

MUTHOOT VEHICLE & ASSET FINANCE LIMITED

Our Company was incorporated as 'Muthoot Leasing and Finance Limited' at Kochi as a public limited company pursuant to a certificate of incorporation dated June 8, 1992 from the Registrar of Companies, Kerala and received a certificate of commencement of business dated July 15, 1992. Subsequently, vide a resolution dated September 10, 2008 our Company's name was changed to Muthoot Vehicle & Asset Finance Limited and we received a certificate of incorporation dated September 18, 2008 from the Registrar of Companies, Kerala and Lakshadweep. Our Company obtained a certificate of registration dated November 30, 1998 (bearing no. 16.00042) issued by the RBI to carry on the activities of a deposit taking non-banking financial company (NBFC) under section 45 1A of the RBI Act, 1934, which was renewed on 20 March 2007 (bearing no. 16.00042) and, subsequently, on change of our Company's name on October 3, 2008 a fresh certificate bearing no. A-16.00042 was issued to our Company. Our Company is presently classified as a NBFC – investment and credit company (NBFC-ICC). For further details, please refer to the chapter '*History and Certain Corporate Matters*' on page 129. Registered Office: Muthoot Chambers, opp. Saritha Theatre, Banerji Road, Kochi, Ernakulam - 682 018, Kerala, India; Tel: +91 (484) 239 6478; Fax: +91 (484) 239 6506; Corporate

Office: 5th and 6th Floor Midhun Tower, K P Vallon Road, Kadavanthra, Ernakulam – 682020, Kerala, India; Tel: + 91 75938 64404 Corporate Identity Number: U65910KL1992PLC006544; Email: cs@mvafl.com; Website: www.mvafl.com;

Company Secretary and Compliance Officer: Arya Devu P.V.; Tel: +91 75938 64416, +91 75938 53537; Email: arya.devu@mvafl.com

PUBLIC ISSUE BY MUTHOOT VEHICLE & ASSET FINANCE LIMITED, (COMPANY OR ISSUER) OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH, (SECURED NCDs), AT PAR, FOR AN AMOUNT AGGREGATING UP TO ₹ 10,000 LAKHS (HEREINAFTER REFERRED TO AS THE 'BASE ISSUE') WITH AN OPTION TO RETAIN AN OVER-SUBSCRIPTION UP TO ₹ 10,000 LAKHS AGGREGATING UP TO ₹ 20,000 LAKHS (HEREINAFTER REFERRED TO AS THE 'OVERALL ISSUE SIZE') (ISSUE). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER, AS AMENDED, AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED (SEBI DEBT REGULATIONS).

PROMOTERS OF OUR COMPANY

M.G. GEORGE MUTHOOT, GEORGE ALEXANDER MUTHOOT, GEORGE THOMAS MUTHOOT AND GEORGE JACOB MUTHOOT GENERAL RISK

Investors are advised to read the section '*Risk Factors*' carefully before taking an investment decision in the Issue. For taking an investment decision, the investors must rely on their own examination of the Issue and the Issue including the risks involved. Specific attention of the investors is invited to the section '*Risk Factors*' on page 18, before making an investment in the Issue. This document has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), the Registrar of Companies, Kerala and Lakshadweep (RoC) and any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT AND ELIGIBLE INVESTORS

For details relating to the Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount and Eligible Investors, please refer to the chapter 'Issue Structure' and Terms of the Issue on page 202 and page 212, respectively.

CREDIT RATING

The Secured NCDs proposed to be issued under this Issue have been rated CRISIL A/Stable by CRISIL vide its letter dated January 17, 2020. Additionally, the Secured NCDs had also been rated CARE BBB+; Stable by CARE vide its letters dated August 30, 2019, which was revalidated on December 9, 2019. This rating, though, was withdrawn by CARE pursuant to letter dated January 24, 2020 at the request of our Company. The Secured NCDs have been rated for an amount upto \gtrless 20,000.00 lakhs. The rating by CRISIL indicates that the instruments are considered to have adequate degree of safety regarding timely servicing of financial obligations and such instruments carry low credit risk. The rating by CARE indicated that the instruments are considered to have moderate degree of safety regarding timely servicing of financial obligations. Credit ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision and the rating is subject to revision or withdrawal at any time by CRISIL should be evaluated independently of any other ratings. Please refer to **Annexure I** of this Prospectus for rating letters and rationale for the aforementioned rating.

PUBLIC COMMENTS

The Draft Prospectus dated January 29, 2020 was filed with BSE, pursuant to the provisions of the SEBI Debt Regulations and was kept open for public comments for a period of seven Working Days (i.e., until 5 p.m.) from the filing of the Draft Prospectus.

The Secured NCDs offered through this Prospectus are proposed to be listed on BSE Limited (**BSE**). For the purposes of the Issue, BSE shall be the Designated Stock Exchange. Our Company has received an 'in-principle' approval from BSE vide their letter dated February 06, 2020.

LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE*	REGISTRAR TO THE ISSUE
🔄 INGA	IDBI Trusteeship Services Ltd	LINKIntime
INGA VENTURES PRIVATE LIMITED	IDBI TRUSTEESHIP SERVICES LIMITED	LINK INTIME INDIA PRIVATE LIMITED
1229, Hubtown Solaris, N.S. Phadke Marg, Opp. Telli	Asian Building, Ground Floor	C-101, 247 Park, L B S Marg,
Galli, Andheri (E) - 400 069,	17 R, Kamani Marg,	Vikhroli West,
Mumbai, Maharashtra, India	Ballard Estate	Mumbai 400 089, India
Tel : +91 22 2681 6003	Mumbai 400 001, India	Tel: (+91 22) 4918 6200
Fax: +91 22 2681 6020	Tel : (+91 22) 4080 7000	Fax: (+91 22) 4918 6195
Email: mvafl_ncd@ingaventures.com	Fax: (+91 22) 6631 1776	Email: mvafl.ncd2019@linkintime.co.in
Investor Grievance Email: investors@ingaventures.com	Investor Grievance Email: anjalee@idbitrustee.com	Investor Grievance
Website: www.ingaventures.com	Website: www.idbitrustee.co.in	Email: mvafl.ncd2019@linkintime.co.in
Contact Person Details: Kavita Shah	Contact Person: Anjalee Athalye	Website: www.linkintime.co.in
SEBI Registration No.: INM000012698	SEBI Registration No.: IND000000460	Contact Person: Shanti Gopalkrishnan
		SEBI Registration No.: INR000004058
ISSUE SCHEDULE**		

ISSUE CLOSES ON: WEDNESDAY, MARCH 18, 2020

*IDBI Trusteeship Services Limited has vide its letter dated March 28, 2019, has given its consent for its appointment as the Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debenture issued pursuant to this Issue.

