%	5,830.40
Maturing between 3 year to 5 years	Up to 30%	7,742.35
Maturing beyond 5 years	Up to 13.50%	1,039.00
Total amortised cost		16,459.90

*including the matured subordinated debt classified under other financial liabilities.

Changes in the liabilities arising from financing activities

(₹ in lakhs)

For the year ended March 31, 2023	Opening balance	Cashflows	Non-cash changes	Closing balance
Debt securities*	5,021.58	5,268.13	-	10,289.71
Borrowings	8,043.15	(531.71)	1,164.90	8,676.34
Subordinated liabilities*	17,277.70	436.25	-	17,713.95
Total	30,342.43	5,172.67	1,164.90	36,680.00

For the year ended March 31, 2022				
Debt securities*	6,741.57	(1,719.99)	-	5,021.58
Borrowings	6,319.54	1,058.55	665.06	8,043.15
Subordinated liabilities*	16,459.90	817.80	-	17,277.70
Total	29,521.01	156.36	665.06	30,342.43

*including matured debentures and liabilities classified under other financial liabilities

Note 20: Other financial liabilities

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Interest accrued and due on borrowings	124.06	105.49	120.02
b) Interest accrued but not due on borrowings	3,380.29	3,191.56	2,504.21
c) Matured non-convertible debentures	41.96	64.15	52.53
d) Matured subordinated debt	124.65	171.55	49.10
e) Employee related payables	22.92	9.80	146.69
f) Retention money payables	16.62	7.86	5.67
g) Expense payables	5.01	14.36	20.13
h) Others	669.82	495.04	511.61
Total	4,385.33	4,059.81	3,409.96

Note 21: Provisions

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Provision for employee benefits			
- Gratuity	158.69	152.12	130.94
b) Other provisions			
- for law suit	8.00	8.00	8.00
- for missing cash	4.89	5.00	-
Total	171.58	165.12	138.94

Note 22: Other non-financial liabilities

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Statutory dues payable	130.42	62.17	66.52
Total	130.42	62.17	66.52

Note 23: Equity share capital

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
<i>Authorised:</i>			
800.00 lakhs equity shares of ₹10 each (March 31, 2022 - 800.00 lakhs; April 1, 2021 - 800.00 lakhs)	8,000.00	8,000.00	8,000.00
2.00 lakhs preference shares of ₹1,000 each (March 31, 2022 - 2.00 lakhs; April 1, 2021 - 2.00 lakhs)	2,000.00	2,000.00	2,000.00
Total	10,000.00	10,000.00	10,000.00

Issued, subscribed, called-up and paid-up

600.00 lakhs equity shares of ₹10 each, fully paid-up (March 31, 2022 - 600.00 lakhs; April 1, 2020 - 600.00 lakhs)	6,000.00	6,000.00	6,000.00
Total	6,000.00	6,000.00	6,000.00

a) Reconciliation of number of shares

Equity shares	As at March 31, 2023		As at March 31, 2022	
	No. of shares (in lakhs)	₹ in lakhs	No. of shares (in lakhs)	₹ in lakhs
Balance at the beginning of the year	600.00	6,000.00	600.00	6,000.00
Add: Issue during the year	-	-	-	-
Less: Buyback during the year	-	-	-	-
Balance at the end of the year	600.00	6,000.00	600.00	6,000.00

Equity shares	As at April 1, 2021	
	No. of shares (in lakhs)	₹ in lakhs
Balance at the beginning of the year	600.00	6,000.00
Add: Issue during the year	-	-
Less: Buyback during the year	-	-
Balance at the end of the year	600.00	6,000.00

(b) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	March 31, 2023	March 31, 2022	April 1, 2021
C.D. Bobby			
- Number of shares (in lakhs)	514.33	513.83	512.93
- Percentage of holding	85.72%	85.64%	85.49%
Chemmanur Gold Palace International Limited			
- Number of shares (in lakhs)	70.00	70.00	70.00
- Percentage of holding	11.67%	11.67%	11.67%

(d) Shares held by the Promoters

Particulars	March 31, 2023	March 31, 2022	April 1, 2021
C.D. Bobby			
- Number of shares (in lakhs)	514.33	513.83	512.93
- Percentage of holding	85.72%	85.64%	85.49%
- Change in percentage of holding	0.08%	0.15%	-

Jose Chakkappan			
- Number of shares (in lakhs)	0.55	0.55	0.55
- Percentage of holding	0.09%	0.09%	0.09%
Smitha Boby			
- Number of shares (in lakhs)	0.55	0.55	0.55
- Percentage of holding	0.09%	0.09%	0.09%
Jisso C Baby			
- Number of shares (in lakhs)	0.35	0.35	0.35
- Percentage of holding	0.06%	0.06%	0.06%
Lijo Moothedan			
- Number of shares (in lakhs)	0.35	0.35	0.35
- Percentage of holding	0.06%	0.06%	0.06%
Deena Lijo			
- Number of shares (in lakhs)	0.30	0.30	0.30
- Percentage of holding	0.05%	0.05%	0.05%

Note 24: Other equity

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
<u>a) Reserve fund</u>			
Balance at the beginning of the year	830.18	743.98	743.98
Additions to / (transfers made) during the year	16.04	86.20	-
Balance at the end of the year	846.22	830.18	743.98
<u>b) Impairment reserve</u>			
Balance at the beginning of the year	80.66	21.06	-
Transition adjustments	-	-	21.06
Additions to / (transfers made) during the year	4.42	59.60	-
Balance at the end of the year	85.08	80.66	21.06
<u>c) Retained Earnings</u>			
Balance at the beginning of the year	1,740.97	2,039.22	2,049.65
Transition adjustments	-	-	(10.43)
Net profit/ (loss) for the year	80.18	265.62	-
Remeasurement gain/ (loss) on defined benefit plan	9.40	1.93	-
Dividend paid	-	(420.00)	-
Additions to / (transfers made) during the year	(20.46)	(145.80)	-
Balance at the end of the year	1,810.09	1,740.97	2,039.22
Total (a) + (b) + (c)	2,741.39	2,651.81	2,804.26

Description of the nature and purpose of Other Equity**(a) Reserve Fund**

Reserve fund represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilized only for limited purposes as specified by RBI from time to time and every such utilization shall be reported to the RBI within specified period of time from the date of such utilization.

(b) Impairment reserve

The impairment reserve is created when the impairment allowance under Ind AS 109 is lower than the 'provisioning required under income recognition and asset classification norms. The difference between these will be appropriated to the impairment reserve from the net profit or loss after tax. This will not be reckoned for the purpose of regulatory capital and no withdrawal is permitted without any prior approval from RBI

(c) Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Note 25: Interest income

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
<i>On financial instruments measured at amortised cost</i>		
a) Interest on loans and advances	7,343.97	6,794.80
b) Interest income from investments	-	-
c) Interest income from term deposits from banks	39.48	45.23
d) Other interest income	23.01	16.51
Total	7,406.46	6,856.54

Note: There are no assets measured at FVTOCI/ FVTPL

Note 26: Rental income

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Rental income from sub-leasing	91.53	91.53
Total	91.53	91.53

Note 27: Fees and commission income

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
a) Commission	618.02	242.81
b) Service Charge, Documentation Fee etc.	197.36	151.13
Total	815.38	393.94

Note 28: Other income

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
a) Bad debts recovered	1.32	6.16
b) Provision written back	5.61	-
b) Miscellaneous income	0.35	0.99
Total	7.28	7.15

Note 29: Finance costs

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
<i>On financial liabilities measured at amortised cost</i>		
a) Interest on borrowings	347.24	151.60
b) Interest on debts securities	517.78	700.90
c) Interest on subordinated liabilities	2,502.67	2,348.14
d) Interest on lease liabilities	524.21	435.00
e) Other borrowing costs	32.97	38.17
Total	3,924.87	3,673.81

Note 30: Impairment of financial instruments

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
<i>On financial instruments measured at amortised cost</i>		
a) Bad debts written off		
b) Loans	81.60	(41.23)
Total	81.60	(41.23)

Note 31: Employee benefit expenses

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
a) Salaries and wages	2,349.49	1,827.78
b) Contribution to provident fund and other funds	86.09	78.34
c) Incentives	164.41	127.67
d) Gratuity	38.61	35.45
c) Other staff welfare expenses	2.09	1.24
Total	2,640.69	2,070.48

Note 32: Depreciation, amortisation and impairment

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
a) Depreciation on property, plant and equipment	216.37	256.38
b) Amortisation of intangible assets	7.22	8.06
c) Depreciation on right-of-use assets	539.71	438.61
Total	763.30	703.05

Note 33: Other expenses

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Electricity	76.42	64.32
Annual maintenance charges	24.62	15.29
Software maintenance	15.57	19.51
Rent	17.42	84.29
Rates and taxes	15.91	8.44
Insurance	7.05	6.44
Repairs and maintenance	43.23	26.08
Advertising and sales promotion	15.37	13.13
Office expenses	170.58	101.26
Travelling and conveyance	161.13	98.46
Communication costs	84.33	61.42
Printing and stationery	39.03	24.13
Payment to auditors(refer note 35)	9.50	4.20
Legal and professional fees	43.75	28.00
Security charges	8.49	8.05
Provision for cash missing	2.59	5.00
Corporate social responsibility expenses	20.00	23.30
Loss on sale of fixed assets	0.92	7.39
Miscellaneous expenses	4.87	3.13
Total	760.78	601.84

Note 34: Earnings per share

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Profit/ (loss) for the year (₹ in lakhs)	80.18	265.62
Weighted average number of equity shares outstanding (in lakhs)	600.00	600.00
Basic and diluted earnings per share (₹)	0.13	0.44
Face value per equity share (₹)	10.00	10.00

Note 35: Payment to Auditors

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
For Statutory Audit	7.50	4.20
Certification	2.00	-
Total	9.50	4.20

Note 36: Contingent liabilities and Contingent assets

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
a) Claims against the Company not acknowledged as debt	-	-	-
- Income tax matters (Refer note (i) and (ii) below)	137.57	137.57	137.57
- Others	0.08	0.08	0.08
b) Guarantees- Counter guarantees provided to Banks	-	-	-
c) Other money for which the company is contingently liable	-	-	-
Total	137.65	137.65	137.65

(i) Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2012-2013. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the income tax officer, ward1(2), Thrissur making an addition by disallowing various expenditures. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is Rs: 95.87 Lakhs.

(ii) Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2017-18. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The total tax impact on the addition is Rs: 137.57 Lakhs. Against this demand company paid 10% of total demand amounting to Rs: 13.76 Lakhs and stay granted for the balance 90% of the demand till the disposal of the appeal by the commissioner of income tax(Appeals) .

Note 37: Operating segments**Primary segment**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is revaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company has only one reportable business segment "Financial services".

Secondary segment (by geography)

The Company's economic environment is similar and it is having operations in India only. Therefore, the Company has only one reportable geographical segment. There are no operations outside India and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended March 31, 2023 (previous year - nil)

Note 38: Employee Benefits

In accordance with Ind AS - 19 Employee Benefits, specified under Section 133 of the Companies Act, 2013 the following disclosures are made:

The Company recognised ₹86.09 lakhs (2021-22: ₹78.34 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined Benefit Plans

The Company has an unfunded gratuity plan for qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested,

it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Actuarial gains and losses in respect of defined benefit plans are recognised in the financial statements through other comprehensive income.

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below:

Interest risk:

The plan liabilities are calculated using a discount rate set with references to government bond yields. Any decrease in interest rate will increase the plan liability.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The following table set out the unfunded status of the defined benefit schemes and the amount recognised in financial statements.

(a) Amount recognised in the Profit or loss for the period

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Current service cost	28.71	27.24
Past service cost	-	-
Net interest on net defined benefit liability	9.90	8.21
Amount recognised in Profit or loss for the year	38.61	35.45

(b) Amount recognised in other comprehensive income

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
<u>Remeasurement (gains)/ losses</u>		
a) Actuarial (gains)/losses arising from changes in	-	-
- Change in demographic assumptions	-	-
- Change in financial assumptions	(3.24)	(6.19)
- Experience adjustment	(9.32)	3.61
b) Return on plan asset excluding considered in net interest	-	-
Amount recognised in other comprehensive income	(12.56)	(2.58)

(c) Changes in present value of defined benefit obligation

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Opening defined benefit obligation	152.12	130.94
Current service cost	28.71	27.24
Past service cost	-	-
Interest cost	9.90	8.21
Actuarial (gains)/losses	(12.56)	(2.58)
Benefits paid	(19.48)	(11.69)
Closing defined benefit obligation	158.69	152.12

(d) Net defined benefit liability/ (asset)

(₹ in lakhs)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 1, 2021
Present value of defined benefit obligation	158.69	152.12	130.94
Fair value of plan assets	-	-	-
Net defined benefit liability/ (asset)	158.69	152.12	130.94
- Current	23.08	22.08	12.99
- Non-current	135.61	130.04	117.95

(e) The Principal actuarial assumptions used in determining gratuity liability is as follows:

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.16%	6.96%
Salary increase	5.00%	5.00%
Employee turnover ratio (based on service period)		
- Less than or equal to 4 years	30.00%	30.00%
- Above 4 years	5.00%	5.00%
Mortality Rate	IALM 2012-14	IALM 2012-14

Sensitivity analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate, future salary escalation rate and attrition rate. The following tables summarize the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points. These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Particulars	March 31, 2023	March 31, 2022
Discount rate		
- 100 bps increase	(14.23)	(14.03)
- 100 bps decrease	16.99	16.83
Salary growth rate		
- 100 bps increase	17.19	17.00
- 100 bps decrease	(14.62)	(14.40)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

The weighted average duration of the defined benefit obligation is estimated as 10.97 years (previous year – 11.41 years).

The payout pattern of defined benefit obligation (undiscounted) estimated as at year-end is given below:

Particulars	March 31, 2023	March 31, 2022
Expected cashflow due		
- within 1 year	23.08	22.07
- 2 to 5 years	43.70	41.33
- 6 to 10 years	54.10	50.18
- More than 10 years	-	-

Note 39: Capital management

The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'. Accordingly, effective from the current financial year, the 'regulatory capital' has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (as amended).

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.

The company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

Regulatory capital and analytical ratios

₹ in lakhs

Particulars	March 31, 2023	March 31, 2022
<u>Capital Adequacy Ratios</u>		
(a) Tier I capital	8,558.52	8,495.72
(b) Tier II capital (limited to Tier I capital)	4,380.38	4,335.81
(c) Total regulatory capital (a) + (b)	12,938.90	12,831.53
(d) Aggregate of Risk weighted assets	47,705.07	41,174.64
(e) Tier I capital ratio (a) / (d)	17.94%	20.63%
(f) Tier II capital ratio (b) / (d)	9.18%	10.53%
(g) Capital to risk-weighted assets ratio (c) / (d)	27.12%	31.16%
<u>Liquidity coverage ratio</u>		
(a) High Quality Liquid Assets	795.45	558.72
(b) Net cash outflows/(inflows) over the next 30 calendar days	(2,651.07)	(3,267.31)
(c) Liquidity coverage ratio* (a) / (b)	(30.00)%	(17.10)%

*negative liquidity coverage ratio indicates that the Company has net inflows rather than net outflows.

“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.

“Owned fund” means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by 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) 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. 12 month expected credit loss (ECL) allowances for financial instruments i.e. where the credit risk has not increased significantly since initial recognition, shall be included under general provisions and loss reserves in Tier II capital within the limits specified by extant regulations. Lifetime ECL shall not be reckoned for regulatory capital (numerator) while it shall be reduced from the risk weighted assets

(c) Hybrid debt capital instruments; and

(d) Subordinated debt to the extent aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets -

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off- balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio

High Quality Liquid Assets-

“High Quality Liquid Assets (HQLA)” means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios. It primarily consists of cash and cash equivalents, unencumbered bank deposits and government securities etc.

Net cash outflows/(inflows) over the next 30 calendar days -

The net cash outflows over the next 30 calendar days is computed by reducing the stressed cashflows (75% of normal cash outflows) from the stressed cash outflows (115% of the normal cash outflows) as per the computation methodology provided by the Reserve Bank of India.

Note 40: Leases

I) Company as a Lessee

As a lessee, the Company’s lease asset class primarily consist of buildings or part thereof taken on lease for office premises used for operating activities.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under AS 19 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right-of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

The weighted average incremental borrowing rate of 11.90% has been applied to lease liabilities recognized in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The Company has followed modified retrospective approach for transition to Ind AS 116 wherein the Company had computed the Right of use asset at transition date at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease immediately prior the date of transition to Ind AS. Accordingly, as a transition adjustment, the Company had recognized right of use asset of ₹3728.22 lakhs and lease liability of ₹3,505.28 lakhs.

Expense relating to leases on which short-term lease exemption was availed is ₹17.42 (previous year: ₹84.29 lakhs). The expense relating to leases of low-value assets during the year ended March 31, 2023, is Nil (previous year Nil)

None of the lease contains any variable lease payments or taken under sale and leaseback arrangements.

Movement in lease liabilities

₹ in lakhs		
Particulars	March 31, 2023	March 31, 2022
Opening balance	4,117.99	3,552.96
Add: Additions during the year	1,164.90	665.06
Add: Finance cost	524.21	435.00
Less: Repayment made during the period	(706.21)	(535.03)
Less: Termination/ modification adjustments	-	-
Closing balance	5,100.89	4,117.99

Maturity analysis of lease liabilities (undiscounted values)

₹ in lakhs		
Particulars	March 31, 2023	March 31, 2022
Up to 1 year	854.90	719.41
1 year - 5 years	3,617.82	3,425.40
More than 5 years	3,739.77	4,451.30
Total	8,212.49	8,596.11

Note 41: Debenture Redemption Reserve

The Company is not required to maintain the debenture redemption reserve since it is a NBFC. The Company is required to maintain debenture redemption investment to the tune of 15% of debentures maturing within 12 months from the beginning of the financial year in unencumbered deposits and/ or government securities. The Company had complied with the said requirement.

Note 42: Pending Litigations

The Company's pending litigations comprise of claims by the Company on the customers to recover its dues. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial statements of the Company as at March 31, 2023 (previous year - nil)

Note 43: Financial risk management framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The credit risk is managed through credit norms established based on historical experience.

Note 43.1: Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

a) Pricing risk

The Company does not have any asset which is exposed to the pricing risk

b) Currency risk

The Company does not have any asset which is exposed to the currency risk since the Company does not deal in foreign currency

c) Interest rate risk

The company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates

Note 43.2: Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on Days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments

The following table sets out information about credit quality of loans and investments measured at amortized cost primarily based on days past due information. The amount represents gross carrying amount.

(₹ in lakhs)

Particulars	March 31, 2023	March 31, 2022
Gross carrying amount of loans		
0 - 60 days past due	40,070.94	33,956.72
61-90 days past due	470.05	498.10
Impaired (more than 90 days past due)	259.91	1,053.20
Total	40,800.90	35,508.02

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorizes loan assets into stages primarily based on the Days Past Due status.

Stage 1 : 0-60 days past due

Stage 2 : 61-90 days past due

Stage 3 : More than 90 days past due

Impact of COVID-19

The COVID 19 pandemic had significantly increased the credit risk relating to the loans and advances from the historical loss expectations. The management had given due care and made forward looking estimates to ECL model so as to cover the additional risk due to the pandemic.

Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

- a) The Company is primarily engaged in the gold loan business and the average loan duration is less than 1 year also. Therefore, the Company does not make any segregation between 12 month ECL and life-time ECL while computing the ECL allowance and life-time ECL is provided for all loans irrespective of their tenure.
- b) In case of non-performing assets which are not secured, the RBI provision rates were considered as a forward looking estimate for loss rate purpose since there was no historical information available for loss on such advances.

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Company does not have concentration risk.

Note 43.3: Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The Company has well defined Asset Liability Management (ALM) framework with an appropriate organisational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity.

Maturity pattern of financial liabilities

(₹ in lakhs)

Particulars	0-12 months	Beyond 12 months	Total
<u>As at March 31, 2023</u>			
(a) Payables	-	-	-
(b) Debt securities	1,755.23	8,492.52	10,247.75
(c) Borrowings (Other than Debt Securities)	3,247.45	328.00	3,575.45
(d) Lease liabilities (at undiscounted values)	854.90	7,357.59	8,212.49
(e) Deposits	-	-	-
(f) Subordinated Liabilities	2,602.70	14,986.60	17,589.30
(g) Other financial liabilities	2,185.40	2,199.93	4,385.33
Total	10,645.68	33,364.64	44,010.32
<u>As at March 31, 2022</u>			
(a) Payables	-	-	-
(b) Debt securities	4,299.69	657.74	4,957.43
(c) Borrowings (Other than Debt Securities)	3,261.16	664.00	3,925.16
(d) Lease liabilities (at undiscounted values)	719.41	7,876.70	8,596.11
(e) Deposits	-	-	-
(f) Subordinated Liabilities	3,227.70	13,878.45	17,106.15
(g) Other financial liabilities	1,843.24	2,216.57	4,059.81
Total	13,351.20	25,293.46	38,644.66

Note 44: Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3.2 to the financial statements.

Note 44.1: Classification of financial assets and liabilities

The fair values of the financial assets / liabilities represent the price that would be received to sell the financial asset or paid to transfer the financial liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of trade receivables, cash, loans, other financial assets, trade payables and other financial liabilities, approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these financial assets. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values of security deposits were calculated based on cash flows discounted using current lending rate. The fair values are classified as Level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The Company does not have any financial instruments which are held for trading and no financial instruments are required to be accounted using fair value through profit or loss. Further, the Company has no instruments which are accounted for using hedge accounting model as specified under Ind AS 109 Financial Instruments.

(₹ in lakhs)

Particulars	Non-current	Current	Total
As at March 31, 2023			
<i>Financial assets at amortised cost</i>			
(a) Cash and cash equivalents	-	795.45	795.45
(b) Bank balances other than cash and cash equivalents	-	-	-
(c) Receivables	-	770.55	770.55
(d) Loans	894.80	39,739.62	40,634.42
(f) Investments	-	-	-
(g) Other financial assets	219.91	293.07	512.98
Total	1,114.71	41,598.69	42,713.40
<i>Financial liabilities at amortised cost</i>			
(a) Payables	-	-	-
(b) Debt securities	8,492.52	1,755.23	10,247.75
(c) Borrowings (Other than Debt Securities)	5,086.48	3,589.86	8,676.34
(d) Deposits	-	-	-
(e) Subordinated Liabilities	14,986.60	2,602.70	17,589.30
(f) Other financial liabilities	2,185.40	2,199.93	4,385.33
Total	30,751.00	10,147.72	40,898.72
As at March 31, 2022			
<i>Financial assets at amortised cost</i>			
(a) Cash and cash equivalents	-	558.72	558.72
(b) Bank balances other than cash and cash equivalents	-	-	-
(c) Receivables	-	924.89	924.89
(d) Loans	970.47	34,452.92	35,423.39
(f) Investments	-	-	-
(g) Other financial assets	-	274.39	274.39
Total	970.47	36,210.92	37,181.39
<i>Financial liabilities at amortised cost</i>			
(a) Payables	-	-	-
(b) Debt securities	657.74	4,299.69	4,957.43
(c) Borrowings (Other than Debt Securities)	4,537.53	3,505.62	8,043.15
(d) Deposits	-	-	-
(e) Subordinated Liabilities	13,878.45	3,227.70	17,106.15
(f) Other financial liabilities	1,843.24	2,216.57	4,059.81
Total	20,916.96	13,249.58	34,166.54

Note 44.2: Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - Inputs 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.

The fair value of loan assets has been arrived at by using level 3 inputs at initial recognition and subsequently measured using amortized cost model. There are no financial instruments which are carried at fair value as at the Balance Sheet date.

Note 45: Corporate Social Responsibility (CSR) Disclosures

Consequent to the requirements of Section 135 and Schedule VII of the Companies Act, 2013, the Company is required to contribute 2% of its average net profits during the immediately three preceding financial years.

The Company has constituted a CSR committee in accordance with the provisions of the Companies Act, 2013. The focus of CSR activities of the Company comprises promotion of healthcare and destitute care among underprivileged sections of society. The details of expenditure incurred towards CSR is provided below.

(₹ in lakhs)

Particulars	March 31, 2023	March 31, 2022
(i) Amount required to be spent by the company during the year	19.99	23.25
(ii) Amount of expenditure incurred	20.00	23.30
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous years shortfall	-	-
(v) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Ind AS	-	-
(vi) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

Note 46: Leverage ratios

(₹ in lakhs)

Particulars	March 31, 2023	March 31, 2022
Total Liabilities	49,942.11	43,045.64
Less: Share Capital	6,000.00	6,000.00
Less: Other equity	2,741.39	2,651.81
Less: Provisions (short-term)*	287.55	200.62
Total Outside Liabilities (A)	40,913.17	34,193.21
Share Capital	6,000.00	6,000.00
Reserves and Surplus	2,741.39	2,651.81
Less: Deferred revenue expenditure	18.01	9.15
Less: Intangible Asset	19.58	22.05
Less: Deferred Tax Assets	163.29	134.04
Total Owned Funds (B)	8,540.51	8,486.57
Leverage Ratio (A) / (B)	4.79	4.03

*includes provision as per IRACP norms.

Note 47: Provision on Loans and Advances as per Income Recognition and Asset Classification Norms of RBI**As at March 31, 2023**

(₹ in lakhs)

Particulars	Gross Loan Outstanding	Provision For Assets	Net Loan Outstanding
A. Gold Loan			
Standard Assets	30,136.26	75.34	30,060.92
Sub Standard Assets	0.25	0.03	0.22
Doubtful Asset	-	-	-
Loss Asset	54.35	54.35	-
Total	30,190.86	129.72	30,061.14
B. Other Loans			
Standard Assets	10,415.56	26.04	10,389.52
Sub Standard Asset	57.74	5.77	51.97
Doubtful Asset	136.75	90.04	46.71
Loss Asset	-	-	-
Total	10,610.05	121.85	10,488.20
C. Total- Gold and other Loans (A) + (B)			
Standard Assets	40,551.82	101.38	40,450.44
Sub Standard Asset	57.99	5.80	52.19
Doubtful Asset	136.75	90.04	46.71
Loss Asset	54.35	54.35	-
Grand Total - All Loans	40,800.91	251.57	40,549.34

As at March 31, 2022

(₹ in lakhs)

Particulars	Gross Loan Outstanding	Provision For Assets	Net Loan Outstanding
A. Gold Loan			
Standard Assets	27,571.83	68.93	27,502.90
Sub Standard Assets	5.72	0.57	5.15
Doubtful Asset	11.87	5.69	6.18
Loss Asset	36.06	36.06	-
Total	27,625.48	111.25	27,514.23
B. Other Loans			
Standard Assets	7,552.61	18.88	7,533.73
Sub Standard Asset	315.97	31.60	284.37
Doubtful Asset	14.23	3.82	10.41
Loss Asset	-	-	-
Total	7,882.81	54.30	7,828.51
C. Total- Gold and other Loans (A) + (B)			
Standard Assets	35,124.44	87.81	35,036.63
Sub Standard Asset	321.69	32.17	289.52
Doubtful Asset	26.10	9.51	16.59
Loss Asset	36.06	36.06	-
Grand Total - All Loans	35,508.29	165.55	35,342.74

Particulars	March 31, 2023	March 31, 2022
Opening balance	165.55	147.18
Add: Provided during the year:		
Provision for Standard asset & NPA	86.02	18.37
Less: Excess provision for standard Asset Reversed	-	-
Closing balance	251.58	165.55

Gross and Net Non performing assets

₹ in lakhs

Particulars	March 31, 2023		March 31, 2022	
	Amount in Rs Lakhs	% of Total Loans	Amount in Rs Lakhs	% of Total Loans
Gross Non performing Asset:	249.09	0.61%	383.85	1.08%
Less: Provision for Non performing Asset	150.19		77.74	
Net Non performing Asset	98.90	0.24%	306.11	0.86%

Note 48: Loan to asset value

₹ in lakhs

Particulars	March 31, 2023	March 31, 2022
Gold Loan	30,190.86	27,625.48
Total Assets	49,942.11	43,045.64
% of Gold Loan to total Assets	60.45%	64.18%

Note 49: Additional disclosures as required by circular no DNBS.CC.PD.No.356/03.10.01/2013-2014 dated September 16, 2013 issued by the Reserve bank of India

Auction of Gold ornaments pledged as security in the defaulted loan accounts

Particulars	Amount
Number of Loan Accounts	549
Principal Amount outstanding at the dates of auction (₹ in lakhs)	139.75
Interest Amount outstanding at the dates of auction (₹ in lakhs)	35.30
Total (₹ in lakhs)	175.05
Value fetched (₹ in lakhs)	184.75
Surplus (₹ in lakhs)	11.98
Deficit (₹ in lakhs)	2.28

Note:

No sister concerns participated in the auctions during the year ended March 31, 2023

Note 50: Instances of Fraud and misappropriation**(a) Cash embezzlement**

During the year there have been certain instances of fraud on the company by some employees at branches where misappropriations/cash embezzlements were observed. The fraud was identified by the management and immediate action was taken to recover the misappropriated amount. Out of the misappropriated cash amounting to Rs. 5 lakhs, (Outstanding as on 31/03/2022), in Kondotty Branch, Rs. 2.70 lakhs was recovered by the company during the FY 2022-2023. Additionally for an amount of Rs.2.59 lakhs was created during the current year against misappropriation of cash at Kolathupuzha branch.

(b) Spurious Gold

(₹ in lakhs)

Number of cases	Loan amount	Spurious portion of Gold	Amount recovered	Amount to be recovered
59	60.07	39.39	26.06	13.333

Note 51: Additional disclosures required under Schedule III**Note 51.1: Loans and advances to promoters, KMPs, Directors and related parties**

Details of loans to promoters, KMPs, Directors and other related parties during the period are as follows:

Type of borrower	As at March 31, 2023		As at March 31, 2022	
	Amount outstanding	% of total	Amount outstanding	% of total
<i>Repayment terms are fixed</i>				
a) Promoters	Nil	Nil	Nil	Nil
b) Directors	Nil	Nil	Nil	Nil
c) KMPs	Nil	Nil	Nil	Nil
d) Related parties	Nil	Nil	Nil	Nil
<i>Repayable on demand</i>				
a) Promoters	Nil	Nil	Nil	Nil
b) Directors	Nil	Nil	Nil	Nil
c) KMPs	Nil	Nil	Nil	Nil
d) Related parties	Nil	Nil	Nil	Nil
<i>without specifying any terms or period of repayment</i>				
a) Promoters	Nil	Nil	Nil	Nil
b) Directors	Nil	Nil	Nil	Nil
c) KMPs	Nil	Nil	Nil	Nil
d) Related parties	Nil	Nil	Nil	Nil

Note 51.2: Transactions related to Crypto-currency

The company has not traded or invested in Crypto currency or Virtual Currency during the period (previous year - Nil)

Note 51.3: Fund received from other persons/ entities for lending/ investing/ providing guarantee

The company has not received any funds from any person/entities, for the purpose of directly or indirectly lending/investing/providing guarantee/security to another person/entity, by or on behalf of the person/entity from whom such amount is received during the period in contravention of the Act or RBI guidelines.

The company has not advanced/loaned/invested funds to any person/entity for the purpose of directly or indirectly lending/ investing/ providing guarantee/ security to a third person/entity, by or on behalf of the company in contravention of the Act.

Note 51.4: Utilisation of borrowings

The Company had utilised the borrowings availed during the period for the purposes specified.

Note 51.5: Periodical reports submitted to bank on current assets

The Company has taken loans from banks/ Financial Institutions (FI) on the basis of security of assets like loans receivable.

The periodic returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

Note 51.6: Disclosure pursuant to section 186 of the Companies Act, 2013

The Company has not given any loans/ advances/ guarantees to any related person/ entities in contravention of section 186 of the Companies Act, 2013.

Note 51.7: Details of Corporate guarantees given by the Company

The Company has not given any corporate guarantee in respect of any loan during the period

Note 51.8: Revaluation of assets

The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets)/ Intangible Assets during the period (previous year - Nil)

Note 51.9: Property under the Benami Transactions (Prohibition) Act, 1988

The company is not holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)

Note 51.10: Willful defaulter

The company is not wilful defaulters under guidelines on wilful defaulters issued by the Reserve Bank of India

Note 51.11: Relationship with struck-off companies

The company has no relationship and transactions with struck-off companies

Note 51.12: Delay in registration of charges

The company has not made any delay in registration of Charges during the period.

Note 51.13: Layers of investment

The company has complied with the number of layers prescribed under section 2(87) of the companies Act 2013

Note 51.14: Compromises and Arrangements

The company has not entered in scheme of arrangement under section 230 to 237 of Companies Act 2013 during the period.

Note 51.15: Transactions not recorded in the books disclosed under income tax

There are no transactions not recorded in the books of accounts, which are disclosed during the Income tax assessment/search/survey.

Note 52: Related party disclosures**a) Name of related parties****For the year ended March 31, 2023****(I) Associates**

- 1) CDB 24 Karat Gold and diamonds Private limited.
- 2) CDB 24 Karat International Jewellers Private Limited.
- 3) Chemmanur Gold Palace International Ltd
- 4) Bobby Chemmanur (No.1) Chits Private Ltd
- 5) Bobby Housing and Construction Private Limited
- 6) CD Bobby Developers and Builders Private Ltd
- 7) CDB Infrastructure Private Limited
- 8) BDC Realty and Infra Private Limited
- 9) DBC Real Estate Developers Private Ltd.
- 10) Bobby Chemmanur Nidhi Limited
- 11) Bobby Chemmanur International Developers LLP
- 12) Bobby Bazar Private Limited
- 13) Phyigcart e-Commerce Private Limited
- 14) Chemmanur International Jewellers
- 15) Chemmanur Bose Jewellers
- 16) Chemmanur Fashion Jewellers, Manjery
- 17) Chemmanur Fashion Jewellers, Sulthan Bathery
- 18) Chemmanur International Holidays and Resorts Private Ltd
- 19) Bobby Chemmanur Entertainments Private Limited
- 20) Bobby Chemmanur Enterprises private Limited
- 21) Chemmanur International Jewellers LLP
- 22) Chemmanur International Info Solutions Pvt. Ltd.
- 23) Bobby Chemmanur Airlines Private Ltd
- 24) Pushyaragam Jewellwers (Koyilandy) Pvt. Ltd

(II) Key Managerial Personnel

- 1) Mr.Boby.C.D (Chairman & MD)
- 2) Mrs.Anju Thomas (CS)
- 3) Mr. Pramod.M (CFO)
- 4) Mr. T. K. Thomas (CEO) (w.e.f November 29, 2022)

For the year ended March 31, 2022

- 1) CDB 24 Karat Gold and diamonds Private limited.
- 2) CDB 24 Karat International Jewellers Private Limited.
- 3) Chemmanur Gold Palace International Ltd
- 4) Bobby Chemmanur (No.1) Chits Private Ltd
- 5) Bobby Housing and Construction Private Limited
- 6) CD Bobby Developers and Builders Private Ltd
- 7) CDB Infrastructure Private Limited
- 8) BDC Realty and Infra Private Limited
- 9) DBC Real Estate Developers Private Ltd.
- 10) Bobby Chemmanur Nidhi Limited
- 11) Bobby Chemmanur International Developers LLP
- 12) Bobby Bazar Private Limited
- 13) Phyigcart e-Commerce Private Limited
- 14) Chemmanur International Jewellers
- 15) Chemmanur Bose Jewellers
- 16) Chemmanur Fashion Jewellers, Manjery
- 17) Chemmanur Fashion Jewellers, Sulthan bathery
- 18) Chemmanur International Holidays and Resorts Private Ltd
- 19) Bobby Chemmanur Entertainments Private Limited
- 20) Bobby Chemmanur Enterprises private Limited
- 21) Chemmanur International Jewellers LLP
- 22) Chemmanur International Info Solutions Pvt. Ltd.
- 23) Bobby Chemmanur Airlines Private Ltd
- 24) Pushyaragam Jewellwers (Koyilandy) Pvt. Ltd

- 1) Mr.Boby.C.D. (Chairman & MD)
- 2) Mrs.Anju Thomas (CS)
- 3) Mr. Pramod.M (CFO)

(III) Relatives of Key Managerial Personnel

- 1) Mrs. Smitha Bobby
- 2) Mrs. Bymi Joffy
- 3) Mrs.Maithri K.M
- 4) Mr. Nishanth David Thomas
- 5) Mrs.Anju Mathew
- 6) Mr.Nidhin George Thomas

- 1) Mrs. Smitha Bobby
- 2) Mrs. Bymi Joffy
- 3) Mrs.Maithri K.M

(b) Related Party Transactions During the Year

(₹ in lakhs)

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<u>Loan Repaid</u>	-	-	-	-	-	-
Loan Repaid to Mr.Boby.C.D (Chairman & MD)	-	-	-	57.00	-	-
<u>Interest Paid</u>	-	-	-	-	-	-
Boby.C.D (NCD and SD purchased from other Investors)	-	-	0.92	4.98	-	-
T.K Thomas	-	-	0.39	-	-	-
Maithri K.M	-	-	-	-	1.58	1.47
Bimy Joseph	-	-	-	-	0.50	-
Anju Mathew	-	-	-	-	0.12	-
Nidhin George Thomas	-	-	-	-	0.75	-
<u>Non Convertible Debentures/Subordinated debt repayment</u>	-	-	-	-	-	-
Boby.C.D	-	-	8.00	60.00	-	-
Maithri KM	-	-	-	-	7.50	-
Nidhin George Thomas	-	-	-	-	7.50	-
Anju Mathew	-	-	-	-	2.00	-
<u>Rent Paid</u>	-	-	-	-	-	-
Boby.C.D	-	-	1.16	1.10	-	-
<u>Commission Received</u>	-	-	-	-	-	-
Boby Chemmanur (No.1) Chits Private Ltd	-	0.04	-	-	-	-
<u>Chit Collection Received</u>	-	-	-	-	-	-
BobyChemmanur (No.1) Chits Private Ltd	0.96	1.90	-	-	-	-
<u>Chit Collection Repaid</u>	-	-	-	-	-	-
Boby Chemmanur (No.1) Chits Private Ltd	0.96	1.90	-	-	-	-
<u>Remuneration to chairman</u>	-	-	-	-	-	-
Boby.C.D	-	-	108.00	84.00	-	-
<u>Remuneration to Chief Executive Officer</u>	-	-	-	-	-	-
T.K Thomas	-	-	10.07	-	-	-
<u>Remuneration to Company secretary</u>	-	-	-	-	-	-
Anju Thomas	-	-	8.24	8.56	-	-
<u>Remuneration to Chief Financial</u>	-	-	-	-	-	-

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Officer						
Pramod .M	-	-	15.93	15.32	-	-
<u>Rent Received</u>						
Chemmanur Gold Palace International Limited	91.53	91.53	-	-	-	-
<u>Purchase</u>						
Boby Bazar Pvt Ltd	1.78	0.51	-	-	-	-
<u>NCD Issued(Private Placement)</u>						
Maithri K.M	-	-	-	-	-	6.50
<u>NCD Issued(Public)</u>						
T.K Thomas	-	-	17.00	-	-	-
Maithri K.M	-	-	-	-	2.50	-
Pramod .M	-	-	5.80	-	-	-
Nishanth David Thomas	-	-	-	-	2.00	-
<u>Subordinated Debt Issued</u>						
Maithri K.M	-	-	-	-	8.00	-

(c) Related party Balances as at the end of the year

(₹ in lakhs)

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Due To:						
Mr.Boby.C.D (Chairman & MD):						
Non-Convertible Debenture	-	-	2.55	10.55	-	-
Subordinated Debt	-	-	5.00	5.00	-	-
T.K Thomas						
Non Convertible Debenture-Public	-	-	17.00	-	-	-
Nishanth David Thomas						
Non Convertible Debenture	-	-	-	-	2.00	-
Maithri K.M						
Non Convertible Debenture(Public)	-	-	-	-	8.30	-
Non Convertible Debenture (Private Placement)	-	-	-	-	8.95	16.45
Subordinated Debt	-	-	-	-	10.00	2.00
Bimy Joseph						
Subordinated Debt	-	-	-	-	5.00	5.00
Anju Mathew						
Non Convertible Debenture-Private Placement	-	-	-	-	-	2.00
Phygicart e- Commerce Private Limited	0.41	0.41	-	-	-	-
Due From:						
Chemmanur Gold Palace International Limited	8.24	32.95	-	-	-	-
Boby Chemmanur (No.1) Chits Private Ltd	0.02	0.02	-	-	-	-

(d) Maximum Outstanding during the year

(₹ in lakhs)

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<u>Loan taken and Repaid made</u>						
Loan from Mr.Boby.C.D (Chairman & MD)	-	-	-	57.00	-	-
	-	-	-	-	-	-
<u>Non Convertible Debentures/Subordinated debt</u>						
Boby.C.D	-	-	10.55	60.00	-	-
Maithri KM	-	-	-	-	27.25	18.45
Nidhin George Thomas					7.50	-
-						
<u>Commission Receivable</u>						
Boby Chemmanur (No.1) Chits Private Ltd	0.02	0.02	-	-	-	-
<u>Rent Receivable</u>						
Chemmanur Gold Palace International Limited	32.95	57.85	-	-	-	-
<u>Payable</u>						
Phygicart e- Commerce Private Limited	0.41	0.41	-	-	-	-

Note 53: Security Offered For Loans

(A). The Sanction of the Common Covid Emergency Credit Line(CCECL) limit in addition to the existing cash credit facilities availed by the company from State Bank of India

1. PRIMARY SECURITY

Hypothecation of loan receivables to the extent of Rs 48.00 crs (both present & future) of the company.

2. COLLATERAL SECURITY

(i) 784.91 Cents Of Land In Sy No. 147/197/7 ,983/1P ,985/1 ,986/1p, 987/1p ,985/1p ,147/197/8 ,147/197/3 ,984/1p, In Ollukkara Village, Thrissur Taluk, Ollukkara SRO In The Name Of M/S C.D Bobby Developers And Builders Pvt Ltd

(ii) 5.93 Cents Of Land In Sy No.984/3p In Ollukkara Village, Thrissur Taluk, Ollukkara SRO In The Name Of Bobby Housing And Constructions Pvt Ltd

(iii) 25.26 Cents of Land and building measuring 278.81 sq m thereon in Sy No 205/4P of Aranattukara Village, Thrissur Taluk, Ayyanthole SRO, Thrissur District in the name of C D Bobby

(iv) Extension of EM over 5.56 Ares of land comprised in Sy. No. 983/1 along the side of Thrissur – Palakkad NH, 6th Stone , Vattakkalu, Mulayam, Ollukkara Village, Thrissur District – Ollukkara SRO in the name of M/s CDB Infrastructure Pvt Ltd.

3. THIRD PARTY GUARANTEES

A. Personal Guarantees Of	
1	Sri.C.D.Boby
2	Sri. LijoMoothedan
B. Corporate guarantees of	
1	M/S. C.D Bobby Developers And Builders Pvt Ltd
2	M/S Bobby Housing And Constructions Pvt Ltd
3	M/s CDB Infrastructure Pvt. Ltd

Rate of Interest: 10.75% per annum

(B). Sanction of Term Loan From Canara Bank

1. PRIMARY SECURITY

Exclusive charge by hypothecation of loan receivables (Standard Asset) of specific branches of the company with 25% margin and minimum- security coverage of 1.33 at all the times during the currency of the loan, after obtaining NOC from debenture trustee/SBI

2. COLLATERAL SECURITY

(i) EM over 28.29 cents (11.45 ares) of land comprised in Re sy no: 101 1B 2 of Thazhekode Village , District Kozhikode (Mukkam) in the name of Mr C D Bobby realizable valued Rs 0.87 Crore (85% of value of vacant land)

(ii) EM over flat no. G2 & G3, Hema apartments with undivided share on the land , Comprised in Re sy no.: 190 extent in 3.357 cents (UDS of land) of Kasaba village, District - Kozhikode in the name of Mr C D Bobby, Valued Rs 0.85 Crore

(iii) EM over 15.15 ares of land and Residential building comprised in Re sy : 120/1. (120/14 as per T.P A/c 4967, 120/13 (as per T.P A/c 4966) of Kuttikkattoor village, desm Velliparamba, District Kozhikode in the name of Mr C D Bobby and Smt. Smitha Bobby, Valued Rs 3.52 Crore

3. THIRD PARTY GUARANTEES

A. Personal Guarantees Of	
1	Sri. C.D.Boby
2	Sri. LijoMoothedan
3	Mrs. Smitha Bobby

Interest Rate: 10.80% per annum

(C). Sanction of Cash Credit from Dhanalaxmi Bank

1. PRIMARY SECURITY

Exclusive charge on entire loan receivables of 5 branches of the company (mentioned below) with 25% margin and minimum security coverage of 1.5 times at all times during the currency of loan (DP to be computed on receivables that are not overdue for 90 days and above)

2. COLLATERAL SECURITY

(i) EM of 2.5399 hectares (627.5 cents) of Land in sy No : 147/161/2 and 1225/P of Ollukkara village, Mullakkara Desom, Thrissur taluk, Thrissur District in the name of DBC Real Estate Developers Pvt Ltd

(ii) EM of 11.2 cents of residential plot with 750 Sqft residential building U/Sy No. 985/1P in Ollukara village, Thrissur taluk and District in the name of BDC Realty and Infra (P) Ltd

3. THIRD PARTY GUARANTEES

A. Personal Guarantees Of	
1	Sri. C.D.Boby
2	Sri. LijoMoothedan
B. Corporate guarantees of	
1	DBC Real Estate Developers Pvt Ltd
2	BDC Realty and Infra (P) Ltd

Rate of Interest: 10.10% per annum

Note 54: Liquidity Risk

Public disclosure on Liquidity Risk For the year ended March 31, 2023 pursuant to RBI circular dated November 04,2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

I. Funding Concentration based on significant counter party (both deposits and borrowings)

Sl. No.	No of Significant Counter parties	As on 31st March 2023			As on 31st March 2022		
		Amount (₹ in lakhs)	% of Total Deposits	% of Total Liabilities	Amount (₹ in lakhs)	% of Total Deposits	% of Total Liabilities
1	Nil	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

II. Top 20 Large Deposits: Not Applicable**III. Top 10 Borrowings**

(₹ in lakhs)

Sl. No.	Name of parties/holders	Nature	As on 31st March 2023		As on 31st March 2022	
			Amount	As a % of Total borrowing	Amount	As a % of Total borrowing
1	The State bank of India	Cash credit	2503.91	7.92%	2492.93	9.51%
2	The Canara Bank	Term loan	678.03	2.15%	1001.58	3.82%
3	The Dhanlaxmi Bank	Cash credit	410.77	1.30%	392.51	1.50%
4	Mr. Homi Farrok Kaka	NCD Public Issue	200.00	0.63%	0.00	0.00%
5	M/s.Thiruvathira Gold Palace LLP	NCD Public Issue	144.00	0.46%	0.00	0.00%
6	Mr. Perviz Farrok Kaka	NCD Private Placement	125.00	0.40%	225.00	0.86%
7	Mr.Muralidarar K R	Subordinated Debt	119.00	0.38%	69.00	0.26%
8	Mr. Siyaf M.V	Subordinated Debt	80.00	0.25%	97.00	0.37%
9	Mr.Devendhra H G	Subordinated Debt	70.00	0.22%	0.00	0.00%
10	Mr. John Abraham	Subordinated Debt	61.00	0.19%	93.00	0.35%
11	Ms.Kala S	Subordinated Debt	60.00	0.19%	0.00	0.00%
12	Ms.Rajeswari Amma Sarada	NCD Public Issue	60.00	0.19%	0.00	0.00%
13	Mr. Siyak M V	Subordinated Debt	59.00	0.19%	77.00	0.29%
14	Mr. Simpson Pennamma Chacko	Subordinated Debt	0.00	0.00%	58.00	0.22%
15	The State bank of India	Term loan	0.00	0.00%	39.72	0.15%
TOTAL			4,570.71		4,545.73	

IV. Funding Concentration based on significant instrument/product

SL	Name of the instrument/product	As on 31st March 2023		As on 31st March 2022	
		Amount (in lakhs)	% of Total Liabilities	Amount (in lakhs)	% of Total Liabilities
1	Non convertible Debentures	10,289.70	28.43%	5,021.58	16.65%
2	Subordinated Debts	17,713.95	48.95%	17,277.70	57.29%
3	Bank Borrowings	3,592.71	9.93%	3,926.73	13.02%
TOTAL		31,596.35		26,226.01	

V. Stock Ratio:

Other Short term liabilities of ₹2,137.06 lakhs as on 31st March 2023 (₹1,718.49 lakhs as on 31st March 2022) as a % of Total Public funds, Total Liabilities and Total Assets.