ISSUE OPENS ON: TUESDAY, FEBRUARY 25, 2020

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. Indian Standard Time (IST) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum of 30 days) as may be decided by the Board of Directors of our Company or the Finance Committee. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or extended date of Issue Closure. For further details please refer to the chapter 'General Information on page 37. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. IST and uploaded until 5 p.m. or such extended time as may be permitted by the Slock Exchange.

A copy of this Prospectus has been filed with the RoC, in terms of Section 26 of the Companies Act along with the requisite endorsed/certified copies of all requisite documents. For further details, please refer to the chapter 'Material Contracts and Documents for Inspection' beginning on page 256.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

General Company and conventional terms

Term	Description
Articles/ Articles of Association/ AoA	Articles of association of our Company, as amended from time to time
Asset Liability Management	The asset liability management committee constituted by the Board
Committee	
Audit Committee	The committee of the Board of Directors constituted as our Company's audit
	committee
Auditor/Statutory Auditor	The statutory auditor of our Company viz. JVR & Associates, Chartered Accountants
Board/Board of Directors	Board of Directors of our Company and includes duly constituted committees of our Board
'Company', our 'Company', 'the Issuer' or 'MVFL'	Muthoot Vehicle & Asset Finance Limited, a public limited company incorporated under the Companies Act, 1956
Compliance Officer	Our Company Secretary has been appointed as our compliance officer
Company Secretary	Company Secretary of our Company viz. Arya Devu P.V.
Corporate Office	5 th and 6 th Floor Midhun Tower, K P Vallon Road, Kadavanthra, Ernakulam - 682020, Kerala, India
Director(s)	The director(s) on the Board of our Company, unless otherwise specified
Finance Committee	The committee of the Board of Directors constituted as our Company's Finance committee
Equity Shares	Equity shares of our Company having face value of ₹10 each
Group Companies	Such companies with whom we have related party transaction per applicable
	accounting standards (AS 18, Ind As 24), viz. (i) Muthoot Finance Limited, (ii)
	Muthoot Healthcare Private Limited, (iii) Muthoot M George Institute of
	Technology, (iv) Muthoot Securities Limited, (v) Muthoot Homefin (India)
	Limited and (vi) Muthoot Commodities Limited
Key Management Personnel/KMP	Those individuals described in the chapter 'Our Management' under the sub-
	heading 'Key Management Personnel' on page 143
Memorandum/MOA/Memorandum of Association	Memorandum of association of our Company
Nomination and Remuneration	The committee of the Board of Directors constituted as our Company's
Committee	nomination and remuneration committee
Promoters	The promoters of our Company viz. M.G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot
Registered Office	The registered office of our Company, situated at Muthoot Chambers, opp. Saritha Theatre, Banerji Road, Kochi, Ernakulam - 682 018, Kerala, India
Registrar of Companies/RoC	Registrar of Companies, Kerala and Lakshadweep
Reformatted Standalone Financial Statements	Reformatted Financial Statements comprising of Reformatted Statement of Assets and Liabilities as at September 30, 2019, 31 March 2019, 31 March 2018, 31 March 2017, 31 March 2016 and 31 March 2015 and also Reformatted Statements of Profit and Loss and Reformatted cash flows and statement of changes in equity for the period ended 30 September 2019 and for the years ended 31 March 2019, 31 March 2018, 31 March 2017, 31 March 2016 and 31 March 2015 and the Summary Statement of Significant Accounting Policies and other explanatory notes thereon prepared by our Company's management in terms of the requirements of: (a) Section 26(1) of Part I of Chapter III of the Companies Act, 2013 and (b) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time in pursuance to provisions of Securities and Exchange Board of India Act, 1992, Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.
Reformatted Standalone Financial Report	The report dated December 18, 2019 on the Reformatted Standalone Financial Statements, prepared by our Statutory Auditors

Term	Description
Revenue from Operations	Revenue from operations shall include revenue from interest on loans
Shareholders	Shareholders of our Company, from time to time
Stakeholders' Relationship	The committee of the Board of Directors constituted as our Company's
Committee	Stakeholders' Relationship Committee
The Muthoot Group	Companies operating under the Muthoot Group Department and that are
	directly or indirectly owned, and, or controlled by our Promoters
'We', 'us', 'our', 'the Issuer', 'our	Unless the content otherwise indicates or implies, refers to Muthoot Vehicle &
Company' and 'MVAFL'	Asset Finance Limited