	31-03-2023		31-03-2022	
	Amount (₹ in lakhs)	Other Short Term Liabilities As a % Of	Amount (₹ in lakhs)	Other Short Term Liabilities As a % Of
Other Short term Liabilities:	2,137.06		1,718.49	
Public Fund	36,697.24	5.82%	30,344.00	5.66%
Total Liabilities	41,029.14	5.21%	34,228.71	5.02%
Total Assets	49,942.11	4.28%	43,045.64	3.99%

Note 55: Comparison between provision required under IRACP and impairment loss under Ind AS 109
(₹ in lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount	Loss allowance under Ind AS 109	Net carrying amount	Provision required as per IRACP Norms	Difference between provision as per Ind AS 109 & IRACP Norms
As at March 31, 2023						
Performing assets						
Standard assets	Stage 1	40,081.87	6.05	40,075.82	100.21	(94.16)
	Stage 2	469.95	1.39	468.56	1.17	0.22
Sub-total		40,551.82	7.44	40,544.38	101.38	(93.94)
Non-performing assets						
Sub-standard	Stage 3	57.99	14.66	43.32	5.80	8.86
Doubtful						
- Up to 1 year	Stage 3	131.46	87.85	43.62	87.85	-
- 1 year - 3 years	Stage 3	5.29	2.19	3.10	2.19	-
- More than 3 years	Stage 3	-	-	-	-	-
Total doubtful						
Loss assets	Stage 3	54.35	54.35	-	54.35	-
Sub-total for NPA		249.09	159.05	90.04	150.19	8.86
Other items		-	-	-	-	-
Sub-total		40,800.91	166.49	40,634.42	251.57	(85.08)
Total	Stage 1	40,081.87	6.05	40,075.82	100.21	(94.16)
	Stage 2	469.95	1.39	468.56	1.17	0.22
	Stage 3	249.09	159.05	90.04	150.19	8.86
	Total	40,800.91	166.49	40,634.42	251.57	(85.08)

(₹ in lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount	Loss allowance under Ind AS 109	Net carrying amount	Provision required as per IRACP Norms	Difference between provision as per Ind AS 109 & IRACP Norms
<i>As at March 31, 2022</i>						
Performing assets						
Standard assets	Stage 1	34,626.30	5.26	34,621.04	86.57	(81.31)
	Stage 2	498.14	2.38	495.76	1.25	1.13
Sub-total		35,124.44	7.64	35,116.80	87.81	(80.17)
Non-performing assets						
Sub-standard	Stage 3	321.69	31.68	290.01	32.17	(0.49)
Doubtful						
- Up to 1 year	Stage 3	13.85	3.18	10.67	3.18	-
- 1 year - 3 years	Stage 3	1.18	0.80	0.38	0.80	-
- More than 3 years	Stage 3	11.06	5.53	5.53	5.53	
Total doubtful						
Loss assets	Stage 3	36.06	36.06	-	36.06	-
Sub-total for NPA		383.84	77.25	306.59	77.74	(0.49)
Other items		-	-	-	-	-
Sub-total		35,508.28	84.89	35,423.39	165.55	(80.66)
Total	Stage 1	34,626.30	5.26	34,621.04	86.57	(81.31)
	Stage 2	498.14	2.38	495.76	1.25	1.13
	Stage 3	383.84	77.25	306.59	77.74	(0.49)
	Total	35,508.28	84.89	35,423.39	165.56	(80.65)

Note 56: Disclosure required as per RBI Circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 Dated April 19, 2022.

A) Exposure

1) Sectoral Exposure

(₹ in lakhs)

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)	Gross NPAs (₹ Lakhs)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)	Gross NPAs (₹ Lakhs)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	NA	NA	NA	NA	NA	NA
2. Industry	NA	NA	NA	NA	NA	NA
3. Services	-	-	-	-	-	-
4. Personal Loans						
Gold Loan	30,190.86	54.60	0.18%	27,625.48	53.65	0.19%
Other Loans	10,610.05	194.48	1.83%	7,882.81	330.20	4.19%
Total	40,800.91	249.08		35,508.29	383.85	

B) Disclosure of complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No		Particulars	2022-23	2021-22
Complaints received by the NBFC from its customers				
1		Number of complaints pending at beginning of the year	Nil	Nil
2		Number of complaints received during the year	6	6
3		Number of complaints disposed during the year	5	6
	3.1	Of which, number of complaints rejected by the NBFC	Nil	Nil
4		Number of complaints pending at the end of the year	1	0

Maintainable complaints received by the NBFC from Office of Ombudsman				
5.*		Number of maintainable complaints received by the NBFC from Office of Ombudsman	Nil	1
	5.1.	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman		
	5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman		1
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC		
6.*		Number of Awards unimplemented within the stipulated time (other than those appealed)		Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

* It shall only be applicable to NBFCs which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

2) Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Of 5, number of complaints pending beyond 30 days (6)
2022-23					
Ground - 1	-	-	-	-	-
Ground - 2	-	-	-	-	-
Ground - 3	-	-	-	-	-
Ground - 4	-	-	-	-	-
Ground - 5	-	3	-	-	-
Others	-	3	-	1	1
Total	-	6	-	1	1
2021-22					
Ground - 1	-	-	-	-	-
Ground - 2	-	-	-	-	-
Ground - 3	-	-	-	-	-
Ground - 4	-	-	-	-	-
Ground - 5	-	3	-	-	-
Others	-	3	25 % Decrease	-	-
Total	-	6	25 % Decrease	-	-

Note 57: Transition to Ind AS and interim unaudited results.

The company listed its non convertible debentures on January 12, 2023. The financial statements of the Company for the year ended March 31, 2023 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2021 as the transition date from previous GAAP.

However, since the transition to Ind AS was done in last quarter of FY 2022-23, the unaudited results of 9 months ended December 31, 2022 and the comparative quarters was presented in accordance with Accounting Standards (IGAAP) notified under The Companies (Accounts) Rules, 2014 (as amended). Since the Ind AS adjustments were given effect in the final quarter of financial year 2022-23, the published unaudited results of the quarter/ nine months ending December 31, 2022 are not comparable with the audited results published for the year ended March 31, 2023.

For and on behalf of the Board

Boby CD	Lijo Moothedan	T.K. Thomas
Chairman and MD	Director	Chief Executive Officer
DIN: 00046095	DIN: 00877403	

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

As per our report of even date attached

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER

M.No: 202800

UDIN: 23202800BGTEYJ4057

Place : THRISSUR,
Date : 18/09/2023.

Schedule to the Balance Sheet of a Non-Banking Financial Company**(As required in terms of Paragraph 19 of Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016).**

(₹ in lakhs)

	Particulars	Amount Outstanding	Amount Overdue
	Liability Side :		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	10,474.42	Nil
	: Unsecured - Subordinate Debt	21,016.32	Nil
	(other than falling within the meaning of public deposit)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter – corporate loans and borrowings	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) public deposit	Nil	Nil
	(g) Other Loans (Specify nature)	Nil	Nil
2	Breakup of (i)(f) above (outstanding public deposit inclusive in interest accrued thereon but not paid)		
	(a) in the form of unsecured debentures	Nil	Nil
	(b) in the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	Nil	Nil
	(c) other public Deposits	Nil	Nil
	*See note 1 below		
	Asset Side:	Amount Outstanding	
3	Break-up of Loans and Advances including bills receivables[other than those included in (4) below]:		
	(a) Secured	34,009.46	
	(b) Unsecured	6,791.45	
4	Break-up of Leased Assets and stock on hire and other assets counting toward AFC activities		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial Lease		
	(b) Operating Lease	Nil	
	(ii) Stock on hire including hire charges under sundry debtors		
	(a) Asset on Hire		
	(b) Repossessed Assets	Nil	
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above	Nil	

5	Break up of Investments :	
	Current Investments:	Nil
	1. Quoted:	Nil
	(i) Shares (a) Equity	
	(b) Preference	
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	Long Term Investments	
	1. Quoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil

6	Borrower group-wise classification of assets financed as in (3) and (4) above :		
	(see note 2 below)		
	Category	Amount net of provisions	
		Secured	Unsecured
			Total
	1. Related Parties		
	(a) subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
	2. Other than related parties	33,854.87	6,694.47
	Total	33,854.87	6,694.47
			40,549.34

7	Investor group-wise classification of all investments(current and long term) in shares and securities (both quoted and unquoted);(see note 3 below)		
	Category	Market Value/ Break up or fair value or NAV	Book Value
			(Net of Provisions)
	1. Relate Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
	2. Other than related parties	Nil	Nil
	Total	Nil	Nil

8	Other Information	
	Particulars	Amount
	(i) Gross Non – Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	249.09
	(ii) Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	98.90
	(iii) Assets acquired in satisfaction of debt	Nil

*Notes:

1. As defined in point xxv of paragraph 3 of Chapter -II of these Directions.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non – Deposit Accepting of Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

For and on behalf of the Board

Boby CD **Lijo Moothedan** **T.K. Thomas**
Chairman and MD **Director** **Chief Executive Officer**
DIN: 00046095 **DIN: 00877403**

Pramod.M **Anju Thomas**
Chief Financial Officer **Company Secretary**
M.No:43159

Place : THRISSUR,
Date : 18/09/2023.

As per our report of even date attached

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER
M.No: 202800

UDIN: 23202800BGTEYJ4057

**INDEPENDENT AUDITORS' REPORT ON THE SPECIAL PURPOSE FINANCIAL
STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022, STATEMENT OF
PROFIT AND LOSS AND CASH FLOWS STATEMENT FOR THE YEAR ENDED MARCH
31, 2022 OF CHEMMANUR CREDITS AND INVESTMENTS LIMITED**

To the Board of Directors,
Chemmanur Credits and Investments Limited
Mangalodhayam Building, Round South
Thrissur - 680001

Dear Sir/Madam,

We have audited the accompanying financial statements of Chemmanur Credits and Investments Limited (the "**Company**"), which comprise the balance sheet as at March 31, 2022, and the statement of profit and loss, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "**financial statements**").

Management's Responsibility for the Financial Statements

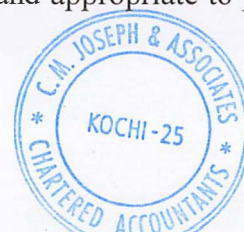
Management is responsible for the preparation of the financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended and based on the provisions of Para 33.10 of Schedule I to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "**SEBI NCS Regulations**"). This also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in the manner so required as per Companies Act, 2013, SEBI NCS Regulations and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and of its results of operations and its cash flows for the year then ended.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2.1 to the financial statements, which describes the basis of preparation & presentation of financial statements. The financial statements are prepared to assist the Company to meet the requirements of SEBI NCS Regulations, as amended. As a result, the financial statements may not be suitable for another purpose.

Other Matter

Chemmanur Credits and Investments Limited has prepared a separate set of financial statements for the year ended March 31, 2022, in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, on which M/s. V.K.S. Narayan & Co, Chartered Accountants, has issued a separate auditor's report to the shareholders of the Company dated August 09, 2022.

For C.M. Joseph & Associates

Chartered Accountants

Firm's Registration Number: **006408S**
C.M. Joseph
Partner

M. No.: 202800

UDIN: 23202800BGTEYI6465

Place: Ernakulam

Date: 18/09/2023



Balance Sheet as at 31st March, 2022

(Presented in Rupees Lakhs other than Share data and EPS)

Amount ₹ in lakhs

Particulars	Note No.	As at	
		March 31, 2022	March 31, 2021
I. EQUITY & LIABILITIES			
(1)Shareholders’ funds			
(a)Share Capital	3	6,000.00	6,000.00
(b)Reserves and Surplus	4	2,804.64	2,793.62
(c)Money received against share warrants		0.00	0.00
(2)Share application money pending allotment		0.00	0.00
(3)Non-current liabilities			
(a)Long-Term Borrowings	5	15,200.19	16,476.58
(b)Deferred Tax Liabilities (Net)		0.00	0.00
(c)Other long term liabilities	6	2,216.57	2051.46
(d)Long term provision	7	130.04	117.95
(4)Current liabilities			
(a)Short-term borrowings	8	11,024.25	94,91.48
(b)Trade payables		0.00	0.00
(c)Other current liabilities	9	1,718.49	1,371.07
(d)Short-term provisions	10	200.63	196.50
TOTAL		39,294.81	38,498.66
II. ASSETS			
(1)Non-current assets			
(a)Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment	11	1,378.43	1,444.15
(ii)Intangible assets	11	22.05	30.11
(iii)Capital work-in-progress	12	109.59	20.62
(iv)Intangible assets under development		0.00	0.00
(b)Non-current investments			
(c) Deferred Tax Assets (Net)	13	46.55	36.65
(d) Long-term loans and advances	14	970.47	1,823.18
(e)Other Non current assets	15	465.05	394.74
(2)Current assets			
(a)Current investments		0.00	0.00
(b)Inventories		0.00	0.00
(c)Trade receivables		0.00	0.00
(d)Cash and cash equivalents	16	558.72	452.68
(e)Short-term loans and advances	17	34,537.82	32,315.19
(f)Other current assets	18	1,206.13	1,981.34
Total		39,294.81	38,498.66

For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

Place : THRISSUR,
Date : 18/09/2023.

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYI6465

Statement of Profit and Loss for the year ended 31st March, 2022

(Presented in Rupees Lakhs other than Share data and EPS)

Amount ₹ in lakhs

Particulars	Note No.	March 31, 2022	March 31, 2021
Income			
Revenue from operations	20	7,188.74	7,357.99
Other income	21	143.91	115.56
Total Income		7,332.65	7,473.55
Expenses			
Finance costs	22	3,237.23	2,964.45
Employee benefits expense	23	2,067.89	1,921.66
Other expenses	24	1,157.91	1,074.25
Depreciation and amortization expense	25	264.44	268.44
Total Expenses		6,727.47	6,228.80
Profit before Exceptional, Extraordinary items, and tax		605.18	1,244.75
Exceptional Items		0.00	0.00
Profit before extraordinary items and tax		605.18	1,244.75
Extraordinary Items		0.00	0.00
Profit Before Tax		605.18	1,244.75
Tax expenses			
Current tax		183.51	349.06
Deferred tax		(9.90)	(28.28)
Tax Paid for earlier years		0.55	0.00
Total tax expense		174.16	320.78
Profit for the year		431.02	923.97
Earnings per equity share [nominal value of share Rs.10-]	26		
Basic earnings per share (Rs/-)		0.72	1.54
Diluted earnings per share (Rs/-)		0.72	1.54
Summary of significant accounting policies			

For and on behalf of the Board

Boby CD **Lijo Moothedan** **T.K. Thomas**
Chairman and MD **Director** **Chief Executive Officer**
DIN: 00046095 **DIN: 00877403**

Pramod.M **Anju Thomas**
Chief Financial Officer **Company Secretary**
M.No:43159

Place : THRISSUR,
Date : 18/09/2023.

As per our report of even date attached

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYI6465

Cash Flow Statement For The Year Ended March 31, 2022

Particulars	Amount ₹ in lakhs	
	March 31, 2022	March 31, 2021
A. Cash flows from operating activities		
Net Profit Before Tax	605.18	1,244.75
Add: Depreciation	264.44	268.44
Provision for Non Performing Assets	18.37	28.40
Provision for Cash Loss	5.00	0.00
Loss on Sale of Fixed Asset	7.39	4.00
Interest (Net)	3,153.83	2,902.55
Provision For Gratuity	21.18	23.38
Operating Profit before Changes in Working Capital	4,075.39	4,471.52
Changes in Working Capital:		
(Increase)/Decrease in Long Term Loans and Advances	852.70	(1,823.18)
(Increase)/Decrease in Short Term Loans and Advances	(2,222.63)	(2,319.76)
(Increase)/Decrease in Other Current Assets	949.28	(546.05)
(Increase)/Decrease in Other Non-Current Assets	(70.30)	(17.43)
Increase / (Decrease) in Other Current liabilities	512.53	1,371.17
Increase / (Decrease) in Short-term Borrowings	383.84	4.52
Cash Generated From Operations	4,480.81	1,140.79
Income Tax Paid Net of Refund	386.46	512.81
Net Cash From Operating Activities	4,094.35	627.98
B. Cash Flows From Investing Activities		
Interest received from Bank	45.23	22.01
Capital Work in Progress	(88.97)	20.02
Proceeds From Sale of Fixed Assets	3.42	2.10
Purchase of Fixed Assets	(201.46)	(140.66)
Net Cash From Investing Activities	(241.78)	(96.53)
C. Cash Flows From Financing Activities		
Interim Dividend Paid	(420.00)	0.00
Proceeds from Issue of Debentures	1,558.00	1,923.00
Repayment of Debentures	(3,278.00)	(2,979.93)
Proceeds from Issue of Unsecured Subordinate Debt	2,494.40	3,553.75
Repayment of Unsecured Subordinate Debt	(1,676.60)	(362.90)
Proceeds from/(Repayment) of Loan from Director	(57.00)	36.57
Interest Paid on Debentures & Subordinate Debt	(3,049.04)	(2,828.53)
Proceeds From Term Loan	1,000.00	250.00
Repayment of Term Loan	(168.28)	(42.01)
Interest Paid on Term Loan	(62.22)	(18.43)
Interest paid on Bank Cash Credit	(87.79)	(77.59)
Net Cash From Financing Activities	(3,746.53)	(546.07)
Net Increase in Cash and Cash Equivalents	106.04	(14.62)
Cash and Bank Balance at Beginning of Period	452.68	467.30
Cash and Bank Balance at end of Period	558.72	452.68
Components of Cash and Cash Equivalent at the end of the Period		
Current Account and FD with Banks	279.62	333.01
Cash on Hand	279.10	119.67
Total	558.72	452.68

For and on behalf of the Board

Boby CD Lijo Moothedan T.K. Thomas
Chairman and MD Director Chief Executive Officer
DIN: 00046095 DIN: 00877403

Pramod.M Anju Thomas
Chief Financial Officer Company Secretary
M.No:43159

Place: THRISSUR,
Date : 18/09/2023.

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYI6465

NOTES TO THE FINANCIAL STATEMENTS**1. Corporate Information**

Chemmanur Credits and Investments Limited is a Public Limited Company domiciled in India and incorporated under the provisions of The Companies Act 1956. The Company is a Non-Systemically Important Non-Deposit Taking Non-Banking Financial Company Registered under section 45IA of RBI Act, 1934. The Company is a professionally managed financial institution with all the key operational posts starting from its Branch Managers to senior positions being held by senior professionals who held key positions in major public sector banks and other leading finance companies. Performance of the company had also shown remarkable improvement over the years.

Summary of Significant accounting policies**2.1 Basis of Preparation & Presentation of Financial statements.**

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material respects with Accounting Standards notified under The Companies (Accounting Standards) Rules, 2021 (as amended) and the relevant provisions of the Companies Act, 2013 and the guidelines issued by the Reserve Bank of India as applicable to a Non-Systemically Important Non-Deposit Accepting NBFC. The Financial Statements have been prepared on an accrual basis and under the historical cost convention except for interest on non-performing assets which are recognized on realization basis. The Accounting Policies adopted in the preparation of Financial Statements are consistent with those of previous year.

The preparation of financial statements in conformity with Indian GAAP requires the Management to make judgments, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the financial statements are based upon the Management's evaluation of the relevant facts and circumstances as on the date of financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

During the year ended March 31, 2022, the Company has complied with the requirements of Schedule III of Companies Act 2013 for the preparation and presentation of its financial statement. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation. The cost includes purchase consideration, financing costs till commencement of commercial production and other directly attributable costs incurred to bring an Asset to its working condition for its intended use. Subsidy received towards specific assets is reduced from the cost of property, plant and equipment. Property, plant and equipment taken on Finance Lease are capitalized. The costs of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress

Depreciation on Property, Plant and Equipment

Depreciation on Property plant and equipment is calculated on straight line basis using the rates arrived at based on the useful lives prescribed under Schedule II to the Companies Act, 2013. The company has used the following life to provide depreciation on its fixed assets.

Asset	Useful Life
Furniture & Fittings	10 Years
Electrical Fittings	10 Years
Computer	3 Years
Plant and Equipment	15 Years
Vehicles	8 Years
Strong Room-RCC Frame Structure	60 Years

2.3 Intangible Asset

Intangible Assets are recorded at the consideration paid for acquisition less accumulated amortization and accumulated impairment, if any. Intangible assets are amortized over their estimated useful life subject to a maximum period of 10 years on straight line basis, commencing from the date the asset is available to the company for its use.

Expenditure for acquisition and implementation of software system is recognized as part of the intangible asset and amortized on straight line basis over a period of 10 years being the maximum period available for writing off of intangible asset.

2.4 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred. Interest on debenture ceases to accrue on the due date of put option.

2.5 Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken in to account, if available. If no such transactions can be identified, an appropriation valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.6 Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

2.7 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Quoted current investments for each category is valued at cost or market value whichever is lower. Unquoted investments in the units of mutual fund in the nature of current investment are valued at the net asset value declared by the mutual fund in respect of each particular scheme. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

2.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognized under the internal rate of return method. Such interests, where installments are overdue in respect of non-performing asset are recognized on realization basis as in accordance with the guidelines issued by Reserve Bank of India for Non-Banking Financial Companies. Any such income recognized and remaining unrealized after the installments become overdue with respect to nonperforming asset is reversed.

Revenue from fee-based activities is recognized as and when services are rendered.

Interest on deposit is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.

2.9 Employee Benefits

Short term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. These benefits include benefits like salaries, wages, short term compensated absence such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period.

Long term Employee Benefits

Defined contribution plans:

Defined contribution plan is Provident Fund scheme administered by Government for all eligible employees. The company's contribution to defined contribution plan is recognized in the Statement of Profit & Loss in the financial year to which they relate **(Note No.36)**.

Defined benefit plans:

The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined every year by consulting actuary using Projected Unit Credit Method. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred **(Note No.37)**.

2.10 Foreign currency transaction

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement/settlement of all other monetary items are recognized in the Statement of Profit and Loss.

2.11 Taxes on Income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the income-tax Act, 1961 enacted in India.

Deferred tax charge or credit reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized, only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

Deferred Tax Assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.12 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Provision policy for gold loan and other loan portfolios: Company provides for non-performing loans and advances as mentioned in Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. Provision for standard assets is made at 0.25% as mentioned in Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and shown in the balance sheet as 'Contingent Provisions for standard asset'.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that

arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2.13 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.

2.14 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.15 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company’s earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.16 Debenture Redemption Reserve

No Debenture Redemption Reserve is required to be created for privately placed debentures of Non-Banking Finance Companies.

2.17 Cash Flow Statement

Company has prepared cash flow statement using the Indirect Method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

2.18 Surplus on auction of pledged gold

The Company has a policy of refund of any surplus that arises on auction of gold ornaments pledged as security in the case of defaulted loan accounts in accordance with the terms of the agreement with the customers.

2.19 Dividend

Dividends on shares are recorded as liability on the date of approval by the shareholders.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

(Presented in Rs Lakh other than Share Data and EPS)

NOTE: 3**Amount ₹ in lakhs****SHARE CAPITAL****As at****March 31, 2022 March 31, 2021****Authorized shares**

8,00,00,000 equity shares of Rs.10/- each(Previous year 8,00,00,000 equity shares of Rs.10/- each)	8,000.00	8,000.00
2,00,000 Preference shares of Rs.1,000/- each(Previous year - 2,00,000 Preference shares of Rs.1,000/- each)	2,000.00	2,000.00

10,000.00 10,000.00**Issued, subscribed and fully paid-up shares**

6,00,00,000 equity shares of Rs.10/- each(Previous year 6,00,00,000 equity shares of Rs.10/- each)	6,000.00	6,000.00

Total issued, subscribed and fully paid-up share capital 6,000.00 6,000.00**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Particular	March 31, 2022		March 31, 2021	
	Nos.	Amount ₹ in lakhs	Nos.	Amount ₹ in lakhs
At the beginning of the year	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Issued during the period	-	0.00	-	0.00
Outstanding at the end of the period	6,00,00,000	6,000.00	6,00,00,000	6,000.00

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having face value Rs. 10/- (PY Rs.10/-) per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. The dividend proposed by your Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the 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.

C. Details of shareholders holding more than 5% shares in the Company

Particular	March 31, 2022		March 31, 2021	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
C.D. Bobby	5,13,82,800	85.64%	5,12,92,800	85.49%
Chemmanur Gold Palace International Limited	70,00,000	11.67%	70,00,000	11.67%

d. Notes on splitting of shares

During the financial year 2014-15 company has split its nominal value of Equity Shares from ₹ 100 to ₹ 10

e. Shareholding of Promoters							
	March 31, 2022				March 31, 2021		
Sr No	Promoter's Name	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
1	C.D. Bobby	5,13,82,800	85.64%	0.18%	5,12,92,800	85.49%	0.27%
2	Jose Chakkappan	55,000	0.09%	0.00%	55,000	0.09%	0.00%
3	Jisso C baby	35,000	0.06%	0.00%	35,000	0.06%	0.00%
4	Deena Lijo	30,000	0.05%	0.00%	30,000	0.05%	0.00%
5	Lijo Moothedan	35,000	0.06%	0.00%	35,000	0.06%	0.00%
6	Smitha Bobby	55,000	0.09%	0.00%	55,000	0.09%	0.00%

NOTE: 4

Amount ₹ in lakhs

RESERVES AND SURPLUS

As at

March 31, 2022

March 31, 2021

a) Statutory Reserve

Balance at the beginning of the year	743.97	559.18
Add: Amount transferred from surplus in the Statement of Profit and Loss	86.20	184.79
Balance at the end of the year	830.17	743.97

b) Surplus/(deficit) in the statement of profit and loss

Balance as per last financial statements	2,049.65	1,310.47
Profit/ Loss for the year	431.02	923.97
Less: Appropriations		
Dividend Paid	420.00	0.00
Transfer to Statutory reserve	86.20	184.79
Total appropriations	506.20	184.79
Net surplus in the statement of profit and loss	1,974.47	2,049.65

Total Reserves and Surplus**2,804.64****2,793.62****a) Statutory Reserve:**

Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934. An amount of Rs. 86.2 Lakhs (Previous Year – Rs 184.79 Lakhs) representing 20% of Net Profit is transferred to the Fund for the year. No appropriation was made from the Reserve Fund during the year.

NOTE: 5**Amount ₹ in lakhs**

Long-term borrowings	As at	
	March 31, 2022	March 31, 2021
Secured		
Non-convertible Debentures - Private placement (Note no.32)	657.74	1,807.83
Canara Bank Term Loan (Note no. 34)	664.00	0.00
Unsecured		
Unsecured Subordinated Debt (Note no.33)	13,878.45	14,611.75
Loans and Advances From Related Parties		
Loan from Director	0.00	57.00
Total	15,200.19	16,476.58
The above amount includes		
Secured borrowings	1,321.74	1,807.83
Unsecured borrowings	13,878.45	14,668.75
Total	15,200.19	16,476.58

NOTE:6**Amount ₹ in lakhs**

Other long term liabilities	As at	
	March 31, 2022	March 31, 2021
Non Current Portion of:		
Interest accrued on Non-Convertible Debentures	20.38	47.92
Interest accrued on Subordinated Debts	2,196.19	2,003.54
Total	2,216.57	2,051.46

NOTE: 7**Amount ₹ in lakhs**

Long term provision	As at	
	March 31, 2022	March 31, 2021
Provision for employee benefits:		
Provision for Gratuity	130.04	117.95
Total	130.04	117.95

NOTE: 8**Amount ₹ in lakhs**

Short Term Borrowings	As at	
	March 31, 2022	March 31, 2021
Loans Repayable on Demand		
Secured		
Canara Bank Term Loan (Note no.34)	336.00	0.00
SBI Term Loan (Note no.34)	39.72	207.99
SBI Cash Credit Account	2,492.93	2,501.60
DLB Cash Credit Account	392.51	0.00
Others		
Secured		
Non-convertible Debentures (Refer note 32)	4,299.69	4,881.21
Unpaid matured NCD (Refer note 32)	64.15	52.53
	4,363.84	4,933.74

Unsecured

Subordinated Debt (Refer note 33)	3,227.70	1,799.05
Unpaid matured Subordinated Debt (Refer note 33)	171.55	49.10
	<u>3,399.25</u>	<u>1,848.15</u>

Total	11,024.25	9,491.48

(a)Aggregate Loans Guaranteed by Directors	3,261.16	2,709.59
(b)Aggregate Loans Guaranteed by Related parties	3,261.16	2,709.59

Refer note 45 for details of collateral security offered for borrowings.

NOTE: 9

Amount ₹ in lakhs

Other current liabilities	As at	
	March 31, 2022	March 31, 2021
Current Maturities of Long-term Borrowings:		
Interest accrued on debentures	169.83	210.82
Interest accrued on Subordinated Debt	909.07	361.95
Others:		
Statutory Dues Payable (Note No:27)	62.17	66.52
Employee Related Payables	9.80	146.69
Retention Money Payable	7.86	5.67
Rent Payable	50.36	47.68
Expenses Payable	14.36	20.13
Others(Note No:28)	495.04	511.61
Total	1,718.49	1,371.07
(a) Due to Related Party	0.41	0.41

NOTE: 10

Amount ₹ in lakhs

Short Term Provisions	As at	
	March 31, 2022	March 31, 2021
Provision for employee benefits:		
Provision for Gratuity	22.08	12.99
Other provisions		
Provision for suit filed	8.00	8.00
Provision for Cash Missing	5.00	0.00
Provisions for taxation (Net of Advance tax and TDS)	0.00	28.33
Contingent Provision for Standard Assets	87.81	84.76
Provision for Non Performing Assets	77.74	62.42
Total	200.63	196.50

NOTE:11**Property Plant & Equipment****Amount ₹ in lakhs**

	Gross Block				Depreciation					Net Block	
Description	As at 01.04.2021	Additions	Deductions	As at 31.03.2022	As at 01.04.2021	For the Year	Deductions	Other Adjustments	As at 31.03.2022	31.03.2022	31.03.2021
Furniture & Fixtures	1,972.99	126.72	0.07	2,099.64	1,398.10	185.15	0.06	0.00	1,583.19	516.45	574.89
Plant & Equipment	610.73	50.44	13.77	647.40	231.76	39.39	5.74	0.00	265.41	381.99	378.96
Computer	143.81	23.45	4.27	163.00	124.07	7.86	3.65	0.00	128.28	34.72	19.74
Electrical Fittings	153.13	0.85	0.00	153.98	108.74	14.70	0.00	0.00	123.44	30.54	44.39
Vehicles	21.93	0.00	0.00	21.93	9.62	1.60	0.00	0.00	11.22	10.71	12.32
RCC Frame Structure	536.73	0.00	2.60	534.12	122.88	7.68	0.46	0.00	130.10	404.02	413.85
TOTAL	3,439.32	201.46	20.71	3,620.07	1,995.17	256.38	9.91	0.00	2,241.64	1,378.43	1,444.15
Previous Year	3,314.68	140.66	16.02	3,439.32	1,745.61	259.74	9.92	(0.26)	1,995.17	1,444.15	1,569.07

Intangible Assets**Amount ₹ in lakhs**

	Gross Block				Depreciation					Net Block	
Description	As at 01.04.2021	Additions	Deductions	As at 31.03.2022	As at 01.04.2021	Additions	Deductions	Other Adjustment s	As at 31.03.2022	31.03.2022	31.03.2021
Software	87.00	0.00	0.00	87.00	56.89	8.06	0.00	0.00	64.95	22.05	30.11
TOTAL	87.00	0.00	0.00	87.00	56.89	8.06	0.00	0.00	64.95	22.05	30.11
Previous Year	87.00	0.00	0.00	87.00	48.19	8.70	0.00	0.00	56.89	30.11	38.81

NOTE: 12

Amount ₹ in lakhs

Capital work-in-progress	As at	
	March 31, 2022	March 31, 2021
Work in Progress	109.59	20.63
Total	109.59	20.63

12.1. Ageing of Capital work in progress

As on 31.03.2022

Amount ₹ in lakhs

Particulars	Ageing period				Total
	Less than one year	1-2 years	2-3 years	More than 3 Years	
Capital Work In Progress- Branches:					
Tamilnadu	11.46	0.00	0.00	0.00	11.46
Kerala	29.51	0.00	0.00	0.00	29.51
Karnataka	68.62	0.00	0.00	0.00	68.62
TOTAL	109.59	0.00	0.00	0.00	109.59

As on 31.03.2021

Amount ₹ in lakhs

Particulars	Ageing period				Total
	Less than one year	1-2 years	2-3 years	More than 3 Years	
Capital Work In Progress- Branches:					
Tamilnadu	13.48	0.00	0.00	0.00	13.48
Kerala	7.15	0.00	0.00	0.00	7.15
TOTAL	20.63	0.00	0.00	0.00	20.63

NOTE: 13

Amount ₹ in lakhs

Deferred Tax Assets	As at	
	March 31, 2022	March 31, 2021
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting.	13.08	(5.89)
Gross deferred tax liability	13.08	(5.89)
Deferred tax asset		
Provision for substandard asset	0.00	13.73
Provision for Gratuity	33.47	28.81
Gross deferred tax asset	33.47	42.54
Net Deferred Tax Asset	46.55	36.65

Note: Deferred tax on provision for standard assets and non performing assets is not considered since the company is claiming deduction under section 36(1)(viiia) of the Income Tax Act 1961.

Amount ₹ in lakhs

NOTE: 14

Long Term Loans and Advances	As at	
	March 31, 2022	March 31, 2021
Loan Portfolio		
Secured		
GSL Account	970.47	1,823.18
Total	970.47	1,823.18
Secured		
(a)Secured considered good	970.47	1,821.34
(b)Secured-Substandard	0.00	1.84
(c)Secured Doubtful	0.00	0.00
(d)Secured Loss asset	0.00	0.00
Unsecured		
(a)Unsecured Considered Good	0.00	0.00
(b)Unsecured-Substandard	0.00	0.00
(c)Unsecured Doubtful	0.00	0.00
(d)Unsecured Loss asset	0.00	0.00
(d)Loans and Advances due by Directors or the officers of the Company or any of them either severally or jointly with any other person	0.00	0.00
(e)Loans and Advances due by Partnership firms or Private companies respectively in which director is a partner or a director or member	0.00	0.00

Amount ₹ in lakhs

NOTE: 15

Other Non Current Assets	As at	
	March 31, 2022	March 31, 2021
Security Deposits		
Unsecured Considered Good		
Rental deposits	454.48	384.17
Other Security Deposits	10.57	10.57
Total	465.05	394.74

Amount ₹ in lakhs

NOTE: 16

Cash and bank balances	As at	
	March 31, 2022	March 31, 2021
Cash and Bank Balances		
Balances with banks	279.62	333.01
Cash on hand	279.10	119.67
Total	558.72	452.68

NOTE: 17

Amount ₹ in lakhs

Short Term Loans and Advances	As at	
	March 31, 2022	March 31, 2021
Loan Portfolio		
Secured		
Gold Loan	27,625.48	27,791.34
GSL Account	2,900.62	1,453.76
Unsecured		
Micro Finance Loan	3,063.61	2,639.14
Consumption loans	533.12	430.95
Insta Loan	414.99	0.00
Total	34,537.82	32,315.19
Secured		
(a)Secured considered good	30,297.95	29,130.87
(b)Secured-Substandard	167.13	62.96
(c)Secured Doubtful	24.96	14.94
(d)Secured Loss asset	36.06	36.33
Unsecured		
(a)Unsecured Considered Good	3,856.01	2,952.59
(b)Unsecured-Substandard	154.57	116.77
(c)Unsecured Doubtful	1.14	0.73
(d)Unsecured Loss asset	0.00	0.00
(d)Loans and Advances due by Directors or the officers of the Company or any of them either severally or jointly with any other person	0.00	0.00
(e)Loans and Advances due by Partnership firms or Private companies respectively in which director is a partner or a director or member	0.00	0.00

NOTE: 18

Amount ₹ in lakhs

Other Current Asset	As at	
	March 31, 2022	March 31, 2021
Interest Accrued on Loan Portfolio	924.89	1,879.27
	924.89	1,879.27
Prepaid Expenses	9.15	9.27
Advances Recoverable in Cash or Kind		
Unsecured, considered good		
Other Advances & Receivable*	98.02	92.8
Advance Tax and TDS (Net of Provision)	174.07	0.00
Total	1,206.13	1,981.34
* (a) Due from Related Party	32.95	25.51

NOTE: 19

Amount ₹ in lakhs

Contingent Liabilities	As at	
	March 31, 2022	March 31, 2021
Claims against the Company not acknowledged as debts (Note No.43)	137.57	137.57
Total	137.57	137.57

NOTE: 20**Amount ₹ in lakhs**

Revenue from operations	March 31, 2022	March 31, 2021
Interest Income		
- Gold loans	5,732.67	5,762.46
- Micro Finance	395.05	589.00
-GSL	593.86	678.25
-Consumption Loans	59.47	50.22
-Insta Loan	13.74	0.00
Revenue From other services		
- Commission etc.	242.82	168.16
- Service Charge, Documentation Fee etc.	151.13	109.90
Total	7,188.74	7,357.99

NOTE: 21**Amount ₹ in lakhs**

Other Income	March 31, 2022	March 31, 2021
Interest income on Bank and other deposits	45.23	22.01
Rental Income	91.53	91.53
Auction charges recovered	0.50	0.06
Auction Loss recovery	0.07	0.00
Bad Debt Recovered	6.16	0.99
Creditors written back	0.42	0.00
Provision written back	0.00	0.97
Total	143.91	115.56

NOTE: 22**Amount ₹ in lakhs**

Finance Cost	March 31, 2022	March 31, 2021
Interest		
- on Debentures	690.82	840.85
- on Subordinate Debts	2348.15	1,969.92
- on SBI Cash Credit	79.91	77.59
- on SBI Term Loan	8.37	18.43
- on Canara Bank Loan	53.85	0.00
- on DLB Cash Credit	7.89	0.00
- on NCD Application Money	10.07	17.76
Other borrowing cost:		
- Bank Charges	17.57	17.16
-Loan Processing Fee	5.13	13.57
- Interest on Short fall of Advance tax	0.00	8.33
- Commission paid	15.47	0.84
Total	3,237.23	2,964.45

NOTE: 23**Amount ₹ in lakhs**

Employee Benefit expense	March 31, 2022	March 31, 2021
Salaries, Wages, Exgratia and Bonus	1,827.78	1,648.45
Contribution to Provident Fund, ESI etc.	78.34	71.19
Incentive	127.66	161.47
Gratuity	32.87	39.64
Staff welfare expenses	1.24	0.91
Total	2,067.89	1,921.66

NOTE: 24**Amount ₹ in lakhs**

Other expenses	March 31, 2022	March 31, 2021
Electricity	64.32	65.49
AMC Charges	15.29	23.84
Software Maintenance	19.51	15.07
Rent	622.02	582.49
Rates and Taxes	8.45	5.95
Insurance	6.44	6.32
Repairs and Maintenance	26.08	32.82
Advertising and Sales Promotion	13.13	12.74
Office Expenses	101.26	88.51
Travelling and conveyance	98.46	71.64
Communication Costs	61.42	57.04
Printing and Stationery	24.13	21.80
Payment to Auditors:		
Statutory audit fee	4.20	4.20
Legal and Professional fees	28.00	24.06
Security Charges	8.05	9.36
Provision for Standard Asset & NPA (Note no. 38)	18.37	28.40
Provision for Cash Missing	5.00	0.00
CSR Expense	23.30	18.46
Loss on sale of Fixed Asset	7.39	4.00
Miscellaneous Expenses	3.09	2.06
Total	1,157.91	1,074.25

NOTE: 25**Amount ₹ in lakhs**

Depreciation and amortization expense	March 31, 2022	March 31, 2021
Depreciation of Tangible Assets	256.38	259.74
Amortization of Intangible Assets	8.06	8.70
Total	264.44	268.44

26.Earnings Per Share**Amount ₹ in lakhs**

Particulars		Before Extra-ordinary Item		After extraordinary items	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
(a) Basic					
Profit after tax (in Lakh)		431.02	923.97	431.02	923.97
Less : Transfer to Appropriation		0.00	0.00	0.00	0.00
Adjusted Net Profit for the year	A	431.02	923.97	431.02	923.97
Weighted Average Number of Shares Outstanding	B	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
Basic EPS (Rs)	A/B	0.72	1.54	0.72	1.54
(b) Diluted					
Profit after tax (in Lakh)	A	431.02	923.97	431.02	923.97
Less : Transfer to Appropriation	B	0.00	0.00	0.00	0.00
Add: Interest expense on convertible debentures (net of tax)	C	0.00	0.00	0.00	0.00
Adjusted net profits for the year	D=A-B+C	431.02	923.97	431.02	923.97
Weighted average number of shares outstanding	E	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
Add: Weighted average number of potential equity shares on account of employee stock options	F	0.00	0.00	0.00	0.00
Add: Weighted average number of potential equity shares on account of convertible debentures	G	0.00	0.00	0.00	0.00
Weighted average number of shares outstanding for diluted EPS	H	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
Diluted EPS (Rs)	D/H	0.72	1.54	0.72	1.54
Face value per share (Rs 10)		10.00	10.00	10.00	10.00

27. Statutory dues Payable:**Amount ₹ in lakhs**

Particulars	As on 31.03.2022	As on 31.03.2021
Goods & Service Tax	23.56	21.83
Employee State Insurance & Provident fund	10.92	10.84
Tax Deducted at Source	26.38	32.90
Others	1.31	0.95
TOTAL	62.17	66.52

28. Other current liabilities - Others**Amount ₹ in lakhs**

Particulars	As on 31.03.2022	As on 31.03.2021
Insurance Premium on Loans	73.21	46.21
Advance EMI Collected	362.48	310.75
NCD Matured Payable	5.53	0.00
Auction Surplus Payable	*27.69	1.03
Others	26.13	153.63
TOTAL	495.04	511.62

* Of this, Rs: 23.17 lakhs represents cheques given to borrowers for the surplus on auction, but not presented in bank by them. Corresponding figure of previous year is Rs: 22.80 lakhs which is included in the bank balances of the previous year and appearing as a reconciling item.

29. Micro, Medium and Small Enterprises:

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2022.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

Particulars	As at	
	31-Mar-2022	31-Mar-2021
(a) Principal amount due and remaining unpaid to suppliers as at the year end	0.00	0.00
(b) Interest accrued and due to suppliers on the above amount as at the year end	0.00	0.00
(c) Interest paid to suppliers in terms of section 16 of the MSMED Act	0.00	0.00
(d) Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.00	0.00
(e) Interest paid to suppliers (other than section 16 of the MSMED Act)	0.00	0.00
(f) Interest due and payable to suppliers for payments already made (for the period of delay, if any)	0.00	0.00
(g) Interest accrued and remaining unpaid at the year end	0.00	0.00
(h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	0.00	0.00
Total	0.00	0.00

30. The Honourable Supreme Court, in the case of Nedumpilly Finance Company Ltd v State of Kerala & ORS, has ruled that the Kerala Moneylenders Act 1958 is not applicable for NBFCs registered under the RBI

31. Analytical Ratios

Sl. No.	Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for Variance
1	Current Ratio	Current Asset	Current Liability	2.80	3.14	(10.83%)	
2	Debt Service Coverage Ratio	Earnings Available for debt services	Debt Service	0.49	0.70	(30.00%)	Note 1
3	Capital Turnover Ratio	Turnover	Average Working Capital	0.31	0.32	(3.13%)	
4	Net Profit Ratio	Net Profit	Turnover	0.06	0.12	(50.00%)	Note 1
5	Return Capital Employed(Pre-Tax)	EBIT	Capital Employed	0.10	0.11	(9.09%)	
6	Return on Equity	(PAT-Pref. Dividend)	Net Worth	0.05	0.11	(54.55%)	Note 1
7	Cash Ratio	Cash & Cash Equivalents	Current Liability	0.04	0.04	0.00%	
8	Debt Ratio	Total Outside Liability	Net Worth	3.43	3.34	2.69%	
9	Debt To Total Asset Ratio	Total Outside Liability	Total Assets	0.77	0.76	1.32%	
10	Interest Coverage Ratio	EBIT	Interest	1.19	1.43	(16.78%)	
11	Tier I capital	Tier I capital	Risk Weighted Assets	0.23	0.23	0.00%	
12	Tier II capital	Tier II capital	Risk Weighted Assets	0.12	0.12	0.00%	
13	CRAR	Tier I Capital+ Tier II capital	Risk Weighted Assets	0.35	0.35	0.00%	

Note 1. During the year there was a drop in revenues on account of a mix of factors including lower loan off take and COVID 19 related setbacks. There was an excess of idle funds which could not be disbursed in time on account of lockdown restrictions and hence the borrowing cost was higher during the year. These factors along with others resulted in lower earnings and profit before tax as compared to the previous year.

32. Notes on Non-Convertible Debentures (NCDs) issued under Private Placement.**i. Nature of Securities**

Debentures Secured by a floating charge on the book debts of the company on loan receivables & other unencumbered assets having a market value equivalent to 110% of outstanding balance of debentures.

ii. Classification of Debentures as Current and Non-Current

Company has classified the debentures as current and non-current based on the earliest put option available to debenture holders. The actual redemption pattern may be different since the debenture holders have the right to waive their put option. If they are classified as current and non-current based on the original maturity, current maturity may be less than the amount what we have recognized now.

iii. Details of rate of interest and maturity pattern from the date of the balance sheet are as under:

As on 31st March 2022

Amount ₹ in lakhs

Redeemable at par within	<=13.5%	>13.5%<=14.5%	>14.5%<=16.1%	>16.1%<=30%	Total
Long-term Borrowings					
2-3years	150.50	0.00	0.00	0.00	150.50
1-2 years	507.18	0.00	0.00	0.06	507.24
Total	657.68	0.00	0.00	0.06	657.74
Current maturities of Long-term Borrowings					
Less than one year	4,357.73	0.41	0.10	5.60	4,363.84
Total	4,357.73	0.41	0.10	5.60	4,363.84
Grand Total	5,015.41	0.41	0.10	5.66	5,021.58

As on 31st March 2021

Amount ₹ in lakhs

Redeemable at par within	<=13.5%	>13.5%<=14.5%	>14.5%<=16.1%	>16.1%<=30%	Total
Long-term Borrowings					
Above 4 years	0.00	0.00	0.00	0.00	0.00
3-4 years	0.00	0.00	0.00	0.00	0.00
2-3years	312.47	0.00	0.00	0.06	312.53
1-2 years	1,494.71	0.00	0.00	0.59	1495.30
Total	1,807.18	0.00	0.00	0.65	1,807.83
Current maturities of Long-term Borrowings					
Less than one year	4,923.02	0.44	5.20	5.09	4,933.74
Total	4,923.02	0.44	5.20	5.09	4,933.74
Grand Total	6,730.20	0.44	5.20	5.74	6,741.57

iv. Non-Convertible Debentures series wise outstanding balance as on Balance sheet Date

Amount ₹ in lakhs

Particulars	2021-2022	2020-2021
NCD 2012/05	0.29	0.38
NCD 2012/06	47.56	114.04
NCD 2012/07	424.63	715.30
NCD 2012/08	105.56	194.25
NCD 2012/09	1103.16	1340.25
Sub Total	1681.20	2364.22
NCD 2013/10	189.13	193.23
Sub Total	189.13	193.23
NCD 2015/XII	0.00	39.00
NCD 2015/XIIIA	0.00	136.00
NCD 2015/XIIIC	0.00	15.00
NCD 2015/XIIID	0.00	51.00
NCD 2015/XIIIE	3.00	216.89
Sub Total	3.00	457.89
NCD 2016/XVA	25.00	25.00
NCD 2016/XVB	55.00	67.00
NCD 2016/XVC	56.00	56.00

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NCD 2016/XVE	50.00	60.00
NCD 2016/XVF	63.25	116.55
Sub Total	249.25	324.55
NCD 2017/XVIB	27.25	27.25
NCD 2017/XVIC	25.10	33.60
NCD 2017/XVID	74.50	80.50
NCD 2017/XVIE	23.50	28.50
Sub Total	150.35	169.85
NCD 2018-19/17A	15.00	15.00
NCD 2018-19/17B	0.00	18.00
NCD 2018-19/17C	0.00	70.00
Sub Total	15.00	103.00
NCD 2019-20/18A	320.00	374.00
NCD 2019-20/18B	57.00	87.00
Sub Total	377.00	461.00
19-20 -DEMAT - XIV	0.00	35.00
19-20 -DEMAT - XV	0.00	20.50
19-20 -DEMAT - XVI	47.10	47.10
19-20 -DEMAT - XVII	13.00	13.00
19-20 -DEMAT - XVIII	0.00	150.00
19-20 -DEMAT - XIX	0.00	50.00
19-20 -DEMAT - XXI	0.00	18.00
19-20 -DEMAT - XXII	0.00	31.50
19-20 -DEMAT - XXIII	29.00	29.00
19-20 -DEMAT - XXIV	32.70	32.70
19-20 -DEMAT - XXV	0.00	150.00
19-20 -DEMAT -XXVII	0.00	84.50
19-20 -DEMAT - XXVIII	0.00	6.00
19-20 -DEMAT - XXIX	15.00	15.00
19-20 -DEMAT - XXX	10.00	10.00
Sub Total	146.80	692.30
20-21- DEMAT -I	0.00	115.35
20-21- DEMAT -II	20.00	20.00
20-21- DEMAT -III	27.00	27.00
20-21- DEMAT -IV	23.50	23.50
20-21- DEMAT-V	0.00	167.00
20-21 DEMAT-VI	41.75	41.75
20-21 - DEMAT- VII	30.00	30.00
20-21 -DEMAT - VIII	29.00	29.00
20-21-DEMAT – IX	6.00	6.00
20-21- DEMAT -X	0.00	299.20
20-21- DEMAT -XI	0.00	10.00
20-21- DEMAT -XII	39.00	39.00
20-21- DEMAT –XIII	17.00	17.00
20-21- DEMAT -XIV	37.00	37.00
20-21- DEMAT -XV	10.00	10.00
20-21 DEMAT-XVI	0.00	235.05

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20-21 DEMAT-XVII	4.00	4.00
20-21 DEMAT-XVIII	10.00	10.00
20-21 DEMAT-XIX	20.00	20.00
20-21 DEMAT-XX	7.45	7.45
20-21 DEMAT-XXI	0.00	95.00
20-21 DEMAT-XXII	94.00	94.00
20-21 DEMAT -XXIII	100.00	100.00
20-21 DEMAT-XXIV	0.00	413.70
20-21 DEMAT-XXV	25.00	25.00
20-21 DEMAT-XXVI	35.00	35.00
20-21 DEMAT-XXVII	12.00	12.00
Sub Total	587.70	1923.00
21-22 DEMAT-I	287.50	0.00
21-22 DEMAT-II	34.00	0.00
21-22 DEMAT-III	19.50	0.00
21-22 DEMAT-IV	10.00	0.00
21-22 DEMAT-V	21.50	0.00
21-22 DEMAT-VI	7.00	0.00
21-22 DEMAT-VII	372.50	0.00
21-22 DEMAT-VIII	72.50	0.00
21-22 DEMAT-IX	27.50	0.00
21-22 DEMAT-X	8.00	0.00
21-22 DEMAT-XI	67.00	0.00
21-22 DEMAT-XII	10.00	0.00
21-22 DEMAT-XIII	128.00	0.00
21-22 DEMAT-XIV	10.00	0.00
21-22 DEMAT-XV	10.00	0.00
21-22 DEMAT-XVI	7.00	0.00
21-22 DEMAT-XVII	5.00	0.00
21-22 DEMAT -XVIII	149.00	0.00
21-22 DEMAT- XIX	23.00	0.00
21-22 DEMAT- XX	17.00	0.00
21-22 DEMAT- XXI	15.00	0.00
21-22 DEMAT -XXII	14.00	0.00
21-22 DEMAT XXIII	86.00	0.00
21-22 DEMAT XXIV	135.00	0.00
21-22 DEMAT XXV	11.00	0.00
21-22 DEMAT XXVI	11.00	0.00
Sub Total	1558.00	0.00
Total	4957.43	6689.04
Matured but not paid	64.15	52.53
Grand Total	5021.58	6741.57

33. Notes on Subordinated Debt Certificates (issued under Private Placement)

Details of rate of interest and maturity pattern from the date of the balance sheet are as under:

As on 31st March 2022

Amount ₹ in lakhs

Redeemable at par within	<=13.5%	>13.5%<=14.5%	>14.5%<=16.1%	>16.1%<=30%	Total
Long-term Borrowings					
Above 5 years	854.60	0.00	0.00	0.00	854.60
4-5 Years	2,676.30	0.00	0.00	0.00	2,676.30
3-4 years	3,889.60	0.00	531.85	8.70	4,430.15
2-3 Years	2,871.45	0.00	418.25	25.00	3,314.70
1-2 years	2,597.70	0.00	5.00	0.00	2,602.70
Total	12,889.65	0.00	955.10	33.70	13,878.45
Current maturities of Long-term Borrowings					
Less than one years	3,390.90	1.00	7.35	0.00	3,399.25
Total	3,390.90	1.00	7.35	0.00	3,399.25
Grand Total	16,280.55	1.00	962.45	33.70	17,277.70

As on 31st March 2021

Amount ₹ in lakhs

Redeemable at par within	<=13.5%	>13.5%<=14.5%	>14.5%<=16.1%	>16.1%<=30%	Total
Long-term Borrowings					
Above 5 years	1,039.00	0.00	0.00	0.00	1,039.00
4-5 Years	3,887.10	0.00	531.85	8.70	4,427.65
3-4 years	2,871.45	0.00	418.25	25.00	3,314.70
2-3 Years	2,597.70	0.00	5.00	0.00	2,602.70
1-2 years	3,227.70	0.00	0.00	0.00	3,227.70
Total	13,622.95	0.00	955.10	33.70	14,611.75
Current maturities of Long-term Borrowings					
Less than one years	1,837.70	1.00	9.45	0.00	1,848.15
Total	1,837.70	1.00	9.45	0.00	1,848.15
Grand Total	15,460.65	1.00	964.55	33.70	16,459.90

34. Long term Borrowings (Term Loan)

Amount ₹ in lakhs

Particulars	March 31, 2022			March 31, 2021		
	Current	Non-Current	Total	Current	Non-Current	Total
Canara Bank	336.00	664.00	1,000.00	0.00	0.00	0.00
State Bank of India	39.72	0.00	39.72	207.99	0.00	207.99
TOTAL	375.72	664.00	1,039.72	207.99	0.00	207.99

35. During the year Company has repaid loan of amount Rs 57 lakhs to Mr. Bobby C.D, Director and Chairman of the Company. An agreement was executed on March 30th, 2019 between Mr. Bobby C.D and the Company containing terms and conditions governing loan availed by the Company from Mr. Bobby C.D. As per this agreement Mr. Bobby C.D has waived his right to receive interest on loan. Therefore, no interest is charged on loan accepted from Mr. Bobby C.D during the year.

36. Disclosure as per AS-15**i. Defined Contribution Plan**

Amount ₹ in lakhs

Particulars	31 March 2022	31 March 2021
Contribution to Employee's Provident Fund	45.10	38.97
Contribution to Employee's State Insurance	32.01	30.19
Contribution to Employee's Group Insurance	1.23	2.03
TOTAL	78.34	71.19

37. Defined Benefit Plan Disclosure as per AS-15

Project Unit Credit Actuarial Method was applied to assess the Plan liabilities owing to all forms of admissible exit. The benefit was taken as defined in terms of Payments of Gratuity Act or the Company Gratuity Rules whichever more favourable to the beneficiaries. Gratuity ceiling limit was taken at Rs 20 lakhs.

A) Key Assumptions	As on 31 March 2022	As on 31 March 2021
Mortality Table	Indian Assured Lives Mortality [2012-14] Ultimate	Indian Assured Lives Mortality [2012-14] Ultimate
Attrition Rate Less than or equal to 4 years Above 4 Year	30.00% 5.00%	30.00% 5.00%
Discount Rate	6.96% p.a	6.57% p.a
Rate of increase in compensation level	5.00% p.a.	5.00% p.a.
Rate of Return on Plan Assets	Not Applicable	Not Applicable
Expected Average Remaining Working Lives of Employees (years)	8.64	8.73

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets:

Amount ₹ in lakhs

Particulars	As on 31 March 2022	As on 31 March 2021
A) Changes in Present Value Obligations		
Present Value of Obligation at the beginning of the period	130.94	107.55
Interest Cost	8.21	6.40
Past Service Cost (Non-Vested)	0.00	0.00
Past Service Cost (Vested)	0.00	0.00
Current Service Cost	27.24	24.39
Benefits Paid	(11.69)	(16.25)
Actuarial (Gain)/Loss	(2.58)	8.85
Defined Benefit Plan at the end of the Year	152.12	130.94

B) Changes in the Fair Value of Plan Assets	March 2022	March 2021
Fair Value of the Plan Assets at the beginning of the Period	0.00	0.00
Acquisition Adjustments	0.00	0.00
Expected Return on Plan Assets	0.00	0.00
Contributions	0.00	0.00
Benefits Paid	0.00	0.00
Actuarial Gain/(Loss) on Plan Assets	0.00	0.00
Fair Value of Plan Assets at the end of the Period	0.00	0.00

C) Fair Value of Plan Assets	March 2022	March 2021
Fair Value of Plan Assets at the Beginning of the Period	0.00	0.00
Acquisition Adjustments	0.00	0.00
Actual Return on Plan Assets	0.00	0.00
Contributions	0.00	0.00
Benefits Paid	0.00	0.00
Fair Value of Plan Assets at the end of the period	0.00	0.00
Present Value of Obligations at the end of the Period	152.12	130.94
Funded Status	(152.12)	(130.94)

D) Actuarial Gain/(Loss) Recognized		
Actuarial Gain/(Loss) for the Period – Obligation	2.58	(8.85)
Actuarial Gain/(Loss) for the Period – Plan Assets	0.00	0.00
Total Gain/(Loss) For the Period	2.58	(8.85)
Actuarial Gain/(Loss) recognized in the Period	2.58	(8.85)
Unrecognized actuarial gains/(Losses) at the end of the period	0.00	0.00

E) The Amounts to be Recognised in Balance Sheet and Statement of Profit and Loss

Defined benefit Obligation	152.12	130.94
Fair Value of Planned assets	0.00	0.00
Funded status-(surplus)/deficit	152.12	130.94
Unrecognised past service (cost)/credit	0.00	0.00
Liability /(Asset) recognised in balance sheet	152.12	130.94

F) Expense Recognized in the Statement of Profit and Loss

Current Service Cost	27.24	24.39
Past Service Cost	0.00	0.00
Interest Cost	8.21	6.40
Expected Return on Plan Asset	0.00	0.00
Curtailment Cost /(Credit)	0.00	0.00
Settlement Cost /(Credit)	0.00	0.00
Net Actuarial (Gain)/Loss Recognized in the period	(2.58)	8.85
Expenses Recognized in the statement of Profit and Loss	32.87	39.64

G) Movements in Liability Recognized in the Balance sheet

Opening Net Liability	130.94	107.55
Expenses as above	32.87	39.64
Contributions / Benefits Paid	(11.69)	(16.25)
Closing Net Liability	152.12	130.94

ii. Note on provision for gratuity

Particulars	As on 31 March 2022	As on 31 March 2021
Short Term Liability Value (current)	22.08	12.99
Long Term Liability value (Non-current)	130.04	117.95
Total value of the obligation	152.12	130.94

38. Provision for Standard and Non-Performing Assets as per Prudential Norms.

In terms of Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, Company has made provisions for Standard Assets as well as Non-Performing Assets as per the table below:

a) Gold Loan

Amount ₹ in lakhs

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Standard Assets	27,571.83	27,737.64	68.93	69.34	27,502.90	27,668.29
Sub Standard Assets	5.72	3.19	0.57	0.32	5.15	2.87
Doubtful Asset	11.87	14.18	5.69	7.05	6.18	7.14
Loss Asset	36.06	36.33	36.06	36.33	0.00	0.00
Total	27,625.48	27,791.34	111.25	113.04	27,514.23	27,678.30

b) Other Loans

Amount ₹ in lakhs

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Standard Assets	7,552.61	6,167.16	18.88	15.42	7,533.73	6,151.75
Sub Standard Asset	315.97	178.38	31.60	17.84	284.38	160.54
Doubtful Asset	14.23	1.49	3.82	0.88	10.41	0.60
Loss Asset	0.00	0.00	0.00	0.00	0.00	0.00
Total	7,882.81	6,347.03	54.30	34.14	7,828.52	6,312.89

c) Total - Gold and Other Loans

Amount ₹ in lakhs

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Standard Assets	35,124.44	33,904.80	87.81	84.76	35,036.63	33,820.04
Sub Standard Asset	321.69	181.57	32.17	18.16	289.52	163.41
Doubtful Asset	26.10	15.67	9.51	7.93	16.59	7.74
Loss Asset	36.06	36.33	36.06	36.33	0.00	0.00
Grand Total - All Loans	35,508.29	34,138.37	165.55	147.18	35,342.74	33,991.19

• Provision on Loans and Advances

Amount ₹ in lakhs

Particulars	March 31, 2022	March 31, 2021
Opening balance	147.18	118.78
Add: Provided During the year:		
Provision for Standard asset & NPA	18.37	28.40
Less: Excess provision for standard Asset Reversed	0.00	0.00
Closing balance	165.55	147.18

• Gross and Net Non-performing Asset

Particulars	31 March 2022		31 March 2021	
	Amount ₹ in lakhs	% on Total Loans	Amount ₹ in lakhs	% on Total Loans
Gross Nonperforming Asset	383.85	1.08%	233.57	0.68%
Less: Provision for Non-performing Asset	(77.74)	-	(62.42)	-
Net Non-performing Asset	306.11	0.86%	171.15	0.50%

39.Capital to Risk Asset Ratio [CRAR]

Particulars	Amount ₹ in lakhs	
	31 March 2022	31 March 2021
Tier I Capital	8,736.04	8,726.86
Tier II Capital	4,455.81	4,447.76
Total	13,191.85	13,174.62
Risk Weighted Assets	37,600.46	37,900.83
CRAR	35.08%	34.76%
CRAR - Tier I capital	23.23%	23.03%
CRAR - Tier II capital	11.85%	11.74%

Calculation of Tier I Capital

Particulars	31 March 2022	31 March 2021
Paid Up Share Capital	6,000.00	6,000.00
Capital Reserve	0.00	0.00
Statutory Reserve	830.17	743.97
General Reserve	0.00	0.00
Profit & Loss Account	1,974.47	2,049.65
Total	8,804.64	8,793.62
Less:		
Intangible Asset	22.05	30.11
Deferred Tax Asset	46.55	36.65
Total	68.60	66.76
Tier I Capital	8,736.04	8,726.86

Calculation of Tier II Capital

Particulars	31 March 2022	31 March 2021
Subordinate Debt	4,368.00	4,363.00
Provision for standard assets	87.81	84.76
Tier II Capital	4,455.81	4,447.76

Calculation of Risk Weighted Assets

Weighted risk assets - On Balance Sheet items	Value of Asset	% of Weight	Risk Weighted Asset
1. On-Balance Sheet Assets			
(i) Cash and bank balances including fixed deposits and certificates of deposits with banks			
(ii) Investments	558.72	0%	0.00
a. Approved Securities	0.00	0%	0.00
b. Bonds of public sector banks	0.00	20%	0.00
c. Fixed deposits / certificates of deposits /bonds of public financial institutions	0.00	100%	0.00
d. Shares of all companies and debentures / bonds/ commercial papers of all companies and units of all mutual funds	0.00	100%	0.00
(iii) Current Assets			
a. Stock on hire (net book value)	0.00	100%	0.00
b. Intercompany loans / deposits	0.00	100%	0.00
c. Loans and advances fully secured against deposits held by the company itself	0.00	0%	0.00
Loans to staff	0.00	0%	0.00

d.	Other secured loans and advances considered good			
e.	(Net of Provision)	30,386.79	100%	30,386.79
f.	Bills purchased / discounted	0.00	100%	0.00
g.	Others :			
	Advances	0.00	100%	0.00
	Other current & non current assets	1,671.17	100%	1,671.17
	Other Loans and advance(Net of provision)	3,985.48	100%	3,985.48
	(iv) Fixed Assets (net of depreciation)			
a.	Assets leased out (net book value)	0.00	100%	0.00
b.	Premises	0.00	100%	0.00
c.	Furniture & Fittings	516.45	100%	516.45
d.	Other Fixed Assets	861.98	100%	861.98
	(v) Other Assets			
a.	Income tax deducted at source(Net of Provision)	226.80	0%	0.00
b.	Advance tax paid	125.00	0%	0.00
c.	Interest due on Government Securities	0.00	0%	0.00
d.	Deferred Tax Asset	46.55	0%	0.00
e.	Intangible Asset	22.05	0%	0.00
f.	Capital Work In Progress	109.59	100%	109.59
	2. Off Balance Sheet Items			
	(i) Credit Against the Company not acknowledged as debt	137.57	50%	69.00
	Total	38,648.15		37,600.46

40. Loan to Asset Value

Amount ₹ in lakhs

Particulars	31 March 2022	31 March 2021
Gold Loan	27,625.48	27,791.34
Total Assets	39,294.81	38,470.38
% of Gold Loan to total Assets	70.30%	72.24%

41. Leverage Ratio

Amount ₹ in lakhs

Particulars	31 March 2022	31 March 2021
Total Liabilities	39,294.81	38,498.67
Less: Share Capital	6,000.00	6,000.00
Less: Reserves & Surplus	2,804.64	2,793.63
Less: Provision	200.62	196.50
Total Outside Liabilities (A)	30,289.55	29,508.54
Share Capital	6,000.00	6,000.00
Reserves and Surplus	2,804.64	2,793.63
Less: Differed revenue expenditure	9.15	9.27
Less: Intangible Asset	22.05	30.11
Less: Deferred Tax Asset	46.55	36.65
Total Owned Funds (B)	8,726.89	8,717.60
Leverage Ratio (A) / (B)	3.47	3.38

42. Additional disclosures as required by circular no DNBS.CC.PD.No.356/03.10.01/2013-2014 dated September 16, 2013 issued by the Reserve Bank of India:

Auction of Gold ornaments pledged as security in the defaulted loan accounts

Number of Loan Accounts	Principal Amount outstanding at the dates of auction (Rs in Lakhs)	Interest Amount outstanding at the dates of auction (Rs in Lakhs)	Total (Rs in Lakhs)	Value fetched (Rs in Lakhs)	Surplus (Rs in Lakhs)	Deficit (Rs in Lakhs)
6184	2,821.48	1026.50	3,847.98	3,459.42	7.61	396.17

Note:

No sister concerns participated in the auctions during the year ended March 31, 2022

43. Pending Litigations on the Financial position of the Company

Claims against the Company not acknowledge as debts.	March 31, 2022	March 31, 2021
(i)Income Tax demand for the A.Y. 2012-13	0.00	0.00
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2012-2013. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the income tax officer, ward1(2), Thrissur making an addition by disallowing various expenditures. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is Rs: 95.87 Lakhs		
(ii)Income Tax demand for the A.Y. 2013-14	0.00	0.00
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2013-2014. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is Rs: 98.59 Lakhs		
(iii)Income Tax demand for the A.Y. 2014-15	0.00	0.00
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2014-2015. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is Rs: 126.55 Lakhs.		
(v)Income Tax demand for the A.Y. 2017-18	137.57	137.57
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2017-18. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The total tax impact on the addition is Rs: 137.57 Lakhs. Against this demand company paid 10% of total demand amounting to Rs. 13.76 Lakhs and stay granted for the balance 90% of the demand till the disposal of the appeal by the commissioner of income tax(Appeals)		

Case filed against the company

Sl. No	Statute	Nature of Due	Year to which it pertains	Amount ₹ in lakhs	Amount Deposited in ₹ in lakhs	Forum where dispute is pending
1	Civil Case	GL Receivable (Party filed to stop Auction of Gold)	2019	1.70	0.00	MUNSIFF'S MAGISTRATE COURT, MAVELIKKARA (OS.97/2019, I.A.619/2019)
2	Consumer case	Claim for additional interest on NCD	2020	0.08	0.00	CC100/2020 CONSUMER DISPUTE REDRESSAL FORUM, ERNAKULAM.
3	Civil Case (Succession case)	As per court decision CCIL hold the investments (5 NCD's 20.50 Lakh each). Dispute between claimants of investments (i.e. Nominee Vs Other claimants) CCIL included as Respondent in this case.	2020	102.50	0.00	SUB COURT, VADAKARA - (SOP.3/2020)

Case filed by the company

Sl. No.	Statute	Nature of Due	Year to which it pertains	Amount ₹ in lakhs	Amount Deposited in ₹ in lakhs	Forum where dispute is pending
1	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2016	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-3, THRISSUR(CC.47 22/16)
2	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-3, THRISSUR(CC.15 0/17)
3	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-1, THRISSUR(CC.43 5/17)
4	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-2, THRISSUR(CC.13 16/17)
5	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-1, THRISSUR(CC.68 9/17)
6	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-1, THRISSUR(CC.69

						0/17)
7	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.11	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT-3, THRISSUR(CC.72 0/17)
8	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shaji Joseph	2017	0.12	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT- MUVATTUPUZHA (CC.1927/17)
9	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shiju	2017	1.00	0.00	CC.660/2017,JFC M-II COURT, THRISSUR
10	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shiju	2017	1.00	0.00	CC.1012/2017,JF CM-II COURT, THRISSUR
11	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shiju	2017	1.00	0.00	CC.1364/2017,JF CM-I COURT, THRISSUR
12	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Somasekharan Nair	2017	2.00	0.00	CC.1011/2017,JF CM-II COURT, THRISSUR
13	Civil Case	Civil suit filed against Mrs.Deepa P G and Mrs. Beenu Shiju	2019	5.00	0.00	OS 367/2019 MUNSIF'S MAGISTRATE COURT, PERUMBAVOOR
14	Criminal case	Private Complaint, under Sec.408,418,420 r/w 34 of IPC. Later as per court direction police filed FIR 107/2018 in CC-275/2019 against Ajesh, Mukesh	2019	14.41	0.00	JUDICIAL FIRST CLASS MAGISTRATE COURT, PONNANI
15	Consumer Complaint	Claim for deficiency of service against Insurance Company (United India Insurance Co.Ltd)-Fidelity Claim	2021	14.41	0.00	CONSUMER DISPUTE REDRESSAL COMMISSION,TH RISSUR
16	Criminal case	Private complaint under Sec.406, 420 r/w 34 of IPC against Jayasree, Chandu and Sujith Chandran	2019	8.00	0.00	CC-291/2019 JUDICIAL FIRST CLASS MAGISTRATE COURT-1, PALAKKAD

44. Disclosure of related party's transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures". To comply with the disclosure requirements of Companies (Accounting Standard) Rules 2021, the following transactions with related parties are shown as per AS 18 Related Party Disclosures.

a) Related Parties

Relationship	Sl. No	As on 31-03-2022		As on 31-03-2021
Associates	1	CDB 24 Karat Gold and diamonds Private limited.	1	CDB 24 Karat Gold and diamonds Private limited.
	2	CDB 24 Karat International Jewellers Private Limited.	2	CDB 24 Karat International Jewellers (Manjeri) Pvt. Ltd
	3	Chemmanur Gold Palace International Ltd	3	CDB 24 Karat International Jewellers Private Limited.
	4	Boby Chemmanur (No.1) Chits Private Ltd	4	Chemmanur Gold Palace International Ltd
	5	Boby Housing and Construction Private Limited	5	Boby Chemmanur (No.1) Chits Private Ltd
	6	CD Boby Developers and Builders Private Ltd	6	Boby Housing and Construction Private Limited
	7	CDB Infrastructure Private Limited	7	CD Boby Developers and Builders Private Ltd
	8	BDC Realty and Infra Private Limited	8	CDB Infrastructure Private Limited
	9	DBC Real Estate Developers Private Ltd.	9	BDC Realty and Infra Private Limited
	10	Boby Chemmanur Nidhi Limited	10	DBC Real Estate Developers Private Ltd.
	11	Boby Chemmanur International Developers LLP	11	Boby Chemmanur Nidhi Limited
	12	Boby Bazar Private Limited	12	Boby Chemmanur International Developers LLP
	13	Phygicart e-Commerce Private Limited	13	Boby Bazar Private Limited
	14	Chemmanur International Jewellers	14	Phygicart e-Commerce Private Limited
	15	Chemmanur Bose Jewellers	15	Chemmanur International Jewellers
	16	Chemmanur Fashion Jewellers, Manjery	16	Chemmanur Bose Jewellers
	17	Chemmanur Fashion Jewellers, Sulthan bathery	17	Chemmanur Fashion Jewellers, Manjery
	18	Chemmanur International Holidays and Resorts Private Ltd	18	Chemmanur Fashion Jewellers, Sulthan bathery
	19	Boby Chemmanur Entertainments Private Limited	19	Chemmanur International Holidays and Resorts Private Ltd
	20	Boby Chemmanur Enterprises private Limited	20	Boby Chemmanur Entertainments Private Limited
	21	Chemmanur International Jewellers LLP		
	22	Chemmanur International Info Solutions Pvt. Ltd.		
	23	Boby Chemmanur Airlines Private Ltd		
	24	Pushyaragam Jewellwers (Koyilandy) Pvt. Ltd		
Key Management Personnel	1	Mr.Boby.C.D (Chairman & MD)	1	Mr.Boby.C.D (Chairman & MD)
	2	Mrs.Anju Thomas (CS)	2	Mrs.Anju Thomas (CS)
	3	Mr. Pramod.M (CFO)	3	Mr.Jisso C Baby (WTD)
			4	Mr. Pramod.M (CFO)
Relatives of Key Management Personnel	1	Mrs. Smitha Boby	1	Mrs. Smitha Boby
	2	Mrs. Bymi Joffi	2	Mrs. Bymi Joffi
	3	Mrs.Maithri K.M	3	Mrs.Maithri K.M

(b) Related Party transactions during the year**Amount ₹ in lakhs**

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	FYE March 2022	FYE March 2021	FYE March 2022	FYE March 2021	FYE March 2022	FYE March 2021
<u>Loan taken and Repaid made</u>	-					
Loan Repaid to Mr.Boby.C.D (Chairman & MD)	0.00	0.00	57.00	20.43	0.00	0.00
Loan taken from Mr.Boby.C.D (Chairman & MD)	0.00	0.00	0.00	57.00	0.00	0.00
<u>Interest Paid</u>						
Boby.C.D (NCD and SD purchased from other Investors)	0.00	0.00	4.98	9.43	0.00	0.00
Bymi Joffy	0.00	0.00	0.00	0.00	0.00	0.62
Maithri K.M	0.00	0.00	0.00	0.00	1.47	0.63
<u>Non Convertible Debentures/Subordinated debt repayment</u>						
Boby.C.D	0.00	0.00	60.00	3.00	0.00	0.00
<u>Rent Paid</u>						
Boby.C.D	0.00	0.00	1.10	1.01	0.00	0.00
<u>Commission Received</u>						
Boby Chemmanur (No.1) Chits Private Ltd	0.04	0.16	0.00	0.00	0.00	0.00
<u>Chit Collection Received</u>						
Boby Chemmanur (No.1) Chits Private Ltd	1.90	3.80	0.00	0.00	0.00	0.00
<u>Chit Collection Repaid</u>						
Boby Chemmanur (No.1) Chits Private Ltd	1.90	3.80	0.00	0.00	0.00	0.00
<u>Remuneration to chairman</u>						
Boby.C.D	0.00	0.00	84.00	60.00	0.00	0.00
<u>Remuneration to Whole time Director</u>						
Jisso C Baby Note: Ceased to be a related party as on 31-03-2021	0.00	0.00	0.00	11.15	0.00	0.00
<u>Remuneration to Company secretary</u>						
Anju Thomas	0.00	0.00	8.56	7.68	0.00	0.00
<u>Remuneration to Chief Financial Officer</u>						
Pramod .M	0.00	0.00	15.32	13.50	0.00	0.00
<u>Rent Received</u>						
Chemmanur Gold Palace International Limited	91.53	91.53	0.00	0.00	0.00	0.00
<u>Purchase</u>						
Boby Bazar Pvt Ltd	0.51	0.84	0.00	0.00	0.00	0.00
<u>NCD Issued</u>						
Maithri K.M	0.00	0.00	0.00	0.00	6.50	9.95

(c) Related party Balances as at the end of the year**Amount ₹ in lakhs**

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Amounts due to related parties						
Mr.Boby.C.D (Chairman & MD)						
Non Convertible Debenture	0.00	0.00	10.55*	12.55	0.00	0.00
Subordinated Debt	0.00	0.00	5.00	55.00	0.00	0.00
Others	0.00	0.00	0.00	57.00	0.00	0.00
Maithri K.M	0.00	0.00	0.00	0.00	16.45	9.95
Phygicart e- Commerce Private Limited	0.41	0.41	0.00	0.00	0.00	0.00
Amounts due from related parties						
Chemmanur International Holidays and Resorts Private Ltd	0.00	0.23	0.00	0.00	0.00	0.00
Chemmanur Gold Palace International Limited	32.95	25.28	0.00	0.00	0.00	0.00
Boby Chemmanur (No.1) Chits Private Ltd	0.02	0.04	0.00	0.00	0.00	0.00

* During the year Mr. C.D Bobby bought Non Convertible Debenture of Rs:8.00 lakhs from an existing holder.

d) Guarantees provided by related parties.

- (i) 784.91 cents of land in Thrissur Taluk, Ollukkara SRO in the name of M/s. C.D Bobby Developers and Builders Pvt Ltd offered as collateral for cash credit from State Bank of India
- (ii) 5.93 cents of land in Thrissur Taluk, Ollukkara SRO in the name of Bobby Housing and Constructions Pvt. Ltd offered as collateral for cash credit from State Bank of India
- (iii) 10.23 Cents of Land and building thereon comprised in Sy No 205/4P of Aranattukara Village, Thrissur Taluk, Ayyanthole SRO, Thrissur District in the Name of C D Bobby offered as collateral for cash credit from State Bank of India.

45. Securities Offered for Loans

A. The sanction of the Common Covid Emergency Credit Line (CCECL) limit in addition to the existing Cash credit facilities availed by the company from State Bank Of India

1. Primary Security

Hypothecation of loan receivables to the extent of Rs 48.00 crs (both present & future) of the company.

2. Collateral Security**a) Immovable Property**

- (i) 784.91 Cents Of Land In Sy No. 147/197/7 ,983/1P ,985/1 ,986/1p, 987/1p ,985/1p ,147/197/8 ,147/197/3 ,984/1p, In Ollukkara Village, Thrissur Taluk, ollukkara SRO In The Name Of M/S C.D Bobby Developers And Builders Pvt Ltd
- (ii) 5.93 Cents Of Land In Sy No.984/3p In Ollukkara Village, Thrissur Taluk, Ollukkara SRO In The Name Of Bobby Housing And Constructions Pvt Ltd
- (iii) 25.26 Cents of Land and building admeasuring 278.81 sq M thereon comprised in Sy No 205/4P of Aranattukara Village, Thrissur Taluk, Ayyanthole SRO, Thrissur District. In the Name of C D Bobby

3. Third Party Guarantees

- A.** Personal Guarantees of
1.Sri. C.D. Bobby

2. Sri. LijoMoothedan
 3. Sri. Jisso C Baby
- B. Corporate guarantees of
- 1.M/S. C.D Bobby Developers and Builders Pvt Ltd
 2. M/S. Bobby Housing And Construction Pvt Ltd

Rate of Interest: 10.75 % Per annum

B. Sanction of Term Loan from Canara Bank

1. Primary Security

Exclusive charge by hypothecation of loan receivables (Standard Asset) of specific branches of the company with 25% margin and minimum- security coverage of 1.33 at all the times

2. Collateral Security

- (i) EM over 28.29 cents (11.45 are) of land comprised in Re sy no: 101 1B 2 of Thazhekod Village ,District Kozhikode (Mukkam) in the name of Mr C D Bobby realizable valued Rs 0.87 Crore (85% of value of vacant land).
- (ii) EM over flat no. G2 & G3, Hema apartments with undivided share on the land , Comprised in Re sy no.: 190 extent in 3.357 cents (UDS of land) of Kasaba village, District - Kozhikode in the name of Mr C D Bobby, Valued Rs 0.85 Crore.
- (iii) EM over 15.15 ares of land and Residential building comprised in Re sy : 120/1. (120/14 as per T.P A/c 4967, 120/13 (as per T.P A/c 4966) of Kuttikkattoor village, desm Velliparamba, District Kozhikode in the name of Mr C D Bobby , Smt. Smitha Bobby and Anna Bobby , Valued Rs 3.52 Crore.

3. Third Party Guarantees

A. Personal Guarantees of

- 1.Sri. C.D. Bobby
2. Sri. Lijo Moothedan
3. Mrs. Smitha Bobby

Interest Rate at 10.80% per annum

C. Sanction of cash credit from Dhanlaxmi Bank

1. Primary Security

Exclusive charge on entire loan receivables of 5 branches of the company (mentioned below) with 25% margin and minimum security coverage of 1.5 times at all times during the currency of loan (DP to be computed on receivables that are not overdue for 90 days and above)

2. Collateral Security

- (i) EM of 2.5399 hectares (627.5 cents) of Land in sy No : 147/161/2 and 1225/P of Ollukkara village, Mullakkara Desom, Thrissur taluk, Thrissur District in the name of DBC Real Estate Developers Pvt Ltd.
- (ii) EM of 11.2 cents of residential plot with 750 Sqft residential building U/Sy No. 985/1P in Ollukara village, Thrissur taluk and District in the name of BDC Realty and Infra (P) Ltd.

3. Third Party Guarantees

A. Personal Guarantees of

- 1.Sri. C.D. Bobby
2. Sri. LijoMoothedan

B. Corporate guarantees of

- 1.M/S. DBC Real Estate Developers Pvt Ltd
2. M/S. BDC Realty and Infra Pvt Ltd

Interest Rate at 10.10% per annum

46. Corporate Social Responsibility

Consequent to the requirements of Section 135 and Schedule VII of the Companies Act, 2013, the Company is required to contribute 2% of its average net profits during the immediately three preceding financial years. The Company has constituted a CSR committee in accordance with the provisions of the Companies Act, 2013. The details of expenditure incurred towards CSR is provided below

Particulars	Amount ₹ in lakhs	
	Year ended	
	31-03-2022	31-03-2021
(i) Amount required to be spent by the company during the year	23.25	18.46
(ii) Amount of expenditure incurred	23.30	18.46
(iii) Shortfall at the end of the year	0.00	0.00
(iv) Total of previous years shortfall	0.00	0.00
(v) Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	0.00	18.46
(vi) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

Note:

The following charity activities are carried out during the year by the management,

- (i) Rendering services required for the benefit, upliftment and prosperity of weaker sections of people.
- (ii) Rendering assistance to the people who had suffered from accidents and diseases.
- (iii) Providing free ambulance service to poor and destitute patients.

47. Impact of COVID-19

The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as current contract terms, financial strength of partners, loan profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

48. Instances of Fraud and misappropriation

b) Cash embezzlement

During the year there have been certain instances of fraud on the Company by some employees at branches where misappropriations / cash embezzlements were observed. The fraud was identified by the management and immediate action was taken to recover the misappropriated amount. Out of the misappropriated cash amounting to Rs 5 Lakhs, Rs 1.70 lakhs was recovered by the company as on the date of this report. A provision has been created in the books as on March 31, 2022 for Rs 5 lakhs.

c) Spurious Gold

The company has observed instances of spurious gold being offered as collateral and has taken the necessary steps for recovery. The total loan disbursed against such collateral and the amount recovered as on March 31, 2022 and the balance amounts to be recovered are as below:

No of Cases	Loan Amount	Spurious portion of Gold	Amount Recovered	Amounts in ₹ in lakhs
				Amount to be Recovered
40	22.28	15.11	15.11	Nil

49. Other Matters

- a) The Company has not traded or invested in Crypto currency or Virtual currency during the financial years ended March 31, 2022 and March 31, 2021.
- b) No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the financial years ended March 31, 2022 and March 31, 2021.
- c) The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the financial years ended March 31, 2022 and March 31, 2021
- d) The company does not have any transactions with struck off companies for the financial years ended March 31, 2022 and March 31, 2021.

50. Pursuant to RBI circular RBI/2021-22/125 DO R/STR/REC.68/21.04.048/2021-22 dated November 12, 2021, on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications', the Company is in the process of implementing the process of asset classification for flagging borrower accounts as overdue as part of the day-end processes for the due date. The impact on provisioning on account of the change in asset classification process on loans other than Gold loans could not be ascertained on account of the inherent complexity. The company is in the process of making the necessary changes in the IT systems and software to comply with the said circular.

RBI has vide circular no DOR.STR.REC.85/21.04.048/2021-22 dated February 15, 2022 granted time till 30/09/2022 to put in place necessary system to implement the provisions set forth in paragraph 10 the above cited circular, REC.68/21.04.048/2021-22, dated November 12.

51. Liquidity Risk

Public Disclosure on Liquidity Risk for the year ended March 31, 2022 pursuant to RBI circular dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

I. Funding concentration based on significant counter party (both deposits and borrowings)

SL	No of significant counter parties	As on 31st March 2022			As on 31st March 2021		
		Amount (in crore)	% of Total Deposits	% of Total Liabilities	Amount (in crore)	% of Total Deposits	% of Total Liabilities
1	NIL	NA	NA	NA	NA	NA	NA

II. Top 20 large deposits : Not Applicable

III. Top 10 Borrowings

			Amount In Rs Crore			
SL	Name of parties/holders	Nature	As on 31st March 2022		As on 31st March 2021	
			Amount (in Rs crore)	% of Total borrowings	Amount (in Rs crore)	% of Total borrowings
1	The State bank of India	Cash credit	24.93	9.51%	25.02	9.63%
2	The State bank of India	Term loan	0.40	0.15%	2.08	0.80%
3	The Canara Bank	Term loan	10.00	3.81%	0.00	0.00%
4	The Dhanlaxmi Bank	Cash credit	3.93	1.50%	0.00	0.00%
5	Mr. Perviz Farrok Kaka	Non Convertible Debenture	2.25	0.86%	3.50	1.35%
6	Mr. Homi Farrok Kaka		1.00	0.38%	3.50	1.35%
7	Mr. Siyaf M.V	Subordinate d Debt	0.97	0.37%	0.85	0.33%
8	Mr. John Abraham		0.93	0.35%	1.00	0.38%
9	Mr. Siyak M V		0.77	0.29%	0.75	0.29%
10	Mr.Muralidarar K R		0.69	0.26%	0.00	0.00%
11	M/s Bently Hotels		0.00	0.00%	0.65	0.25%
12	Mr. Simpson Pennamma Chacko		0.58	0.22%	0.58	0.22%
TOTAL			46.44		37.92	

IV. Funding Concentration based on significant instrument/product

SL	Name of the instrument/product	Amount In Rs Crore		Amount In Rs Crore	
		As on 31st March 2022		As on 31st March 2021	
		Amount (in Rs crore)	% of Total Liabilities	Amount (in Rs crore)	% of Total Liabilities
1	Non convertible Debentures (Privately placed)	50.22	16.65%	67.42	22.94%
2	Subordinated Debts	172.78	57.29%	164.60	56.00%
3	Bank Borrowings	39.25	13.01%	27.67	9.41%
TOTAL		262.24		259.68	

V. Stock Ratio:

Other short term liabilities of Rs. 17.18 crore as on 31st March 2022 (Rs. 13.71 crore as on 31st March 2021) as a % of Total Public Funds, Total Liabilities and Total Assets

Amount In Rs Crore

	31-03-2022		31-03-2021	
	Amount (In Rs Crore)	Other Short Term Liabilities As % of	Amount (In Rs Crore)	Other Short Term Liabilities As % of
Public Fund	262.24	6.55%	259.68	5.28%
Total Liabilities	301.59	5.70%	293.91	4.67%
Total Assets	392.95	4.37%	384.99	3.56%
TOTAL	973.97		952.28	

VI. Institutional set-up for liquidity risk management:

- 1) The Asset Liability Management Committee (ALCO) is supervising the liquidity risk management of the company. This committee comprises of following.

Name	Designation on Committee	Designation on Board
Lijo Moothedan	Chairman	Director
T.K. Thomas	Member	Chief Executive Officer
Pramod. M	Member	Chief Financial Officer
Suresh S	Member	Head – Operations& RM and Internal Auditor
Subi G Nair	Member	Head- Sales, Marketing & Recovery

The Overall functions of ALCO are the following:

- Monitoring the market risk levels of the company by ensuring adherence to various the risk-limits set by the Board;
 - Articulating the current interest rate view and a view on future direction of interest rate movements and base its decisions for future business strategy on this view as also on other parameters considered relevant.
 - Deciding the business strategy of the company both - on the assets and liabilities side, consistent with the interest rate view, budget and pre-determined risk management objectives which will include,
 - determining the desired maturity profile and mix of the assets and liabilities;
 - product pricing for both - assets as well as liabilities side;
 - deciding the funding strategy i.e. the source and mix of liabilities or sale of assets; the proportion of fixed vs floating rate funds, wholesale vs retail fund, money market vs capital market funding, domestic vs foreign currency funding, etc.,
 - reviewing the results of and progress in implementation of the decisions made in the previous meetings
- 2) The Risk Management Committee of the Board overlooks the activities of the Asset Liability Management Committee (ALCO). This Committee comprises of following.