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of the Prospectus
Acknowledgment slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of
	registration of the Application Form
Allottee(s)	The successful applicant to whom the Secured NCDs are being/have been allotted
Allot / Allotment	The issue and allotment of NCDs to successful Applicants pursuant to the Issue
Allotment Advice	The communication sent to the Allottees conveying details of Secured NCDs allotted to
	the Allottees in accordance with the Basis of Allotment
Applicant / Investor	The person who applies for issuance and Allotment of Secured NCDs pursuant to the
	terms of this Prospectus
Application	An application for Allotment of Secured NCDs made through the ASBA process offered
	pursuant to the Issue by submission of a valid Application Form and authorising an
	SCSB to block the Application Amount in the ASBA Account
Application Amount	The aggregate value of the Secured NCDs applied for, as indicated in the Application
	Form for the respective Prospectus
Application Form/ASBA Form	Form (physical or electronic) in terms of which an Applicant shall make an offer to
	subscribe to Secured NCDs through the ASBA process and which will be considered as
	the Application for Allotment of Secured NCDs in terms of the Prospectus.
ASBA Application or	The Application in terms of which the Applicant apply by authorising SCSB to block
'Application Supported by	the Application Amount in the specified bank account maintained with such SCSB
Blocked Amount'	
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent
	of the Application Amount of an Applicant
Bankers to the Issue	The banks which are clearing members and registered with SEBI as bankers to the issue,
	with whom the Public Issue Accounts and/or Refund Accounts will be opened by our
	Company in respect of the Issue
Base Issue Size	₹ 10,000.00 Lakhs
Basis of Allotment	The basis on which Secured NCDs will be allotted to successful applicants under the
	Issue and which is described in 'Issue Procedure – Basis of Allotment' on page 246
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e.,
	Designated Branches of SCSB, Specified Locations for Members of the Syndicate,
	Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and
	Designated CDP Locations for CDPs
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA
	Forms to a Registered Broker. 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 i.e. www.bseindia.com
CRISIL	CRISIL Limited
CARE	CARE Ratings Limited (formerly known as Credit Analysis & Research Limited.)
Client ID	Client identification number maintained with one of the Depositories in relation to the
	demat account
Collecting 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

Term	Description
Collecting Depository	A depository participant as defined under the Depositories Act, 1996, registered with
Participant or CDP	SEBI and who is eligible to procure Applications in the Issue, at the Designated CDP Locations
Collecting Registrar and Share	Registrar and share transfer agents registered with SEBI and eligible to procure
Transfer / Agents / CRTAs	Applications at the Designated RTA Locations in terms of the Debt Application Circular
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the Secured NCDs in
	accordance with this Prospectus. For further details, please refer to the chapter 'Issue Structure' on page 202
Credit Rating Agency	For the present Issue, the credit rating agency is CRISIL
Debt Application Circular	Cumulatively, circular no. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012 as
	modified by circular no. CIR/IMD/DF/18/2013 dated October 29, 2013 issued by SEBI and Circular no. CIR/DDHS/P/121/2018 issued by SEBI on August 16, 2018
Debentures / NCDs / Secured NCD/s	Secured, redeemable, non-convertible, debentures issued pursuant to the Issue
Debt Listing Agreement	The listing agreement entered or to be entered into between our Company and the
Debt Listing Agreement	relevant stock exchange(s) in connection with the listing of Secured NCDs of our Company
Debenture Trustee Agreement	Agreement dated August 9, 2019 entered into between our Company and the Debenture
	Trustee
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the Secured NCDs issued under the Issue
Deemed Date of Allotment	The date of issue of the Allotment Advice, or such date as may be determined by our
Deemed Date of Anothem	Board or Finance Committee and notified to the Stock Exchange. All benefits relating to the Secured NCDs including interest on the Secured NCDs shall be available to the
	Investors from the Deemed Date of Allotment. The actual Allotment of Secured NCDs
	may take place on a date other than the Deemed Date of Allotment
Demographic Details	The demographic details of an Applicant such as his address, bank account details,
	category, PAN etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL)
DP / Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of SCSBs which shall collect the Applications and a list of which is
Designated Dranenes	available on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms. The
Designated CD1 Locations	details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the respective websites of the Stock Exchange (www.bseindia.com and
	www.nseindia.com) as updated from time to time
Designated Date	The date on which Registrar to the Issue, issues instruction to SCSBs for transfer of funds from the ASBA Account to the Public Issue Account in terms of this Prospectus
	and the Public Issue Account Agreement
Designated Intermediaries	The Members of the Syndicate, SCSBs, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the Stock Exchange at
Designated Stock Exchange / DSE	www.bseindia.com The BSE Limited is the designated stock exchange
Direct Online Application	The application made using an online interface enabling direct application by investors
Proce Online Application	to a public issue of their debt securities with an online payment facility through a recognized stock exchange. This facility is available only for demat account holders who
	wish to hold the Secured NCDs pursuant to the Issue in dematerialized form.
Draft Prospectus	The Draft Prospectus dated January 29, 2020 filed with the Designated Stock Exchange
	for receiving public comments and forwarded to SEBI for record purpose

Term	Description
Existing Secured Creditors	Yes Bank, Federal Bank Limited, Axis Bank Limited, IDBI Bank Limited, Dhanlaxmi
	Bank Limited, Catholic Syrian Bank Limited and the holders of the privately placed secured non-convertible debentures
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	The dates on which interest/coupon on the Secured NCDs shall fall due for payment
Payment Date	which will be specified in this Prospectus. Please see 'Issue Structure – Interest and Payment of Interest' on page 202
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, which are authorised to invest in the NCDs, provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, systemically important non-banking financial companies, superannuation funds and gratuity fund, which are authorised to invest in the NCDs, venture capital funds and/or alternative investment funds registered with SEBI, insurance companies registered with the 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
Issue	Public issue by our Company of Secured NCDs of face value of \gtrless 1,000.00 each aggregating up to \gtrless 10,000.00 lakhs (Base Issue), with an option to retain oversubscription up to \gtrless 10,000.00 lakhs, aggregating up to \gtrless 20,000.00 lakhs, on the terms and in the manner set forth herein
Issue Closing Date	Wednesday, March 18, 2020
	The Issue shall remain open for subscription on Working Days from 10 am to 5 pm IST during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may be decided by the Board of Directors or Finance Committee. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. For further details please refer to the chapter ' <i>General Information – Issue Program</i> ' on page 43. Additionally, on the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (IST) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchange
Issue Opening Date	Tuesday, February 25, 2020
Issue Period	The period between the Issue Opening Date and Issue Closing Date inclusive of both days during which prospective Applicants may submit their Application Forms
Issue Size	Public issue by our Company of Secured NCDs of face value of \gtrless 1,000.00 each aggregating up to \gtrless 10,000.00 lakhs, with an option to retain over-subscription up to \gtrless 10,000.00 lakhs, aggregating up to \gtrless 20,000.00 lakhs
Lead Broker Agreement /MoU	Lead Broker Agreement dated February 15, 2020 entered into between our Company and the Lead Brokers
Lead Broker (s)	Muthoot Securities Limited and Integrated Enterprises (India) Private Limited
Lead Manager	Inga Ventures Private Limited
Market Lot	1 (one) Secured NCD
Maturity Amount	In respect of Secured NCDs allotted to the Secured NCD Holders, the repayment of the above face value of the Secured NCDs along with interest that may have accrued as on the redemption date
Members of the Syndicate	Lead Manager along with Lead Broker(s)
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 Secured NCDs, educational institutions and associations of persons and/or bodies