Name	Designation on Committee	Designation on Board
E. Habeebul Rahiman	Chairman	Independent Director
P.M. Rajagopal	Member	Independent Director
Chemmanur Devassykutty Bobby	Member	Managing Director
Lijo Moothedan	Member	Non-Executive Director

The Overall functions of Risk Management Committee are the following:

- to overlook the activities and functions of ALCO;
- In addition, the committee reviews the business strategy of the Company both on the assets side and the liabilities side, consistent with the interest rate view, budget and pre-determined risk management objectives which will include:
 - Determining the desired maturity profile and mix of the assets and liabilities.
 - Product pricing for both assets side as well as liabilities side.

52. Previous year's figures have been regrouped/reclassified wherever necessary, to conform to current year's classification.

53. Additional Information to the Statement of Profit and Loss

Particulars	Amount ₹ in lakhs	
	March 31, 2022	March 31, 2021
(a) Value of Imports calculated on C.I.F basis by the company during the Financial Year in respect of -		
I. Raw Materials	0.00	0.00
II. Components and Spare Parts;	0.00	0.00
III. Capital Goods	0.00	0.00
(b) Expenditure in Foreign currency during the financial year on account of Royalty, Know how, professional and consultation fees, interest and other matters	0.00	0.00
(c) Total value if all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total components	0.00	0.00
(d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related	0.00	0.00
(e) Earnings in foreign exchange classified under the following heads namely: -		
I. Export of goods calculated on F.O.B basis	0.00	0.00
II. Know-how, professional and consultation fees;	0.00	0.00
III. Interest and Dividend;	0.00	0.00
IV. Other Income, indicating the nature thereof	0.00	0.00

For and on behalf of the Board

Boby CD **Lijo Moothedan** **T.K. Thomas**
Chairman and MD **Director** **Chief Executive Officer**
DIN: 00046095 **DIN: 00877403**

Pramod.M **Anju Thomas**
Chief Financial Officer **Company Secretary**
M.No:43159

Place : THRISSUR,
Date : 18/09/2023.

As per our report of even date attached

For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYI6465

Schedule to the Balance Sheet of a Non-Banking Financial Company
(As required in terms of Paragraph 19 of Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016).

(Amount ₹ in lakhs)

	Particulars		
	Liability Side :		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue
	(a) Debentures : Secured	5,211.79	Nil
	: Unsecured - Subordinate Debt (other than falling within the meaning of public deposit)	20,386.92	Nil
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter – corporate loans and borrowings	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) public deposit	Nil	Nil
	(g) Other Loans (Specify nature)	Nil	Nil
2	Breakup of (i)(f) above (outstanding public deposit inclusive in interest accrued thereon but not paid)		
	(a) in the form of unsecured debentures	Nil	Nil
	(b) in the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	Nil	Nil
	(c) other public Deposits	Nil	Nil

*See note 1 below

	Asset Side:	Amount Outstanding
3	Break-up of Loans and Advances including bills receivables[other than those included in (4) below]:	
	(a) Secured	31,496.57
	(b) Unsecured	4,011.72
4	Break-up of Leased Assets and stock on hire and other assets counting toward AFC activities	
	(i) Lease assets including lease rentals under sundry debtors : (a) Financial Lease (b) Operating Lease	Nil
	(ii) Stock on hire including hire charges under sundry debtors (a) Asset on Hire (b) Repossessed Assets	Nil
	(iii) Other loans counting towards AFC activities	

	(a) Loans where assets have been repossessed	
	(b) Loans other than (a) above	Nil
5	Break up of Investments :	
	Current Investments:	Nil
	1. Quoted:	Nil
	(i) Shares (a) Equity	
	(b) Preference	
	(ii) Debentures and Subordinate Debt	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Subordinate Debt	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	Long Term Investments	
	1. Quoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Subordinate Debt	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Subordinate Debt	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil

6	Borrower group-wise classification of assets financed as in (3) and (4) above :
	(see note 2 below)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	31,357.26	3,985.48	35,342.74
Total	31,357.26	3,985.48	35,342.74

7	Investor group-wise classification of all investments(current and long term) in shares and securities (both quoted and unquoted);(see note 3 below)		
Category	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)	
1. Relate Parties			
(a) Subsidiaries	Nil		Nil
(b) Companies in the same group	Nil		Nil
(c) Other related parties	Nil		Nil
2. Other than related parties	Nil		Nil
Total	Nil		Nil

8	Other Information	
	Particulars	Amount
	(i) Gross Non – Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	383.85
	(ii) Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	306.11
	(iii) Assets acquired in satisfaction of debt	Nil

*Notes:

1. As defined in point xxv of paragraph 3 of Chapter -II of these Directions.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non – Deposit Accepting of Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive
Officer

As per our report of even date
attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

C.M.JOSEPH
PARTNER
M.No: 202800
UDIN: 23202800BGTEYI6465

Place : THRISSUR,
Date : 18/09/2023

**INDEPENDENT AUDITORS' REPORT ON THE SPECIAL PURPOSE FINANCIAL
STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2021, STATEMENT OF
PROFIT AND LOSS AND CASH FLOWS STATEMENT FOR THE YEAR ENDED MARCH
31, 2021 OF CHEMMANUR CREDITS AND INVESTMENTS LIMITED**

To the Board of Directors,
Chemmanur Credits and Investments Limited
Mangalodhayam Building, Round South
Thrissur - 680001

Dear Sir/Madam,

We have audited the accompanying financial statements of Chemmanur Credits and Investments Limited (the "**Company**"), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "**financial statements**").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended and based on the provisions of Para 33.10 of Schedule I to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "**SEBI NCS Regulations**"). This also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in the manner so required as per Companies Act, 2013, SEBI NCS Regulations and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and of its results of operations and its cash flows for the year then ended.

Basis of Accounting

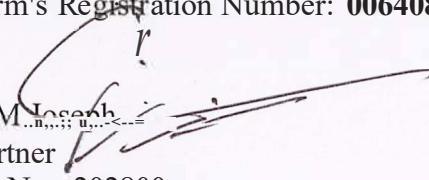
Without modifying our opinion, we draw attention to Note 2.1 to the financial statements, which describes the basis of preparation & presentation of financial statements. The financial statements are prepared to assist the Company to meet the requirements of SEBI NCS Regulations, as amended. As a result, the financial statements may not be suitable for another purpose.

Other Matter

Chemmanur Credits and Investments Limited has prepared a separate set of financial statements for the year ended March 31, 2021, in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, on which M/s. Cheeran Varghese & Co, Chartered Accountants, has issued a separate auditor's report to the shareholders of the Company dated September 06, 2021.

For C.M. Joseph & Associates

Chartered Accountants

Firm's Registration Number: **006408S**
C.M. Joseph

Partner

M. No.: 202800

UDIN: 23202800BGTEYH5503

Place: Emakulam

Date: 18/09/2023



Chemmanur Credits and Investments Limited
Balance Sheet as at March 31, 2021

Amounts In ₹ Lakhs

Particulars	Note No.	March 31, 2021	March 31, 2020
I. EQUITY & LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	3	6,000.00	6,000.00
(b) Reserves and Surplus	4	2,793.62	1,869.65
(c) Money received against share warrants		0.00	0.00
(2) Share application money pending allotment		0.00	0.00
(3) Non-current liabilities			
(a) Long-Term Borrowings	5	16,476.58	15,533.27
(b) Deferred Tax Liabilities (Net)		0.00	0.00
(c) Other long term liabilities	6	2,051.46	1,476.86
(d) Long term provision	7	117.95	95.05
(4) Current liabilities			
(a) Short-term borrowings	8	2,709.59	2,497.07
(b) Trade payables		0.00	0.00
(c) Other current liabilities	9	8,152.97	6,133.21
(d) Short-term provisions	10	196.50	327.11
TOTAL		38,498.67	33,932.22
II. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment			
(i) Tangible assets	11	1,444.16	1,569.07
(ii) Intangible assets	11	30.11	38.81
(iii) Capital work-in-progress	12	20.62	40.64
(iv) Intangible assets under development		0.00	0.00
(b) Non-current investments			
(c) Deferred Tax Assets (Net)	13	36.65	8.36
(d) Long-term loans and advances		0.00	0.00
(e) Other Non current assets	14	394.74	377.32
(2) Current assets			
(a) Current investments		0.00	0.00
(b) Inventories		0.00	0.00
(c) Trade receivables		0.00	0.00
(d) Cash and cash equivalents	15	452.68	467.30
(e) Short-term loans and advances	16	34,138.37	29,995.43
(f) Other current assets	17	1,981.34	1,435.29
Total		38,498.67	33,932.22

For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer
Anju Thomas
Company Secretary
M.No:43159

Place : THRISSUR,
Date : 18/09/2023.

C.M.JOSEPH
PARTNER
M.No. 202800
UDIN: 23202800BGTEYH5503

Chemmanur Credits and Investments Limited
Statement of Profit and Loss for the Year Ended March 31, 2021

Amounts in ₹ Lakhs

Particulars	Note No.	Year ended	
		March 31, 2021	March 31, 2020
Income			
Revenue from operations	19	7,357.99	7,075.92
Other income	20	114.59	125.13
Total revenue		7,472.58	7,201.05
Expenses			
Finance costs	21	2,964.45	2,667.81
Employee benefits expense	22	1,922.47	2,032.91
Other expenses	23	1,067.53	1,116.57
Depreciation and amortization expense	24	268.44	262.70
Total Expenses		6,222.89	6,080.00
Profit before Exceptional, Extraordinary, Prior Period items and tax		1,249.69	1,121.05
Exceptional Items	25	0.00	(13.41)
Profit before extraordinary items, Prior Period Items and tax		1,249.69	1,134.45
Extraordinary Items		0.00	0.00
Profit Before Prior Period Items and Tax		1,249.69	1,134.45
Prior Period Items	26	4.94	0.00
Profit Before Tax		1,244.75	1,134.45
Tax expenses			
Current tax		349.06	311.15
Deferred tax		(28.29)	(29.55)
Minimum Alternate Tax		0.00	0.00
Tax Paid for earlier years		0.00	2.53
Total tax expense		320.78	284.13
Profit for the year		923.97	850.32
Earnings per equity share [nominal value of share Rs.10-]	27		
Basic earnings per share (Rs/-)		1.54	1.42
Diluted earnings per share (Rs/-)		1.54	1.42
Summary of significant accounting policies			

For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

Place : THRISSUR,
Date : 18/09/2023.

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER
M.No. 202800
UDIN: 23202800BGTEYH5503

Cash Flow Statement for The Year Ended March 31, 2021

Amounts In ₹ Lakhs

Particulars	Year Ended	
	March 31,2021	March 31,2020
A. Cash flows from operating activities		
Net Profit Before Tax	1,244.75	1,134.45
Adjustment for :-		
Add: Depreciation	268.44	262.70
Prior Period items	4.94	0.00
Provision for Non-Performing Assets	18.38	(13.41)
Contingent Provision for Standard Assets	10.02	8.21
Loss on Sale of Fixed Asset	4.00	3.40
Interest (Net)	2,902.54	2,652.90
Provision For Gratuity	23.38	60.36
Operating Profit before Changes in Working Capital	4,476.46	4,108.61
Changes in Working Capital:		
(Increase)/Decrease in Short Term Loans and Advances	(4,142.93)	(3,251.90)
(Increase)/Decrease in Other Current Assets	(546.05)	(208.43)
(Increase)/Decrease in Other Non-Current Assets	(17.43)	(30.73)
Increase / (Decrease) in Other Current liabilities	1,366.23	(288.92)
Increase / (Decrease) in Short-term Borrowings	4.52	(21.11)
Cash Generated from Operations	1,140.80	307.53
Income Tax Paid	(512.81)	(488.96)
Net Cash from Operating Activities	627.99	(181.43)
B. Cash Flows from Investing Activities		
Interest received from Bank	22.01	0.42
Capital Work in Progress	20.02	(40.64)
Proceeds From Sale of Fixed Assets	2.10	1.02
Purchase of Fixed Assets	(140.66)	(61.00)
Net Cash from Investing Activities	(96.53)	(100.21)
C. Cash Flows from Financing Activities		
Interim Dividend Paid	0.00	(240.00)
Dividend Distribution Tax	0.00	(49.33)
Proceeds from Issue of Debentures	1,923.00	2,541.51
Repayment of Debentures	(2,979.93)	(2,246.28)
Proceeds from Issue of Unsecured Subordinated Debt	3,190.85	3,142.05
Proceeds from/Repayment to Loan from Director	36.57	0.00
Interest Paid on Debentures & Subordinated Debt	(2,828.53)	(2,385.32)
Term Loan	207.99	0.00
Interest Paid on Term Loan	(18.43)	0.00
Interest paid on Bank Cash Credit	(77.59)	(244.46)
Net Cash from Financing Activities	(546.08)	518.16
Net Increase in Cash and Cash Equivalents	(14.62)	236.53
Cash and Bank Balance at Beginning of Period	467.30	230.77
Cash and Bank Balance at end of Period	452.68	467.30
Components of Cash and Cash Equivalent at the end of the Period		
Current Account with Banks	333.01	353.22
Cash on Hand	119.67	114.08
Total	452.68	467.30

For and on behalf of the Board

Boby CD Lijo Moothedan T.K. Thomas
Chairman and MD Director Chief Executive Officer
DIN: 00046095 DIN: 00877403

Pramod.M Anju Thomas
Chief Financial Officer Company Secretary
M.No:43159

Place : THRISSUR,
Date : 18/09/2023.

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

C.M.JOSEPH
PARTNER
M.No. 202800
UDIN: 23202800BGTEYH5503

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Chemmanur Credits and Investments Limited is a Public Limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is a Non-Systemically Important Non-Deposit Taking Non-Banking Financial Company Registered under section 45IA of RBI Act, 1934. The Company is a professionally managed financial institution with all the key operational posts starting from its Branch Managers to senior positions being held by senior professionals who held key positions in major public sector banks and other leading finance companies. Performance of the company had also shown remarkable improvement over the years.

Summary of Significant accounting policies

2.1 Basis of Preparation & Presentation of Financial statements.

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material respects with Accounting Standards notified under The Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013 and the guidelines issued by the Reserve Bank of India as applicable to a Non-Systemically Important Non-Deposit Accepting NBFC. The Financial Statements have been prepared on an accrual basis and under the historical cost convention except for interest on non-performing assets which are recognized on realization basis. The Accounting Policies adopted in the preparation of Financial Statements are consistent with those of previous year.

The preparation of financial statements in conformity with Indian GAAP requires the Management to make judgments, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the financial statements are based upon the Management's evaluation of the relevant facts and circumstances as on the date of financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

During the year ended March 31, 2021, the Company has complied with the requirements of Schedule III of Companies Act 2013 for the preparation and presentation of its financial statement. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2 Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The cost includes purchase consideration, financing costs till commencement of commercial production and other directly attributable costs incurred to bring an Asset to its working condition for its intended use. Subsidy received towards specific assets is reduced from the cost of fixed assets. Fixed assets taken on Finance Lease are capitalized. The costs of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress

2.3 Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on straight line basis using the rates arrived at based on the useful lives prescribed under Schedule II to the Companies Act, 2013. The company has used the following life to provide depreciation on its fixed assets.

Asset	Useful Life
Furniture & Fittings	10 Years
Electrical Fittings	10 Years
Computer	3 Years
Plant and Equipment	15 Years
Vehicles	8 Years
Strong Room-RCC Frame Structure	60 Years

2.4 Intangible Asset

Intangible Assets are recorded at the consideration paid for acquisition less accumulated amortization and accumulated impairment, if any. Intangible assets are amortized over their estimated useful life subject to a maximum period of 10 years on straight line basis, commencing from the date the asset is available to the company for its use.

Expenditure for acquisition and implementation of software system is recognized as part of the intangible asset and amortized on straight line basis over a period of 10 years being the maximum period available for writing off of intangible asset.

2.5 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

2.6 Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken in to account, if available. If no such transactions can be identified, an appropriation valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.7 Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

2.8 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Quoted current investments for each category is valued at cost or market value whichever is lower. Unquoted investments in the units of mutual fund in the nature of current investment are valued at the net asset value declared by the mutual fund in respect of each particular scheme. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

2.9 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognized under the internal rate of return method. Such interests, where installments are overdue in respect of non-performing asset are recognized on realization basis as in accordance with the guidelines issued by Reserve Bank of India for Non-Banking Financial Companies. Any such income recognized and remaining unrealized after the installments become overdue with respect to nonperforming asset is reversed.

Revenue from fee-based activities is recognized as and when services are rendered.

Interest on deposit is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.

2.10 Employee Benefits

Short term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. These benefits include benefits like salaries, wages, short term compensated absence such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period.

Long term Employee Benefits

Defined contribution plans:

Defined contribution plan is Provident Fund scheme administered by Government for all eligible employees. The company's contribution to defined contribution plan is recognized in the Statement of Profit & Loss in the financial year to which they relate **(Note No.34)**.

Defined benefit plans:

The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined every year by consulting actuary using Projected Unit Credit Method. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred **(Note No.35)**.

2.11 Foreign currency transaction

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement/settlement of all other monetary items are recognised in the Statement of Profit and Loss.

2.12 Taxes on Income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the income-tax Act, 1961 enacted in India.

Deferred tax charge or credit reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charge of credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized, only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

Deferred Tax Assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.13 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Provision policy for gold loan and other loan portfolios: Company provides for non-performing loans and advances as mentioned in Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. Provision for standard assets is made at 0.25% as mentioned in Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and shown in the balance sheet as 'Contingent Provisions for standard asset'.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that

arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2.14 Segment Reporting

The Company primarily operates 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.

2.15 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.16 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company’s earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.17 Debenture Redemption Reserve

No Debenture Redemption Reserve is required to be created for privately placed debentures of Non-Banking Finance Companies.

2.18 Cash Flow Statement

Company has prepared cash flow statement using the Indirect Method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

2.19 Surplus on auction of pledged gold

The Company has a policy of refund of any surplus that arises on auction of gold ornaments pledged as security in the case of defaulted loan accounts in accordance with the terms of the agreement with the customers.

2.20 Dividend

Dividends on shares are recorded as liability on the date of approval by the shareholders.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

(Presented in Rupees (Lakhs) other than share data and EPS)

NOTE: 3**SHARE CAPITAL**

Amounts In ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Authorized shares		
8,00,00,000 equity shares of Rs.10/- each(Previous year 8,00,00,000 equity shares of Rs.10/- each)	8,000.00	8,000.00
2,00,000 Preference shares of Rs.1,000/- each(Previous year - 2,00,000 Preference shares of Rs.1,000/- each)	2,000.00	2,000.00
	10,000.00	10,000.00
Issued, subscribed and fully paid-up shares		
6,00,00,000 equity shares of Rs.10/- each(Previous year 6,00,00,000 equity shares of Rs.10/- each)	6,000.00	6,000.00
Total issued, subscribed and fully paid-up share capital	6,000.00	6,000.00

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particular	March 31, 2021		March 31, 2020	
	No.	Amount (in ₹ lakhs)	No.	Amount (In ₹ lakhs)
At the beginning of the year	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Issued during the period				
Outstanding at the end of the period	6,00,00,000	6,000.00	6,00,00,000	6,000.00

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having face value Rs. 10/- (PY Rs.10/-) per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. The dividend proposed by your Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the 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.

c. Details of shareholders holding more than 5% shares in the Company

Particular	March 31, 2021		March 31, 2020	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
C.D. Bobby	5,12,92,800	85.49%	5,11,32,800	85.22%
Chemmanur Gold Palace International Limited	70,00,000	11.67%	70,00,000	11.67%

d. Notes on splitting of Shares

During the financial year 2014-15 company has split its nominal value of shares from Rs 100 to Rs 10

Amounts in ₹ Lakhs

NOTE: 4

RESERVES AND SURPLUS	As at March 31, 2021	As at March 31, 2020
a) Statutory Reserve		
Balance at the beginning of the year	559.18	389.12
Add: Amount transferred from surplus in the Statement of Profit and Loss	184.79	170.06
Balance at the end of the year	743.97	559.18
b) Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	1,310.47	919.55
Profit/ Loss for the year	923.97	850.32
Less: Appropriations		
Dividend Paid	0.00	240.00
Dividend Distribution Tax	0.00	49.33
Transfer to Statutory reserve	184.79	170.06
Total appropriations	184.79	459.40
Net surplus in the statement of profit and loss	2,049.65	1,310.47
Total Reserves and Surplus	2,793.62	1,869.65

a) Statutory Reserve:

Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934. An amount of Rs. 184.79 Lakhs (Previous Year – Rs 170.06 Lakhs) representing 20% of Net Profit is transferred to the Fund for the year. No appropriation was made from the Reserve Fund during the year.

b) The Board of Directors of the Company has proposed final dividend of Rs 0.70 per share, which is subject to approval by the shareholders at the ensuing Annual General Meeting. The total proposed dividend for the year ended 31st March 2021 amounts to Rs 420.00 Lakhs .

NOTE: 5

Amounts in ₹ Lakhs

Long-term borrowings	As at March 31, 2021	As at March 31, 2020
Secured		
Non-convertible Debentures - Private placement (Note no.30)	1,807.83	2,489.34
Unsecured		
Unsecured Subordinated Debt (Note no.31)	14,611.75	13,023.50
Loans and Advances From Related Parties		
Loan from Director (Note no.33)	57.00	20.43
Total	16,476.58	15,533.27
The above amount includes		
Secured borrowings	1,807.83	2,489.34
Unsecured borrowings	14,668.75	13,043.93
Total	16,476.58	15,533.27

NOTE: 6	Amounts In ₹ Lakhs	
	As at	As at
Other long term liabilities	March 31, 2021	March 31, 2020
Others		
Interest accrued but not due on long term borrowings	2,051.46	1,476.86
Total	2,051.46	1,476.86

NOTE: 7	Amounts In ₹ Lakhs	
	As at	As at
Long term provision	March 31, 2021	March 31, 2020
Provision for employee benefits:		
Provision for Gratuity	117.95	95.05
Total	117.95	95.05

NOTE: 8	Amounts In ₹ Lakhs	
	As at	As at
Short Term Borrowings	March 31, 2021	March 31, 2020
Loans Repayable on Demand		
Secured		
SBI Term Loan	207.99	0.00
SBI Cash Credit Account	2,501.59	2,497.07
Total	2,709.59	2497.07
(a) Aggregate Loans Guaranteed by Directors	2,709.59	2497.07
(b) Aggregate Loans Guaranteed by Others	2,709.59	2497.07

A. State Bank of India Cash Credit- Sanctioned Limit Rs 2,750 Lakhs

Security:

- i. Primary Security (See Note No:43.1)
- ii. Collateral Security (See Note No:43.2)

NOTE: 9	Amounts In ₹ Lakhs	
	As at	As at
Other current liabilities	March 31, 2021	March 31, 2020
Current Maturities of Long-term Borrowings		
Non-convertible Debentures (Refer note 30)	4,881.22	5,301.69
Subordinated Debt (Refer note 31)	1,799.05	211.05
Unpaid matured NCD	52.53	7.47
Unpaid matured Subordinated Debt	49.10	34.50
Interest accrued and Due on unpaid matured debentures	9.14	5.15
Interest accrued and Due on unpaid matured Subordinated Debt	9.61	25.61
Interest Accrued But not Due on Short term Borrowings	452.75	58.71
Interest Accrued And Due on Short term Borrowings	65.26	111.98
Interest accrued and due on long term borrowings	36.00	80.43
Interest Accrued on SBI Cash Credit	0.00	23.32

Statutory Dues Payable	65.57	54.75
Employee Related Payables	146.69	24.23
Retention Payable	5.67	5.29
Rent Payable	47.68	29.07
Payable For Expenses	20.13	9.38
Others	512.57	150.57
Total	8,152.97	6,133.21

NOTE: 10

Amounts In ₹ Lakhs

Short Term Provisions	As at March 31, 2021	As at March 31, 2020
Other provisions		
Provision for suit filed	8.00	8.00
Provisions for taxation (Note No:32)	28.33	187.83
Contingent Provision for Standard Assets	84.76	74.74
Provision for Non Performing Assets	62.41	44.03
Provision for Gratuity	12.99	12.50
Total	196.50	327.11

NOTE: 11**11.Tangible Assets**

Amounts In ₹ Lakhs

	GROSS BLOCK				DEPRECIATION					NET BLOCK	
Description	As at 01.04.20	Additions	Deductions	As at 31.03.21	As at 01.04.20	Additions	Deductions	Other Adjustments	As at 31.03.21	As at 31.03.21	As at 31.03.20
Furniture & Fittings	1,894.46	78.53	0.00	1,972.99	1,206.27	191.84	0.00	0.00	1,398.10	574.89	688.19
Plant & Machinery	586.55	33.80	9.62	610.73	197.67	38.19	3.85	(0.26)	231.76	378.97	388.88
Computer	138.73	11.49	6.40	143.82	125.09	5.07	6.08	0.00	124.07	19.74	13.64
Electrical Fittings	149.79	3.34	0.00	153.13	93.79	14.95	0.00	0.00	108.74	44.39	56.00
Motor Vehicle	8.43	13.50	0.00	21.93	8.01	1.60	0.00	0.00	9.61	12.32	0.42
RCC Frame Structure	536.73	0.00	0.00	536.73	114.79	8.09	0.00	0.00	122.88	413.85	421.94
TOTAL	3,314.68	140.66	16.02	3,439.32	1,745.61	259.73	9.92	(0.26)	1,995.17	1,444.16	1,569.07
Previous Year	3,260.52	61.00	6.84	3,314.68	1,494.06	253.98	2.42	0.00	1,745.61	1,569.07	1,766.46

11.Intangible Assets

	GROSS BLOCK				DEPRECIATION					NET BLOCK	
Description	As at 01.04.20	Additions	Deductions	As at 31.03.21	As at 01.04.20	Additions	Deductions	Other Adjustments	As at 31.03.21	As at 31.03.21	As at 31.03.20
Software	87.00	0.00	0.00	87.00	48.19	8.70	0.00	0.00	56.89	30.11	38.81
TOTAL	87.00	0.00	0.00	87.00	48.19	8.70	0.00	0.00	56.89	30.11	38.81
Previous Year	87.00	0.00	0.00	87.00	39.47	8.72	0.00	0.00	48.19	38.81	47.54

NOTE: 12		Amounts In ₹ Lakhs	
	As at	As at	
Capital work-in-progress	March 31, 2021	March 31, 2020	
Work in Progress	20.62	40.64	
Total	20.62	40.64	

NOTE: 13		Amounts In ₹ Lakhs	
	As at	As at	
Deferred Tax Assets	March 31, 2021	March 31, 2020	
Deferred tax liability			
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting.	(5.89)	(24.99)	
Gross deferred tax liability	(5.89)	(24.99)	
Deferred tax asset			
Provision for substandard asset	13.73	9.69	
Provision for Gratuity	28.81	23.66	
Gross deferred tax asset	42.54	33.35	
Net Deferred Tax Asset	36.65	8.36	

NOTE: 14		Amounts In ₹ Lakhs	
	As at	As at	
Other Non-Current Assets	March 31, 2021	March 31, 2020	
Security Deposits			
Unsecured Considered Good			
Rental deposits	384.17	366.75	
Other Security Deposits	10.57	10.57	
	394.74	377.32	
Total	394.74	377.32	

NOTE: 15		Amounts In ₹ Lakhs	
	As at	As at	
Cash and bank balances	March 31, 2021	March 31, 2020	
Cash and Bank Balances			
Balances with banks:	333.01	353.22	
Cash on hand	119.67	114.08	
Total	452.68	467.30	

NOTE: 16

Amounts In ₹ Lakhs

	As at	As at
Short Term Loans and Advances	March 31, 2021	March 31, 2020
Loan Portfolio		
Secured		
Gold Loan	27,791.34	23,430.83
GSL Account	3,276.94	3,234.93
Unsecured		
Micro Finance Loan	2,639.14	3,133.03
Consumption loans	430.95	196.65
Total	34,138.37	29,995.43
Secured		
(a)Secured considered good	30,952.21	26,592.90
(b)Secured-Substandard	64.79	28.94
(c)Secured Doubtfull	14.94	15.88
(d)Secured Loss asset	36.33	28.04
Unsecured		
(a)Unsecured Considered Good	2,952.59	3,304.79
(b)Unsecured-Substandard	116.77	21.23
(c)Unsecured Doubtfull	0.73	3.66
(d)Unsecured Loss asset	0.00	0.00
(d)Loans and Advances due by Directors or the officers of the Company or any of them either severally of Jointly with any other person	0.00	0.00
(e)Loans and Advances due by Partnership firms or Private companies respectively in which director is a partner or a director or member	0.00	0.00

NOTE: 17

Amounts In ₹ Lakhs

	As at	As at
Other Current Asset	March 31, 2021	March 31, 2020
Interest Accrued on Loan Portfolio	1,879.27	1,290.59
	1,879.27	1,290.59
Prepaid Expenses	9.27	7.18
Advances Recoverable in Cash or Kind		
Unsecured, considered good		
Other Advances/Receivable	90.28	137.51
TDS Receivable	2.52	0.00
Total	1,981.34	1,435.29
(a) Due from Related Party	25.51	65.90

NOTE: 18

Amounts In ₹ Lakhs

Contingent Liabilities	As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as debts (Note No.41)	137.57	137.57
TOTAL	137.57	137.57

NOTE: 19

Amounts In ₹ Lakhs

Revenue from operations	March 31, 2021	March 31, 2020
Interest Income		
- Gold loans	5,762.46	4,986.82
- Micro Finance	589.01	675.75
-SBL Loan	0.00	0.06
-GSL	678.25	903.38
-Consumption Loans	50.22	27.45
Revenue From other services		
- Commission etc.	168.16	302.31
- Service Charge, Documentation Fee etc.	109.90	180.15
Total	7,357.99	7,075.92

NOTE: 20

Amounts In ₹ Lakhs

Other Income	March 31, 2021	March 31, 2020
Interest income on Bank and other deposits	22.01	0.42
Rental Income	91.53	122.03
Auction Charges Recovered	0.06	0.69
Auction Loss Recovery	0.00	0.06
Interest on refund of income tax	0.00	1.62
Bad Debt Recovered	0.99	0.30
Total	114.59	125.13

NOTE: 21

Amounts In ₹ Lakhs

Finance Cost

	March 31, 2021	March 31, 2020
Interest		
- on Debentures	840.85	813.65
- on Subordinated Debt	1,969.92	1,556.85
- on SBI Cash Credit	77.59	244.46
- on SBI Term Loan	18.43	0.00
- on NCD Application Money	17.76	14.82
Other borrowing cost		
- Bank Charges	17.16	12.48
- Loan Processing Fee	13.57	0.00
- Interest on Short fall of Advance tax	8.33	23.53
- Commission paid	0.84	2.01
Total	2,964.45	2,667.81

NOTE: 22

Amounts In ₹ Lakhs

Employee Benefit expense

	March 31, 2021	March 31, 2020
Salaries, Wages, Exgratia and Bonus	1,649.35	1,672.28
Contribution to Provident Fund, ESI etc.	71.19	68.33
Incentive	161.47	218.55
Gratuity paid	16.25	12.31
Gratuity Provision	23.38	60.36
Staff welfare expenses	0.83	1.08
Total	1,922.47	2,032.91

NOTE: 23

Amounts In ₹ Lakhs

Other expenses

	As at March 31, 2021	As at March 31, 2020
Electricity	65.49	70.53
AMC Charges	18.03	22.84
Inauguration Expenses	0.19	1.08
Software Maintenance	15.07	8.37
Rent	581.58	558.85
Rates and Taxes	5.95	10.17
Insurance	6.32	5.12
Repairs and Maintenance	32.82	36.19
Advertising and Sales Promotion	12.74	17.38
Office Expenses	88.32	100.27
Travelling and conveyance	71.64	96.94
Communication Costs	57.04	62.41
Printing and Stationery	21.80	24.98
Payment to Auditors	4.20	4.20
Legal and Professional fees	24.06	20.56

Security Charges	9.36	8.99
Miscellaneous Expenses	2.06	4.55
Provision for Suit Filed	0.00	0.00
Provision for Standard Assets	10.02	8.21
Provision for NPA	18.38	0.00
Bad debt written off	0.00	35.88
CSR Expense	18.46	15.68
Loss on sale of Fixed Asset	4.00	3.40
Total	1,067.53	1,116.57

NOTE: 24

Amounts In ₹ Lakhs

Depreciation and amortization expense	As at	As at
	March 31, 2021	March 31, 2020
Depreciation of Tangible Assets	259.73	253.98
Amortization of Intangible Assets	8.70	8.72
Total	268.44	262.70

NOTE: 25

Amounts In ₹ Lakhs

Exceptional Items	March 31, 2021	March 31, 2020
Excess NPA Provision Reversed	0.00	(13.41)
Total	0.00	(13.41)

NOTE: 26

Amounts In ₹ Lakhs

Prior Period Items	As at	As at
	March 31, 2021	March 31, 2020
Excess depreciation claimed reversed	(0.26)	0.00
Excess Salary paid reversed	(0.89)	0.00
Staff welfare Expenses	0.08	0.00
Prior period AMC Charges	5.81	0.00
Rent Expense	0.91	0.00
Excess Income Tax provision Reversed	(0.71)	0.00
Total	4.94	0.00

27.Earnings Per Share

Amounts in ₹ Lakhs

Particulars		Before extraordinary Item		After extraordinary items	
		31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
(a) Basic					
Profit after tax		923.97	850.32	923.97	850.32
Less : Transfer to Appropriation		0.00	0.00	0.00	0.00
Adjusted Net Profit for the year	A	923.97	850.32	923.97	850.32
Weighted Average Number of Shares Outstanding	B	6,00,00,000.00	6,00,00,000.00	6,00,00,000.00	6,00,00,000.00
Basic EPS	A/B	1.54	1.42	1.54	1.42
(b) Diluted					
Profit after tax	A	923.97	850.32	923.97	850.32
Less : Transfer to Appropriation	B	0.00	0.00	0.00	0.00
Add: Interest expense on convertible debentures (net of tax)	C	0.00	0.00	0.00	0.00
Adjusted net profits for the year	D=A-B+C	923.97	850.32	923.97	850.32
Weighted average number of shares outstanding	E	6,00,00,000.00	6,00,00,000.00	6,00,00,000.00	6,00,00,000.00
Add: Weighted average number of potential equity shares on account of employee stock options	F	0.00	0.00	0.00	0.00
Add: Weighted average number of potential equity shares on account of convertible debentures	G	0.00	0.00	0.00	0.00
Weighted average number of shares outstanding for diluted EPS	H	6,00,00,000.00	6,00,00,000.00	6,00,00,000.00	6,00,00,000.00
Diluted EPS (₹)	D/H	1.54	1.42	1.54	1.42
Face value per share (10)		10.00	10.00	10.00	10.00

Workings of Computation of Weighted Avg. No. of shares

Particulars	No. of Shares	
	31 March, 2021	31 March, 2020
No of Shares outstanding at the beginning of the year	6,00,00,000.00	6,00,00,000.00
Add: Shares issued during the Year	0.00	0.00
Weighted Average No. of Shares at the end of the Year	6,00,00,000.00	6,00,00,000.00

28. MICRO AND SMALL ENTERPRISES:

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2021.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

Particulars	As at	As at
	31-Mar-21	31-Mar-20
(a) Principal amount due and remaining unpaid to suppliers as at the year end	0.00	0.00
(b) Interest accrued and due to suppliers on the above amount as at the year end	0.00	0.00
(c) Interest paid to suppliers in terms of section 16 of the MSMED Act	0.00	0.00
(d) Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.00	0.00
(e) Interest paid to suppliers (other than section 16 of the MSMED Act)	0.00	0.00
(f) Interest due and payable to suppliers for payments already made (for the period of delay, if any)	0.00	0.00
(g) Interest accrued and remaining unpaid at the year end	0.00	0.00
(h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	0.00	0.00
Total	0.00	0.00

29. The Applicability of The Kerala Money-Lenders Act, 1958 to Non-Banking Financial Companies is pending before Honorable Supreme Court of India.

30. Notes on Non-Convertible Debentures (NCDs) issued under Private Placement.**i. Nature of Securities**

Debentures Secured by a floating charge on the book debts of the company on loan receivables & other unencumbered assets having a market value equivalent to 110% of outstanding balance of debentures.

ii. Classification of Debentures as Current and Non-Current

Company has classified the debentures as current and non-current based on the earliest put option available to debenture holders. The actual redemption pattern may be different since the debenture holders have the right to waive their put option. If they are classified as current and non-current based on the original maturity, current maturity may be less than the amount what we have recognized now.

iii. Details of rate of interest and maturity pattern from the date of the balance sheet are as under:**As on 31st March 2021 (Amount In ₹ lakhs)**

Redeemable at par within	<=13.5%	>13.5%<=14.5%	>14.5%<=16.1%	>16.1%<=30%	Total
Above 4 years	0	0	0	0	0
3-4 years	0	0	0	0	0
2-3years	312.47	0	0	0.05	312.52
1-2 years	1,494.71	0	0	0.59	1,495.30
Total	1,807.18	0	0	0.64	1,807.82
Current maturities of Long-term Borrowings					
Less than one year	4,876.13	0.00	5.00	0.08	4,881.21
Total	4,876.13	0.00	5.00	0.08	4,881.21
Grand Total	6,683.31	0.00	5.00	0.73	6,689.04

As on 31st March 2020 (In ₹ lakhs)

Redeemable at par within	<=13.5%	>13.5%<=14.5%	>14.5%<=16.1%	>16.1%<=30%	Total
Above 4 years	0.00	0.00	0.00	0.00	0.00
3-4 years	0.00	0.00	0.00	0.05	0.055
2-3years	691.67	0.00	0.00	0.59	692.26
1-2 years	1,796.94	0.00	0.00	0.08	1,797.025
Total	2,488.61	0.00	0.00	0.73	2,489.34
Current maturities of Long-term Borrowings					
Less than one year	5,268.69	3.0	5.00	25.00	5301.69
Total	5,268.69	3.0	5.00	25.00	5301.69
Grand Total	7,757.30	3.0	5.00	25.73	7,791.03

iv. Non-Convertible Debentures series wise outstanding balance as on Balance sheet Date (Amount in ₹ lakhs)

Particulars	As on 31st March 2021	As on 31st March 2020
NCD 2012/03(TD)	0.70	0.70
NCD 2012/06	451.23	543.81
NCD 2012/07	357.46	435.43
NCD 2012/08	1,129.77	1,400.07
NCD 2012/09	618.29	723.62
Total	2,557.45	3,103.63
NCD 2014/11	0.00	0.00
NCD 2014/11B	0.00	70.00
Total	0.00	70.00
NCD 2015/12 -	36.00	342.15
NCD 2015/13 -	417.64	697.64
NCD 2015/14 -	4.25	104.25
Total	457.89	1,144.04
NCD 2016/15-A	25.00	45.00
NCD 2016/15-B	67.00	67.00
NCD 2016/15-C	56.00	88.50
NCD 2016/15-D	00.00	100.00
NCD 2016/15-E	60.00	75.00
NCD 2016/15-F	116.55	142.05
Total	324.55	517.55
NCD 2017/16-A	0.00	0.00
NCD 2017/16-B	27.25	43.25
NCD 2017/16-C	33.60	50.80
NCD 2017/16-D	80.50	107.50
NCD 2017/16-E	28.50	28.50
NCD 2017/16-F	0.00	0.00
Total	169.85	230.05
NCD 2018/17-A	15.00	25.00
NCD 2018/17-B	18.00	25.00
NCD 2018/17-C	70.00	134.25
Total	103.00	184.25
NCD 19-20 -DEMAT - XII	0.00	225.00
NCD 19-20 -DEMAT - XVIII	349.50	150.00
NCD 19-20-DEMAT-XVIIIA	150.00	507.00
NCD 19-20-DEMAT-XVIIIB	111.50	297.00
NCD 19-20 -DEMAT - XIX	50.00	50.00
NCD 19-20 -DEMAT - XX	0.00	351.70
NCD 19-20 -DEMAT - XXI	18.00	18.00
NCD 19-20 -DEMAT - XXII	31.50	31.50
NCD 19-20 -DEMAT - XXIII	29.00	29.00

NCD 19-20 –DEMAT - XXIV	32.70	32.70
NCD 19-20 –DEMAT - XXV	150.00	150.00
NCD 19-20 –DEMAT -XXVI	0.00	468.51
NCD 19-20 –DEMAT -XXVII	69.50	69.50
NCD 19-20 –DEMAT -XXVIII	50.00	50.00
NCD 19-20 –DEMAT - XXIX	26.50	26.50
NCD 19-20 –DEMAT - XXX	62.10	62.10
NCD 19-20 –DEMAT - XXXI	23.00	23.00
Total	1,153.30	2,541.51
NCD 20-21 - DEMAT- VII	30.00	0.00
NCD 20-21 –DEMAT - VIII	29.00	0.00
NCD 20-21- DEMAT -I	115.35	0.00
NCD 20-21- DEMAT -II	20.00	0.00
NCD 20-21- DEMAT -III	27.00	0.00
NCD 20-21- DEMAT -IV	23.50	0.00
NCD 20-21- DEMAT -X	299.20	0.00
NCD 20-21- DEMAT -XI	10.00	0.00
NCD 20-21- DEMAT -XII	39.00	0.00
NCD 20-21- DEMAT -XIII	17.00	0.00
NCD 20-21- DEMAT -XIV	37.00	0.00
NCD 20-21- DEMAT -XV	10.00	0.00
NCD 20-21- DEMAT-V	167.00	0.00
NCD 20-21 DEMAT-VI	41.75	0.00
NCD 20-21 DEMAT-XIX	20.00	0.00
NCD 20-21 DEMAT-XVI	235.05	0.00
NCD 20-21 DEMAT-XVII	4.00	0.00
NCD 20-21 DEMAT-XVIII	10.00	0.00
NCD 20-21 DEMAT-XX	7.45	0.00
NCD 20-21 DEMAT-XXI	95.00	0.00
NCD 20-21 DEMAT-XXII	94.00	0.00
NCD 20-21 DEMAT-XXIII	100.00	0.00
NCD 20-21 DEMAT-XXIV	413.70	0.00
NCD 20-21 DEMAT-XXV	25.00	0.00
NCD 20-21 DEMAT-XXVI	35.00	0.00
NCD 20-21 DEMAT-XXVII	12.00	0.00
NCD 20-21–DEMAT – IX	6.00	0.00
Total	1,923.00	0.00
Grand Total	6,689.04	7,791.03

31. Notes on Subordinated Debt Certificates issued under Private Placement.

Details of rate of interest and maturity pattern from the date of the balance sheet are as under:

As on 31st March 2021 (Amount in ₹ lakhs)

Redeemable at par within	<=13.5%	>13.5%<=14.5%	>14.5%<=16.1%	>16.1%<=30%	Total
Long-term Borrowings					
Above 5 years	1,039.00	0.00	0.00	0.00	1,039.00
4-5 Years	3,887.10	0.00	531.85	8.70	4,427.65
3-4 years	2,871.45	0.00	418.25	25.00	3,314.70
2-3 Years	2,597.70	0.00	5.00	0.00	2,602.70
1-2 years	3,227.70	0.00	0.00	0.00	3,227.70
Total	13,622.95	0.00	955.10	33.70	14,611.75
Current maturities of Long-term Borrowings					
Less than one years	1,799.05	0.00	0.00	0.00	1,799.05
Total	1,799.05	0.00	0.00	0.00	1,799.05
Grand Total	15,422.00	0.00	955.10	33.70	16,410.80

As on 31st March 2020 (Amount in ₹ lakhs)

Redeemable at par within	<=13.5%	>13.5%<=14.5 %	>14.5%<=16.1 %	>16.1%<=30%	Total
Long-term Borrowings					
Above 5 years	1,517.65	0.00	531.85	38.70	2,088.20
4-5 Years	2,871.45	0.00	418.25	25.00	3,314.70
3-4 years	2,597.70	0.00	5.00	0.00	2,602.70
2-3 Years	3,227.70	0.00	0.00	0.00	3,227.70
1-2 years	1,790.20	0.00	0.00	0.00	1,790.20
Total	12,004.70	0.00	955.10	63.70	13,023.50
Current maturities of Long-term Borrowings					
Less than one years	211.05	0.00	0.00	0.00	211.05
Total	211.05	0.00	0.00	0.00	211.05
Grand Total	12,215.75	0.00	955.10	63.70	13,234.55

32. Notes to Income Tax Provision/(Refundable)**(Amount in ₹ lakhs)**

Particulars	As at	
	March 31 2021	March 31 2020
Provision For Income Tax		
2014-15	38.58	38.58
2015-16	41.36	41.36
2016-17	270.59	270.59
2017-18	102.23	102.23
2018-19	388.20	388.20
2019-20	333.98	334.69
2020-21	357.40	
Add:-Income Tax Refund		
2017-18	21.64	21.64
(A)	1,553.97	1,197.28
Less : Advance Tax		
2014-15	13.76	13.76
2017-18	72.50	72.50
2019-20	20.00	20.00
2020-21	135.40	0.00
(B)	241.66	106.26
Tax Deducted at Source		
2014-15	24.82	24.82
2015-16	27.38	27.38
2016-17	16.03	16.03
2017-18	23.74	23.74
2018-19	26.98	26.98
2019-20	130.23	126.85
2020-21	187.89	0.00
(C)	437.06	245.80
Mat Credit Entitlement		
2016-17	71.26	71.26
2017-18	27.63	27.63
(D)	98.89	98.89
Self-assessment tax paid		
2015-2016	13.98	13.98
2016-2017	183.30	183.30
2018-2019	361.22	361.22
2019-2020	189.53	
(E)	748.02	558.50
Provision Net of Advance tax and TDS (A)- ((B)+(C)+(D)+(E))	28.33	187.83

33. Company has taken loan from Mr. Bobby C.D, Director and Chairman of the Company and also issued debentures to him. Year-end balance of loan from Mr. Bobby C.D and debentures issued is ₹57 Lakhs and ₹12.55 Lakhs respectively. He has also bought Subordinated Debts from other holders and year-end balance of such subordinated debt is ₹55 Lakhs . There is an agreement executed on March 30th,2019 between Mr. Bobby C.D and the Company containing terms and conditions governing loan availed by the Company from Mr. Bobby C.D. As per this agreement Mr. Bobby C.D has waived his right to receive interest on loan. Therefore, no interest is charged on loan accepted from Mr. Bobby C.D during the year.