Term	Description
	established pursuant to or registered under any central or state statutory enactment;
	which are authorised to invest in the Secured NCDs, trust including public/private charitable/religious trusts which are authorised to invest in the Secured NCDs,
	association of persons, scientific and/or industrial research organisations, which are authorised to invest in the Secured 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
Offer Document	undivided families through the Karta aggregating to a value exceeding ₹ 5,00,000 The Draft Prospectus, this Prospectus, Application Form and the Abridged Prospectus
Prospectus	read with notices, corrigenda and addenda thereto, as relevant This prospectus dated February 18, 2020 will be filed with the RoC in accordance with the SEBI Debt Regulations, containing <i>inter alia</i> the Coupon Rate for the Secured NCDs and certain other information
Public Issue Account	Account(s) to be opened with the Banker(s) to the Issue to receive monies from the ASBA Accounts on the Designated Date as specified
Public Issue Account	Agreement dated February 15, 2020, entered into amongst our Company, the Registrar,
Agreement	the Public Issue Account Bank, the Refund Bank and the Lead Manager for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Public Issue Bank	ICICI Bank Limited
RBI Regulations	Various master directions issued by the RBI governing Non-Banking Financial Companies which are applicable to our Company
Record Date	The record date for payment of interest in connection with the Secured NCDs or repayment of principal in connection therewith which shall be 15 days prior to the date on which the interest is due and payable, and/or the date of redemption. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the
	immediate subsequent trading day will be deemed as the Record Date
Redemption Amount	The principal amount of Secured NCDs along with interest accrued on them if any as on the Redemption Date
Redemption Date(s)	The date(s) on which our Company is liable to redeem the Secured NCDs in full as specified in this Prospectus
Refund Account(s)	The account to be opened with the Refund Bank(s) from which refunds, if any, of the whole or the part of the Application Amount shall be made and as specified in this Prospectus
Refund Bank	ICICI Bank Limited
Registrar Agreement	Agreement dated September 20, 2019 entered between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Register of Debenture Holders	The statutory register in connection with any debentures which are held in electronic form, containing name and prescribed details of the relevant debenture holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Companies Act
Registrar to the Issue	Link Intime India Private Limited
	Registrar and share transfer agents registered with SEBI and eligible to procure Applications, at the Issue at the Designated RTA Locations
Security	The principal amount of the Secured NCDs to be issued in terms of this Prospectus together with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with Existing Secured Creditors, on current assets, including book debts, loans and advances, cash and bank balances (not including reserves created in accordance with law) and receivables, both present and future of our Company
Secured NCD(s)	Secured, redeemable non-convertible debentures of our Company for an amount of up to \gtrless 10,000.00 lakhs with an option to retain over subscription up to \gtrless 10,000.00 lakhs, aggregating to \gtrless 20,000.00 lakhs offered through this Prospectus with a face value of \gtrless 1,000.00 each
Secured NCD Holder / Debenture Holder	Any debenture holder who holds the Secured NCDs issued pursuant to this Issue and whose name appears on the beneficial owners list provided by the Depositories

Term	Description
Self-Certified Syndicate Banks	The banks registered with SEBI under the Securities and Exchange Board of India
or SCSBs	(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/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at
	such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Manager, Lead Brokers or the Trading Member(s) of the Stock Exchange, will be forwarded by such
	Lead Manager, Lead Brokers or the Trading Members of the Stock Exchange is available at www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form
Stock Exchange	BSE Limited
Syndicate ASBA	Applications through the Designated Intermediaries
Syndicate ASBA Application Locations	from Applicants, a list of which is available on the website of the SEBI at
	https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Syndicate SCSB Branches	In relation to Applications submitted to a Designated Intermediary, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which
	is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised- Intermediaries or at such other website as may be prescribed by SEBI from time to time
Tenor Tier 1 capital	Please refer to the section ' <i>Terms of the Issue</i> ' on page 212 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 2 Capital	 Tier 2 Capital includes; 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 Individuals or companies registered with SEBI under the SEBI (Stock Brokers and Sub-
Trading Members	Brokers) Regulations, 1992 as 'trading members' who hold the right to trade in stocks listed on the Stock Exchanges, through whom investors can buy or sell securities listed on the Stock Exchange, a list of which are available on BSE
Transaction Registration Slip or TRS	The slip or document issued by any of the Designated Intermediaries as the case may be, to an Applicant upon demand as proof of registration of his Application
Trustees / Debenture Trustee	Trustees for the Debenture Holders in this case being IDBI Trusteeship Services Limited
Wilful Defaulter	A person who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the BPL and includes an issuer whose director or promoter is actegorized as such
Working Days	RBI and includes an issuer whose director or promoter is categorised as such All days excluding the second and the fourth Saturday of every month, Sundays and a public holiday in Kochi or Mumbai or at any other payment centre notified in terms of

Term	Description
	the Negotiable Instruments Act, 1881, except with reference to Issue Period where
	working days shall mean all days, excluding Saturdays, Sundays and public holidays in
	India or at any other payment centre notified in terms of the Negotiable Instruments Act,
	1881. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue
	Closing Date to listing of the Secured NCDs, Working Days shall mean all trading days
	of Stock Exchange excluding Sundays and bank holidays in Mumbai as per the SEBI
	circular no. CIR/DDHS/P/121/2018 dated August 16, 2018

Business / Industry Related Terms

Term	Description
ALM	Asset Liability Management
AUM	Assets Under Management
CRAR	Capital to Risk (Weighted) Assets Ratio
DMT Business	Domestic Money Transfer Business
DRR	Debenture Redemption Reserve
ECGC	Export Credit Guarantee Corporation of India Limited
IMPS	Immediate Payment Service
Muthoot Money	Mobile money wallet system operated by our Company
NBFC	Non-Banking Financial Company, as defined under Section 45-I of the Reserve Bank
	of India Act, 1934
NBFC-D	Non-Banking Financial Company accepting deposits
NBFC-ICC	Non-Banking Financial Company – Investment and Credit Company
Net Owned Funds / NOF	Net Owned Fund of our Company as defined under RBI Regulations
NPA	Non-Performing Asset
SARC	Stressed Assets Resolution Centre

Conventional and general terms or abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities
	and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AS/Accounting Standards	Accounting Standards issued by the ICAI
AY	Assessment Year
BSE	BSE Limited
Banking Regulation Act	The Banking Regulation Act, 1949, as amended
CAGR	Compounded Annual Growth Rate
Calendar Year	Unless the context requires, shall refer to the 12-month period ending December 31, of
	the year
CARE Report	Report titled 'Research Report on Indian Non-Banking Finance Industry Report' dated
	December 2019
CARE Advisory	A division of CARE
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CENVAT	Central Value Added Tax
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CFO	Chief Financial Officer
CIN	Corporate Identity Number
CIT	Commissioner of Income Tax
Client ID	Client identification number of the Bidder's beneficiary account
Companies Act/Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, as amended (without reference to the provisions thereof that have
	ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013, to the extent in force pursuant to the notification of the
	Notified Sections

Term	Description		
CSO	Central Statistics Office		
CSR	Corporate Social Responsibility		
Depositories	NSDL and CDSL		
Depositories Act	Depositories Act, 1996		
DIN	Director Identification Number		
DIPP	Department of Industrial Policy and Promotion		
DP/ Depository Participant	A depository participant as defined under the Depositories Act		
DP ID	Depository Participant's Identification		
ECS	Electronic Clearing Service		
EGM	Extraordinary General Meeting		
EPS	Earnings Per Share i.e. profit after tax for a Fiscal divided by the weighted average		
	outstanding number of equity shares at the end of that Fiscal		
ESOP	Employee Stock Option Plan		
FCNR	Foreign Currency Non-Resident		
FDI	Foreign Direct Investment		
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder		
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident		
6	Outside India) Regulations, 2017, as amended		
FII(s)	Foreign Institutional Investors as defined under the SEBI FPI Regulations		
FIMMDA	Fixed Income Money Market and Derivatives Association of India		
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations		
Financial Year / Fiscal / FY	Period of twelve months ended March 31 of that particular year		
FVCI	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI		
	FVCI Regulations		
GDP	Gross Domestic Product		
GIR	General Index Register		
GoI/Government	Government of India		
GST	Goods and Services Tax		
HNI	High Networth Individual		
HUF	Hindu Undivided Family		
ICSI	Institute of Company Secretaries of India		
IFRS	International Financial Reporting Standards issued by International Accounting		
	Standards Board		
Indian GAAP	Generally Accepted Accounting Principles in India		
Ind AS	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013,		
	as notified under the Companies (Indian Accounting Standard) Rules, 2015		
INR	Indian National Rupee, the official currency of the Republic of India		
ISIN	International Securities Identification Number		
IT	Information Technology		
I.T. Act	The Income Tax Act, 1961		
ITAT	Income Tax Appellate Tribunal		
LC	Letter of Credit		
LLP Act	Limited Liability Partnership Act, 2008		
MCLR	Marginal Cost of Funds based Lending Rate		
MICR	Magnetic Ink Character Recognition		
Mn / mn	Million		
MOEF	Ministry of Environment and Forests		
MoU	Memorandum of Understanding		
N.A.	Not applicable		
NACH	Not applicable National Automated Clearing House		
National Investment Fund	National Automated Clearing House National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November		
Trauonal Investment Fund			
NAV	23, 2005 of the GoI, published in the Gazette of India		
A YANT	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including		
	miscellaneous expenses not written off) and debit balance of profit and loss account,		
	divided by number of issued equity shares		
NBFC	Non-Banking Financial Company defined under the RBI Act, 1934		
NDI'U	Ivon-Banking Financial Company defined under the KBI Act, 1934		

Term	Description		
NCT	National Capital Territory		
NECS	National Electronic Clearing Service		
NEFT	National Electronic Fund Transfer		
NII	Non-Institutional Investor(s)		
NIM	Net Interest Margin		
Notified Sections	The sections of the Companies Act, 2013 that have been notified as having come into		
	effect prior to the date of this Prospectus		
NR/Non-Resident	A person resident outside India, as defined under the FEMA and includes an NRI, FIIs		
	registered with SEBI and FVCIs registered with SEBI		
NRE Account	Non-Resident External Account		
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin,		
	and shall have the meaning ascribed to such term in the Foreign Exchange Management		
	(Deposit) Regulations, 2000		
NRO Account	Non-Resident Ordinary Account		
NSDL	National Securities Depository Limited		
NSE	National Stock Exchange of India Limited		
OCB / Overseas Corporate	A company, partnership, society or other corporate body owned directly or indirectly to		
Body	the extent of at least 60% by NRIs including overseas trusts, in which not less than 60%		
2009	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 FEMA		
p.a.	Per annum		
P&L	Profit and loss		
PAN	Permanent Account Number allotted under the Income Tax Act, 1961		
PAT	Profit after tax		
RBI Act	The Reserve Bank of India Act, 1934		
RBI	The Reserve Bank of India		
Registration Act	Registration Act, 1908		
RONW	Return on Net Worth		
Rupees/Rs./₹/INR	Indian Rupees		
RTGS	Real Time Gross Settlement		
SCRA	Securities Contracts (Regulation) Act, 1956		
SCRR			
SEBI	Securities Contracts (Regulation) Rules, 1957 The Securities and Exchange Board of India constituted under the SEBI Act, 1992		
SEBI Act	Securities and Exchange Board of India Constituted under the SEBTACI, 1992		
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012		
SEDI Daliatina Damlatiana			
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2009		
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations,		
CEDI EDI Dava lationa	1995		
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019		
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000		
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities)		
~	Regulations, 2008		
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure		
~	Requirements) Regulations, 2015		
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and		
SEDI Tuiteo ver riegulations	Takeovers) Regulations, 2011		
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as		
	repealed pursuant to the SEBI AIF Regulations		
SICA	Sick Industrial Companies (Special Provisions) Act, 1985		
State Government	The Government of a state in India		
Stock Exchange(s)	BSE and/or NSE as the context may refer to		
TAN	Tax Deduction Account Number		
TDS	Tax Deduction Account Number		
USD / US\$	United States Dollars		