34. Disclosure as per AS-15

i. Defined Contribution Plan

Amount In ₹ Lakhs

Particulars	31-Mar-21	31-Mar-20
Contribution to Employee's Provident Fund	38.97	32.72
Contribution to Employee's State Insurance	30.19	33.90
Contribution to Employee's Group Insurance	2.03	1.72

35. Defined Benefit Plan Disclosure as per AS-15

Project Unit Credit Actuarial Method was applied to assess the Plan liabilities owing to all forms of admissible exit. The benefit was taken as defined in terms of Payments of Gratuity Act or the Company Gratuity Rules whichever more favourable to the beneficiaries. Gratuity ceiling limit was taken at ₹20lakhs.

A) Key Assumptions	As on 31 March 2021	As on 31 March 2020
Mortality Table	Indian Assured Lives Mortality [2012-14] Ultimate	Indian Assured Lives Mortality [2006-08] Ultimate
Attrition Rate Less than or equal to 4 years Above 4 Year	30.00% 5.00%	30.00% 5.00%
Discount Rate	6.57% p.a	6.44% p.a.
Rate of increase in compensation level	5.00% p.a.	5.00% p.a.
Rate of Return on Plan Assets	Not Applicable	Not Applicable
Expected Average Remaining Working Lives of Employees (years)	8.73	7.99

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets:
Amount In ₹ Lakhs

Particulars	As on 31 March 2021	As on 31 March 2020
A) Changes in Present Value Obligations		
Present Value of Obligation at the beginning of the period	107.55	47.19
Interest Cost	6.40	3.08
Past Service Cost (Non-Vested)	0.00	0.00
Past Service Cost (Vested)	0.00	0.00
Current Service Cost	24.38	28.62
Benefits Paid	(16.25)	(12.31)
Actuarial (Gain)/Loss	8.85	40.97
Defined Benefit Plan at the end of the Year	130.94	107.55

B) Changes in the Fair Value of Plan Assets

Fair Value of the Plan Assets at the beginning of the Period	0.00	0.00
Acquisition Adjustments	0.00	0.00
Expected Return on Plan Assets	0.00	0.00
Contributions	0.00	0.00
Benefits Paid	0.00	0.00
Actuarial Gain/(Loss) on Plan Assets	0.00	0.00
Fair Value of Plan Assets at the end of the Period	0.00	0.00

C) Fair Value of Plan Assets

Fair Value of Plan Assets at the Beginning of the Period	0.00	0.00
Acquisition Adjustments	0.00	0.00
Actual Return on Plan Assets	0.00	0.00
Contributions	0.00	0.00
Benefits Paid	0.00	0.00
Fair Value of Plan Assets at the end of the period	0.00	0.00
Present Value of Obligations at the end of the Period	130.94	107.55
Funded Status	(130.94)	(107.55)

D) Actuarial Gain/(Loss) Recognized

Actuarial Gain/(Loss) for the Period – Obligation	(8.85)	(40.97)
Actuarial Gain/(Loss) for the Period – Plan Assets	0.00	0.00

Total Gain/(Loss) For the Period	(8.85)	(40.97)
Actuarial Gain/(Loss) recognized in the Period	(8.85)	(40.97)
Unrecognized actuarial gains/(Losses) at the end of the period	0.00	0.00
E) The Amounts to be Recognised in Balance Sheet and Statement of Profit and Loss		
Present Value of Obligations at the end of the Period	(130.94)	(107.55)
Fair Value of Plan Assets at the end of the period	0.00	0.00
Funded Status	(130.94)	(107.55)
Unrecognized actuarial (Gains)/Losses	0.00	0.00
Net Asset/(Liability) Recognized in Balance Sheet	(130.94)	(107.55)
F) Expense Recognized in the Statement of Profit and Loss		
Current Service Cost	24.38	28.62
Past Service Cost	0.00	0.00
Interest Cost	6.40	3.08
Expected Return on Plan Asset	0.00	0.00
Curtailment Cost /(Credit)	0.00	0.00
Settlement Cost /(Credit)	0.00	0.00
Net Actuarial (Gain)/Loss Recognized in the period	8.85	40.97
Expenses Recognized in the statement of Profit and Loss	39.64	72.67
G) Movements in Liability Recognised in the Balance sheet		
Opening Net Liability	107.55	47.19
Expenses as above	39.64	72.67
Contributions / Benefits Paid	(16.25)	(12.31)
Closing Net Liability	130.94	107.55

ii. Note on provision for gratuity

Particulars	As on 31 March 2021	As on 31 March 2020
Short Term Liability Value (current)	12.99	12.50
Long Term Liability value (non-current)	117.95	95.05
Total value of the obligation	130.94	107.55

36. Provision for Standard and Non-Performing Assets as per Prudential Norms.

In terms of Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, Company has made provisions for Standard Assets as well as Non-Performing Assets as per the table below:

• **Gold Loan**

(Amount in ₹ lakhs)

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	2021	2020	2021	2020	2021	2020
Standard Assets	27,737.64	23,369.43	69.34	58.42	27,668.29	23,311.00
Sub Standard Assets	3.19	17.48	0.32	1.75	2.87	15.74
Doubtful Asset	14.18	15.88	7.05	7.32	7.14	8.56
Loss Asset	36.33	28.04	36.33	28.04	0	0
Total	27,791.34	23,430.83	113.04	95.53	27,678.30	23,335.30

• **Other Loans**

(Amount in ₹ lakhs)

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	2021	2020	2021	2020	2021	2020
Standard Assets	6,167.17	6,528.26	15.42	16.32	6,151.75	6,511.94
Sub Standard Asset	178.38	32.69	17.84	3.27	160.54	29.42
Doubtful Asset	1.49	3.66	0.88	3.66	0.60	0
Loss Asset	0	0	0	0	0	0
Total	6,347.03	6,564.60	34.14	23.24	6,312.89	6,541.36

Particulars	2020-2021		2019-2020	
	Gross NPA	Net NPA	Gross NPA	Net NPA
Percentage of Non - Performing asset to Total loans outstanding	0.68%	0.50%	0.33%	0.18%
Percentage of Gold Loan Non-Performing Asset to Total Gold loan outstanding	0.19%	0.04%	0.26%	0.10%

37.Capital to Risk Asset Ratio [CRAR]**Amount In ₹ Lakhs**

Particulars	2020-2021	2019-2020
Tier I Capital	8,726.86	7,822.48
Tier II Capital	4,448.19	3,985.98
Total	13,175.06	11,808.46
Risk Weighted Assets	37,900.83	33,367.76
CRAR	34.76%	35.39%
CRAR - Tier I capital	23.03%	23.44%
CRAR - Tier II capital	11.74%	11.95%

Calculation of Tier I Capital

Particulars	2020-2021	2019-2020
Paid Up Share Capital	6,000.00	6,000.00
Capital Reserve	0.00	0.00
Statutory Reserve	743.98	559.18
General Reserve	0.00	0.00
Profit & Loss Account	2,049.65	1,310.47
Total	8,793.63	7,869.65
Less:		
Intangible Asset	30.11	38.81
Deferred Tax Asset	36.65	8.36
Total	66.76	47.17
Tier I Capital	8,726.86	7,822.48

Calculation of Tier II Capital

Particulars	2020-2021	2019-2020
Subordinated Debt	4,363.43	3,911.24
Provision for standard assets	84.76	74.74
Tier II Capital	4448.19	3985.98

Calculation of Risk Weighted Assets

Weighted risk assets - On Balance Sheet items	Value of Asset (in ₹ lakhs)	% of Weight	Risk Weighted Asset
1. On-Balance Sheet Assets			
(i) Cash and bank balances including fixed deposits and certificates of deposits with banks	452.68	0%	0.00
(ii) Investments			
a. Approved Securities	0.00	0%	0.00
b. Bonds of public sector banks	0.00	20%	0.00
c. Fixed deposits / certificates of deposits /bonds of public financial institutions	0.00	100%	0.00
d. Shares of all companies and debentures / bonds/ commercial papers of all companies and units of all mutual funds	0.00	100%	0.00
(iii) Current Assets			
a. Stock on hire (net book value)	0.00	100%	0.00
b. Intercompany loans / deposits	0.00	100%	0.00
c. Loans and advances fully secured against deposits held by the company itself	0.00	0%	0.00
d. Loans to staff	0.00	0%	0.00
e. Other secured loans and advances considered good (Net of Provision)	30,940.88	100%	30,940.88
f. Bills purchased / discounted	0.00	100%	0.00
g. Others:			
Advances	0.00	100%	0.00
Other current & non-current assets	2,376.08	100%	2,376.08
Other Loans and advance (Net of provision)	3,050.30	100%	3,050.30
(iv) Fixed Assets (net of depreciation)			
a. Assets leased out (net book value)	0.00	100%	0.00
b. Premises	0.00	100%	0.00
c. Furniture & Fittings	574.89	100%	574.89
d. Other Fixed Assets	869.27	100%	869.27
(v) Other Assets			
a. Income tax deducted at source (Net of Provision)	130.22	0%	0.00
b. Advance tax paid	135.40	0%	0.00
c. Interest due on Government Securities	0.00	0%	0.00
d. Deferred Tax Asset	36.64	0%	0.00
e. Intangible Asset	30.11	0%	0.00
f. Capital Work In Progress	20.62	100%	20.62
2. Off Balance Sheet Items			0.00
(i) Credit Against the Company not acknowledged as debt	137.57	50%	68.78
Total	38,754.68		37,900.83

38. Loan to Asset Value

Amount In ₹ Lakhs`

Particulars	March 31,2021	March 31,2020
Gold Loan	27,791.34	23,430.83
Total Assets	38,498.67	33,932.23
% of Gold Loan to total Assets	72.19%	69.05%

39. Leverage Ratio (Amount in ₹ lakhs except ratio)

Particulars	2020-21	2019-20
Total Liabilities	38,498.67	33,932.23
Less: Share Capital	6,000.00	6,000.00
Less: Reserves & Surplus	2,793.63	1,869.65
Less: Provision	196.50	327.11
Total Outside Liabilities (A)	29,508.54	25,735.46
Share Capital	6,000.00	6,000.00
Reserves and Surplus	2,793.63	1,869.65
Less: Deffered revenue expenditure	9.27	7.18
Less: Intangible Asset	30.11	38.81
Less: Deferred Tax Asset	36.65	8.36
Total Owned Funds (B)	8,717.59	7,815.30
Leverage Ratio (A) / (B)	3.38	3.29

40. Additional disclosures as required by circular no DNBS.CC.PD.No.356/03.10.01/2013-2014 dated September 16, 2013 issued by the Reserve Bank of India:**Auction of Gold ornaments pledged as security in the defaulted loan accounts**

Number of Loan Accounts	Principal Amount outstanding at the dates of auction (₹ Lakhs)	Interest Amount outstanding at the dates of auction (₹ Lakhs)	Total (₹ Lakhs)	Value fetched (₹ Lakhs)	Surplus (₹ Lakhs)	Deficit (₹ Lakhs)
104	20.45	5.91	26.36	27.43	2.37	1.30

Note:

No sister concerns participated in the auctions during the year ended March 31, 2021

41. Pending Litigations on the Financial position of the Company

A. Claims against the Company not acknowledge as debts.	March 31, 2021	March 31, 2020
(i)Income Tax demand for the A.Y. 2012-13	0.00	0.00
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2012-2013. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the income tax officer, ward1(2), Thrissur making an addition by disallowing various expenditures. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹95.87 Lakhs.		
(ii)Income Tax demand for the A.Y. 2013-14	0.00	0.00
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2013-2014. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹98.59 Lakhs.		
(iii)Income Tax demand for the A.Y. 2014-15	0.00	0.00
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2014-2015. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹126.55 Lakhs.		
(iv)Income Tax demand for the A.Y. 2017-18	137.57 Lakhs	137.57 Lakhs,
Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2017-18. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The total tax impact on the addition is ₹ 137.57 Lakhs .		

Case filed against the company

Sl.No	Statute	Nature of Due	Year to which it pertains	Amount in ₹ Lakhs	Amount Deposited in ₹ Lakhs	Forum where dispute is pending
1	Civil Case	GL Receivable (Party filed to stop Auction of Gold)	2015	3.17	0.00	ADDL.MUNSIFF COURT,TRIVANDRUM, (Case No.O.S.1300/2015 I.A.5247/201)
2	Civil Case	GL Receivable (Party filed to stop Auction of Gold)	2019	1.70	0.00	MUNSIFF'S MAGISTRATE COURT, MAVELIKKARA (OS.97/2019, I.A.619/2019)
3	Consumer case	Claim for additional interest on NCD	2020	0.09	0.00	CC100/2020 CONSUMER DISPUTE REDRESSAL FORUM, ERNAKULAM.

C. Case filed by the company

SLNo	Statute	Nature of Due	Year to which it pertains	Amount in ₹ Lakhs	Amount Deposited in ₹ Lakhs	Forum where dispute is pending
1	Criminal case under NI Act.	CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shiju	2017	1.00	0.00	CC.660/2017,JFCM -II COURT, THRISSUR
2		CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shiju	2017	1.00	0.00	CC.1012/2017,JFC M-II COURT, THRISSUR
3		CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Shiju	2017	1.00	0.00	CC.1364/2017,JFC M-I COURT, THRISSUR
4		CCIL (Cheque return case under sec 138 of NI Act) Against Mr.Somasekharan Nair	2017	2.00	0.00	CC.1011/2017,JFC M-II COURT, THRISSUR
5	Civil Case	Civil suit filed against Mrs.Deepa P G and Mrs. Beenu Shiju	2019	5.00	0.00	OS 367/2019 MUNSIFF'S MAGISTRATE COURT, PERUMBAVOOR

42. Disclosure of related party's transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

a) Name of related parties

Relationship	Sl. No	As on 31-03-2021		As on 31-03-2020
Associates	1	CDB 24 Karat Gold and diamonds Private limited.	1	CDB 24 Karat Gold and diamonds Private limited.
	2	CDB 24 Karat International Jewellers Private Limited.	2	CDB 24 Karat International Jewellers (Manjeri) Pvt. Ltd
	3	Chemmanur Gold Palace International Ltd	3	CDB 24 Karat International Jewellers Private Limited.
	4	Boby Chemmanur (No.1) Chits Private Ltd	4	Chemmanur Gold Palace International Ltd
	5	Boby Housing and Construction Private Limited	5	Boby Chemmanur (No.1) Chits Private Ltd
	6	CD Boby Developers and Builders Private Ltd	6	Boby Housing and Construction Private Limited
	7	CDB Infrastructure Private Limited	7	CD Boby Developers and Builders Private Ltd
	8	BDC Realty and Infra Private Limited	8	CDB Infrastructure Private Limited
	9	DBC Real Estate Developers Private Ltd.	9	BDC Realty and Infra Private Limited
	10	Boby Chemmanur Nidhi Limited	10	DBC Real Estate Developers Private Ltd.
	11	Boby Chemmanur International Developers LLP	11	Boby Chemmanur Nidhi Limited
	12	Boby Bazar Private Limited	12	Boby Chemmanur International Developers LLP
	13	Phygicart e-Commerce Private Limited	13	Boby Bazar Private Limited
	14	Chemmanur International Jewellers	14	Phygicart e-Commerce Private Limited
	15	Chemmanur Bose Jewellers	15	Chemmanur International Jewellers
	16	Chemmanur Fashion Jewellers, Manjery	16	Chemmanur Bose Jewellers
	17	Chemmanur Fashion Jewellers, Sulthan bathery	17	Chemmanur Fashion Jewellers, Manjery
	18	Chemmanur International Holidays and Resorts Private Ltd	18	Chemmanur Fashion Jewellers, Sulthan bathery
	19	Boby Chemmanur Entertainments Private Limited	19	Chemmanur International Holidays and Resorts Private Ltd
	20	Boby Chemmanur Enterprises private Limited	20	Boby Chemmanur Entertainments Private Limited
	21	Chemmanur International Jewellers LLP		
Key Management Personnel	1	Mr.Boby.C.D (Chairman & MD)	1	Mr.Boby.C.D (Chairman & MD)
	2	Mrs.Anju Thomas (CS)	2	Mrs.Anju Thomas (CS)
	3	Mr. Pramod.M (CFO)	3	Mr.Jisso C Baby (WTD)
			4	Mr. Pramod.M (CFO)
Relatives of Key Management Personnel	1	Mrs. Smitha Boby	1	Mrs. Smitha Boby
	2	Mrs. Bymi Joffi	2	Mrs. Bymi Joffi
	3	Mrs.Maithri K.M		

(b) Related Party Transactions During the Year (Amount in ₹ lakhs)

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	2020-21	2019-2020	2020-21	2019-20	2020-21	2019-20
<u>Loan taken and Repaid made</u>						
Loan Repaid to Mr.Boby.C.D (Chairman & MD)	0.00	0.00	20.43	0.00	0.00	0.00
Loan taken from Mr.Boby.C.D (Chairman & MD)	0.00	0.00	57.00	0.00	0.00	0.00
<u>Interest Paid</u>						
Boby.C.D (NCD and SD purchased from other Investors)	0.00	0.00	9.43	6.72	0.00	0.00
Bymi Joffy	0.00	0.00	0.00	0.00	0.62	0.57
Maithri K.M	0.00	0.00	0.00	0.00	0.63	0.00
<u>Non Convertible Debentures repayment</u>						
Boby.C.D	0.00	0.00	3.00	0.00	0.00	0.00
<u>Rent Paid</u>						
Boby.C.D	0.00	0.00	1.01	1.10	0.00	0.00
<u>Commission Received</u>						
Boby Chemmanur (No.1) Chits Private Ltd	0.16	0.27	0.00	0.00	0.00	0.00
Chemmanur International Holiday and Resorts Pvt Ltd	0.00	0.20	0.00	0.00	0.00	0.00
<u>Chit Collection Received</u>						
BobyChemmanur (No.1) Chits Private Ltd	3.80	46.97	0.00	0.00	0.00	0.00
<u>Chit Collection Repaid</u>						
Boby Chemmanur (No.1) Chits Private Ltd	3.80	46.97	0.00	0.00	0.00	0.00
<u>Remuneration to chairman</u>						
Boby.C.D	0.00	0.00	60.00	60.00	0.00	0.00
<u>Remuneration to Whole time Director</u>						
Jisso C Baby Note: Ceased to be a related party as on 31-03-2021	0.00	0.00	11.15	15.58	0.00	0.00
<u>Remuneration to Company secretary</u>						
Anju Thomas	0.00	0.00	7.68	3.45	0.00	0.00
<u>Remuneration to Chief Financial Officer</u>						
Pramod .M	0.00	0.00	13.50	14.22	0.00	0.00
<u>Rent Received</u>						
Chemmanur Gold Palace International Limited	91.53	122.03	0.00	0.00	0.00	0.00
<u>Purchase</u>						
Boby Bazar Pvt Ltd	0.84	1.06	0.00	0.00	0.00	0.00
Phygart e-Commerce Private Limited	0.00	1.94	0.00	0.00	0.00	0.00
<u>NCD Issued</u>						
Maithri K.M	0.00	0.00	0.00	0.00	9.95	0.00

c) Guarantees provided by related parties

- (i) 767.92 cents of land in Thrissur Taluk, Ollukkara SRO in the name of M/s. C.D Bobby Developers and Builders Pvt Ltd offered as collateral for cash credit from State Bank of India
- (ii) 5.93 cents of land in Thrissur Taluk, Ollukkara SRO in the name of Bobby Housing and Constructions Pvt. Ltd offered as collateral for cash credit from State Bank of India
- (iii) 25.26 Cents of Land and building thereon comprised in Sy No 205/4P of Aranattukara Village, Thrissur Taluk, Ayyanthole SRO, Thrissur District in the Name of C D Bobby offered as collateral for cash credit from State Bank of India.

43. SECURITY OFFERED

The sanction of the Common Covid Emergency Credit Line (CCECL) limit in addition to the existing Cash credit facilities availed by the company from State Bank Of India

1. PRIMARY SECURITY

Hypothecation of loan receivables (both present and future) of the Company

2. COLLATERAL SECURITY**a) IMMOVABLE PROPERTY**

Extention of EM over 767.92 Cents of land in Sy No. 147/197/8,147/197/3,985/1P,986/1P,987/P,985/1,984/1P,147/197/7,983/1P of Ollukkara Village, Thrissur Taluk, Thrssur District, Ollukkara SRO in the name of M/s. C.D Bobby Developers and Builders Pvt Ltd

b) Extension of EM over 5.93 Cents Of Land In Sy No.984/3p In Ollukkara Village, Thrissur Taluk, Ollukkara SRO in the name of Bobby Housing and Constructions Pvt. Ltd.

c) Extension of EM over 25.26 Cents of Land and building thereon comprised in Sy No 205/4P of Aranattukara Village, Thrissur Taluk, Ayyanthole SRO, Thrissur District. In the Name of C D Bobby

3. THIRD PARTY GUARANTEES**A. Personal Guarantees of**

- 1. Sri. Bobby.C.D
- 2. Sri. Lijo Moothedan
- 3. Sri. Jisso C Baby

B. Corporate guarantees of

- 1.M/s. C.D. Bobby Developers and Builders Pvt. Ltd.
- 2. M/s. Bobby Housing and Constructions Pvt. Ltd.

Rate of Interest for Cash credit facility: 10.80% per annum

Rate of interest for New Short Term Loan (CCECL) : 7.25% per annum

44. CORPORATE SOCIAL RESPONSIBILITY

Consequent to the requirements of Section 135 and Schedule VII of the Companies Act, 2013, the Company is required to contribute 2% of its average net profits during the immediately three preceding financial years.

The Company has constituted a CSR committee in accordance with the provisions of the Companies Act, 2013. The focus of CSR activities of the Company comprises promotion of healthcare, destitute care, promotion of sports and education among underprivileged sections of society. The details of expenditure incurred towards CSR is provided below

(Amount in ₹ lakhs)

Details of CSR Expenditure	For the Year ended 31st March 2021	For the Year ended 31st March 2021
(a) Gross Amount Required to be spent during the year	18.46	15.68
(b) Amount spent during the year		
On promotion of health care	18.46	15.68
Others		
Surplus/(Deficit) (b)-(a)	0.00	0.00

45. Impact of COVID-19

The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as current contract terms, financial strength of partners, loan profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions

46. Previous Year number have been regrouped whenever needed

47. Additional Information to the Statement of Profit and Loss

Particulars	Amount in ₹ lakhs`	
	March 31, 2021	March 31, 2020
(a) Value of Imports calculated on C.I.F basis by the company during the Financial Year in respect of -		
I. Raw Materials	0.00	0.00
II. Components and Spare Parts;	0.00	0.00
III. Capital Goods	0.00	0.00
(b) Expenditure in Foreign currency during the financial year on account of Royalty, Know how, professional and consultation fees, interest and other matters	0.00	0.00
(c) Total value if all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total components	0.00	0.00
(d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related	0.00	0.00
(e) Earnings in foreign exchange classified under the following heads namely: -		
I. Export of goods calculated on F.O.B basis	0.00	0.00
II. Know-how, professional and consultation fees;	0.00	0.00
III. Interest and Dividend;	0.00	0.00
IV. Other Income, indicating the nature thereof	0.00	0.00

For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

Place : THRISSUR,
Date : 18/09/2023.

C.M.JOSEPH
PARTNER
M.No. 202800
UDIN: 23202800BGTEYH5503

Schedule to the Balance Sheet of a Non-Banking Financial Company
(As required in terms of Paragraph 19 of Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016).

(in ₹ Lakhs)

	Particulars		
	Liability Side :		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue
	(a) Debentures : Secured	7,000.31	Nil
	: Unsecured - Subordinated Debt (other than falling within the meaning of public deposit)	18,825.39	Nil
	(b) Deferred Credits		
	(c) Term Loans	Nil	Nil
	(d) Inter – corporate loans and borrowings	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) public deposit	Nil	Nil
	(g) Other Loans (Specify nature)		
	1.Unsecured Loan From Chairman	57.00	Nil
2	Breakup of (i)(f) above (outstanding public deposit inclusive in interest accrued thereon but not paid)		
	(a) in the form of unsecured debentures	Nil	Nil
	(b) in the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	Nil	Nil
	(c) other public Deposits	Nil	Nil
	*See note 1 below		
	Asset Side:	Amount Outstanding	
3	Break-up of Loans and Advances including bills receivables[other than those included in (4) below]:		
	(a) Secured	31,068.27	
	(b) Unsecured	3,070.09	
4	Break-up of Leased Assets and stock on hire and other assets counting toward AFC activities		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial Lease		
	(b) Operating Lease	Nil	
	(ii) Stock on hire including hire charges under sundry debtors		
	(a) Asset on Hire		
	(b) Repossessed Assets	Nil	
	(iii) Other loans counting towards AFC activities		

	(a) Loans where assets have been repossessed	
	(b) Loans other than (a) above	Nil
5	Break up of Investments :	
	Current Investments:	Nil
	1. Quoted:	Nil
	(i) Shares (a) Equity	
	(b) Preference	
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	Long Term Investments	
	1. Quoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil

6	Borrower group-wise classification of assets financed as in (3) and (4) above :			
	(see note 2 below)			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	30,940.89	3,050.31	33,991.19
	Total	30,940.89	3,050.31	33,991.19

7	Investor group-wise classification of all investments(current and long term) in shares and securities (both quoted and unquoted);(see note 3 below)		
	Category	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Relate Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
	2. Other than related parties	Nil	Nil
	Total	Nil	Nil

8	Other Information	
	Particulars	Amount
	(i) Gross Non – Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	233.57
	(ii) Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	171.15
	(iii) Assets acquired in satisfaction of debt	Nil

***Notes:**

1. As defined in point xxv of paragraph 3 of Chapter -II of these Directions.
2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non – Deposit Accepting of Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

For and on behalf of the Board

Boby CD
Chairman and MD
DIN: 00046095

Lijo Moothedan
Director
DIN: 00877403

T.K. Thomas
Chief Executive Officer

As per our report of even date attached
For C.M. JOSEPH & ASSOCIATES,
Chartered Accountants
Firm Registration No. 006408S

Pramod.M
Chief Financial Officer

Anju Thomas
Company Secretary
M.No:43159

Place : THRISSUR,
Date : 18/09/2023.

C.M.JOSEPH
PARTNER
M.No. 202800
UDIN: 23202800BGTEYH5503

MATERIAL DEVELOPMENTS

Other than as disclosed below, there have been no material developments since March 31, 2023 and there have arisen no circumstances that materially or adversely affect the operations, or financial condition or profitability of the Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

1. Redemption of non-convertible debentures and repayment of term loans:
 - i. The Company from April 1, 2023 till September 14, 2023 have made the repayment of the term loans from Canara Bank amounting to ₹ 141.56 lakh.
 - ii. The Company from April 1, 2023 till September 14, 2023 has redeemed secured privately placed non-convertible debentures amounting to ₹ 720.28 lakh out of which ₹ 4.76 lakh pertains to non-convertible debentures which were earlier matured but remained unclaimed as on March 31, 2023.
 - iii. The Company from April 1, 2023 till September 14, 2023 has redeemed subordinated debt amounting to ₹1,248.80 lakh.
2. Raising of funds through issuance of non-convertible debentures and subordinated debt from April 1, 2023 till September 14, 2023:
 - i. The Company has not raised any funds through issuance of secured, redeemable privately placed non-convertible debentures.
 - ii. The Company has raised funds through issuance of subordinated debt amounting to ₹ 2,840.70 lakh.
3. Sanction of additional term loan of ₹ 2,500 lakh from State Bank of India vide letter of arrangement dated September 08, 2023. The Company has availed ₹ 700 lakh as on September 14, 2023 out of the above sanctioned term loan.

FINANCIAL INDEBTEDNESS

As on June 30, 2023, our Company had outstanding Total Borrowings of ₹ 32,927.84 lakh:

Sr. No.	Nature of Borrowings	Amount Outstanding (in ₹ lakh)	%
1.	Secured borrowings	12,897.64	39.17%
2.	Unsecured borrowings	20,030.20	60.83%
Total Borrowings		32,927.84	100.00%

Set forth below, is a summary of the borrowings by our Company outstanding as on June 30, 2023, together with a brief description of certain significant terms of such financing arrangements.

A. Details of secured borrowings:

Our Company's secured outstanding borrowings as on June 30, 2023 amounts to ₹ 12,897.64 lakh. The details of the secured borrowings are set out below:

Term Loans from Banks/ Financial Institutions:

Sr. No.	Lender's Name	Date of Sanction	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding as on June 30, 2023* (₹ in lakh)	Repayment Date/Schedule	Security and Guarantee	Prepayment Clause in Loan Agreement	Credit Rating, if applicable	Asset Classification
1.	Canara Bank	March 26, 2021	1,000.00	575.40	Moratorium period: 6 months To be repaid in 36 instalments i.e. 35 instalments of ₹ 28 lakh and last instalment of ₹ 20 lakh after the moratorium period. Interest and other charges to be paid as and when due.	(i) Primary security: Exclusive charge by Hypothecation of loan receivables (standard assets) of specific branches of the company with 25% margin & minimum-security coverage of 1.33 at all the times during the currency of the loan (ii) Collateral security: (a) 28.29 cents (11.45 are) of land in Thazekode village, in the name of Chemmanur Devassykutty Bobby (b) Flat no. G2 & G3, Hema Apartments with undivided share	2% in the event of pre-closure of the loan using funds other than own sources + GST	Not Applicable	Standard

Sr. No.	Lender's Name	Date of Sanction	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding as on June 30, 2023* (₹ in lakh)	Repayment Date/Schedule	Security and Guarantee	Prepayment Clause in Loan Agreement	Credit Rating, if applicable	Asset Classification
						on the land, (3.357 cents) in Kasaba village in the name of Chemmanur Devassykutty Bobby (c) 15.15 Ares of land and residential building in Kuttikkattoor village in the name of Chemmanur Devassykutty Bobby and Smitha Bobby. (iii) Personal guarantee by: (a) Chemmanur Devassykutty Bobby; (b) Smitha Bobby; and (c) Lijo Moothedan			
	Total		1,000.00	575.40					

* The above-mentioned amounts are inclusive of the interest component as on that date

Terms and conditions of the term loans

Re-scheduling	Events of Default	Penalty
Nil	The facility documents executed by the Company stipulates certain events as "<i>Events of Default</i>", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to: (a) Any instalment of the principal or interest remaining unpaid and in arrears for a period of one month after the due date whether demanded or not; (b) the borrower committing any breach or default in the performance or observance of any of the terms contained herein or in the Borrower(s)'s proposal or any other documents; (c) if any of the representations or the documents furnished by the Borrower(s) in its application are found to be untrue or false or incorrect; (d) upon entering into any arrangement or composition with its creditors or committing any act of insolvency; (e) any execution or other similar process being levied or	The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to: 1. No-submission of stock statements in time- For limits from 1.00 to ₹ 50 Crore: Flat penal interest of ₹ 1,000/- per day of delay. 2. Non submission of renewal data including audited balance sheet- a) Non-submission of renewal data 30 days before the due date for renewal of limits - Flat ₹ 50,000/- upto the due date of renewal & flat ₹ 1,00,000/- per month thereafter till the date of submission. b) Non submission of

Re-scheduling	Events of Default	Penalty
	enforced against the borrower; (f) if an order is made or a resolution passed for the winding up or a petition of winding up is filed or notice of meeting to pass such a resolution is issued; (g) a receiver being appointed for all or any part of the borrower's property; (h) if the borrower ceases to carry on business or threatens not to carry on business; (i) if any circumstances shall occur which in the opinion of the Bank is prejudicial to or imperils or is likely to prejudice or imperil the security or which affects adversely the Borrower(s)'s capacity to repay any amounts under the said facilities; (j) if the Borrower(s) does not submit the required statements or mis-utilises/ diverts the monies or the said assets without the Bank's prior permission / knowledge.	audited balance sheet within 6 months of the closure of the financial year of the borrowing entity: (i) Delay of one month -NIL (ii) Delay of more than one month - Pricing to go up by 25 basis points till the audited balance sheet is submitted. For listed companies, the above penal provision would be applicable, if the audited financials are not filed with the stock exchange as per SEBI requirements/listing agreement. 3. Non submission/delayed submission of FFRs on due date- For BBB+ and worse rated borrowers - Flat penalty (penal interest) of ₹ 5000/- for each day of delay beyond due date for submission. 4. Non-renewal of insurance policy(ies) in a timely manner or inadequate insurance cover- Flat penalty (penal interest) of Rs 200/- for each day of delay beyond due date. 5. Diversion of funds (mandatory negative covenant)- 2.00 % p.a. on the entire outstanding (over and above the aggregate penal interest of 3% p.a.) till such time the position is rectified. 6. Pre-payment charges: Prepayment penalty of 2% of the limit in case the e-DFS account is taken over by other banks/FIs within the span of 2 years from the date of its on boarding will be applicable.

Cash Credit / Overdraft against Fixed Deposit ("ODFD") facility availed by our Company:

Sr. No.	Lender Name	Date of Sanction/ Renewal	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding as on June 30, 2023# (₹ in lakh)	Repayment Date / Schedule	Security and Guarantee	Credit Rating, if applicable	Asset Classification
1.	State Bank of India	February 22, 2023	2,500.00	2260.77	Repayable on demand	(i) Primary security: Exclusive hypothecation charge on the entire loan receivables of 27 specific branches of the Company (ii) Collateral security: (a) 784.91 cents of Land in Ollukkara Village, Thrissur District; (b) 5.93 Cents of Land in Ollukkara Village, Thrissur District; (c) 25.26 Cents of Land and building in Aranattukara Village,	Not Applicable	Standard

						Thrissur District; (d) 13.73 Cents of Land in Ollukkara Village, Thrissur District (iii) Personal guarantee by Chemmanur Devassykutty Bobby and Lijo Moothedan (iv) Corporate guarantee by: (a) CD Bobby Developers and Builders Private Limited; (b) Bobby Housing & Construction Private Limited; (c) CDB Infrastructure Pvt. Ltd.																
2.	Dhanlaxmi Bank	June 30, 2021 (Date of renewal)	500.00	35.06	Repayable on demand	(i) Primary security: Exclusive charge on entire loan receivables of 5 branches of the company (mentioned below) with 25% margin & minimum-security coverage of 1.5 at all the times during the currency of the loan <table><thead><tr><th>Exclusive charge on entire loan receivables of 5 branches of the company (mentioned below) with 25% margin. (DP to be computed on receivables that are not overdue for 90 days and above) Branch</th><th>Non – NPA as on September 30, 2022 (in crs)</th></tr></thead><tbody><tr><td>Kulathupuzha</td><td>1.67</td></tr><tr><td>Sasthamkotta</td><td>1.81</td></tr><tr><td>Vizhinjam</td><td>1.74</td></tr><tr><td>Vytila</td><td>0.49</td></tr><tr><td>Vazhuthacadu</td><td>0.94</td></tr><tr><td>Total</td><td>6.65</td></tr></tbody></table> (ii) Collateral security: (a) 2.5399 hectares (627.5 cents) of land in Ollukkara village, Thrissur District;	Exclusive charge on entire loan receivables of 5 branches of the company (mentioned below) with 25% margin. (DP to be computed on receivables that are not overdue for 90 days and above) Branch	Non – NPA as on September 30, 2022 (in crs)	Kulathupuzha	1.67	Sasthamkotta	1.81	Vizhinjam	1.74	Vytila	0.49	Vazhuthacadu	0.94	Total	6.65	Not Applicable	Standard
Exclusive charge on entire loan receivables of 5 branches of the company (mentioned below) with 25% margin. (DP to be computed on receivables that are not overdue for 90 days and above) Branch	Non – NPA as on September 30, 2022 (in crs)																					
Kulathupuzha	1.67																					
Sasthamkotta	1.81																					
Vizhinjam	1.74																					
Vytila	0.49																					
Vazhuthacadu	0.94																					
Total	6.65																					

						(b) 11.2 cents of residential plot with 750 Sqft residential building in Ollukara village, Thrissur District. (iii) Personal guarantee by: i) Chemmanur Devassykutty Bobby; ii) Lijo Moothedan. (iv) Corporate guarantee by: (a) DBC Real Estate Developers Private Limited; and (b) BDC Realty and Infra Private Limited		
	Total		3,000.00	2,295.83				

The above-mentioned amounts are inclusive of the interest component as on that date.

Terms and conditions of cash credit facilities

Re-scheduling	Prepayment	Penalty	Default
Nil	Prepayment of loans before the expiry of the stipulated payment date shall carry a prepayment penalty of two (2) % premium per annum for the unexpired term of the loan or 1% absolute over the amount of the loan, whichever is lower.	The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to: Penalty of 2% over and above the rate of interest quoted for the delay period in case of any delay/ non-submission of financials/ stock statements/ financial follow up report.	The facility documents executed by the Company stipulates certain events as " <i>Events of Default</i> ", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to: (a) Any instalment of the principal or interest remaining unpaid and in arrears for a period of one month after the due date whether demanded or not; (b) the borrower committing any breach or default in the performance or observance of any of the terms contained herein or in the Borrower(s)'s proposal or any other documents; (c) if any of the representations or the documents furnished by the Borrower(s) in its application are found to be untrue or false or incorrect; (d) upon entering into any arrangement or composition with its creditors or committing any act of insolvency; (e) any execution or other similar process being levied or enforced against the borrower; (f) if an order is made or a resolution passed for the winding up or a petition of winding up is filed or notice of meeting to pass such a resolution is issued;

Re-scheduling	Prepayment	Penalty	Default
			(g) a receiver being appointed for all or any part of the borrower's property; (h) if the borrower ceases to carry on business or threatens not to carry on business; (i) if any circumstances shall occur which in the opinion of the Bank is prejudicial to or imperils or is likely to prejudice or imperil the security or which affects adversely the Borrower(s)'s capacity to repay any amounts under the said facilities; and (j) if the Borrower(s) does not submit the required statements or misutilises/ diverts the monies or the said assets without the Bank's prior permission / knowledge.

External Commercial Borrowings

As on June 30, 2023 we do not have any outstanding borrowing by way of External Commercial Borrowings.

Secured Redeemable Non-Convertible Debentures

i. Private Placement of secured unlisted redeemable non-convertible debentures as on June 30, 2023

Our Company has issued on private placement basis, secured, unlisted, redeemable, non-convertible debentures under various series of which ₹ 803.72 lakh is outstanding as on June 30, 2023, the details of which are set forth below:

Sr. No.	Series	ISIN	Amount outstanding as on June 30, 2023 (₹ In lakh)	Date of Allotment	Final Maturity date of the Series	Coupon (p.a.) in %	Tenure in Years	Credit Rating and Outlook	Security
1.	NCD 2017/XVIB	N.A.	10.00	August 10, 2017	August 10, 2023	11.5-11.88	6	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
2.	20-21-DEMAT - XV	INE051307416	10.00	August 25, 2020	August 25, 2023	12.87	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
3.	20-21-DEMAT - XIV	INE051307408	37.00	August 25, 2020	August 25, 2023	11.50	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1

Sr. No.	Series	ISIN	Amount outstanding as on June 30, 2023 (₹ In lakh)	Date of Allotment	Final Maturity date of the Series	Coupon (p.a.) in %	Tenure in Years	Credit Rating and Outlook	Security
									times the outstanding amount.
4.	20-21 DEMAT-XX	INE051307564	7.45	October 20, 2020	October 20, 2023	12.87	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
5.	20-21 DEMAT-XIX	INE051307556	20.00	October 20, 2020	October 20, 2023	11.50	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
6.	20-21 DEMAT-XXII	INE051307580	94.00	December 31, 2020	December 31, 2023	11.50	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
7.	20-21 DEMAT-XXVII	INE051307622	12.00	March 20, 2021	March 20, 2024	12.87	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
8.	20-21 DEMAT-XXVI	INE051307630	35.00	March 20, 2021	March 20, 2024	11.50	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
9.	21-22 DEMAT-VI	INE051307697	7.00	May 31, 2021	May 31, 2024	12.87	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
10.	21-22 DEMAT-V	INE051307689	21.50	May 31, 2021	May 31, 2024	11.50	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1

Sr. No.	Series	ISIN	Amount outstanding as on June 30, 2023 (₹ In lakh)	Date of Allotment	Final Maturity date of the Series	Coupon (p.a.) in %	Tenure in Years	Credit Rating and Outlook	Security
									times the outstanding amount.
11.	21-22 DEMAT-X	INE051307788	8.00	August 7, 2021	August 7, 2023	11.88	2	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
12.	21-22 DEMAT-XII	INE051307804	10.00	August 7, 2021	August 7, 2024	12.87	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
13.	21-22 DEMAT-IX	INE051307770	27.50	August 7, 2021	August 7, 2023	11.25	2	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
14.	21-22 DEMAT-XI	INE051307796	67.00	August 7, 2021	August 7, 2024	11.50	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
15.	21-22 DEMAT-XVII	INE051307747	5.00	October 8, 2021	October 8, 2024	10.00	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
16.	21-22 DEMAT-XVI	INE051307739	7.00	October 8, 2021	October 8, 2023	9.90	2	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
17.	21-22 DEMAT-XV	INE051307721	10.00	October 8, 2021	October 8, 2023	9.45	2	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1

Sr. No.	Series	ISIN	Amount outstanding as on June 30, 2023 (₹ In lakh)	Date of Allotment	Final Maturity date of the Series	Coupon (p.a.) in %	Tenure in Years	Credit Rating and Outlook	Security
									times the outstanding amount.
18.	21-22 DEMAT - XXII	INE051307853	14.00	November 12, 2021	November 12, 2024	11.03	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
19.	21-22 DEMAT- XXI	INE051307846	15.00	November 12, 2021	November 12, 2024	10.00	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
20.	21-22 DEMAT- XX	INE051307838	17.00	November 12, 2021	November 12, 2023	9.90	2	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
21.	21-22 Demat XXVI	INE051307895	11.00	March 31, 2022	March 31, 2025	10.00	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
22.	22-23 Demat IV	INE051307937	7.20	May 20, 2022	May 20, 2025	10.00	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
23.	22-23 Demat III	INE051307929	13.00	May 20, 2022	May 20, 2024	9.45	2	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
24.	22-23 Demat VII	INE051307952	11.00	June 30, 2022	June 30, 2025	10.00	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1

Sr. No.	Series	ISIN	Amount outstanding as on June 30, 2023 (₹ In lakh)	Date of Allotment	Final Maturity date of the Series	Coupon (p.a.) in %	Tenure in Years	Credit Rating and Outlook	Security
									times the outstanding amount.
25.	22-23 Demat VI	INE051307960	16.3	June 30, 2022	July 1, 2023	9.3	1	N.A.	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
26.	22-23 Demat V	INE051307945	69.5	June 30, 2022	July 1, 2023	9.3	1	N.A.	first pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
27.	22-23 Demat VIII	INE051307AG7	32.00	September 26, 2022	September 27, 2023	9.30	1	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
28.	22-23 Demat X	INE051307AF9	39.20	September 26, 2022	September 26, 2025	10.50	3	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
29.	22-23 Demat IX	INE051307AH5	45.00	September 26, 2022	September 26, 2024	10.25	2	N.A.	First pari passu charge on loan receivables and other unencumbered assets of the company, maintaining atleast 1.1 times the outstanding amount.
	Total		678.65						

The below table provide details of secured unlisted redeemable non-convertible debentures issued on private placement basis which have matured but were unclaimed as on June 30, 2023.