Term	Description
VCFs	Venture capital funds as defined in, and registered with SEBI under, the SEBI VCF
	Regulations or the SEBI AIF Regulations, as the case may be
WDM	Wholesale Debt Market

Notwithstanding the foregoing, terms in the chapters '*Risk Factors*' '*Industry Overview*', '*Our Business*' '*Statement of Tax Benefits*', '*Financial Statements*', '*Outstanding Litigations*' and '*Main Provisions of Articles of Association*' on pages 18, 69, 112, 61, 158, 167, and 253 respectively, shall have the meaning given to such terms in such sections.

FORWARD LOOKING STATEMENTS

Certain statements in this Prospectus are not historical facts but are 'forward-looking' in nature. Forward-looking statements include statements concerning our Company's plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company's competitive strengths and weaknesses, our Company's business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information, and is based on the current views of our Company's management.

Words such as "believe", "anticipate", "estimate", "seek", "expect", "continue", "intend", "predict", "project", "should", "goal", "future", "could", "may", "will", "would", "targets", "aims", "is likely to", "plan" and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement and we cannot assure you that any of these will prove to be correct.

These risks, uncertainties and other factors include, among other things, those listed under the section '*Risk Factors*' on page 18, as well as those included elsewhere in this Prospectus. Prospective Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to regulatory changes pertaining to the industry in India and our ability to respond to them, our ability to successfully implement our strategy, our development plan, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and overseas, which have an impact on our business activities or investments, the monetary and fiscal policies of India and other jurisdictions, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange 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, changes in competition in our industry and incidence of any natural calamities and/or acts of violence.

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

- Our ability to manage our credit quality;
- Our indebtedness and the conditions and restrictions imposed on us by our financing agreements;
- The rate of growth of our loan assets;
- Volatility in interest rates for our lending operations;
- Increased costs of financing and borrowing and inflation in India;
- Any downgrade in credit ratings;
- Failure to comply with regulations prescribed by the RBI in connection with NBFCs;
- Default of payments by customers;
- Any downturn in the local economy of the locations where our branches are located;
- Inability to manage NPAs or any increase in NPAs;
- Increased costs on account of compliance with various laws and regulations, in jurisdictions where we operate;
- Dependence on a number of key management personnel and senior management personnel;
- Competition from our existing as well as new competitors;
- Performance of the new and pre-owned vehicles industry;
- Relationship with Original Equipment Manufacturers (OEM); and
- General, economic and political condition in India.

For a further discussion of factors that could cause our Company's actual results to differ, please refer to the section '*Risk Factors*' on page 18, the chapters '*Industry Overview*', '*Our Business*' and '*Outstanding Litigations*' on pages 69, 112 and 167. By their very nature, certain market risk disclosures are only estimates and the estimates could be materially different from what actually occurs in the future. The forward-looking statements contained in this Prospectus are based on the

beliefs of management, as well as the assumptions made by and information currently available with the management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, we 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 materialize, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with regulatory requirements, our Company will ensure that investors in India are informed of material developments from the date of the filing this Prospectus until the date of listing and trading permission by the Stock Exchange. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references to 'India' contained in this Prospectus are to the Republic of India and its territories and possessions, all references to the Government are to the Union Government of India and State Government are to the respective governments of a state within India. Unless stated otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus.

Financial Data

Our Company publishes its financial statements in Rupees lakhs.

Our Company's financial year commences on April 1 and ends on March 31 of the next year and accordingly all references to a particular financial year, unless stated otherwise, are to the 12 months' period ended on March 31 of that year.

All numbers in this Prospectus have been presented in lakhs or in whole numbers where the numbers have been too small to present in lakhs, unless stated otherwise. Figures contained in this Prospectus, including our financial statements, have been subject to rounding-off adjustments. All decimals have been rounded off to two decimal points. In this Prospectus, any discrepancies in any table between the sums of the amounts listed in the table and totals are due to rounding off.

Our Company's financial statements for the year ended, March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act read with General Circular 15/2013 dated September 13, 2013 and/or General Circular 8/2014 dated April 4, 2014, as applicable. Further, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Finance Companies dated January 18, 2016, for financial reporting purposes, our Company has followed the Ind AS in preparing the condensed financial statements for the 6 months ended September 30, 2019, along with the guidance notes specified by the Institute of Chartered Accountants of India, Companies Act, as applicable and other applicable statutory and/or regulatory requirements.

Further, the financial data and numbers used in this Prospectus are under Ind AS and Indian GAAP, as specifically mentioned in this Prospectus and is not strictly comparable.

The Reformatted Standalone Financial Statements herein after referred as '*Reformatted Financial Statements*'. The examination reports on Reformatted Financial Statements, as issued by our Company's Statutory Auditors, JVR & Associates, Chartered Accountants is in the chapter '*Financial Information*' on page 158. Unless stated otherwise, the financial data in this Prospectus is derived from our Reformatted Financial Statements.

Unless the context requires otherwise, any percentage amounts, as set forth in this Prospectus, including in the section '*Risk Factors*' on page 18 and the chapters '*Our Business*' on page 112, have been calculated on the basis of the Reformatted Financial Statements.

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

Market and Industry Data

The chapter 'Industry Overview' quotes and otherwise includes information from a commissioned report viz., the 'Research Report on Indian Non-Banking Finance Industry December 2019' (CARE Report), prepared by CARE Advisory for the purposes of this Prospectus. We commissioned CARE Advisory to provide an independent assessment of the opportunities, dynamics and competitive landscape of the markets in India for the business we are engaged in. We have relied on the CARE Report for industry related data disclosed in this Prospectus. Accordingly, no investment should be made solely on the basis of information. Such data involves risk, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in Risk Factors beginning from page no. 18.

Disclaimer clause of CARE for Industry Report

"This report is prepared by CARE Advisory. CARE Advisory has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Advisory operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have

obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to our Company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument.

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Currency and Units of Presentation

All references to 'Rupees' or '₹' or 'Rs.' or 'INR' are to Indian Rupees, the official currency of the Republic of India.

In this Prospectus, our Company has presented certain numerical information. All figures have been expressed in lakhs. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than lakhs, such figures appear in this Prospectus expressed in such denominations as provided in their respective sources.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

SECTION II: RISK FACTORS

An investment in non-convertible debentures involves a high degree of risk. Prospective Investors should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Secured NCDs. If any, or a combination, of the following risks materialises, our business, results of operations, cash flows and financial condition could suffer. The risks and uncertainties described below are not intended to be, and are not, comprehensive and are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we do not, currently, believe to be material may also have an adverse effect on our business, results of operations, cash flows and financial condition. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. Unless otherwise stated in the relevant risk factors set forth below, we are unable to specify or quantify the financial or other risks mentioned herein. Investment in debt securities involves a high degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing all or a part of their investment. In making an investment decision, prospective Investors must rely on their own examination of our Company and the terms of the Issue, including the risks involved. To obtain a complete understanding of our business, you should read the chapters 'Industry Overview', 'Our Business', and 'Financial Information' on pages, 69, 112, and 158, respectively. If our business, result of operations or financial condition suffers, the market price of our Secured NCDs and the value of your investments could decline, and you may lose all or part of the redemption amount or interest amount.

This Prospectus also contains forward looking statements, which refers to future events that may produce known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results to be materially different from those expressed or implied by the forward-looking statements. For further details, please refer to the chapter 'Forward Looking Statements' on page 14.

Unless stated or context requires otherwise, the financial information of our Company used in this Section is derived from our Reformatted Financial Statements for financial year ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 prepared in accordance with IGAAP. Further, unless stated otherwise the financial information for our Company for the 6 month period ended September 30, 2019 is derived from Reformatted Financial Statements prepared in accordance with Ind AS.

INTERNAL RISK FACTORS

1. Our business is subject to defaults in payment by our customers which could expose us to a potential loss, thereby adversely affect our financial condition and results of operations and an inability to manage the level of non-performing assets in the loan portfolio could adversely impact our profitability.

As with any lending business, our business is also subject to defaults in payment of interest and principal by our customers. In the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018, and Fiscal 2017 our net non-performing assets (**NPA**) constituted 3.98%, 1.23%, 0.74%, and 1.83% of our total loan portfolio, respectively. While our NPA position has fluctuated over the years, we cannot assure you that we will be able to consistently reduce and / or maintain our NPA at acceptable levels. If we are unable to maintain our NPAs at acceptable levels or if the level of NPAs increases our liquidity, financial condition and results of operation could be adversely affected. In the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018, and Fiscal 2017 we have, in compliance with applicable RBI norms, written off NPAs aggregating ₹ 151.95 lakhs, ₹ 272.54 lakhs, ₹ 119.03 lakhs, and ₹ 128.42 lakhs. Further, we have also made additional provisions for NPAs aggregating ₹ 149.02 lakhs, ₹ 40.98 lakhs, ₹ 13.52 lakhs and ₹ 13.06 lakhs.

In addition, we are seeking to augment our business including by increasing our focus on the pre-owned car and 2-wheeler business which are generally considered to carry a higher degree of risk of non-performance. This may increase the risk of NPAs' and, if we are unable to keep our NPAs' at acceptable levels, our business and financial condition could be adversely affected. Further, if we are unable to control the number and value of NPAs, our credit ratings could be downgraded and our cost of funds could increase, any of which could have a material adverse effect on our financial condition and profitability.

2. The value of the collateral security may depreciate over time which in the event of default could adversely affect our financial performance and our results of operation.

A majority of the borrowers are generally unable to provide an independently verifiable proof of income or are engaged in occupations where income cannot be established with a certainty. Further, the collateral that is offered is the vehicle, the value of which reduces substantially immediately on delivery and the value of the vehicles continues to depreciate every year throughout the tenure of the loan. In addition, the vehicles financed by our Company, that are provided as collateral, are prone to accidents and other damages. Any and all of the aforementioned factors could lead to delinquency which could lead to the account becoming an NPA. In order to recover monies from the NPA account, our Company would be compelled to appoint a collection agency and initiate legal proceedings which will lead to expenses. At times the vehicle which is collateral would need to be repossessed and sold at a price which may be significantly lower than the then outstanding amount on the loan due, to depreciation in the value of the vehicle. Delinquencies in repayment and inability to recover the outstanding amount due to depreciation has an adverse impact on our profitability. Although we follow prudent risk management practices and follow strict internal risk management guidelines on portfolio monitoring, which include periodic assessment of loan to security value on the basis of conservative market price levels, limits on the amount of margin, ageing analysis and pre-determined loan closure call thresholds, we cannot assure you that we will be able to mitigate or eliminate the risk. In addition, our assessment and evaluation may be affected by failure of employees to comply with internal procedures or due to an inaccurate appraisal of the collateral, the credit or financial worth of our customers. As at the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, our provision coverage ratio, which is composed of provisions divided by gross NPAs as a percentage of gross NPAs was 13.20%, 18.33%, 21.37% and 14.44%, respectively. Further, our Company's gross loan portfolio to collateral security ratio as at the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017 were 0.99, 0.99, 0.99 and 0.99. In the event the overall credit quality of our loans deteriorates, the current level of our provisioning may be inadequate to cover the increase in our NPAs. We cannot assure you that there will be no deterioration in the provisioning coverage as a percentage of gross NPAs.