Sl. No	Series	ISIN	Amount outstanding as on June 30, 2023 (₹ In lakh)	Date of Allotment	Final Maturity date of the Series	Coupon (p.a) in %	Tenure in Years	Credit Rating and Outlook	Security
1	NCD 2012/05	N.A.	3.48	July 2, 2012	June 30, 2022	12-14.87	10	N.A.	Amount parked in separate Bank account
2	NCD 2012/06	N.A.	0.15	September 20, 2012	September 18, 2022	11.88-14.87	10	N.A.	Amount parked in separate Bank account
3	NCD 2012/07	N.A.	10.71	December 15, 2012	December 13, 2022	9.3-14.87	10	N.A.	Amount parked in separate Bank account
4	NCD 2012/08	N.A.	1.61	January 15, 2013	January 13, 2023	9.3-14.87	10	N.A.	Amount parked in separate Bank account
5	NCD2015/XII	N.A.	10.00	March 31, 2015	March 31, 2021	10.75	6	N.A.	Amount parked in separate Bank account
6	NCD 2015/XII IA	N.A.	10.00	July 31, 2015	July 31, 2021	12.50	6	N.A.	Amount parked in separate Bank account
7	NCD2015/XIIIE	N.A.	2.00	March 31, 2016	March 31, 2022	11.00	6	N.A.	Amount parked in separate Bank account
8	NCD 2013/10	N.A.	19.16	June 20, 2013	June 18, 2023	9.3-14.87	10	N.A.	Amount parked in separate Bank account
9	NCD 2012/09	N.A.	67.97	June 20, 2013	June 18, 2023	9.3-14.87	10	N.A.	Amount parked in separate Bank account
		Total	125.07						

Penalty Clause

Nil

Event of Default

The occurrence of any of the following events shall constitute an event of default by the company in relation to the secured debentures, and on occurrence of such default the security becomes enforceable:

- When the company makes two consecutive defaults in the payment of any interest which ought to have been paid in accordance with the terms of the issue.
- When the company without the consent of debenture holders ceases to carry on its business or gives notice of its intention to do so.
- When an order has been made by the tribunal or special resolution has been passed by the members of the company for winding up of the company.
- when any breach of the terms of the prospectus inviting the subscription of debentures or of the covenants of this deed is committed.
- When the company creates or attempts to create any charge on the mortgaged assets or any part thereof without the prior approval of the trustees / debenture holders.
- When in the opinion of the trustees the security of debenture holders is in jeopardy.

ii. Secured Redeemable non-convertible debentures (public issue):

Our Company has issued by way of public issue, secured, unlisted, redeemable, non-convertible debentures under various series of which ₹ 9,222.69 lakh is outstanding as on June 30, 2023, the details of which are set forth below:

Sr. No.	ISIN	Period of maturity	Date of allotment	Maturity Date	Tenure	Coupon	Security	Credit Rating	No of NCDs	Amount outstanding as on June 30, 2023 (Rs in Lakhs)
1.	INE051307986	Monthly	January 12, 2023	January 12, 2024	366 Days	9.50%	Refer Note below	CRISIL BBB-/Stable	79,919	799.19
2.	INE051307978	Monthly	January 12, 2023	July 11, 2024	18 Months	10.50%		CRISIL BBB-/Stable	222,622	2,226.22
3.	INE051307994	Monthly	January 12, 2023	January 10, 2025	24 Months	10.75%		CRISIL BBB-/Stable	132,774	1,327.74
4.	INE051307A A0	Monthly	January 12, 2023	January 9, 2026	36 Months	11.00%		CRISIL BBB-/Stable	106,179	1,061.79
5.	INE051307A B8	Monthly	January 12, 2023	January 11, 2028	60 Months	11.50%		CRISIL BBB-/Stable	169,469	1,694.69
6.	INE051307A C6	Cumulative	January 12, 2023	January 10, 2025	24 Months	10.75%		CRISIL BBB-/Stable	62,998	629.98
7.	INE051307A D4	Cumulative	January 12, 2023	January 9, 2026	36 Months	11.00%		CRISIL BBB-/Stable	31,959	319.59
8.	INE051307A E2	Cumulative	January 12, 2023	January 11, 2028	74 Months	11.90%		CRISIL BBB-/Stable	116,349	1163.49
Total									9,22,269	9,222.69

Note: Security- First ranking pari passu charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State Bank of India, Canara Bank, Dhanlaxmi Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs.

Collateralised borrowing and lending obligation

As on June 30, 2023 our Company has no outstanding collateralised borrowing and lending obligations.

B. Corporate Guarantee

Our Company has not issued any corporate guarantee as on June 30, 2023.

C. Details of unsecured borrowings:

1. Commercial Papers

Our Company has not issued any commercial papers as on June 30, 2023.

2. Inter-Corporate Deposits

Our Company has borrowed the following amount by way of inter-corporate deposits as on June 30, 2023:

Deposited by	Nature	Amount deposited (₹ in lakh)	Interest (p.a) in %	Date of Deposit	Tenure
Chemmanur Gold Palace International Limited	Inter Corporate Deposit (Unsecured)	1,000.00	6.00	May 29, 2023	1 Month

3. Inter-Corporate Loans

Our Company has not borrowed any amount by way of demand loans under the same management as on June 30, 2023.

4. Loan from Directors and Relatives of Directors:

Our Company has not raised any loan from directors and relatives of directors as on June 30, 2023.

5. Subordinated Debts

Our Company has issued on private placement basis, unsecured, redeemable, subordinated debts under various series of which ₹ 19,030.20 lakh is cumulatively outstanding as on June 30, 2023, the details of which are set forth below:

Sr. No.	Subordinated Debts Name/ Series	ISIN	Amount outstanding as on June 30, 2023 (₹ in lakh)	Date of SD (Range)	Final Maturity(Range)	Coupon Rate (Range) in %(p.a.)	Tenure	Credit rating
1	5 Years Monthly	NA	12,717.00	February 15, 2017 to June 30, 2023	February 15, 2022 to June 30, 2028	10 to 12.5	5 Years	N.A.
2	5 Years Cumulative	NA	7.05	February 11, 2013 to July 25, 2018	February 11, 2018 to July 25, 2023	20	5 Years	N.A.
3	5.6 Years Cumulative	NA	55.50	February 25, 2020 to August 04, 2021	October 02, 2025 to April 04, 2027	17.86	5.6 Years	N.A.
4	6YearsCumulative	NA	3,728.75	October 10, 2016 to August 13, 2021	October 06, 2022 to August 13, 2027	16.67	6Years	N.A.
5	6.5YearsCumulative	NA	1,249.80	April 17, 2018 to June 12, 2023	October 17, 2024 to December 12, 2029	15.38	6.5Years	N.A.
6	7 Years Cumulative	NA	666.50	August 16, 2021 to March 31, 2023	August 16, 2028 to March 31, 2030	14.28	7 Years	N.A.
7	70 Months Cumulative	NA	605.60	May 29, 2023 to June 30, 2023	March 29, 2029 to April 30, 2029	17.15	70 Months	N.A.
Total			19,030.20					

Penalty Clause- Nil

Event of Default- Nil

6. Details of Unsecured Term Loans

Our Company has not availed any unsecured term loan facilities as on June 30, 2023.

D. Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities or debt securities

As on the date of this Prospectus, there has been no rescheduling, default and/or delay in payment of principal or interest on any existing term loan, debt security(ies) or any other financial indebtedness including corporate guarantee issued by the Issuer in the past three years.

E. The amount of corporate guarantee or letter of comfort issued by the issuer along with name of the counterparty (like name of the subsidiary, joint venture entity, group company, etc.) on behalf of whom it has been issued, contingent liability including debt service reserve account guarantees/ any put option etc. (Details of any outstanding borrowings taken/ debt securities issued where taken/ issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on June 30, 2023.

Our Company has no amount of corporate guarantee or letter of comfort, contingent liability including debt service reserve account guarantees/ any put option etc. and has nil outstanding borrowings taken / debt securities issued where taken/issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on June 30, 2023.

F. Details of bank fund-based facilities /rest of borrowings (if any, including hybrid debt instruments such as foreign currency convertible bonds or optionally convertible debentures/ preference shares) from financial institutions or financial creditors as on June 30, 2023

Other than disclosed, our Company does not have any bank fund-based facilities /rest of borrowings (if any, including hybrid debt instruments such as foreign currency convertible bonds or optionally convertible debentures/ preference shares) from financial institutions or financial creditors as on June 30, 2023.

Restrictive covenants under the financing arrangements:

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 debenture trustee before carrying out such activities. For instance, our Company, inter-alia, is required to obtain the prior written consent in the following instances:

1. To declare/pay any dividend to the shareholders/stake holders
2. For extending any guarantee for the credit facilities extended to the group/allied concerns
3. To repay monies brought in by the promoters / directors/principal shareholders and friends and relatives by way of deposits / loans / advances
4. Effect any change in the unit's capital structure.
5. Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by banks.
6. Formulate any scheme of amalgamation or reconstruction.
7. Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary / group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.
8. Enter into borrowing arrangements either secured or unsecured with any other bank, financial institution, company or person.
9. Undertake guarantee obligations on behalf of any other company, firm, director or person.
10. Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.
11. Effect any drastic change in their management setup .

12. Effect any change in the remuneration payable to the Directors / partners, etc. either in the form of sitting fees or otherwise.
13. Pay guarantee commission to the guarantors whose guarantees have been stipulated / furnished for the credit limits sanctioned by the banks.
14. Create any further charge, lien or encumbrance over the assets and properties of the unit/ guarantors to be charged / charged to the bank in favour of any other bank, financial institution, firm or person .
15. Sell, assign, mortgage or otherwise dispose off any the fixed assets charged to the bank.
16. Undertake any trading activity other than the sale of produce arising out of its own manufacturing / trading operations.
17. Open any account with any other bank. If already opened, the details thereof is to be given immediately and confirmation to this effect given to the bank.
18. Effect any change in promoter directors or in the core management team
19. Undertake any expansion/ modernization/ diversification programme/new line of business or manufacture other than incurring routine capital expenditure.
20. Revalue the fixed assets
21. Change the accounting policies in regard to stock valuation, depreciation of fixed assets, payment of dividends etc.
22. Declare dividend or distribute profits if any instalments of principal and/or interest remains unpaid in respect of the aforesaid loan and/or in arrear for a period of three months or more.
23. Enter into any hire purchase or lease arrangement during the currency of the loan.

SECTION VI - 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 Threshold (as defined hereinafter below), each involving our Company, Directors or Promoter.

*Our members of the Board, in its meeting held on July 4, 2023, have adopted a threshold for the identification of material litigations (“**Materiality Threshold**”). As per the Materiality Threshold, 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 average profit after tax as per our last three year audited financial statements, i.e., for Fiscal 2023, Fiscal 2022, Fiscal 2021, 5% of our Company’s average profit after tax amounts to ₹ 24 lakh; or*
- (b) the outcome of such litigation proceeding may have a material adverse effect on the business, operations, Draft Prospects or reputation of the Company,*

has been considered as ‘material litigation’, and accordingly has been disclosed in this Draft Prospectus.

Further, 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, Promoter, 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 Promoter 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 Promoter during the last three 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 three 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 three years immediately preceding the year of this Draft Prospectus; and (vii) material frauds committed against our Company in the last three years.

Further from time to time, we have been and shall continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India.

Unless stated to the contrary, the information provided below is as of the date of this Draft Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

1. Material litigations and regulatory actions involving our Company

(a) As on the date of this Draft Prospectus, following are material litigations in our Company:

(i) Civil Litigation

By our Company

Except as disclosed below there are no civil cases filed by our Company:

Nil

Against our Company

Except as disclosed below there are no civil cases against our Company:

Nil

(ii) Criminal Cases

By our Company

Except as disclosed below there are no criminal cases filed by our Company:

1. The complainant, C.T Jomon, the Area Manager of the Company, Edappal branch, filed a criminal complaint and registered a First Information Report bearing no. 107/2018 (“**FIR**”) dated May 15, 2018, against Ajesh, Mukesh and Neethu under Section 408, 411, 418, 420 and 120 read with Section 34 of Indian Penal Code, 1860 (“**IPC**”). Subsequently, a charge sheet has been filed by the police authorities on May 23, 2019, and pursuant to which a criminal case was filed in Judicial First Class Magistrate, Ponnani against Ajesh and Mukesh (“**Accused**”). The Accused cheated the Company and committed fraud and financial misappropriation by pledging with the Company gold ornaments that was already pledged with another NBFC with the help of the Company’s employees for an amount of ₹ 14,40,599. The case is currently posted for framing charges and a warrant is pending against second accused, Mukesh.
2. The complainant, Sunish Unnikrishnan, the branch Manager of the Company, Chelakkara branch, filed a case, reference no. CC 291/2019 and registered an First Information Report bearing no. 450/2018 (“**FIR**”) dated July 30, 2018, under Section 406 and 420 read with Section 34 of Indian Penal Code, 1860 (“**IPC**”) pursuant to which a criminal petition / complaint (“**Petition**”) was filed in Judicial First Class Magistrate-1, Palakkad against Jayashree, Chandu, Sharafudheen Abbas Geetha Suresh, Krishnakumar and Ratheesh (“**Accused**”). The Accused cheated the Company for an amount of ₹ 8,00,000 by promising to procure a loan against gold ornaments pledged with another party, by claiming that the said pledge would be released, and ornaments brought to the Company and, then disappearing with the cash collected for the purpose. The case is currently posted for framing charges.
3. A criminal complaint bearing number CC.483/2021 was filed by our Company’s branch manager at Cherpulassery branch against customers, Rajitha and Sajith (“**Accused**”), before Judicial First Class Magistrate Court, Ottapalam. The Accused have pledged gold coated ornaments, pretending it as pure gold ornaments, and cheated the Company by availing a loan of ₹ 3,14,155 from our Cherpulassery branch. The case is currently pending before the aforesaid magistrate.
4. A complaint bearing number 14/B1/2022/K was filed by our Company’s branch manager on October 6, 2022, against a gold loan customer, Ismail (“**Accused**”), before the Kerala Police, Kannur Town Police Station. The Accused had pledged stolen gold with the Company pretending it as his own ornaments, declared himself as the original owner, and cheated the Company for an amount of ₹ 1,99,999/-. The case is currently pending for police action and chargesheet.
5. An FIR bearing number 46/2023 dated March 11, 2023, was filed by our Company against Lokesh and Shireesh Subaraya Hegde for pledging spurious gold ornaments for ₹ 12,25,000/- with Nandini Lay Out Branch. The matter is currently pending investigation.
6. A private complaint was filed by our Company against Srinivas and Others (“**Accused**”) who were involved and aided in cheating the Company by pledging stolen gold ornaments of loan value of ₹ 1,40,100, resulting in their seizure by the police. The complaint requests the Judicial Magistrate of First Class Magadi, Bangalore to take cognizance of the same and the matter is currently pending.
7. A complaint was filed by our company *vide* Application number 15293020-2023-5-00070 against Kulathupuzha branch staffs, Arun M, Anju Chandran Pillai and Jubi Mol, for misappropriating the Company's cash and pledged ornaments. The matter is currently pending for registration of FIR and subsequent police action. Amount involved ₹ 8,26,118/-.

8. An FIR bearing number 79/2023 was filed at Wadakkanchery Police Station by the Company against Hareesh for pledging spurious gold ornaments and thereby, cheating the Company for an amount of ₹ 92,000/- from the Wadakkanchery branch. The matter is currently pending police investigation.

(iii) Cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881

The Company has filed various complaints and notices under Section 138 of the Negotiable Instruments Act, 1881 for recovering amounts due from various entities on account of dishonouring of cheques issued by such entities. As of the date of this Draft Prospectus, there are 11 such complaints pending before Judicial First Class Magistrate Court, Thrissur and Judicial First Class Magistrate Court-3, Muvattupuzha. The total amount involved in such cases is approximately ₹ 5.78 lakh.

(iv) Tax Proceedings involving our Company

Except as disclosed below there are no tax proceedings against our Company:

1. Appeals have been filed by the Company (for Assessment Years 2012-13, 2013-14, 2014-15, 2017-18) against the orders under Section 143(3) of the Income Tax Act, 1961, issued by income tax officer, ward 1(2), Thrissur by making an addition in taxable income by disallowing various expenditures of the Company. The addition did not increase the tax liability of the Company, but it has reduced the carry forward losses to subsequent years in the appeals for the Assessment Years 2012-13, 2013-14, 2014-15. But there can be a tax impact of ₹ 137.57 Lakh in appeal pending with commissioner of income tax for the Assessment Year 2017-18. The appeals for Assessment Year 2012-13, 2013-14, 2014-15 and 2017-18 have been allowed in favour of the Company. However, for the appeal in the Assessment Year 2012-13 was partly allowed disallowing the of expenses to the tune of ₹ 710 lakh out of total assessed disallowance of ₹ 95.87 lakh for the year. The disallowance doesn't make any tax impact for the relevant Assessment year as there was a business loss of ₹ 411.27 lakh which will be reduced to ₹ 404.17 lakh.
2. In respect to assessment year 2020-21, the Company received an order under section 143(3) assessing the tax demand of the Company to ₹ 90,092/- pursuant to notice dated November 10, 2021 and June 29, 2029 respectively. Further, the Company also received a show cause notice dated January 16, 2023 with respect to penalty under section 272(A)(1)(d) of Income Tax Act, 1961 for the assessment year 2020-21. The Income Tax Department vide its order dated March 17, 2023, dropped the penalty proceedings under Section 272A (1)(d) of the Income Tax Act, 1961 against the Company owing to the subsequent compliances in assessment proceedings done by the Company. Subsequently, the Company received a demand email from Deputy Commissioner of Income Tax, Circle-1 (1), Thrissur in respect to assessment year 2020-21. The Company has submitted its reply to Deputy Commissioner of Income Tax, Circle-1 (1), Thrissur to drop the proceedings as Company has complied with the assessment proceedings for the assessment year 2022-21. The matter is currently pending adjudication with Deputy Commissioner of Income Tax, Circle-1 (1), Thrissur.
3. A single show cause notice addressing around 37 entities across the country, including ours, bearing number 137/2022-23 was received from the Goods and Service Tax authority (Directorate General of Goods and Service Tax Intelligence, Ghaziabad Regional Unit) to show cause why penalty should not be imposed upon the company in terms of section 122 (1) (ii) of the CGST Act, 2017 read SGST Act, 2017, and or under section 20 of the IGST Act, 2017, for issuance of invoices or bills passing on of total ITC of GST amounting ₹ 9,32,408/-without concomitant supply of goods/services in violation of the provisions of the CGST Act 2017 read SGST Act, 2017, and or under section 20 of the IGST Act, 2017. The Company has replied to the notice vide letter dated July 10, 2023, stating that the notice levied tax on availing of input tax by one of our service recipient, namely M/s. Lambent Marketing Pvt Limited on invoices issued by us and not remitting tax and that our company has paid the tax collected from the party in time.

Against our Company

As on date of Draft Prospectus, there are no criminal proceedings against our Company.

2. Legal action taken by statutory or regulatory authorities against CCIL

There are no legal actions taken by statutory or regulatory authorities and pending against CCIL.

3. Material litigations involving our Subsidiary Company as on the date of this Draft Prospectus

Not applicable as our Company does not have any Subsidiaries.

4. Material litigations involving our Directors as on the date of this Draft Prospectus

(i) Civil Litigations involving our Directors

1. Chemmanur Devassykutty Bobby (“**Petitioner**”) filed a writ petition number 19861/2020 (G) dated September 23, 2020, before the High Court of Kerala against the State of Kerala, Jewellery workers welfare Board and Assistant Labour officer of Palakkad District (“**Respondent**”) under Article 226 of the Constitution of India (“**Constitution**”) challenging the notice dated August 26, 2020, wherein jewellery workers cess was imposed on all jewellery showrooms at the rate of 0.1% on total sales. The Petitioner has submitted that the said notice is illegal and unconstitutional and violative of the Kerala Jewellery Workers Welfare Fund (Amendment) Act, 2019 and have prayed for stay. The Kerala High Court vide its order dated September 24, 2020, admitted the petition, and stayed the proceedings under the above said notice issued by the Assistant Labour Officer, Palakkad. The case is presently pending before the High Court of Kerala for hearing.
2. Narayanankutty, an ex-employee of Chemmanur International Jewellers (proprietorship of Chemmanur Devassykutty Bobby has filed a G.C No. 10/2019 case with the Controlling Authority under the Payment of Gratuity Act, 1972 against Chemmanur Devassykutty Bobby as proprietor of Chemmanur International Jewellers for claiming the gratuity since 2009 whereas gratuity given was from the year 2015. The amount claimed is ₹ 93,074. The matter is currently pending.
3. Chemmanur Devassykutty Bobby filed a petition EIC No. 6/2020 dated March 8, 2020, against Employee State Insurance (ESI) Corporation with ESI Court for claiming ESI contribution amounting to ₹ 1,39,425 after the closure of Nilambur showroom of the Company. The matter is currently pending.
4. A consumer case bearing number CC No 43/2022 was filed by Chemmanur Devassykutty Bobby against Destination Health for not providing gym equipment at Palazhi villa on time, claiming an amount of ₹ 11,25,000. The matter is currently pending.
5. A civil suit OS-118/2019 was filed by Chemmanur Devassykutty Bobby as a director on behalf of CDB 24 Karat Gold and Diamonds Private Limited. The suit is filed against O K Abdul Salam, O K Safa and O K Kunjabdhulla for return of security deposit of ₹ 5,00,000 paid by the Company for taking building on lease owned by them for business on termination of lease. The parties to the case have represented for additional written statement to the counter claim. The matter is currently pending.
6. A civil suit OS-126/2016 on March 30, 2016, was filed by Chemmanur Devassykutty Bobby and Smitha Bobby before Munsiff Court Koyilandy to stop Kiliyampurath Bhaskaran to trespass into the property. The matter is currently pending.
7. A consumer case bearing number CC100/2020 claiming an amount of ₹8000/- was filed by complainant Mrs Girija Kunjappan alleging deficiency of service from the part of company. The complaint claimed post-maturity interest of six subordinate debts at a rate of 13.5% for the period starting from maturity till the date of her surrender of SDs. The matter is currently pending before the Consumer Disputes Redressal Forum, Ernakulam.

(ii) Criminal Litigations involving our Directors

1. A First Information Report (FIR) was filed against A K Linesh, (ex-employee), Hareesh and Roopesh (“**Accused Persons**”) based on a complaint filed by Chemmanur Devassykutty Bobby under sections 419, 420, 468 and 47 read with 34 of CRPC. The Accused Persons had forged false documents and cheated the complainant causing a loss of ₹ 12,00,000. Based on the FIR two cases were registered before - Judicial First Class Magistrate VI, MARAD (Calicut), as CC No 92/2010 against Linesh, Hareesh and Roopesh and CC No 93/2010 against A.K Linesh. The cases is presently stayed by High Court of Kerala.
2. Smitha Bobby has filed a criminal complaint dated May 21, 2020, before the Baluseri Police Station and a First Information Report (FIR) has been filed by the police authorities on October 27, 2020. Based on that a criminal case as CC 437/2021 was registered before the Judicial First Class Magistrate Perambra against Killiyamburath

Bhaskaran (“**Accused Person**”) for cutting down trees from Unnikulam land. The case has been transferred to Judicial First Class Magistrate 1, Tamarassery as CC 484/2022. The case is currently pending.

3. Chemmanur Devassykutty Bobby had filed a case dated July 18, 2016, ST No.1446/2017 under section 138 of the Negotiable Instrument Act, 1881 for dishonouring cheque of ₹ 36,51,146 obtained from Sulaiman (Partner) for the settlement of the credit that he had created in partnership business. The matter is currently pending in the court of Judicial First Class Magistrate VII Kozhikode and the matter is currently pending.

5. Material litigation or legal or regulatory actions involving our Promoter as of the date of this Draft Prospectus

The material litigation involving Promoter of the Company (being Chemmanur Devassykutty Bobby) are covered in section 4 (*Material litigations involving our Directors as on the date of this Draft Prospectus*) of this *Outstanding Litigations* Chapter on page 132 above.

6. Litigations involving group companies

(a) As on the date of this Draft Prospectus, following are litigations involving group companies:

(i) Civil Litigation

By group company

Nil

Against group company

Except as disclosed below there are no civil proceedings against our group company:

- i. Aiswarya Lakshmi had filed a civil suit OS 23/19 at Munsiff Court Irinjalakuda against Chemmanur Gold Palace International Limited claiming ₹5,00,000 and praying for injunction and damages. The matter is currently pending and is posted for hearing to October 6, 2023.

(ii) Criminal Cases

By the group company

Except as disclosed below there are no criminal proceedings by our group company:

1. Chemmanur Gold Palace International Limited had filed a criminal complaint 293/2021 dated August 14, 2021, before the Judicial Magistrate Court, Ooty against Ganapathy, an ex-employee for cheating and misappropriation. The case is pending before the Court.
2. Chemmanur Gold Palace International Limited (“**CGPIL**”) had filed a defamation petition, CC No. 55/2017 dated November 3, 2016, before the Metropolitan Magistrate Court, Egmore, Chennai against Joy Kaitharam. Further, Joy Kaitharam had filed a transfer petition T.P.(CrI.) No. 000082 - / 2021 dated January 21, 2021, before the Supreme Court of India, to transfer the above mentioned criminal case for defamation to Chief Judicial Magistrate, Thrissur. The transfer application matter is disposed and the defamation petition is pending before the Metropolitan Magistrate Court, Chennai.

Against the group company

Nil

(iii) Tax Proceedings involving the group company

An excise duty matter no. SVLDRS-01 Declaration No. LD1501200003409 dated January 15, 2020, amounting to ₹ 4,95,490 is pending against CGPIL before the Central Board of Indirect Taxes and Customs. CGPIL had opted for Sabka Vishwas (Legacy Dispute Resolution) Scheme and initiated payment via challan on June 29, 2020. But due to technical issues in the portal of Tax Authorities the payment has been failed and hence the CGPIL couldn't remit the tax on the due date of June 30, 2020, and resulted in issue of a show cause notice dated March 30, 2021, with an

outstanding duty liability of ₹ 39,84,965 by the Central Excise authorities. Against the Show Cause Notice, CGPIL filed a Writ Petition as WP(C) 30356/2021 (T) dated December 22, 2021, before the Honourable High Court of Kerala. High Court of Kerala passed an interim order on January 12, 2022, that the proceedings under the above Show Cause Notice shall be kept in abeyance and this was extended further by subsequent orders. The matter is still pending.

(iv) Cases filed by our Group Companies under Section 138 of the Negotiable Instruments Act, 1881

The group companies have filed various complaints and notices under Section 138 of the Negotiable Instruments Act, 1881 for recovering amounts due from various parties on account of dishonouring of cheques issued by such parties. As of the date of this Draft Prospectus, there are 655 such complaints pending across various jurisdictions. The total amount involved in such cases is approximately ₹ 160.88 lakh.

(v) Other Regulatory proceedings involving Group Companies

Boby Chemmanur No.1 Chits Private Limited has matter pending in with the Registrar of Chits, Thiruvananthapuram on compounding fee of ₹ 55,04,000 with respect to twenty-three chits, for not filing minutes, chitty balance sheet and balance sheet of the company within the stipulated time with Assistant Registrar of Chits, Thrissur. The company has approached Inspector General of Registration, Thiruvananthapuram for downward revision in compounding fee and the matter is still being pursued by Inspector General of Registration, Thiruvananthapuram. The Office of the Inspector General of Registration replied that they are not entitled to make a decision on the request as a similar application seeking reduction of Compounding fee has already been submitted by the Company before the Ministry of Taxation.

7. *Litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last three 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*

There are no litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last three 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.

8. *Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies' law in the last three years immediately preceding the year of issue of this Draft Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last three years immediately preceding the year of this Draft Prospectus*

There are no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies' law in the last three years immediately preceding the year of issue of this Draft Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last three years immediately preceding the year of this Draft Prospectus.

9. *Details of acts of material frauds committed against our Company in current financial year and last three Fiscals, if any and if so, the action that was taken by our Company*

The list of material frauds against the Company in the last three Fiscals and current financial year are as follows:

Sr No	Financial Year/ Period	Branch	Date Of Detection / Date of Reporting To RBI	Gross Amount (₹ Lakh)	Modus Operandi & Action Taken	Recovery (₹ Lakh)	Amount Written Off (₹ Lakh)	Provision (₹ Lakh)	Action taken by the Company
1	Current Financial Year as on three months ended on June 2023	NIL	-	0.00	-	0.00	0.00	0.00	NA
2	2022-2023	Kulathupuzha	January 14, 2023	15.76	Misappropriation of cash by Branch staff	8.22	0.00	7.54	Complaint filed with police authorities.
		Various Branches	Various dates	39.39	Pledged low purity ornaments. Company recovered part of the amount from customers and follow-up are being made	26.22	0.00	13.17	Complaint filed with police authorities.
3	2021-2022	Kondotty	March 31, 2022	5.00	Misappropriation of Cash by Branch Manager	2.70	0.00	2.30	Complaint Filed and Stamped Undertaking Obtained
		Various Branches	Various dates	15.11	Pledged low purity ornaments. Company recovered the amount from customers	15.11	0.00	0.00	Recovery

Sr No	Financial Year/ Period	Branch	Date Of Detection / Date of Reporting To RBI	Gross Amount (₹ Lakh)	Modus Operandi & Action Taken	Recovery (₹ Lakh)	Amount Written Off (₹ Lakh)	Provision (₹ Lakh)	Action taken by the Company
4	2020-2021	NIL	-	NIL	-	NIL	NIL	NIL	NA

10. **Summary of reservations, qualifications, emphasis of matter or adverse remarks of auditors for the last three 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**

Our statutory auditors have highlighted certain matters of emphasis to their audit opinion relating to our Audited Financial Statements for the last three financial years, as mentioned below:

Financial Year	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Company	Corrective steps taken and proposed to be taken by the Company
2022-2023	Standalone	(A) Emphasis of Matter We draw attention to note 57 of the financial statements regarding the transition to Ind AS in the final quarter of the financial year ended March 31, 2023 and the unaudited results published for the nine months ended December 31, 2022 in Accounting Standards (IGAAP) notified under The Companies (Accounts) Rules, 2014 (as amended). Our opinion is not qualified with regard to this matter. Note 57 of the Financial Statement for the year ended on March 31, 2023: The company listed its non-convertible debentures on January 12, 2023. The financial statements of the Company for the year ended March 31, 2023 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2021 as the transition date from previous GAAP. However, since the transition to Ind AS was done in last quarter of FY 2022-23, the unaudited results of 9 months ended December 31, 2022 and the comparative quarters was presented in accordance with Accounting Standards (IGAAP) notified under The Companies (Accounts) Rules, 2014 (as amended). Since the Ind AS adjustments were given effect in the final quarter of financial year 2022-23, the published unaudited results of the quarter/nine months ending December 31, 2022 are not comparable with the audited results published for the year ended March 31, 2023	The financial statements for the financial year ended on March 31, 2023 is prepared in accordance with Ind AS and the impact has been already reflected in audited financial statements for the year.	The company has changed its accounting in line with Ind AS

		(B) Pending Litigations		Pending at various stage of appeal
		(i) Income Tax demand for the A.Y. 2012-13	No impact on financial position of the Company.	
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2012-2013. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the income tax officer, ward1(2), Thrissur making an addition by disallowing various expenditures. The addition did not increase the tax liability of the Company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹ 95.87 Lakhs.		
		(ii) Income Tax demand for the A.Y. 2017-18	Contingent liability of ₹ 137.57 lakhs is disclosed for the AY 2017-18.	
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2017-18. Appeal is filed by the company against the order under sec 143(3) of the Income Tax act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The total tax impact on the addition is ₹ 137.57 Lakhs. Against this demand Company paid 10% of total demand amounting to ₹ 137.57 Lakhs and stay granted for the balance 90% of the demand till the disposal of the appeal by the commissioner of income tax (Appeals)		
2021-2022	Standalone	(A) Emphasis of Matter		
		(i) We draw attention to following note regarding outbreak of the COVID-19 pandemic and the consequential impact on business, which, as per the assessment of the management, has not significantly impacted the operations and financial position of the Company. Our opinion is not qualified in respect of this matter. Note: The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as current contract terms, financial strength of partners, loan profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the	No impact on the financial Statements	As per explanation provided, there is no significant impact on the operations and financial position of the company.

		Company will continue to closely monitor any material changes to future economic conditions.		
		(ii) We draw attention to following note regarding the implementation of matters relating to Prudential norms and asset classification clarified by RBI vide Circular ‘RBI/2021-22/125 DO R/STR/REC.68/21.04.048/2021-22 dated November 12, 2021, on ‘Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications’’. Our opinion is not qualified in respect of this matter. Note: Pursuant to RBI circular RBI/2021-22/125 DO R/STR/REC.68/21.04.048/2021-22 dated November 12, 2021, on ‘Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications’, the Company is in the process of implementing the process of asset classification for flagging borrower accounts as overdue as part of the day-end processes for the due date. The impact on provisioning on account of the change in asset classification process on loans other than Gold loans could not be ascertained on account of the inherent complexity. The company is in the process of making the necessary changes in the IT systems and software to comply with the said circular. RBI has vide circular no DOR.STR.REC.85/21.04.048/2021-22 dated February 15, 2022 granted time till 30/09/2022 to put in place necessary system to implement the provisions set forth in paragraph 10 the above cited circular, REC.68/21.04.048/2021-22, dated November 12.	As RBI has given time up to September 30, there is no impact in the FS for the year ended on March 31 2022	Now the system is in place.
		(B) Pending Litigations		Pending at various stage of appeal
		Claims against the Company not acknowledge as debts.		
		(i) Income Tax demand for the A.Y. 2012-13	No impact on financial position of the Company.	
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2012-2013. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the income tax officer, ward1(2), Thrissur making an addition by disallowing various expenditures. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹ 95.87 lakh.		
		(ii) Income Tax demand for the A.Y. 2013-14		

		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2013-2014. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹ 98.59 lakh.	No impact on financial position of the Company.	
		(iii) Income Tax demand for the A.Y. 2014-15		
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2014-2015. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹ 126.55 lakh.	No impact on financial position of the Company.	
		(iv) Income Tax demand for the A.Y. 2017-18		
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2017-18. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The total tax impact on the addition is ₹ 137.57 lakh. Against this demand company paid 10% of total demand amounting to ₹ 13.76 lakh and stay granted for the balance 90% of the demand till the disposal of the appeal by the commissioner of income tax (Appeals)	Contingent liability of ₹ 137.57 lakhs is disclosed for the AY 2017-18.	
2020-2021	Standalone	(A) Emphasis of Matter		
		(i) We draw attention to following note regarding the treatment of interest on loan taken from Chairman and its impacts on financial statements of the company. Our opinion is not qualified in respect of this matter. Note: Company has taken loan from Mr. Bobby C.D, Director and Chairman of the Company and also issued debentures to him. Year-end balance of loan from Mr. Bobby C.D and debentures issued is ₹ 57.00 lakh and ₹ 12.55 lakh respectively. He has also bought Subordinated Debts from other holders and year-end balance of such subordinated debt is ₹ 55.00 lakh. There is an agreement executed on March 30th,2019 between Mr. Bobby C.D and the Company containing terms and conditions governing loan availed by the Company from Mr. Bobby C.D. As per this agreement Mr. Bobby C.D has	The impact of waiver of interest on loan will reduce the finance cost of the company.	No Action is required

		waived his right to receive interest on loan. Therefore, no interest is charged on loan accepted from Mr. Bobby C.D during the year.		
		(ii) We draw attention to following note regarding outbreak of the COVID-19 pandemic and the consequential lock-down restrictions imposed by the Government, which, as per the assessment of the management, has not significantly impacted the operations and financial position of the Company for the year ended March 31, 2020. Our opinion is not qualified in respect of this matter. Note: The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as current contract terms, financial strength of partners, loan profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.	No impact on the financial statements	As per explanation provided, there is no significant impact on the operations and financial position of the company.
		(B) Pending Litigations	No impact on financial position of the Company.	Pending at various stage of appeal
		A. Claims against the Company not acknowledge as debts.		
		(i) Income Tax demand for the A.Y. 2012-13	No impact on financial position of the Company.	
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2012-2013. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the income tax officer, ward1(2), Thrissur making an addition by disallowing various expenditures. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹ 95.87 lakh.		
		(ii) Income Tax demand for the A.Y. 2013-14	No impact on financial position of the Company.	
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2013-2014. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1).		

		Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹98.59 lakh.		
		(iii) Income Tax demand for the A.Y. 2014-15		
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2014-2015. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The addition did not increase the tax liability of the company but it has reduced the carry forward losses to the subsequent years. The total amount of addition is ₹ 126.55 lakh.	No impact on financial position of the Company.	
		(iv) Income Tax demand for the A.Y. 2017-18		
		Income tax appeal is pending with the commissioner of Income Tax (Appeals), Thrissur for the AY 2017-18. Appeal is filed by the company against the order under sec 143(3) of the Income Tax Act 1961, issued by the Assistant Commissioner of Income-Tax, Circle-1(1), Thrissur making an addition by disallowing expenditure. The total tax impact on the addition is ₹ 137.57 lakh.	Contingent liability of ₹ 137.57 lakhs is disclosed for the AY 2017-18.	

11. Summary of other observations of the auditors during the last three 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:

There are no other observations of the auditors during the last three 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.

12. Details of disciplinary action taken by SEBI or Stock Exchanges against the Promoter/Group companies in the last five financial years, including outstanding action:

Entity	Person	Competent Authority	Regulatory Charges	Regulatory Action(s) / Date Of Order
Chemmanur Gold Palace International Limited (“CGPIL”)		SEBI	CGPIL raised funds through issuance of 6% participating preference shares (“PPS”) by way of private placement aggregating to ₹ 28,828 lakh from 5,323 investors violating sections 56, 60, 64 67 and 73 of the Companies Act, 1956(parallel, section 25, 26, 28, 33(1), 40 and 42 of the Companies Act, 2013 read with section 465 of the Companies Act, 2013. Raised such funds without making application for listing of securities nor obtained in-principle approval for listing of securities, did not obtain credit rating nor appointed merchant banker, did not disclose requirement in offer document nor filed draft offer document with stock exchanges, did not advertise for public issues nor disclose in	Imposed penalty ₹ 25,00,000 April 30, 2021

			abridged prospectus & application forms and did not apply for listing of securities post issuance violating regulations 4(2)(a) to 4(2)(c), 4(5), 5, 6, 8, 9 and 16 of SEBI (Issue And Listing Of NCRPS) Regulations, 2013. Pursuant to the order, CGIPL had remitted the penalty amount within specified time limit.	

13. ***Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interests thereon; and loan from any bank or financial institutions and interest thereon:***

NIL

OTHER REGULATORY AND STATUTORY DISCLOSURES

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 the Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

Authority for the Issue

At the meeting of the Board of Directors of our Company held on May 26, 2023, approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount amounting up to ₹30,000 lakh in three tranches and Debenture Committee vide resolution dated September 21, 2023 approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount aggregating up to ₹5,000 lakh, with an option to retain oversubscription up to ₹5,000 lakh aggregating up to ₹10,000 lakh.

Prohibition by SEBI

Our Company, persons in control of our Company, Directors of our Company and/or our Promoter 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 Promoter 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 Directors have been declared as a Fugitive Economic Offender.

Other confirmations

None of our Company or our Directors or our Promoter, 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.

The NCDs shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

The Consents/ permissions and no objection certificates required for creation of further pari passu charge in favour of the Debenture Trustee on the assets from the Existing Secured Creditors have been obtained.

Disclaimer 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 accepts 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.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE 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 THE DRAFT PROSPECTUS. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE 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:

[•]

Disclaimer Clause of BSE

BSE LIMITED (“THE EXCHANGE”) HAS GIVEN, VIDE ITS LETTER NO [•] DATED [•] PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- 1. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- 2. WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- 3. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR, OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY ANY 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 JUNE 10, 2010, BEARING REGISTRATION NO. N-1600185 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 FITCH SOLUTIONS INDIA ADVISORY PRIVATE LIMITED (FORMERLY KNOWN AS IRR ADVISORY SERVICES PRIVATE LIMITED)

Following is the disclaimer clause of Fitch Solutions India Advisory Private Limited (formerly known as IRR Advisory Services Private Limited) in relation to the Industry Report:

THIS REPORT IS PREPARED BY FITCH SOLUTIONS INDIA ADVISORY PRIVATE LIMITED (FSIAPL) (ERSTWHILE IRR ADVISORY SERVICES PRIVATE LIMITED) FSIAPL HAS TAKEN UTMOST CARE TO ENSURE ACCURACY AND OBJECTIVITY WHILE DEVELOPING THIS REPORT. THIS REPORT IS FOR THE INFORMATION OF THE INTENDED RECIPIENTS ONLY AND NO PART OF THIS REPORT MAY BE PUBLISHED OR REPRODUCED IN ANY FORM OR MANNER WITHOUT PRIOR WRITTEN PERMISSION OF FSIAPL.

DISCLAIMER CLAUSE OF CRISIL RATINGS LIMITED

CRISIL RATINGS LIMITED (CRISIL RATINGS) HAS TAKEN DUE CARE AND CAUTION IN PREPARING THE MATERIAL BASED ON THE INFORMATION PROVIDED BY ITS CLIENT AND / OR OBTAINED BY CRISIL RATINGS FROM SOURCES WHICH IT CONSIDERS RELIABLE (INFORMATION). A RATING BY CRISIL RATINGS REFLECTS ITS CURRENT OPINION ON THE LIKELIHOOD OF TIMELY PAYMENT OF THE OBLIGATIONS UNDER THE RATED INSTRUMENT AND DOES NOT CONSTITUTE AN AUDIT OF THE RATED ENTITY BY CRISIL RATINGS. CRISIL RATINGS DOES NOT GUARANTEE THE COMPLETENESS OR ACCURACY OF THE INFORMATION ON WHICH THE RATING IS BASED. A RATING BY CRISIL RATINGS IS NOT A RECOMMENDATION TO BUY, SELL, OR HOLD THE RATED INSTRUMENT; IT DOES NOT COMMENT ON THE MARKET PRICE OR SUITABILITY FOR A PARTICULAR INVESTOR. THE RATING IS NOT A RECOMMENDATION TO INVEST / DISINVEST IN ANY ENTITY COVERED IN THE MATERIAL AND NO PART OF THE MATERIAL SHOULD BE CONSTRUED AS AN EXPERT ADVICE OR INVESTMENT ADVICE OR ANY FORM OF INVESTMENT BANKING WITHIN THE MEANING OF ANY LAW OR REGULATION. CRISIL RATINGS ESPECIALLY STATES THAT IT HAS NO LIABILITY WHATSOEVER TO THE SUBSCRIBERS / USERS / TRANSMITTERS/ DISTRIBUTORS OF THE MATERIAL. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOTHING IN THE MATERIAL IS TO BE CONSTRUED AS CRISIL RATINGS PROVIDING OR INTENDING TO PROVIDE ANY SERVICES IN JURISDICTIONS WHERE CRISIL RATINGS DOES NOT HAVE THE NECESSARY PERMISSION AND/OR REGISTRATION TO CARRY OUT ITS BUSINESS ACTIVITIES IN THIS REGARD. CHEMMANUR CREDITS AND INVESTMENTS LIMITED WILL BE RESPONSIBLE FOR ENSURING COMPLIANCES AND CONSEQUENCES OF NON-COMPLIANCES FOR USE OF THE MATERIAL OR PART THEREOF OUTSIDE INDIA. CURRENT RATING STATUS AND CRISIL RATINGS' RATING CRITERIA ARE AVAILABLE WITHOUT CHARGE TO THE PUBLIC ON THE WEBSITE, WWW.CRISILRATINGS.COM. FOR THE LATEST RATING INFORMATION ON ANY INSTRUMENT OF ANY COMPANY RATED BY CRISIL RATINGS, PLEASE CONTACT CUSTOMER SERVICE HELPDISK AT 1800-267-1301.

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.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this 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 Debenture Trustee, Fitch Solutions India Advisory Private Limited (formerly known as IRR Advisory Services Private Limited), the Public Issue Account Bank, Sponsor Bank, Refund Bank, Syndicate Member, 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 the Prospectus with the Stock Exchange.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditor, namely C.M. Joseph & 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) Special Purpose Audited Financial Statements for the financial years ended March 31, 2023, March 2022 and March 31, 2021; and (b) Limited Review Special Purpose Unaudited Financial Results for quarter ended June 30, 2023, included in this Draft Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Draft Prospectus.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialised form and they shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus

This Draft Prospectus is filed with the Designated Stock Exchange in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website(s) prior to the opening of the Issue. This Draft Prospectus is displayed on the website of the Company and the Lead Manager.

Filing of the Prospectus

The Prospectus shall be filed with the RoC in accordance with Section 26 of the Companies Act, 2013.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

The remuneration of the Debenture Trustee shall include ₹ 60,000 as trustee acceptance fees along with annual fees amounting to 0.0085% of outstanding debentures, as provided under the offer letter No. MCTSL/CL/2023-24/DT dated June 22, 2023, as may be amended/modified from time to time.

Terms of carrying out due diligence

As per the SEBI Debenture Trustee Master Circular, as amended and/ or supplemented from time to time, the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

- a. The Debenture Trustee, either through itself or its agents /advisors/ consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document /disclosure document / information memorandum / private placement memorandum, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.
- b. The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.
- c. Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

The Debenture Trustee shall have the power to either independently appoint or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company. Process of Due Diligence to be carried out by the Debenture Trustee Due Diligence will be carried out as per SEBI NCS Regulations and circulars issued by SEBI from time to time. This would broadly include the following:

- A Chartered Accountant ("CA") appointed by Debenture Trustee will conduct independent due diligence as per scope provided, regarding security offered by the Issuer.
- CA will ascertain, verify, and ensure that the assets offered as security by the Issuer is free from any encumbrances or necessary permission / consent / NOC has been obtained from all existing charge holders.
- CA will conduct independent due diligence on the basis of data / information provided by the Issuer.
- CA will, periodically undertake due diligence as envisaged in SEBI circulars depending on the nature of security.
- On basis of the CA's report / finding Due Diligence certificate will be issued by Debenture Trustee and will be filed with relevant Stock Exchanges.
- Due Diligence conducted is premised on data / information made available to the Debenture Trustee appointed agency and there is no onus of responsibility on Debenture Trustee or its appointed agency for any acts of omission / commission on the part of the Issuer.

While the NCD is secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other Confirmations

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI circulars titled (i) "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated November 3, 2020; and (ii) "Monitoring and Disclosures by Debenture Trustee(s)" dated November 12, 2020 as amended/modified by SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022; (iii) "Operational guidelines for 'Security and Covenant Monitoring' using Distributed Ledger Technology (DLT)" dated March 29, 2022; and (iv) "Enhanced

guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence” dated August 4, 2022.

MITCON CREDITIA TRUSTEESHIP SERVICES LIMITED (FORMERLY KNOWN AS MITCON TRUSTEESHIP SERVICES LIMITED) HAVE FURNISHED TO STOCK EXCHANGES A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 21, 2023, AS PER THE FORMAT SPECIFIED IN ANNEXURE-II-A TO THE SEBI DEBENTURE TRUSTEE MASTER CIRCULAR WHICH READS AS FOLLOWS:

1. *“We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.*
2. *On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents,*

We confirm that:

- a. *The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued and listed.*
- b. *The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).*
- c. *The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.*
- d. *Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document/ placement memorandum and all disclosures made in the offer document/ placement memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.*
- e. *Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document/ placement memorandum.*
- f. *Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.*

We have satisfied ourselves about the ability of the Issuer to service the debt securities.”

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annexure II-A of the SEBI Debenture Trustee Master Circular.

Debenture Redemption Reserve (“DRR”)

Pursuant to Regulation 16 of the SEBI NCS Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. As per rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, a 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 45.

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

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 three years.

Previous Public Issues of Non-Convertible Debenture

Other than Public Issue 1 as disclosed below, there has been no previous public issue of non-convertible debentures by the Company.

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 declared dividends for the quarter ended June 30, 2023 and the last three Fiscals as detailed below.

(₹ in lakh, except per share data)

Particulars	For the quarter ended June 30, 2023	For the Financial Year ended		
		March 31, 2023	March 31, 2022	March 31, 2021
On Equity Shares				
Fully Paid-up Share Capital (Nos.)	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
Face Value / Paid Up Value (₹)	10	10	10	10
Equity Share Capital	6,000	6,000	6,000	6,000
Rate of Dividend	-	-	-	7.00%
Dividend	-	-	-	420.00
Dividend Distribution Tax	-	-	-	-

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Thrissur, Kerala, India.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Details regarding to the lending done by the issuer out of the issue proceeds of debt securities in last three years

A. Lending Policy

Please refer to the paragraph titled “*Our Company’s Business- Gold Loans*” under Chapter “*Our Business*” at page 92.

B. Utilisation of Issue Proceeds of the previous issue by our Company and Group Companies

Company:

- i. Public issue of equity shares by the Company

The Company has not undertaken any public issue of equity shares in the last three years prior to June 30, 2023.

- ii. Previous public issues of non-convertible debentures by the Company

Except as given below, the Company has not undertaken the public issues of non-convertible debentures till September 14, 2023.

Public Issue 1

Particulars													
ISIN	INE051307986, INE051307978, INE051307994, INE051307AA0, INE051307AB8, INE051307AC6, INE051307AD4, INE051307AE2												
Date of opening	DECEMBER 14, 2022												
Date of closing	JANAUARY 6, 2023												
Total issue size (₹ in lakh)	9,222.69*												
Date of allotment	JANAUARY 12, 2023												
Date of refunds/ unblocking of funds	JANAUARY 16, 2023												
Date of listing	JANAUARY 13, 2023												
Utilisation of proceeds	<table> <tr> <th>Purpose</th><th>Amount utilised (in ₹ lakh)</th></tr> <tr> <td>Onward Lending</td><td>8,567.79</td></tr> <tr> <td>Interest/Repayment of Loans</td><td>654.90</td></tr> <tr> <td>Issue Related Expense**</td><td>-</td></tr> <tr> <td>General Corporate Purpose</td><td>-</td></tr> <tr> <td>Total</td><td>9,222.69</td></tr> </table>	Purpose	Amount utilised (in ₹ lakh)	Onward Lending	8,567.79	Interest/Repayment of Loans	654.90	Issue Related Expense**	-	General Corporate Purpose	-	Total	9,222.69
Purpose	Amount utilised (in ₹ lakh)												
Onward Lending	8,567.79												
Interest/Repayment of Loans	654.90												
Issue Related Expense**	-												
General Corporate Purpose	-												
Total	9,222.69												

* Original issue size was ₹ 10000 lakh, but allotted amount was ₹ 9222.69 lakh

** Company has incurred Issue related expenses amounting to ₹ 179.22 lakh from the internal accruals.

- iii. Previous private placement of non-convertible debentures by the Company

The issue proceeds of the previous issues of non-convertible debentures issued on private placement basis made on or after April 1, 2020 till the Cut-off date have been utilized by the Company; towards the object of the issue, as per the respective offer documents.

iv. Rights issue by the Company

The Company has not undertaken any rights issue of equity shares in the in the last three years prior to September 14, 2023.

Subsidiary company

Nil

Group Companies-

(a) Chemmanur Gold Palace International Limited

i. Public issue of equity shares by the Chemmanur Gold Palace International Limited

Chemmanur Gold Palace International Limited has not undertaken any equity public issue in the last three years prior to September 14, 2023.

ii. Previous public issues of non-convertible debentures by Chemmanur Gold Palace International Limited

Chemmanur Gold Palace International Limited has not undertaken the public issue of non-convertible debentures in the last three years prior to September 14, 2023.

iii. Previous private placement of non-convertible debentures by Chemmanur Gold Palace International Limited in the last three years

Chemmanur Gold Palace International Limited has not undertaken any private placement of non-convertible debentures in the last three years prior to September 14, 2023.

iv. Rights issue by the Chemmanur Gold Palace International Limited

Chemmanur Gold Palace International Limited has not undertaken any rights issue of equity shares in the last three years prior to September 14, 2023.

(b) Bobby Chemmanur (No.1) Chits Private Limited

i. Public issue of equity shares by the Bobby Chemmanur (No.1) Chits Private Limited

Bobby Chemmanur (No.1) Chits Private Limited has not undertaken any equity public issue in the last three years prior to September 14, 2023.

ii. Previous public issues of non-convertible debentures by Bobby Chemmanur (No.1) Chits Private Limited

Bobby Chemmanur (No.1) Chits Private Limited has not undertaken the public issue of non-convertible debentures in the last three years prior to September 14, 2023.

iii. Previous private placement of non-convertible debentures by Bobby Chemmanur (No.1) Chits Private Limited in the last three years

Bobby Chemmanur (No.1) Chits Private Limited has not undertaken any private placement of non-convertible debentures in the last three years prior to September 14, 2023.

iv. Rights issue by Bobby Chemmanur (No.1) Chits Private Limited

Bobby Chemmanur (No.1) Chits Private Limited has not undertaken any rights issue of equity shares in the last three years prior to September 14, 2023.

(c) Bobby Bazar Private Limited

i. Public issue of equity shares by the Bobby Bazar Private Limited

Bobby Bazar Private Limited has not undertaken any equity public issue in the last three years prior to September 14, 2023.

ii. Previous public issues of non-convertible debentures by Bobby Bazar Private Limited

Bobby Bazar Private Limited has not undertaken the public issue of non-convertible debentures in the last three years prior to September 14, 2023.

iii. Previous private placement of non-convertible debentures by Bobby Bazar Private Limited in the last three years

Bobby Bazar Private Limited has not undertaken any private placement of non-convertible debentures in the last three years prior to September 14, 2023.

iv. Rights issue by Bobby Bazar Private Limited

Bobby Bazar Private Limited has not undertaken any rights issue of equity shares in the last three years prior to September 14, 2023.

C. Loans given by the Company

The Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoter out of the proceeds of previous private placements of debentures.

D. Type of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by the Company as on March 31, 2023 is as follows:

(₹ in lakh)

Sr. No.	Type of Loans	Amount
1	Secured:	
	i) Gold Loan	30,190.86
	ii) Gramin Shakthi Loan (GSL)	3,818.60
2	Unsecured	
	i) Micro Finance Loan	5,820.77
	ii) Consumption Loans	501.47
	iii) Insta Loans	469.21
Total assets under management (AUM)		40,800.91

Denomination of loans outstanding by LTV as on March 31, 2023*

Sr. No.	LTV	Percentage of AUM
1.	Up to 40%	1.77%
2.	40%-50%	4.26%
3.	50%-60%	8.52%
4.	60%-70%	42.17%
5.	70%-80%	32.05%
6.	80%-90%	-
7.	More than 90%	11.23%
	Total	100.00%

*LTV at the time of origination

Sectoral Exposure as on March 31, 2023

Sr. No.	Segment wise break up of AUM	Percentage of AUM
1.	Retail	
(a)	Mortgages (home loans and loans against property)	-
(b)	Gold Loans	74.00%
(c)	Vehicle Finance	-
(d)	MFI	14.26%
(e)	MSME	-
(f)	Capital market funding (loans against shares, margin funding)	-
(g)	Others:	
	(i) Gramin Shakthi Loan(GSL)	9.36%
	(ii) Consumption Loan	1.23%
	(iii) Insta Loan	1.15%
2.	Wholesale	
(a)	Infrastructure	-
(b)	Real Estate (including builder loans)	-
(c)	Promoter funding	-
(d)	Any other sector (as applicable)	-
(e)	Others	-
	Total	100.00%

E. Denomination of the loans outstanding by ticket size as on March 31, 2023*

Sr. No.	Ticket size**	Percentage of AUM
1.	Up to 2 lakh	94.10%
2.	2 lakh to 5 lakh	4.85%
3.	5 lakh to 10 lakh	0.91%
4.	10 lakh to 25 lakh	0.14%
5.	25 lakh to 50 lakh	-
6.	50 lakh to 1 crore	-
7.	1 crore to 5 crore	-
8.	5 crore to 25 crore	-
9.	25 crore to 100 crore	-
10.	Above 100 core	-
	Total	100.00%

* Ticket size at the time of origination

**The details provided are as per borrower and not as per loan account.

F. Geographical classification of the borrowers as on March 31, 2023

Top 5 borrowers state wise

Sr. No.	Top 5 states*	Percentage of AUM
1.	Kerala	80.02%
2.	Tamil Nadu	15.30%
3.	Karnataka	4.68%
	Total	100.00%

*The Company was having presence only in three states as on March 31, 2023

G. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2023

(₹ in lakh)

Particulars	Amount
Movement of gross NPA	
Opening gross NPA	383.85
- Additions during the year	20.81

Particulars	Amount
- Reductions during the year	155.57
Closing balance of gross NPA	249.09
Movement of net NPA	
Opening net NPA	306.11
- Additions during the year	13.16
- Reductions during the year	220.37
Closing balance of net NPA	98.90
Movement of provisions for NPA	
Opening balance	77.74
- Provisions made during the year	86.83
- Write-off / write-back of excess provisions	14.38
Closing balance	150.19

H. Segment-wise gross NPA as on March 31, 2023

Sr. No.	Segment wise break up of gross NPA	Gross NPA (%)*
1.	Retail	
(a)	Mortgages (home loans and loans against property)	-
(b)	Gold Loans	0.18%
(c)	Vehicle Finance	-
(d)	MFI	1.60%
(e)	M & SME	-
(f)	Capital market funding (loans against shares, margin funding)	-
(g)	Others:	
	(i) Gramin Shakthi Loan(GSL)	2.41%
	(ii) Consumption Loan	1.86%
2.	Wholesale	
(a)	Infrastructure	-
(b)	Real Estate (including builder loans)	-
(c)	Promoter funding	-
(d)	Any other sector (as applicable)	-
(e)	Others	-
	Gross NPA	0.61%

* Gross NPA means percentage of NPAs to total advances in that sector

I. Residual Maturity Profile of Assets and Liabilities as on March 31, 2023

(₹ in lakh)

	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	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Advances	4,128.64	4,912.85	6,079.76	21,292.21	3,243.66	894.80	0.00	249.00	40,800.91
Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Borrowings	605.83	333.92	402.43	1,122.62	5,295.17	13,932.07	8,274.94	1,824.99	31,791.96
Foreign Currency Assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Current Liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

J. Details of top 20 borrowers with respect to concentration of advances as on March 31, 2023

(₹ in lakh)

Particulars	Amount
Total advances to twenty largest borrowers	291.27
Percentage of Advances to twenty largest borrowers to Total Advances to the Company	0.71%

K. Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2023

(₹ in lakh)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	285.68	20.33
Percentage of exposure to twenty largest borrowers to Total exposure to the Company	0.70%	0.05%

L. Classification of loans/advances given to Group Companies as on March 31, 2023:

	Name of Borrower	Amount of Advance/ exposure to such borrower (₹ in lakhs) (A)	Percentage of Exposure (A/ Total AUM)
1.	NA	NIL	NIL

Revaluation of assets

Our Company has not revalued its assets in the last three financial years.

Mechanism for redressal of investor grievances

Agreement dated September 20, 2023 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

KFin Technologies Limited (formerly known as KFin Technologies Private Limited)

Selenium Tower-B, Plot 31 & 32 Gachibowli
Financial District, Nanakramguda
Serilingampally, Hyderabad - 500 032

Telangana, India
Telephone: +91 40 6716 2222
Facsimile: +91 40 6716 1563
Email: ccil.ncdipo@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
Investor Grievance id: einward.ris@kfintech.com
Compliance Officer: Anshul Kumar Jain
SEBI Registration Number: INR000000221

Compliance Officer of our Company

Anju Thomas 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:

Name: Anju Thomas
Address: Company Secretary,
Mangalodhayam Building, Round South, Thrissur - 680001, Kerala, India
E-mail: cs@chemmanurcredits.com
Telephone: 8606398811

Details of Auditor to the Issuer:

Name of Auditor	Address	Auditor Since
C.M. Joseph & Associates Chartered Accountants	MRA 5A, Pallath Lane, San Clinic Building, Mount Carmel Church Road, Mamangalam, Palarivattom.P.O, Cochin –682025	FY 2023-24
V K S Narayan & Co Chartered Accountants	32/88 Thiruvambady Shoranur Road Thrissur- 680022	FY 2021-22

Change in Auditors of our Company during the last three years

Name of Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable
Cheeran Varghese & Co, Chartered Accountants	CHEERANS, Mundupalam 1 st Cross, Thrissur-680001	September 30, 2019	September 30, 2021	NA
V K S Narayan and Co, Chartered Accountants	32/88, Thiruvambady, Shornur Road, Thrissur-680022	September 30, 2021	NA	August 30, 2023
C.M. Joseph & Associates, Chartered Accountants	MRA 5A, Pallath Lane, San Clinic Building, Mount Carmel Church Road, Mamangalam, Palarivattom.P.O, Cochin –682025	September 04, 2023	Nil	Nil

ALM statement

The following table describes the ALM of our Company as on March 31, 2023:

	Up to 30/ 31 days	More than 1 month to 2 month s	More than 2 month s to 3 month s	More than 3 months to 6 months	More than 6 month s to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Capital and Reserve	-	-	-	-	-	-	-	8,741.39	8,741.39
Sub Debts	292.30	178.25	265.80	780.15	1,210.85	7,744.85	6,580.25	661.50	17,713.95
NCD	313.53	130.90	108.63	258.47	1,001.64	5,831.22	1,694.69	1,163.49	10,502.56
Cash credit from banks	-	-	-	-	2,914.68	-	-	-	2,914.68
Borrowings/Term Loan	-	24.77	28.00	84.00	168.00	356.00	-	-	660.77
Other Liability	614.56	881.81	629.40	960.19	2,693.93	5,146.10	2,389.60	661.50	13,977.09
Total	1,220.38	1,215.73	1,031.83	2,082.80	7,989.10	19,078.17	10,664.54	11,227.88	54,510.44
Foreign Currency Liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-
Fixed assets	-	-	-	-	-	-	-	1,923.47	1,923.47
Advances	4,128.64	4,912.85	6,079.76	21,292.21	3,243.66	894.80	-	249.00	40,800.91
Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-
Cash and Bank	627.33	168.12	-	-	-	-	-	-	795.45
Other Asset	649.93	501.40	488.95	1,725.02	717.46	71.31	-	732.14	4,886.20
Total	5,405.90	5,582.36	6,568.71	23,017.22	3,961.12	966.10	-	2,904.61	48,406.03
Foreign Currency Assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-

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.

The major regulations governing our Company are detailed below:

On October 22, 2021 RBI issued a Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ("**SBR Framework**"), whereby NBFCs have been categorised into following four layers based on their size, activity, and perceived riskiness by the RBI:

- i) NBFC- Base Layer ("**NBFC-BL**");
- ii) NBFC- Middle Layer ("**NBFC-ML**");
- iii) NBFC- Upper layer ("**NBFC-UL**"); and
- iv) NBFC- Top Layer ("**NBFC-TL**")

The NBFC- BL comprise of (a) non-deposit taking NBFCs below the asset size of ₹1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.

The NBFC- ML consist of (a) all deposit taking NBFCs ("**NBFC-Ds**"), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

The NBFC-UL comprise of those NBFCs which are specifically identified by RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in appendix to SBR Framework. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

The NBFC-TL will ideally remain empty. This layer can get populated if RBI is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFC-UL. Such NBFCs shall move to the NBFC-TL.

Pursuant the SBR Framework the criteria of asset size of non-deposit NBFCs for classification as non-systemically important has been increased from ₹50,000 lakh to ₹1,00,000 lakh ("**NBFC-ND**"). Therefore, non-deposit NBFCs with asset size of over ₹1,00,000 lakh will be considered as systemically important by the RBI ("**NBFC-ND-SI**"). The SBR Framework came into effect from October 01, 2022 and provides that from October 01, 2022 references to NBFC-ND shall mean NBFC-BL and all references to NBFC-D and NBFC-ND-SI shall mean NBFC-ML or NBFC-UL, as the case may be.

Regulations governing NBFCs

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction

of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its 'principal business' is to be treated as an NBFC. The term 'principal business' has not been defined in any statute; however, RBI has clarified through a press release (*Ref. No. 1998-99/1269*) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act, the SBR Framework, the Master Direction – Non-Banking Financial Company – Non-Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Peer to Peer Lending Platform (Reserve Bank) Directions, 2017, Master Direction- Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016, Reserve Bank Commercial Paper Directions, 2017 and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

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

As on date of filing of this Draft Prospectus the Company falls under the category of NBFC BL, as its assets size is below ₹ 1,00,000 lakh, as per the last audited balance sheet. SBR Framework provide that NBFC-BL shall be subject to regulations as currently applicable to NBFC-ND, except for the regulatory changes under SBR Framework applicable on NBFC-BL.

As of September 29, 2022, the NBFC-ND-NSI (NBFC-BL) are governed by updated Master Direction – Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016 (as updated from time to time) applicable to all NBFC-ND-NSI (NBFC-BL) ("**Master Directions**").

Non-Systemically Important NBFC-NDs (NBFC-BL)

All NBFC-ND-NSI (NBFC-BL) shall maintain a leverage ratio of 7 and shall maintain a minimum Capital to Risk-Weighted Assets Ratio of 15 per cent.

Rating of NBFCs

Pursuant to the Master Directions, all applicable NBFCs are required to furnish information about downgrading / upgrading of assigned rating of any financial product issued by them, within fifteen days of such a change in rating, to the regional office of the RBI under whose jurisdiction their registered office is functioning.

Prudential Norms

The Master Directions amongst other requirements prescribe guidelines on NBFC-ND-NSI (NBFC-BL) regarding capital requirement, income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/ investment and norms relating to gold loans. Further the concentration of credit/ investment norms shall not apply to a non-systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

Provisioning Requirements

An NBFC-ND-NSI (NBFC-BL), 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.

As per the Master Directions every applicable NBFC shall make provision for standard assets at 0.25 per cent of the outstanding, which shall not be reckoned for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.

Capital Adequacy Norms

Under the terms of Master Direction, NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 per cent or more of their financial assets) shall maintain a minimum Tier I capital of 12 percent.

“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.

Owned Funds, are defined as paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Asset Classification

The prudential regulations require that every applicable NBFC-ND-NSI (NBFC-BL) 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 all applicable NBFCs under Master Directions are required to make a general provision for standard assets at 0.25 percent.

Other stipulations on policies

NBFCs-BL are required to frame board approved policies *inter alia* including, (i) a policy for demand and call loan; (ii) liquidity risk management policy; (iii) code of conduct for direct sales agents /direct marketing agents/recovery agents; (iv) fair practice code policy; (v) customer grievance redressal policy; (vi) information technology policy/information system policy; (viii) interest rate model policy; (ix) outsourcing policy; (x) private placement of NCDs policy; (xi) know you customer/ anti-money laundering policy.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provided 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. However, the net owned fund requirement has been incrementally revised by SBR Framework. SBR Framework stipulates that minimum net owned fund requirement of ₹ 500 lakh by March 31, 2025 and ₹ 1,000 lakh by March 31, 2027 by the non-systemically important NBFCs with customer interface or public funds. For this purpose, the Master Directions have defined “net owned fund” to mean:

Net Owned Fund - means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any;

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs (unless specifically exempted by RBI) 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 (unless specifically exempted by RBI) 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 our Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D (NBFC-ML and NBFC-UL) and are governed by the Master Directions.

An NBFC-ND-NSI (NBFC-BL) is required to inform the RBI of any change in the address, telephone no's, etc. of its registered office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND-NSI (NBFC-BL) would need to ensure that its registration with the RBI remains current.

Under the terms of Master Directions, NBFCs-BL having an asset base of ₹10,000 lakh or more as per their last audited balance sheet are required to comply with the RBI Guidelines on liquidity Risk Management Framework ("**LRM Framework**").

Similarly, all NBFCs having customer interface 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.

NBFCs shall constitute grievance redressal machinery as contained in RBI's circular on Grievance Redressal Mechanism, vide DNBS. CC. PD. No. 320/03.10. 01/2012-13 dated February 18, 2013 which states that at the operational level, all NBFCs shall display the name and contact details of the grievance redressal officer prominently at their branches/ places where business is transacted. The designated officer shall ensure that genuine grievances of customers are redressed promptly without involving any delay. It shall be clearly indicated that NBFCs' grievance redressal machinery shall also deal with the issue relating to services provided by the outsourced agency. Generally, a time limit of 30 (thirty) days may be given to the customers for preferring their complaints/ grievances. The grievance redressal procedure of the NBFC and the time frame fixed for responding to the complaints shall be placed on the NBFC's website.

Lending against security of gold

The RBI pursuant to the Master Directions, as amended from time to time has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. The Value of gold jewellery, for the purpose of determining maximum permissible limit shall be the intrinsic value of the gold content therein and no other cost elements shall be added thereto.

The directions provide for the following requirements to lend against gold:

- i. Verification of the Ownership of Gold
 - (a) Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs shall keep a record of the verification of the ownership of the jewellery. The

ownership verification need not necessarily be through original receipts for the jewellery pledged but a suitable document shall be prepared to explain how the ownership of the jewellery has been determined, particularly in each and every case where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams.

(b) NBFCs shall have an explicit policy in this regard as approved by the Board in their overall loan policy.

ii. Safety and Security measures to be followed

(a) Non-Banking Financial Companies, which are in the business of lending against collateral of gold jewellery, shall ensure that necessary infrastructure and facilities are put in place, including safe deposit vault and appropriate security measures for operating the vault, in each of its branches where gold jewellery is accepted as collateral. This is required to safeguard the gold jewellery accepted as collateral and to ensure convenience of borrowers.

(b) No new branch/es shall be opened without suitable arrangements for security and for storage of gold jewellery, including safe deposit vault

iii. Opening Branches exceeding one thousand in number

Non-Banking Financial Company which are in the business of lending against collateral of gold jewellery, shall obtain prior approval of RBI to open branches exceeding 1000. However, NBFCs which already have more than 1,000 branches shall approach RBI for prior approval for any further branch expansion. Besides, no new branches shall be allowed to be opened without the facilities for storage of gold jewellery and minimum-security facilities for the pledged gold jewellery. Further, NBFC's are also required to not grant any advance against bullion / primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) are required to maintain a minimum Tier I capital of 12.00%.

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 updated on January 9, 2020 with a view to leveraging the digital channels for customer identification process by regulated entities, whereby the RBI has decided to permit video based customer identification process as a consent based alternate method of establishing

the customer's identity, for customer onboarding.

Accounting Standards & Accounting policies

NBFCs that are required to implement Indian Accounting Standards (“**Ind AS**”) as per the Companies (Indian Accounting Standards) Rules, 2015 (“**Accounting Standard Rules**”) shall prepare their financial statements in accordance with Ind AS notified by the Government of India and shall comply with the regulatory guidance specified in the Master Directions. Disclosure requirements for notes to accounts specified in the Master Directions shall continue to apply. Other NBFCs shall comply with the requirements of notified Accounting Standards (AS) insofar as they are not inconsistent with Master Directions. 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 commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. The Accounting Standard Rules were subsequently amended by MCA press release dated March 30, 2016. The Accounting Standard Rules stipulates 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, 2023 onwards with comparatives for the periods ending on March 31, 2023 or thereafter. Accordingly, Ind AS is applicable to our Company with effect from April 1, 2023.

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. The said circular is applicable on NBFCs covered by Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015. 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. NBFCs whose equity or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having net worth less than rupees five hundred crore shall comply with the Indian Accounting Standards (Ind AS) for accounting periods beginning on or after the 1st April, 2019, with comparatives for the periods ending on 31st March, 2019, or thereafter.

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-NSI (NBFC-BL). RBI, vide notification dated November 26, 2015 titled “Online Returns to be submitted by NBFCs-Revised” changed the periodicity of NDSI returns from monthly to quarterly.

Implementation of Green Initiative of the Government

All NBFCs are required take proactive steps for increasing the use of electronic payment systems, elimination of post-dated cheques and gradual phase-out of cheques in their day to day business transactions which would result in more cost-effective transactions and faster and accurate settlements.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND-NSI (NBFC-BL) is required to submit to the Board of Directors of the Company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Master Direction – Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ND-NSI (NBFC-BL), the auditor shall make a separate report to the Board of Directors of the company on *inter alia* examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on 31st March of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public

deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI).

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-NSI (NBFC-BL) is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding inter alia asset liability mismatches and interest rate risk, quarterly report on branch information, and Central Repository of Information on Large Credits (“CRILC”) on a quarterly basis as well as all Special Mention Accounts-2 (“SMA-2”) status on a weekly basis to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

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-NSI (NBFC-BL). RBI, vide notification dated November 26, 2015 titled “Online Returns to be submitted by NBFCs-Revised” changed the periodicity of NDSI returns from monthly to quarterly.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All NBFCs-BL may start with developing basic IT systems mainly for maintaining the database. The Company shall have a board approved Information Technology policy/Information system policy. This policy may be designed considering the basic standards stipulated in the Master Directions and must be implemented by applicable NBFCs by September 30, 2018.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

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.

Financing of NBFCs by bank

The RBI has issued guidelines vide a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against Gold has directed banks to (i) reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks’ capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks’ capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

Norms for excessive interest rates

In addition, the RBI has introduced vide a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of

risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Supervisory Framework

In order to ensure adherence to the regulatory framework by NBFCs-BL, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavourable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI, it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

Ombudsman scheme for customers of NBFCs

The RBI in public interest and to make the alternate dispute redress mechanism simpler and more responsive integrated the three Ombudsman schemes – (i) the Banking Ombudsman Scheme, 2006, as amended up to July 01, 2017; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019 into the Reserve Bank - Integrated Ombudsman Scheme, 2021 (the “**Scheme**”). Every NBFC shall appoint Principal Nodal Officer in accordance with directions provided under the said Scheme. Further, NBFCs fulfilling the criteria laid down under the circular on ‘Appointment of Internal Ombudsman by Non-Banking Financial Companies’ dated November 15, 2021 shall appoint the Internal Ombudsman and adhere to the corresponding guidelines.

Any customer aggrieved by an act or omission of a Regulated Entity resulting in deficiency in service may file a complaint under the Scheme personally or through an authorised representative as defined under the Scheme.

Asset Liability Management

The RBI has prescribed the Guidelines for asset liability management (“ALM”) system in relation to NBFCs through LRM Framework (“**LRM Framework**”). The LRM Framework provide that the applicable NBFCs should ensure sound and robust liquidity risk management system, the board of directors of the NBFC shall frame a liquidity risk management framework which ensures that it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The liquidity risk management policy should spell out the entity-level liquidity risk tolerance; funding strategies; prudential limits; system for measuring, assessing and reporting/ reviewing liquidity; framework for stress testing; liquidity planning under alternative scenarios/formal contingent funding plan; nature and frequency of management reporting; periodical review of assumptions used in liquidity projection; etc.

The NBFC shall appoint risk management committee (“**RMC**”) consisting of chief executive officer (“**CEO**”)/ managing director (“**MD**”) and heads of various risk verticals, who shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk. Further, applicable NBFCs have to constitute asset liability management committee (“**ALCO**”) consisting of the NBFC's top management shall be responsible for ensuring adherence to the risk tolerance/limits set by the board of directors as well as implementing the liquidity risk management strategy of the NBFC. The CEO/ MD or the Executive Director (ED) should head the Committee. The role of the ALCO with respect to liquidity risk should include, *inter alia*, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches. In addition to RMC and ALCO, applicable NBFCs shall constitute asset liability management support group (“**ALM Support Group**”). ALM Support Group consist of the operating staff responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO. The maturity profile should

be used for measuring the future cash flows of NBFCs in different time buckets. Within each time bucket, there could be mismatches depending on cash inflows and outflows. While the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems, the main focus shall be on the short-term mismatches, viz., 1-30/ 31 days. The net cumulative negative mismatches in the statement of structural liquidity in the maturity buckets 1-7 days, 8-14 days, and 15-30 days shall not exceed 10 percent, 10 percent and 20 per cent of the cumulative cash outflows in the respective time buckets. NBFCs, however, are expected to monitor their cumulative mismatches (running total) across all other time buckets upto 1 year by establishing internal prudential limits with the approval of the board of directors. NBFCs shall also adopt the above cumulative mismatch limits for their structural liquidity statement for consolidated operations. Other than liquidity risk the applicable NBFC has to currency risk and interest rate risk under the terms of LRM Framework.

Foreign Investment Regulations

Foreign investment in Indian securities is regulated through the Consolidated Foreign Direct Investment (“FDI”) Policy and Foreign Exchange Management Act, 1999 (“FEMA”). The government bodies responsible for granting foreign investment approvals are the concerned ministries/ departments of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments. Subsequently, the DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the “SOP”). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the “Competent Authority”) for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict FEMA prevails.

The Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified by RBI on October 17, 2019, regulate investment in India by a person resident outside India in listed NCDs.

The Consolidated FDI Policy consolidates the policy framework in place as on August 27, 2017. Further, on January 4, 2018 the RBI released the Master Direction on Foreign Investment in India. Under the approval route, prior approval from the relevant ministry and competent authorities, as per the procedure established under the Standard Operating Procedure for Processing FDI Proposals (“SOP”) dated June 29, 2017 or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, 100 per cent FDI/ Non-Resident Indian (“NRI”) investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

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 lakh; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 10 lakh where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 10 lakh. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

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

RBI Notification dated December 3, 2015, titled “Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards” states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document ‘Improving Global AML/CFT Compliance: on-going process’ as on October 23, 2015.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI Act”)

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is a Non - Performing Asset (“NPA”). Securitisation Companies and Reconstruction Companies (“SCs/RCs”) are required to obtain, for the purpose of enforcement of security interest, the consent of secured creditors holding not less than 60 per cent of the amount outstanding to a borrower as against 75 per cent. While taking recourse to the sale of secured assets in terms of Section 13(4) of the SARFAESI Act, a SC/RC may itself acquire the secured assets, either for its own use or for resale, only if the sale is conducted through a public auction.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issued by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a “without recourse” basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016

(which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting inter alia any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act.

Further, in accordance with Ministry of Finance notification no. S.O. 856(E) dated February 24, 2020, the eligibility limit for enforcement of security interest with respect to secured debt recovery by NBFCs (having assets worth ₹ 10,000 lakh and above) has been reduced from ₹ 1 Crore to ₹ 50 lakh.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code) was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

RBI vide its circular dated June 7, 2019, laid down the Prudential Framework for Resolution of Stressed Assets whereby prescribing the regulatory approach for resolution of stressed assets *inter alia* by: (i) early recognition and reporting of default by banks, financial institutions and NBFCs in respect of large borrowers; (ii) Affording complete discretion to lenders with regard to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation; (iii) Laying down a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings; (iv) Withdrawal of asset classification dispensations on restructuring. Future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period; and (v) Requiring the mandatory signing of an inter-creditor agreement (ICA) by all lenders, which will provide for a majority decision making criteria. MCA vide notification dated November 15, 2019, issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 (“FSP Rules”) *inter alia* governing the corporate insolvency resolution process and liquidation process of Financial Service Providers (FSPs) under the Bankruptcy Code. The issuance of the FSP Rules has made viable and unified resolution process accessible for the FSPs and their creditors with some procedural differences.

Companies Act, 2013

The Companies Act, 2013 (“Companies Act”) has been notified by the Government of India on August 30, 2013 (the “Notification”). Under the Notification, Section 1 of the Companies Act has come into effect and the remaining provisions of the Companies Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the Companies Act deals with the commencement and application of the Companies Act and among others sets out the types of companies to which the Companies Act applies. Further the Ministry of Corporate Affairs has by their notifications dated September 12, 2013 and March 26, 2014 notified certain sections of the Companies Act, which have come into force from September 12, 2013 and April 1, 2014.

The Companies Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, requirements for independent directors, director’s liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act. As mentioned above, certain provisions of the Companies Act, 2013 have already come into force and the rest shall follow in due course.

Under the Companies Act every company having net worth of ₹50,000 lakh or more, or turnover of ₹1,00,000 lakh or more or a net profit of ₹ 500 lakh or more during the immediately preceding financial year shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its corporate social responsibility policy.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter-alia

registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. The Company is required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trademarks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

At the meeting of the Board of Directors of our Company held on May 26, 2023, the Board approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount amounting up to ₹30,000 lakh in three tranches and Debenture Committee vide resolution dated September 21, 2023 approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount aggregating up to ₹5,000 lakh, with an option to retain oversubscription up to ₹5,000 lakh aggregating up to ₹10,000 lakh.

The following are the key terms of the NCDs. This section should be read in conjunction with and is qualified in its entirety by more detailed information in “*Terms of the Issue*” beginning on page 181.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Listing Agreement, SEBI Listing Regulations, and the Companies Act, 2013, the RBI Act, the terms of this Draft Prospectus, the Prospectus the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the Government of India, and other statutory/regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the NCDs / term sheet are as follows:

Principal Terms and Conditions of the Issue

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

Issuer	Chemmanur Credits and Investments Limited
Security Name (Name of the non-convertible securities which includes (Coupon/dividend, Issuer Name and maturity year) e.g. 8.70% XXX 2015.	CCILNCD2 For Coupon and Maturity Year, please refer to ‘ <i>Terms of NCDs</i> ’ on page 177
Type of instrument	Secured, Redeemable, Non-Convertible Debentures
Nature of the Instrument	Secured, Redeemable, Non-Convertible Debentures
Mode of the 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., ₹3,750 lakh
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	Mitcon Credentia Trusteeship Services Limited (formerly known as MITCON Trusteeship Services Limited)
Issue Size	Public issue of Secured, Redeemable, Non-convertible Debentures of our Company of face value of ₹1,000 each amounting up to ₹5,000 lakh, with an option to retain over-subscription up to ₹5,000 lakh, aggregating up to ₹10,000 lakh, on the terms and in the manner set forth herein
Base Issue	₹5,000 lakh
Seniority	Senior
Stock Exchange proposed for listing of the NCDs	BSE Limited
Listing and timeline for Listing	The NCDs shall be listed within 6 Working Days of Issue Closure
Depositories	NSDL and CDSL
Description regarding security (where applicable) including type of security (movable/ immovable/ tangible etc.) type of charge (pledge/ hypothecation/	The principal amount of the NCDs to be issued in terms of the Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves

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	created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State bank of India, Canara Bank, Dhanlaxmi Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs. The securities so created pursuant to the security documents shall be registered with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), Depository or any other institution, as applicable, within 30 days of creation of charge. The date of creation of the security for the NCDs shall be on or before making final listing application. Replacement of security – Our Company shall within such period as may be permitted by the Debenture Trustee, furnish to the Debenture Trustee as additional security, if the Debenture Trustee is of the opinion that during the subsistence of these presents, the security for the NCDs has become inadequate on account of the margin requirement as provided in the financial covenants and conditions and the Debenture Trustee has, accordingly, called upon our Company to furnish such additional security. In such case, our Company shall, at its own costs and expenses, furnish to the Debenture Trustee such additional security, in form and manner satisfactory to the Debenture Trustee, as security for the NCDs and upon creation of such additional security, the same shall vest in the Debenture Trustee subject to all the trusts, provisions and covenants contained in these presents. For further details, please refer to the Debenture Trust Deed. Minimum security cover: Please refer to “- Security Cover” below. Interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deeds and disclosed in the Draft Prospectus.
Security Cover	Our Company shall maintain a minimum 100% security cover or higher on the outstanding balance of the NCDs plus accrued interest thereon.
Who can apply*	Category I • Resident public financial institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds of minimum corpus of ₹2,500 lakh, pension funds of minimum corpus of ₹2,500 lakh, 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 aggregating to a value exceeding ₹5 lakh. Category III* - Resident Indian individuals; and - Hindu undivided families through the Karta. * applications aggregating to a value not more than ₹5 lakh												
Credit Rating	<table><tr><th>Rating Agency</th><th>Instrument</th><th>Rating symbol</th><th>Date of credit rating letter</th><th>Amount rated (in ₹ lakh)</th><th>Rating Definition</th></tr><tr><td>CRISIL Ratings Limited</td><td>Non-Convertible Debentures</td><td>CRISIL BBB-/Stable</td><td>July 20, 2023</td><td>10,000</td><td>Instrument with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instrument carry moderate credit risk.</td></tr></table>	Rating Agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated (in ₹ lakh)	Rating Definition	CRISIL Ratings Limited	Non-Convertible Debentures	CRISIL BBB-/Stable	July 20, 2023	10,000	Instrument with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instrument carry moderate credit risk.
Rating Agency	Instrument	Rating symbol	Date of credit rating letter	Amount rated (in ₹ lakh)	Rating Definition								
CRISIL Ratings Limited	Non-Convertible Debentures	CRISIL BBB-/Stable	July 20, 2023	10,000	Instrument with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instrument carry moderate credit risk.								
Pay-in date	Application Date. The entire Application Amount is payable on Application												
Application money	The entire Application Amount is payable on submitting the Application												
Mode of payment	Please see “Issue Procedure” on page 195.												
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												
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	Please refer chapter titled “Terms of the Issue” on page 181.												
Issue Schedule	The Issue shall be open from [●] to [●] **												
Objects of the Issue	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 45.												
Put/Call Option	None												
Put date	Not Applicable												

Put price	Not Applicable
Call date	Not Applicable
Call price	Not Applicable
Put notification time	Not Applicable
Call notification time	Not Applicable
Face Value	₹ 1,000 (₹/NCD)
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled “Objects of the Issue” on page 45.
Coupon rate and redemption premium	Please refer to the chapter titled “Terms of the Issue” on page 181.
Step Up/Step Down Coupon Rate	Not Applicable
Coupon Payment Frequency	Please refer chapter titled “Terms of the Issue” on page 181.
Coupon Payment Dates	Please refer chapter titled “Terms of the Issue” on page 181.
Coupon types (fixed, floating or other structure)	Please refer chapter titled “Terms of the Issue” on page 181.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	Not Applicable
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 Opening Date	[●]
Issue Closing Date	[●]
Issue Timing	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 minimum period of 3 working days and a maximum period of 10 working days from the date of opening of the issue and subject to not exceeding thirty 30 days from filing the Prospectus with ROC) including any extensions), as may be decided by the Board of Directors of our Company (“Board”) or the Debenture Committee, subject to relevant approvals, in accordance with SEBI NCS Regulations. 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 an English national daily newspaper and a regional daily newspaper in the state of Kerala with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.
Default Interest Rate	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed
Depository	NSDL and CDSL
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
Interest on Application Money	Not Applicable

Tenor	Please refer chapter titled “Terms of the Issue” on page 181.
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date
Redemption Date	Please refer chapter titled “Terms of the Issue” on page 181.
Redemption premium/discount	Not Applicable
Transaction documents	The Draft Prospectus and the Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Public Issue Account 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 236.
Affirmative and Negative covenants precedent and subsequent to the Issue	The covenants precedent and subsequent to the Issue will be finalised upon execution of the Debenture Trust Deed which shall be executed within timeline as specified under Regulation 18 of SEBI NCS Regulations. Further, in the event our Company fails to execute the Debenture Trust Deed within a period specified under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed
Conditions precedent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedents to disbursement.
Conditions subsequent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedents to disbursement.
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 184.
Creation of recovery expense fund	The creation of recovery expense fund will be finalised upon the execution of the Debenture Trust Deed, as applicable in accordance with the applicable provisions of SEBI NCS Regulations, SEBI Debenture Trustee Master Circular and other applicable laws.
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	The conditions for breach of covenants will be finalised upon execution of the Debenture Trust Deed which shall be executed within the period specified under Regulation 18 of SEBI NCS Regulations.
Cross Default	Please refer to the chapter titled “Terms of Issue – Events of Default” on page 184.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled “Terms of Issue – Debenture Trustees for the NCD Holders” on page 183.
Risk Factors pertaining to the Issue	Please refer to the chapter titled “Risk Factors” on page 16.
Settlement Mode	Please refer to the chapter titled “Terms of Issue - Payment on Redemption” on page 191.
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 Thrissur, Kerala.

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 minimum period of 3 Working Days and a maximum period of 10 Working Days from the date of the issue and subject to not exceeding 30 days from the date of filing of the Prospectus with ROC including any extensions) as may be decided by the Board of Directors of our Company (“Board”) or the Debenture Committee, subject to approvals, in accordance with the SEBI NCS Regulations. 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 an English national daily newspaper and a regional daily newspaper in the state of Kerala with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.**

(b) In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this Issue of NCDs in dematerialized form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of rematerialisation, if the NCDs were originally issued in dematerialized form.

*Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, the Applicants should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please refer to “Issue Procedure” on page 195.

Terms of NCDs

Tenure	366 Days	18 Months	24 Months	36 Months	60 Months	12 Months	24 Months	74 Months
Nature	Secured							
Options	I	II	III	IV	V	VI	VII	VIII
Frequency of interest Payment	Monthly	Monthly	Monthly	Monthly	Monthly	Cumulative	Cumulative	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	9.50%	10.50%	10.75%	11.00%	11.50%	NA	NA	NA
Effective Yield % Per Annum	9.92%	11.02%	11.30%	11.57%	12.13%	9.50%	10.75%	11.90%
Redemption Amount of ₹ 1000	1,000	1,000	1,000	1,000	1,000	1,095	1,226.56	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, III, IV and V at the following rates of interest in connection with the relevant categories of Debenture holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of NCD Holder	Rate of Interest (p.a.) for the following tenures				
	Option I	Option II	Option III	Option IV	Option V
	366 Days	18 Months	24 Months	36 Months	60 Months
All categories (%)	9.50%	10.50%	10.75%	11.00%	11.50%

For avoidance of doubt where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options if the Deemed Date of Allotment is on or prior to the fifteenth of that month, interest for that month will be paid on first day of the subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

2. Cumulative interest payment options

Option VI, VII and VIII of the NCDs shall be redeemed as below:

Category of NCD Holder	Redemption Amount (per NCD)		
	Option VI	Option VII	Option VIII
	12 Months	24 Months	74 Months
All categories (₹)	1,095	1,226.56	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 Master Circular.

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 applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. 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 The Issue – Manner of Payment of Interest / Redemption Amounts*” on page 189.

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.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the “**Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Draft Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

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 195.

TERMS OF THE ISSUE

Authority for the Issue

At the meeting of the Board of Directors of our Company held on May 26, 2023 approved the public issue of Secured, Redeemable, Non-Convertible Debenture amounting up to of ₹30,000 lakh in three tranches and Debenture Committee vide resolution dated September 21, 2023 approved the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount aggregating up to ₹5,000 lakh, with an option to retain oversubscription up to ₹5,000 lakh aggregating up to ₹10,000 lakh.

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 AGM held on September 29, 2014.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Application Forms, the terms and conditions of the Debenture Trusteeship Agreement, the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, the Government of India, BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs

The NCDs being offered through this Issue would constitute direct and secured obligations of the Company and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first ranking *pari passu* charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State bank of India, Canara Bank, Dhanlaxmi Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs.

Security

The Issue comprises of public issue of NCDs of face value of ₹1,000 each.

The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, loans and advances both present and future of the Company (excluding (a) reserves created in accordance with law; (b) receivables of the Company, fixed deposits, cash collateral, immovable and movable assets over which exclusive charge is created in favour of State bank of India, Canara Bank, Dhanlaxmi Bank or any other lender), such that a security cover to the extent of 1 (one) time of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the redemption of NCDs.

Our Company will create the security for the NCDs in favour of the Debenture Trustee for the Debenture Holders holding the NCDs on the assets to ensure 100.00% security cover of the amount outstanding including interest in respect of the NCDs at any time.

Our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof intends to enter into a deed of agreement with the Debenture Trustee, ("**Debenture Trust Deed**"), the terms of which shall govern the appointment of the Debenture Trustee and the issue of the NCDs.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding the NCDs the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rate specified in this Draft Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security subject to prior written consent of the Debenture Trustee and/or may replace with another asset of the same or a higher value.

Our Company confirms that the Issue Proceeds shall be kept in the Public Issue Account until the documents for creation of security i.e., the Debenture Trust Deed, is executed.

Further, in the event our Company fails to execute the Debenture Trust Deed within a period as specified under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. to each Secured NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed.

Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI NCS Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, As amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, a NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures issued through public issue, maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures issued through public issue, maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws.

Recovery Expense Fund

Pursuant to the SEBI Debenture Trustee Master Circular, the creation of the recovery expense fund shall be in accordance with the aforementioned circular, as may be amended from time to time.

Face Value

The face value of each NCD to be issued under this Issue shall be ₹1,000.

Debenture Holder not a Shareholder

The Debenture Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided under the Companies Act, 2013, our Memorandum of Association and Articles of Association and/or the Debenture Trust Deed, confer upon the NCD Holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. The opinion of the Debenture Trustee as to whether such resolution is affecting the right attached to

the NCDs is final and binding on NCD Holders. In terms of Section 136 of the Companies Act, 2013, the NCD Holders shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.

2. Subject to applicable statutory/ regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by them.
4. The NCDs are subject to the provisions of the SEBI NCS Regulations, the applicable provisions of Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Abridged Prospectus, the Application Form, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. For the NCDs issued in dematerialized form, the Depositories shall also maintain updated records of holders of the NCDs in dematerialized Form. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD Holders.
6. Subject to compliance with applicable statutory requirements, the NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 15 days' prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the NCDs of all the NCD Holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of this Draft Prospectus and the Debenture Trust Deed.

Debenture Trustees for the NCD Holders

We have appointed MITCON Credentia Trusteeship Services Limited (formerly known as MITCON Trusteeship Services Limited) to act as the Debenture Trustees for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to the NCDs. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the Debenture Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost. It is the duty of the debenture trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Our Company shall not create any further encumbrances on the Security except with the prior approval of the Debenture Trustee. In the event of such request by our Company, the Debenture Trustee shall provide its approval for creation of further charges provided that our Company provides a certificate from a chartered accountant stating that after creation

of such further charges, the required Security cover is maintained.

At any time before the Security constituted hereunder becomes enforceable, the Debenture Trustee, may, at the request of our Company and without any consent of the NCD Holders, do or concur our Company in doing all or any of the things which our Company might have done in respect of the Security as if no security had been created and particularly, but not by way of limitation, the following assent to any modification of any contracts or arrangements which may be subsisting in relation to the Security.

Events of Default

Subject to the terms of the Debenture Trust Deed and the Debenture Trustee, at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the Debenture Holders, (subject to being indemnified and/or secured by the Debenture Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice inter alia if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deed:

- (i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
- (ii) default is committed in payment of any interest on the NCDs on the due date(s).

Market Lot and Trading Lot

Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment, see “*Issue Procedure*” on page 195.

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 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 Thrissur, Kerala, India.

Application in the Issue

Applicants shall apply in this Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only (including Applications made by UPI Investors under the UPI Mechanism).

In terms of Regulation 7 of the SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialize the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD (“**Market Lot**”). Allotment in this Issue to all Allottees, will be in electronic form i.e., in dematerialised form and in multiples of one NCD.

For details of allotment please see “*Issue Procedure*” on page 195.

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 NCDs held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of Debenture Holders as Debenture Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the Debenture Holder.

No transfer of title of NCD will be valid unless and until entered on the Register of Debenture Holders or the register and index of Debenture Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Debenture Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act/ the relevant provisions of the Companies Act applicable as on the date of this 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

Subject to SEBI circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022 dated January 25, 2022, 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. However, NCDs held in physical form, pursuant to any re-materialisation, as above, cannot be transferred. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

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 an English national daily newspaper and a regional daily newspaper in the state of Kerala, with wide circulation.

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 minimum period of 3 Working Days and a maximum period of 10 Working Days from the date of the issue and subject to not exceeding 30 days from the date of filing of the Prospectus with ROC including any extensions) as may be decided by the Board of Directors of our Company (“**Board**”) or the Debenture Committee, subject to approvals, in accordance with the SEBI NCS Regulations. 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 an English national daily newspaper and a regional daily newspaper in the state of Kerala, with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

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

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this 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, “*Terms of The Issue- Manner of Payment of Interest / Redemption Amounts*” on page 189.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) working 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 Master Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the “**Effective Date**”), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Master Circular shall be disclosed in the Prospectus.

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 366 days from the Deemed Date of Allotment for Option I, 18 months from the Deemed Date of Allotment for Option II, 24 months from the Deemed Date of Allotment for Option III, 36 months from the Deemed Date of Allotment for Option IV, 60 months from the Deemed Date of Allotment for Option V, 12 months from the Deemed Date of Allotment for Option VI, 24 Months from the Deemed Date of Allotment for Option VII, 74 Months from the Deemed Date of Allotment for Option VIII.

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 to VIII) NCDs either taken individually or collectively) and in multiples of ₹1,000 thereafter.

Applicants can apply for any or all options of NCDs offered hereunder provided the Applicant has applied for minimum Application size using the same Application Form.

Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹1,000 per NCD is blocked in the ASBA Account on Application itself. In case of Allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on Application in accordance with the terms of this Draft 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 "*Terms of The Issue- Procedure for Re-materialization of NCDs*" on page 186.

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 lakh, 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 7 (seven) working days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the Debenture Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements.

Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by Debenture Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the Debenture Holder at the time of redemption and the redemption proceeds would be paid to those Debenture Holders whose names stand in the register of Debenture Holders maintained by us on the Record Date fixed for the purpose of redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the Debenture Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. Debenture Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those Debenture Holders whose names stand in the register of Debenture Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see “*Terms of The Issue- Payment on Redemption*” on page 191.

NCDs held in electronic form:

No action is required on the part of Debenture Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialisation

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the redemption date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those Debenture Holders whose names stand in the Register of Debenture Holders maintained by us/Registrar to the Issue on the Record Date fixed for the purpose of redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least 7 (seven) working days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 (seven) working days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties *inter se* and no claim or action shall lie against us or the Registrar.

Our liability to holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the Debenture Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories’ records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of Debenture Holders.

Our liability to Debenture Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the Debenture Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the Debenture Holders available with us, and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the Debenture Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Kerala and/or will be sent by post/ courier or through email or other electronic media to the registered holders of the NCD(s) from time to time.

Issue of duplicate NCD Certificate(s)

If any NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, provided stipulated security cover is maintained on the NCDs and after obtaining the consent of, or providing intimation to, the NCD Holders or the Debenture Trustee regarding the creation of a charge over such security.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less

than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close this Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription (75% of the Base Issue, i.e. ₹3,750 lakh). 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. ₹ 3,750 lakh, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within eight 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 eight Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V of SEBI NCS Regulations in compliance with the Regulation 30 of SEBI NCS Regulations. Material updates, if any, between the date of filing of 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 this Draft Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* 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 options, such option(s) of NCDs shall not be listed. If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus.

Guarantee/Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for this Issue.

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. Our Board shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in the Company's financial statements for the relevant financial year commencing from financial year 2022-23, 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 Master Circular, all Applicants are required to apply for in the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs. Further, pursuant to the SEBI Master 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 ₹5 lakh or less. The UPI Mechanism is applicable for public issue of debt securities which open for subscription on or after January 1, 2021. Accordingly, payment through the UPI Mechanism shall be available for the Issue. SEBI, vide the SEBI Master Circular has also introduced an additional mode for application in public issues of debt securities through an online (app/web) interface to be provided by the stock exchanges. In this regard, SEBI has also stipulated that the stock exchanges formulate and disclose the operational procedure for applying through the app/web based interface developed by them for making applications in public issues through the stock exchange's website. Since, BSE is the Designated Stock Exchange for the Issue, BSE's online platform BSE Direct, shall be available to UPI Investors to make an application under the UPI Mechanism, in accordance with the operational procedures notified by BSE vide notifications dated December 28, 2020.

Applicants should note that they may submit their Application Forms (including in cases where Applications are being made under the UPI mechanism) at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e., to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations or (iii) through BSE Direct, the app and/or web based interface/platform of the Stock Exchange, as applicable. For further information, please see "Issue Procedure - Submission of Completed Application Forms" on page 213.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.

Please note that this section has been prepared based on the requirements notified by the SEBI Master Circular and the notifications issued by BSE, in relation to the UPI Mechanism.

Further, our Company, the Lead Manager and the Members of the Syndicate do not accept any responsibility for any adverse occurrence consequent to the implementation of the UPI Mechanism for application in the Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE STOCK EXCHANGE.

For purposes of this Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e., period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Saturday, Sundays and bank holidays in Mumbai, as per the SEBI NCS Regulations.

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

The Abridged Prospectus containing the salient features of this Draft Prospectus together with Application Form may be obtained from:

- (a) Our Company's Registered 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 up to ₹5 lakh, 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 lakh, pension funds of minimum corpus of ₹2,500 lakh, 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 lakh.

Category III*#

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

** applications aggregating to a value not more than ₹5 lakh.*

applications upto a value of ₹5 lakh 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:

- 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);
- 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;
- Persons resident outside India and other foreign entities;
- Foreign Portfolio Investors;
- Foreign Venture Capital Investors;
- Qualified Foreign Investors;
- Overseas Corporate Bodies; and
- Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please see “Issue Procedure- *Rejection of Applications*” on page 215 for information on rejection of Applications.

Method of Application

In terms of the SEBI Master Circular, an eligible Investor desirous of applying in this Issue can make Applications

through the ASBA mechanism only. Applicants are requested to note that in terms of the SEBI Master Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the SEBI Master Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism. Further, SEBI vide the SEBI Master Circular has directed the stock exchanges in India to formulate and disclose the operational procedure for making an application through the app/web based interface developed by them in order for investors to apply in public issue on their websites.

All Applicants shall mandatorily apply in the Issue either through:

1. the ASBA process (including UPI Investors). Applicants intending to subscribe in the Issue shall submit a duly filled Application Form to any of the Designated Intermediaries; or
2. UPI Investors having a valid UPI ID, through the app/web based interface platform of the Stock Exchange (BSE Direct) wherein the application would automatically be uploaded onto the Stock Exchange’s bidding platform and the amount will be blocked using the UPI Mechanism.

Additionally, certain SEBI registered UPI handles which can be accessed at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 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 SEBI Master 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 ₹5 lakh only.

BSE Limited, the Designated Stock Exchange, has vide notifications dated December 28, 2020, notified the detailed operational procedure for making an Application, under the UPI Mechanism, using BSE Direct. The detailed operational instructions and guidelines issued by the Stock Exchange can be accessed on the Stock Exchange’s website at www.bseindia.com.

Operational Instructions and Guidelines

Certain relevant operational instructions and guidelines, for using BSE Direct to make an Application in the Issue, are listed below:

a. General Instructions –

- i. Applicants are required to preregister themselves with BSE Direct. For the detailed process of registration and Applications under the BSE Direct Platform, see “*Issue Procedure- Process of Registration and Application on BSE Direct Platform/Mobile App*” on page 201.
- 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 Draft 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 up to ₹5 lakh through the UPI Mechanism.
- v. The mode of allotment for Applications made through the BSE Direct platform, shall mandatorily be in dematerialised form only.

b. Order Entry Parameters –

Pursuant to the SEBI Master 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.

Modification and cancellation of orders

- i. An Applicant shall not be allowed to add or modify the Application except for modification of either DP ID/Client ID, or PAN but not both.
- ii. The Applicant can withdraw the bid(s) submitted under a single Application and reapply.

- iii. The part cancellation of bid in a single Application will not be permitted.

For details of the process post the Application details being entered into the bidding platform of the Stock Exchange, see “*Issue Procedure- Submission of Applications – for Applications under the UPI Mechanism*” on page 206.

c. 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.

d. 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.

e. 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.

f. 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 ₹5 lakh.
- 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 ₹5 lakh.

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 ₹5 lakh.
- 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 “*Issue Procedure- Submission of Applications - for Applications under the UPI Mechanism*” on page 206.

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 “*Issue Procedure- Operational Instructions and Guidelines – Acceptance of the UPI Mandate*” on page 200.

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. Since 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/2019/104 dated October 1, 2019 (“**SEBI Circular 2019**”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 10% of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However, the overall exposure in HFCs shall not exceed the sector exposure limit 20% of the net assets of the scheme. Further, the group level limits for debt schemes and the ceiling be fixed at 10% of net assets value extendable to 15% of net assets value after prior approval of the board of trustees.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part,

in either case, without assigning any reason therefor.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non-Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements and a net worth certificate from its statutory auditor(s). Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making Applications on their own account using ASBA Facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("IRDAI"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefore.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "SEBI AIF Regulations") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefor.

Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by 'Associations of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions or Statutory Corporations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any act/rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

The Application must be accompanied by certified true copies of certified copy of certificate of the partnership deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form. Failing this, our Company reserves the right to

accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft 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 up to ₹5 lakh, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.
- (d) A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange. Post which:

- (i) **for Applications other than under the UPI Mechanism** – the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at <https://www.sebi.gov.in>). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form.
- (ii) **for Applications under the UPI Mechanism** – once the Application details have been entered in the bidding platform through Designated Intermediaries or BSE Direct, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. Post uploading of the Application details on the Stock Exchange's platform, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with the Applicants UPI ID, with the Sponsor Bank appointed by our Company. The Sponsor Bank shall then initiate a UPI Mandate Request on the Applicant. The request raised by the Sponsor Bank, would be electronically received by the Applicant as an SMS or on the mobile app, associated with the UPI ID linked bank account. The Applicant shall then be required to authorise the UPI Mandate Request. Upon successful validation of block request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account. The status of block request would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the Designated Intermediary.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

- (a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Draft 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 39. 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;
- All Applicants need to tick the Series of NCDs in the Application Form that they wish to apply for. Applications for all the Series of the NCDs may be made in a single Application Form only.
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Draft Prospectus and the Application Form;
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;
- It shall be mandatory for subscribers to the Issue to furnish their PAN and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction;
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. 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. Please ensure that such Applications contain the PAN of the HUF and not of the Karta;
- Applicants must provide details of valid and active DP ID, Client ID and PAN, clearly and without error. On the basis of such Applicant’s active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same option or across different option;
- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- All Applicants are required to ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;
- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;
- All Applicants are required to check if they are eligible to apply as per the terms of this Draft Prospectus and applicable law, rules, regulations, guidelines and approvals;
- Every Applicant should hold valid Permanent Account Number and mention the same in the Application Form;

- All Applicants are required to tick the relevant column of “Category of Investor” in the Application Form;
- All Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant’s bank records, otherwise the Application is liable to be rejected;
- A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant’s responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be; and
- In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchange, the Applicants should ensure that they have first withdrawn their original Application and submit a fresh Application.

The option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

B. Applicant’s Beneficiary Account Details

Applicants must mention their DP ID, Client ID and UPI ID (wherever applicable) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant’s name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID, PAN and UPI ID (wherever applicable) mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID, PAN and UPI ID (wherever applicable) available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue. Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants’ sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, Sponsor Bank nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the parameters, namely, DP ID, Client ID, PAN and UPI ID (wherever applicable) then such Application are liable to be rejected.

C. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e., either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in this Draft Prospectus and in multiples of thereafter as specified in this Draft 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 lakh shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e., Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of this Draft 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 39.
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 an 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 “Issue Procedure- Operational Instructions and Guidelines – Applicant’s Responsibilities” on page 200.

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 “Issue Procedure- Rejection of Applications” on page 215 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 ₹5 lakh, 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 ₹5 lakh) 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 <u>physical Application Form</u>, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (ii) If using <u>electronic Application Form</u>, to the SCSBs, electronically through internet banking facility, if available.
Applications under the UPI Mechanism	(i) Through the Designated Intermediary, physically or electronically, as applicable; or (ii) Through BSE Direct.

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

- (a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications (including those under the UPI Mechanism) using the on-line facilities of the Stock Exchange. The Members of Syndicate, our Company and the Registrar to the Issue or the Lead Manager is not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (vi) any Application made under the UPI Mechanism, accepted or uploaded or failed to be uploaded by a Designated Intermediary or through the app/web based interface of the Stock Exchange and the corresponding failure for blocking of funds under the UPI Mechanism.

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

- (b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be

available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see “*General Information – Issue Programme*” on page 39.

(c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD

- Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Location
 - Application amount
- (e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.
- (f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.
- (g) The permission given by the Stock Exchange to use its network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange
- (h) **Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment.** The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or the Debenture Committee thereof, reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- (a) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Applications by persons prohibited from buying, selling or dealing in securities, directly or indirectly, by SEBI or any other regulatory authority;
- (c) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;
- (d) Applications not being signed by the sole/joint Applicant(s);
- (e) Investor Category in the Application Form not being ticked;
- (f) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;

- (g) Applications where a registered address in India is not provided for the non-Individual Applicants;
- (h) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);
- (i) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- (j) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian when PAN of the Applicant is not mentioned;
- (k) DP ID, Client ID or UPI ID (wherever applicable) not mentioned in the Application Form;
- (l) GIR number furnished instead of PAN;
- (m) Applications by OCBs;
- (n) Applications for an amount below the minimum Application size;
- (o) Submission of more than five ASBA Forms per ASBA Account;
- (p) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- (q) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;
- (r) Applications accompanied by stock invest/ cheque/ money order/ postal order/ cash;
- (s) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- (t) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;
- (u) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- (v) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;
- (w) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;
- (x) ASBA Applications not having details of the ASBA Account or the UPI-linked Account to be blocked;
- (y) In case no corresponding record is available with the Depositories that matches the parameters namely, DP ID, Client ID, UPI ID and PAN;
- (z) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- (aa) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

- (bb) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- (cc) Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- (dd) Applications by any person outside India;
- (ee) Applications not uploaded on the online platform of the Stock Exchange;
- (ff) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- (gg) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, this Draft Prospectus and as per the instructions in the Application Form and this Draft Prospectus;
- (hh) Applications by Applicants whose demat accounts have been ‘suspended for credit’ pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- (ii) Applications providing an inoperative demat account number;
- (jj) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;
- (kk) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);
- (ll) Investor category not ticked;
- (mm) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;
- (nn) A UPI Investor applying through the UPI Mechanism, not having accepted the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the stock exchange except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day; and
- (oo) A non-UPI Investor making an Application under the UPI Mechanism, i.e., an Application for an amount more than ₹5 lakh.

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 ₹10,000 lakh. 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 lakh;
- (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 VIII of the NCDs shall not exceed a value more than ₹10,000 lakh.

(d) Applicant applying for more than one Options of NCDs:

If an Applicant has applied for more than one Options of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of oversubscription, the option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager will Allot the residual NCD (s) in the following order:

- (i) first with monthly interest payment in decreasing order of tenor i.e., Options V, IV, III, II and I;
- (ii) followed by payment on cumulative options in decreasing order of tenor i.e., Options VIII, VII and VI.

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: V, IV, III, II, I, VIII, VII and VI.

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.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB or the Sponsor Bank (for Applications under the UPI Mechanism), as applicable, to unblock the funds in the relevant ASBA Account/UPI linked bank account, for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts or the UPI linked bank accounts (for Applications under the UPI Mechanism) of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Applicants can withdraw their Applications until the Issue Closing Date. In case an Applicant wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite.

In case of Applications (other than under the UPI Mechanism) were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications (other than under the UPI Mechanism) submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. For Applications made under the UPI Mechanism, an Applicant shall not be allowed to add or modify the details of the Application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the Applicant may withdraw the Application and reapply.

However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. Please also see, “*Issue Procedure - Operational Instructions and Guidelines – Modification and cancellation of orders*” on page 202.

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 November 23, 2022 among our Company, the Registrar and CDSL and tripartite agreement dated November 11, 2022 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.
- (ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- (iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- (iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- (v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.
- (vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.
- (vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date.

In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including SEBI nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of investors is invited to the statement of '*Risk factors*' on page 16.

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, that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The issuer has no side letter with any debt securities holder except the one(s) disclosed in the offer document/offer document. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed."

Our Company undertakes that:

- (a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- (b) Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under

an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

- (d) Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
- (e) Undertaking by our Company for execution of the Debenture Trust Deed. Further, as per Regulation 18 of SEBI NCS Regulations, in the event our Company fails to execute the Debenture Trust Deed within a period specified under the said Regulation, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed;
- (f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust as stated in this Draft Prospectus and the Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e., ₹ 3,750 lakh 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;
- (h) Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time; and
- (i) The allotment of NCDs will be done on a first come, first serve basis. On the successful allotment of the NCDs, the issue proceeds will be released to the issuer to use in pursuance of the objects specified in this Draft Prospectus.

SECTION VIII - SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

1. In these regulations-

- a) “the Act” means the Companies Act, 2013
- b) “the seal” means the common seal of the Company

2. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

SHARE CAPITAL AND VARIATION OF RIGHTS

3. The authorized share capital of the company shall be as stated in clause V of the Memorandum of Association with power to increase or reduce, reconvert or subdivide the capital in accordance with the provisions of the Companies Act, 2013. Subject to the provisions of the Act and these Articles the shares in the capital of the company 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 and at such time as they may from time to time think fit.

4. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the Memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of the issue shall be provided;-

- (a) One certificate for all his shares without payment of any charges, or
- (b) Several certificate each for one or more of his shares, upon payment of 20 Rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

5.(i). If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii). The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the company.

6. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

7. (i) The company may exercise the powers of paying commissions conferred by subsection 6 of section 40, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made there under.

(ii) The rate or the amount of the commission shall not exceed the rate or amount prescribed in rules made under Subsection 6 of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

8. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of 3/4th of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least 2 persons holding at least 1/3rd of the issued shares of the class in question.

9. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

10. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

LIEN

11.(i) The company shall have a first and paramount lien-

(a) on every share (not being a fully paid share) , for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by the or his estate to the Company;

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of the clause.

(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

12. The company may sell, in such manner as the board thinks fit, any shares on which the company has a lien: Provided that no sale shall be made –

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

13. (i) To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

14. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

15. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of their nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no calls shall exceed one fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, paid to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

16. A call shall be deemed to have been made at the time when the resolution of the Board approving such call was passed and may be required to be paid by installments.

17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

18. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at 10% per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

19. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations 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.

20. The Board –

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, 12% p.a., as may be agreed upon between the board and the member paying the sum in advance.

TRANSFER OF SHARES

21. (i) The instrument of transfer of any shares in the company shall be executed by or on behalf of both the transferor and the transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

22. The Board may, subject to the right of appeal conferred by section 58 decline to register-

(a) The transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) Any transfer of shares on which the company has a lien.

23. The Board may decline to recognize any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares, to which it relates, and such other

evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

24. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

TRANSMISSION OF SHARES

25.(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

26. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

27. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

28. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

29. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

30. The notice aforesaid shall-

(a) Name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on

or before which the payment required by the notice is to be made; and

(b) State that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

31. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

32. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

33. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

34. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(iii) The transferee shall thereupon be registered as the holder of the share.

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

35. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

36. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

37. Subject to the provisions of section 61, the company may, by ordinary resolution,—

(a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

38. Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same

regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) Such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

39. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

(a) Its share capital;

(b) Any capital redemption reserve account; or

(c) Any share premium account.

CAPITALISATION OF PROFIT

40. (i) the company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) the sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause

(iii), either in or towards—

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(c) Partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

(e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

41. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) Make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) Generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

a) To make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks

fit, for the case of shares becoming distributable in fractions; and

b) To authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

BUY BACK OF SHARES

42. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

GENERAL MEETINGS

43. All general meetings other than annual general meeting shall be called extraordinary general meeting.

44. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

PROCEEDINGS AT GENERAL MEETINGS

45. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

46. The Chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

47. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

48. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

ADJOURNMENT OF MEETING

49. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

50. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(a) On a show of hands, every member present in person shall have one vote; and

(b) On a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

51. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

52. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.

53. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

54. Any business other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll.

55. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

56. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

57. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

58. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

59. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

60. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them

61. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

(iii) The Directors may also be paid sitting fees as decided by the Board from time to time within the limit prescribed by the Act as per rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

62. The Board may pay all expenses incurred in getting up and registering the company.

63. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

64. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

65. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

66.(i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

PROCEEDINGS OF THE BOARD OF DIRECTORS

67. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

68. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

69. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

70. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their numbers to be Chairperson of the meeting.

71. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

72. (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

73. (i) a committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

74. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

75. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER.

76. Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

77. A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

THE SEAL

78. (i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

DIVIDENDS AND RESERVE

79. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

80. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company:

81. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

82. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

83. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

84.(i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who, is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

85. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

86. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

87. No dividend shall bear interest against the company.

ACCOUNTS

88. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by Law or authorized by the Board or by the Company in General Meeting.

WINDING UP

89. Subject to the provisions of Chapter XX of the Act and rules made there under—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in-space or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

90. Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil, criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the Court or the Tribunal.

SECRECY

91. Every Director, Manager, Treasurer, Trustee, Member of Committee, Officer, Servant, Agent, Accountant, or other persons 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 Pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Board or by law or the person to whom such matters relate, except so far as may be necessary in order to comply with any of the provisions of these presents contained.

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 into by our Company. These contracts which are or may be deemed material shall be attached to the copy of the Prospectus to be delivered to the Registrar of Companies, Kerala and Lakshadweep for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the filing of the Prospectus with the RoC until the Issue Closing Date.

Material Contracts

1. Issue Agreement dated September 21, 2023 between the Company and the Lead Manager;
2. Registrar Agreement dated September 20, 2023 between the Company and the Registrar to the Issue;
3. Debenture Trustee Agreement dated September 15, 2023 between the Company and the Debenture Trustee;
4. Public Issue Account and Sponsor Bank 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 Members;
6. Tripartite Agreement dated November 23, 2022 between CDSL, the Company and the Registrar to the Issue; and
7. Tripartite Agreement dated November 11, 2022 between NSDL, the Company and the Registrar to the Issue.

Material Documents

1. Certificate of Incorporation of Company dated December 16, 2008, issued by Registrar of Companies, Kerala and Lakshadweep;
2. Memorandum and Articles of Association of the Company, as amended to date;
3. Certificate of commencement of business dated November 10, 2010, issued by the RoC.
4. Certificate of registration (no. N16-00185) June 10, 2010, issued by RBI under Section 45IA of the Reserve Bank of India Act, 1934.
5. Credit rating letter dated July 20, 2023 from CRISIL Ratings Limited, granting credit ratings to the NCDs;
6. At the meeting of the Board of Directors of our Company held on May 26, 2023, the Board approved the public issue of Secured, Redeemable, Non-Convertible Debenture, amounting up to ₹ 30,000 lakh in three tranches;
7. Copy of resolution of the Debenture Committee dated September 21, 2023 approving the public issue of Secured, Redeemable, Non-Convertible Debenture for an amount aggregating up to ₹ 5,000 lakh, with an option to retain oversubscription up to ₹5,000 lakh aggregating up to ₹ 10,000 lakh;
8. Copy of the resolution passed by the Shareholders of the Company at the Annual General Meeting held on September 29, 2014, approving the overall borrowing limit of Company;
9. Copy of the resolution of the Board of Directors dated [●] approving the Prospectus;
10. Consents in writing of Directors of our Company, Chief Executive Officer, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, legal advisor to the Issue, Lead Manager, the Registrar to the Issue, Credit Rating Agency, the Lenders/Bankers to our Company, Public Issue Account Bank, Refund Bank, Sponsor Bank, Syndicate Member, the Debenture Trustee, FSIAPL, 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;

11. Our Company has received written consent from the Statutory Auditor, namely C.M. Joseph & 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) Special Purpose Audited Financial Statements for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021; and (b) Limited Review Special Purpose Unaudited Financial Results for the quarter ended June 30, 2023, included in this Draft Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Draft Prospectus;
12. Industry report titled “Gold Loan Industry in India”, dated June 16, 2023 prepared and issued by Fitch Solutions India Advisory Private Limited (formerly known as IRR Advisory Services Private Limited);
13. The Special Purpose Audited Financial Statements for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 dated September 18, 2023, respectively, by the Statutory Auditor included herein;
14. The Limited Review Special Purpose Unaudited Financial Results for the quarter ended June 30, 2023 dated September 18, 2023 by the Statutory Auditor included herein;
15. Annual Reports of the Company for financial years 2023*, 2022 and 2021;

* Annual report for financial year 2023 is subject to approval of the shareholders.
16. Due diligence certificate dated [●] filed with SEBI by the Lead Manager;
17. In-principle listing approval letter dated [●] issued by BSE, for the Issue; and
18. Due diligence certificate dated September 21, 2023 filed with BSE by the Debenture Trustee.

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 the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

We further certify that all the disclosures and statements made in this Draft Prospectus are true and correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, 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 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. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Draft Prospectus. No information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association.

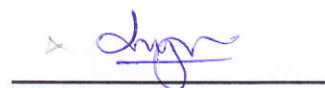
Signed by the Directors of our Company



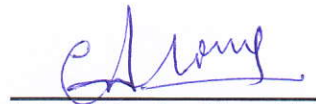
Chemmanur Devassykutty Bobby
Chairman & Managing Director
DIN: 00046095



Edathole Habeebul Rahiman
Independent Director
DIN: 06973269



Lijo Moothedan
Non- Executive Director
DIN: 00877403



Antony Sebastian Choorakkal
Independent Director
DIN: 10083087



Smitha Bobby
Non- Executive Director
DIN: 00046059

Date: 21/09/2023

Place: Thiruvananthapuram

ANNEXURE I- DAY COUNT CONVENTION

DAY COUNT CONVENTION

Interest on the NCDs shall be computed on an actual/actual basis for the broken period, if any. For Options I, II, III, IV and V the interest shall be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date of Allotment/anniversary date of Allotment till one day prior to the next anniversary/redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

For Options VI, VII and VIII interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs which have tenors on cumulative basis.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per NCD for all Categories of NCD Holders.

Company	Chemmanur Credits and Investments Limited	
Face Value	₹[●]	
Day and Date of Allotment (tentative)	[●] day, [●]	
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 [●]

Company	Chemmanur Credits and Investments Limited
Face Value	[●]
Day and date of Allotment (tentative)	[●]
Day and date of Redemption (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 ₹)
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]

Cash flow	Date of interest/redemption payment ⁽²⁾	No. of days in Coupon/maturity period	Amount (in ₹)
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]

Option [●]

Company	Chemmanur Credits and Investments Limited
Face Value	[●]
Day and Date of Allotment (tentative)	[●]
Day and date of Redemption (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 ₹)
[●]	[●]	[●]	[●]

NOTES:

1. Effect of public holidays has been ignored as these are difficult to ascertain for future period except January 26, April 1, May 1, August 15, October 2, day have been taken into consideration.
2. As per SEBI Operational Circular, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on the Working Day. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next day, which will be the next Working Day. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. However, if the redemption date of the debt securities falls on non- Working Day, the redemption proceeds shall be paid on the previous Working Day.
3. Deemed Date of Allotment has been assumed to be [●].
The last coupon payment will be paid along with maturity amount at the redemption date.

ANNEXURE II- CREDIT RATING LETTER AND RATIONALE

APPENDED OVERLEAF

RL/CHCAIL/324041/NCD/0723/66244/109897987
July 20, 2023



Mr. Pramod M
Chief Financial Officer
Chemmanur Credits and Investments Limited
Mangalodhayam Building
Round South
Thrissur - 680001
4872424010

Dear Mr. Pramod M,

Re: Review of CRISIL Rating on the Rs. 100 Crore Non Convertible Debentures of Chemmanur Credits and Investments Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, reaffirmed its CRISIL BBB-/Stable (pronounced as CRISIL triple B minus rating with Stable outlook) rating to the captioned Debt instrument. Securities with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such securities carry moderate credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Prashant Pratap Mane
Associate Director - CRISIL Ratings

Nivedita Shibui
Associate Director - CRISIL Ratings



Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301

CRISIL Ratings Limited

A subsidiary of CRISIL Limited, an S&P Global Company
Corporate Identity Number: U67100MH2019PLC326247

Rating Rationale

July 20, 2023 | Mumbai

Chemmanur Credits and Investments Limited

'CRISIL BBB-/Stable' assigned to Non Convertible Debentures

Rating Action

Total Bank Loan Facilities Rated	Rs.25 Crore
Long Term Rating	CRISIL BBB-/Stable (Reaffirmed)

Rs.100 Crore Non Convertible Debentures	CRISIL BBB-/Stable (Assigned)
Rs.100 Crore Non Convertible Debentures	CRISIL BBB-/Stable (Reaffirmed)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL BBB-/Stable**' rating to Rs.100 crore non-convertible debenture issue of Chemmanur Credits and Investments Ltd (Chemmanur Credits). The rating has been reaffirmed on other non-convertible debenture issue and long-term bank facilities of the company at '**CRISIL BBB-/Stable**'.

In terms of scale of operations, the company registered year-on-year growth of about 15% with assets under management (AUM) improving to Rs 408 crore as of March 2023 from Rs 355 crore as of March 2022. Out of the overall portfolio, 74% has been towards gold loans and remaining 26% has been towards microfinance, Small Business Loans and other loans. The focus of the company has been towards increasing proportion of gold loans and therefore, the company has started to diversify its branch network out of Kerala region. During fiscal 2023, the company opened 48 number of new branches (total branch network stood 195) and all of them were in Karnataka, Tamil Nadu, and Maharashtra region. As a result of the diversification, the company's operating expense ratio increased to over 9.0% during fiscal 2023 as against 8.3% in fiscal 2022. The impact of the same was visible in profitability with reported profit after tax (PAT) falling to Rs 0.8 crore during fiscal 2023, against PAT of Rs 2.7 crore in the corresponding period of the previous fiscal. Nevertheless, as the AUM per branch improves for newer set of branches, the profitability is expected to steadily improve over medium term. CRISIL Ratings, overall believes, the ability of the company to leverage on the branch network (particularly newer branches) to grow its AUM and generate healthy profitability will remain key monitorable.

On the asset quality front, 90+ dpd (days past due) improved to 0.6% as on March 31, 2023, from 3% as on March 31, 2022. Since end of fiscal 2022, the company started process of holding auctions on more frequent basis (quarterly) and plans to continue the same going forward. On absolute basis, the company's 90+ dpd (under gold loans) was Rs 0.5 crore as on March 31, 2023, against Rs 6.6 crore as on March 31, 2022. The ability of the company to maintain current asset quality (90+ dpd) performance will remain key monitorable.

The rating continues to reflect the established brand of Chemmanur in the gold jewellery business in Kerala and adequate capitalisation for its scale of operations. These strengths are partially offset by small scale of operations with regional-level concentration and modest resource profile.

Analytical Approach

For arriving at its rating, CRISIL Ratings has evaluated the standalone business and financial risk profiles of Chemmanur Credits.

Key Rating Drivers & Detailed Description

Strengths:

Established brand of Chemmanur Jewellers

The promoters have been operating in the jewellery business for more than a century. The jewellery business has its presence in USA, Middle East, and India. Chemmanur has emerged as an established brand in Kerala, which has enabled the promoters to establish Chemmanur Credits' presence in the gold loan segment within a period of around 10 years. The established brand has enabled Chemmanur Credits to expand its operations across Kerala.

Adequate capitalisation for the current scale of operations

The company's capital position remains adequate for its scale of operations. With steady accretions its network grew and stood at Rs 87.4 crore as on March 31, 2023 (Rs 86.5 crore as on March 31, 2022). Chemmanur Credits' adjusted gearing stood at 4.2 times as on March 31, 2023 (3.5 times as on March 31, 2022). The promoters have infused equity capital of Rs 20 crore during the past six years and have the ability to infuse more equity when required. The have plans to raise funds. The company has indicated that it expects to maintain a steady-state gearing of around 6 times. Any increase in gearing beyond the committed threshold and further deterioration in network will be a key rating sensitivity factor.

Weaknesses:

Small, though improving, scale of operations with regional concentration

Chemmanur Credit's scale of operations has been improving with a loan portfolio of around Rs 408 crore (Rs 355 crore as on March 31, 2022), with a network of 195 branches, as on March 31, 2023. Operations have been largely restricted to Kerala followed by Tamil Nadu, which accounted for about 80% and 15% of AUM, respectively, as on March 31, 2023. Though, in the fiscal 2023, the management opened up new branches in Karnataka accounting for 5% as of March 31, 2023. They opened up around 48 new branches in this fiscal of which most were established in Karnataka region to lower the geographical concentration. The company is in the process of expanding its operations over different states, which is also the reason for elevated opex. Going forward, the company is targeting other regions like Maharashtra, Andhra Pradesh, Telangana along with Karnataka which will help the company diversify and lower the geographical concentration in Kerala. Also, the company has started diversifying its portfolio in other regions and during fiscal 2023 the company has started with full-fledged expansion

process by opening ten branches in Karnataka. Furthermore, the ability of the company to increase its scale and diversify in other regions/states will be critical to avoid such concentration risks in future.

Modest resource profile

The resource profile is largely concentrated with a high proportion of listed as well as privately placed non-convertible debentures and subordinate debt, which account for around 89% of the overall borrowings. The company has banking relationship with three banks till last year. The company has made some progress on raising funds through bank loans. The company raised around Rs 36 crore in the form of term loan and cash credit from banks. Nevertheless, diversification of resource profile and increasing share of bank loans will be key monitorable.

Liquidity: Adequate

The company has a policy of typically maintaining a liquidity cover of one time for debt obligation arising over the next one month, in addition to the sanctions in the pipeline. As on June 30, 2023, Chemmanur had liquidity of Rs 20.8 crore including cash and cash equivalent and unutilized cash credit limit. The liquidity buffer to cover total debt and loan repayment and operating expenses is adequate.

Outlook: Stable

CRISIL Ratings believes Chemmanur Credits will benefit from its established brand in the jewellery business and remain adequately capitalized over the medium term.

Rating Sensitivity Factors

Upward Factors

- Significant improvement in the earnings profile, with return on assets (ROA) improving to above 2-2.5% over the medium term
- Improvement in the scale of operations, with reduction in regional concentration; proportion of portfolio within Kerala reducing to below 70%
- Asset quality being maintained with 90+dpd below 1%

Downward Factors

- Increase in overall gearing to over 5 times
- Significant deterioration in asset quality

About the Company

Chemmanur Credits was registered in 2008 and started operations in 2011. The company is promoted by Chemmanur International Jewellers Group. The chief promoter is Mr Chemmanur Devassykutty Bobby, popularly referred to as Bobby Chemmanur. The promoter has expanded the family-run retail gold jewellery business of more than 150 years to branches in USA, Middle East, and India. The promoter has other business interests in real estate, Nidhi and chit funds. At present the company has 195 branches spread across Kerala, Tamil Nadu and Karnataka. It has a major presence in Kerala and a few branches in Tamil Nadu and Karnataka as on March 31, 2023

Key Financial Indicators

Particulars March 31	Unit	2023*	2022*	2021
Total Assets	Rs crore	499	430	385
Total Income	Rs crore	83	74	75
Profit after tax	Rs crore	0.8	2.7	9.2
Gross NPA (180+dpd)	%	0.6	1.1	0.7
90+dpd	%	0.6	3.0	21.8
Gearing	Times	4.2	3.5	2.9
Return On Assets	%	0.2	0.7	2.5

*Based on IndAS

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Cr)	Complexity Levels	Rating outstanding with outlook
NA	Non-Convertible Debentures^	NA	NA	NA	100	Simple	CRISIL BBB-/Stable
INE051307978	Non-Convertible Debentures	12-Jan-2023	10.5	11-Jul-24	22.26	Simple	CRISIL BBB-/Stable
INE051307986	Non-Convertible Debentures	12-Jan-2023	9.5	12-Jan-24	7.99	Simple	CRISIL BBB-/Stable
INE051307994	Non-Convertible Debentures	12-Jan-2023	10.75	10-Jan-25	13.27	Simple	CRISIL BBB-/Stable
INE051307AA0	Non-Convertible Debentures	12-Jan-2023	11	9-Jan-26	10.62	Simple	CRISIL BBB-/Stable

INE051307AB8	Non-Convertible Debentures	12-Jan-2023	11.5	11-Jan-28	16.95	Simple	CRISIL BBB-/Stable
INE051307AC6	Non-Convertible Debentures	12-Jan-2023	Zero Interest	10-Jan-25	6.29	Simple	CRISIL BBB-/Stable
INE051307AD4	Non-Convertible Debentures	12-Jan-2023	Zero Interest	9-Jan-26	3.19	Simple	CRISIL BBB-/Stable
INE051307AE2	Non-Convertible Debentures	12-Jan-2023	Zero Interest	9-Mar-29	11.63	Simple	CRISIL BBB-/Stable
NA	Non-Convertible Debentures^	NA	NA	NA	7.8	Simple	CRISIL BBB-/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	25	NA	CRISIL BBB-/Stable

^Yet to be issued

Annexure - Rating History for last 3 Years

	Current			2023 (History)		2022		2021		2020		Start of 2020
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	25.0	CRISIL BBB-/Stable		--	25-08-22	CRISIL BBB-/Stable	03-11-21	CRISIL BBB-/Negative	04-08-20	CRISIL BBB-/Stable	CRISIL BBB-/Stable
			--		--		--		--	06-05-20	CRISIL BBB-/Watch Negative	--
			--		--		--		--	26-03-20	CRISIL BBB-/Stable	--
Non Convertible Debentures	LT	200.0	CRISIL BBB-/Stable		--	25-08-22	CRISIL BBB-/Stable		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Rating
Proposed Long Term Bank Loan Facility	25	CRISIL BBB-/Stable

Criteria Details

Links to related criteria
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Finance Companies

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations CRISIL Limited M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com Prakruti Jani Media Relations CRISIL Limited M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com Rutuja Gaikwad Media Relations CRISIL Limited B: +91 22 3342 3000 Rutuja.Gaikwad@ext-crisil.com	Ajit Velonie Senior Director CRISIL Ratings Limited B:+91 22 3342 3000 ajit.velonie@crisil.com Prashant Pratap Mane Associate Director CRISIL Ratings Limited B:+91 22 3342 3000 prashant.mane@crisil.com Vaidehi Adsul Management Trainee CRISIL Ratings Limited B:+91 22 3342 3000 Vaidehi.Adsul@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

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It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

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ANNEXURE III- CONSENT OF THE DEBENTURE TRUSTEE

APPENDED OVERLEAF

Consent letter from the Debenture Trustee to the Issue

Date: 18th September, 2023

To,
Chemmanur Credits and Investments Limited
Mangalodayam Building, Round South,
Thrissur - 680001, Kerala

Sub: Proposed public offering of Secured Redeemable Non-Convertible Debenture ("NCDs") ₹5,000 lakhs ("Base Issue"), with an option to retain over-subscription up to ₹ 5,000 lakhs, aggregating up to ₹ 10,000 lakhs ("Issue") of Chemmanur Credits and Investments Limited ("Company" or "Issuer")

Dear Ma'am/Sir

We, the undersigned, hereby consent to be named as the debenture trustee to the Issue ("**Debenture Trustee**") 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 Exchanges**") 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 Exchanges 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: MITCON Credentia Trusteeship Services Limited
Address: 1402/1403, B wing, Dalamal Tower, 14th Floor,
Free Press Journal Marg, 211 Nariman Point,
Mumbai 400 021, Maharashtra, India
Tel: (91) (22) 22828200
Fax: (91) (22) 22024553
Email: contact@mitconcredentia.in
Investor Grievance
Mail: investorgrievances@mitconcredentia.in
Website: www.mitconcredentia.in
Contact Person: Ms. Vaishali Urkude
SEBI Registration No: IND000000596

Logo:



We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market

MITCON Credentia Trusteeship Services Limited (MCTSL)

Formerly known as MITCON Trusteeship Services Limited | A subsidiary of MITCON Consultancy & Engineering Services Limited | CIN: U93000PN2018PLC180330
Principal address: 1402/ 03, B-Wing, 14th Flr, Dalamal Towers, Free Press Journal Marg, 211, Nariman Point, Mumbai - 400021 MH (India) | +91-22-22828200/ 240 | contact@mitconcredentia.in
Registered address: 1st Floor, Kubera Chambers, Shivajinagar, Pune 411005, Maharashtra (India) | +91-20-25533309, 25534322 | www.mitconcredentia.in

issues. We confirm that we have not been prohibited to act as a debenture trustee by the SEBI.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company.

We confirm that we will immediately inform the Company and the 'Lead Manager' of any change to the above information until the date when the proposed public issue of NCDs commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the 'Lead Manager' and the legal advisor to the Issue in respect of the Issue.

Sincerely

For MITCON Credentia Trusteeship Services Limited



Name: Vaishali Urkude
Designation: Managing Director

CC:

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

Khaitan & Co

One World Centre
10th & 13th Floor, Tower 1C,
Senapati Bapat Marg,
Mumbai 400 013
Maharashtra, India

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Registered address: 1st Floor, Kubera Chambers, Shivajinagar, Pune 411005, Maharashtra (India) | +91-20-25533309, 25534322 | www.mitconcredentia.in

Annexure A

डिबेंचर न्यासी **FORM-B** **DEBENTURE TRUSTEE**

भारतीय प्रतिभूति और विनियम बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA
(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993
000 280 (विनियम 8)
(Regulation 8)
रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,
1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

MITCON CREDITIA TRUSTEESHIP SERVICES LIMITED
Kubera Chambers, 1st Floor
Shivajinagar,
Pune-411005, Maharashtra

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कोड है।
2) Registration Code for the debenture trustee is **IND000000596**

This Certificate of registration shall be valid for permanent, unless suspended or cancelled by the Board

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिवान्य है।
3) Unless renewed, the certificate of registration is valid from to

आदेश से
भारतीय प्रतिभूति और विनियम बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India


DINESH JOSHI
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

स्थान Place : **Mumbai**
तारीख Date : **March 17, 2022**

MITCON Credentia Trusteeship Services Limited (MCTSL)

Formerly known as MITCON Trusteeship Services Limited | A subsidiary of MITCON Consultancy & Engineering Services Limited | CIN: U93000PN2018PLC180330

Principal address: 1402/ 03, B-Wing, 14th Flr, Dalamal Towers, Free Press Journal Marg, 211, Nariman Point, Mumbai - 400021 MH (India) | +91-22-22828200/ 240 | contact@mitconcredentia.in

Registered address: 1st Floor, Kubera Chambers, Shivajinagar, Pune 411005, Maharashtra (India) | +91-20-25533309, 25534322 | www.mitconcredentia.in

Annexure B

Date: 18th September, 2023

To,
Chemmanur Credits and Investments Limited
Mangalodayam Building, Round South,
Thrissur - 680 001, Kerala

Sub: Proposed public offering of Secured Redeemable Non-Convertible Debenture ("NCDs") ₹5,000 lakhs ("Base Issue"), with an option to retain over-subscription up to ₹ 5,000 lakhs, aggregating up to ₹ 10,000 lakhs ("Issue") of Chemmanur Credits and Investments Limited ("Company" or "Issuer")

Dear Ma'am/Sir

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India ("SEBI") as a Debenture Trustee is true and correct:

1.	Registration Number	IND000000596
2.	Date of registration/ Renewal of registration	March 17, 2022
3.	Date of expiry of registration	Permanent registration
4.	If applied for renewal, date of application	Not Applicable
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	None
6.	Any enquiry/ investigation being conducted by SEBI	None
7.	Details of any penalty imposed by SEBI	None

We hereby enclose a copy of our SEBI registration certificate.

We shall immediately intimate the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the relevant Stock Exchanges. In the absence of any such communication the listing and trading of the non-convertible debentures on the relevant Stock Exchanges.

For MITCON Credentia Trusteeship Services Limited



Name: Vaishali Urkude
Designation: Managing Director

MITCON Credentia Trusteeship Services Limited (MCTSL)

Formerly known as MITCON Trusteeship Services Limited | A subsidiary of MITCON Consultancy & Engineering Services Limited | CIN: U93000PN2018PLC180330

Principal address: 1402/ 03, B-Wing, 14th Flr, Dalamal Towers, Free Press Journal Marg, 211, Nariman Point, Mumbai - 400021 MH (India) | +91-22-22828200/ 240 | contact@mitconcredentia.in

Registered address: 1st Floor, Kubera Chambers, Shivajinagar, Pune 411005, Maharashtra (India) | +91-20-25533309, 25534322 | www.mitconcredentia.in