3. Inability to foreclose on collateral in the event of a default may result in failure to recover the expected value of the collateral. Additionally, the value of the collateral on loans may decrease, or our Company may experience delays in enforcing collateral when borrowers default on their obligations.

As at the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, ₹ 44,064.26 lakhs, ₹ 42,744.39 lakhs, ₹ 38,400.76 lakhs and ₹ 20,427.46 lakhs of our receivables under financing activity were secured by assets, which represented 99.91%, 99.84%, 99.86% and 99.42% respectively, of our total receivables under financing activity. The value of the collateral on the loans disbursed by our Company may decline due to various reasons, including, efflux of time and adverse market conditions. We are primarily in the business of vehicle financing, where the vehicle which is the collateral, loses its value immediately on delivery. Over a period of time, the value of asset keeps depreciating much faster than the reduction of outstanding balance of loan. Nonpayment of the loan may give rise to the need to repossess the collateral/vehicle which would be highly depreciated and it may be difficult to foreclose on collateral in the event of a default. Additionally, delays in bankruptcy and foreclosure proceedings, defects in title, documentation of collateral, the necessity of obtaining regulatory approvals for the enforcement of rights in such collateral, fraudulent transfers and destruction of underlying assets may affect the value of the collateral and our ability to foreclose. Failure to recover the expected value of collateral could expose our Company to losses and, in turn, adversely affect our business and financial performance. Loss on sale of repossessed assets during the 6 month period ended September 30, 2019, Fiscals 2019, Fiscals 2018 and 2017 was ₹ 196.24 lakhs, ₹ 59.01 lakhs, ₹ 26.63 lakhs, and ₹ 42.33 lakhs, respectively. Further, since the collateral asset is a movable asset, it might not be always traceable.

4. Our business is heavily dependent on access to working capital funds. Any failure to obtain working capital funding on commercially acceptable terms could have an adverse impact on our business and financial condition.

We are primarily in the business of financing the purchase of new and pre-owned automobiles (**Vehicle Loans**). Our business is, consequently, highly working capital intensive and we have obtained working capital facilities from a number of lenders. As at November 30, 2019, we had sanctioned working capital facilities aggregating $\overline{\$}$ 13,500.00 lakhs from banks of which $\overline{\$}$ 6,813.93 lakhs was outstanding. In addition, as at November 30, 2019, we had outstanding deposits of $\overline{\$}$ 14,072.17 lakhs and inter-corporate deposits of $\overline{\$}$ 4,980.00 lakhs. Further, as at November 30, 2019, we had a sanctioned term loan of $\overline{\$}$ 8,500 lakhs (including $\overline{\$}$ 5,000 lakhs interchangeable limit of Yes Bank) lakhs of which $\overline{\$}$ 2,774.95 lakhs was outstanding. The maintenance, and enhancement, as required, of debt facilities and, in particular, the working capital facilities is essential for our continuing operations and, for the growth of our business. If we are unable to consistently secure and maintain adequate working capital facilities at terms that are commercially reasonable or at all, our liquidity, financial condition and business will be adversely affected.

5. We have incurred significant indebtedness which exposes us to various risks which may have an adverse effect on our business, results of operations and financial condition.

As of November 30, 2019, our total secured and unsecured indebtedness was ₹ 11,655.88 lakhs and ₹ 24,552.17 lakhs respectively. In the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018, Fiscal 2017, Fiscal 2016 and Fiscal 2015 our aggregate finance cost was ₹ 1,691.75 lakhs, ₹ 3,148.40 lakhs, ₹ 1,910.29 lakhs, ₹ 900.59 lakhs, ₹ 1,024.93 lakhs, ₹ 1,504.97 lakhs constituting 50.67%, 56.15%, 46.87%, 34.32%, 44.73% and 47.94%, respectively of our total expenses. Our Company's ability to service its debt and to repay its outstanding borrowings will depend primarily upon the cash flow generated from our business operations. We cannot assure you that our Company will generate sufficient cash enabling it to service its existing or proposed borrowings, comply with covenants or fund other liquidity needs.

In addition, our indebtedness could have several important consequences, including but not limited to the following:

- i. a significant portion of our cash flow will be used towards repayment of our existing debt, which will reduce the available cash flow to fund our business operations;
- ii. defaults of payment and other obligations under our financing arrangements may result in an event of default, acceleration of our repayment obligations and enforcement of related security interests over our assets;
- iii. a substantial portion of our indebtedness is subject to floating rates of interest. Fluctuations in market interest rates may require us to pay higher rates of interest and will also affect the cost of our borrowings;
- iv. our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favourable to us may be limited; and
- v. our ability to diversify and expand our business may be limited and will be subject to obtaining consent from our lenders including raising additional financing.

In addition, the unsecured indebtedness may be recalled at any time and we may need to borrow monies at higher rates of interest than presently available or utilise our internal accruals, which may have an adverse impact on our profitability and future growth.

'For further details regarding our indebtedness, please refer to the chapters '*Financial Information*' and '*Financial Indebtedness*' on page 158 and 159, respectively.

6. We may face maturity mismatches between our assets and liabilities in the future which may cause liquidity issues.

We regularly monitor our funding levels to ensure we are able to satisfy the requirement for loan disbursements and maturity of our liabilities. The difference between the value of assets and liabilities maturing in any time period provides the extent to which we are exposed to liquidity risk.

A portion of our funding requirements is met through short-term funding sources, such as short-term loans and working capital facilities. However, a large portion of our assets have medium or long-term maturities. In the event that our existing and committed credit facilities are withdrawn or are not made available to us when required, funding mismatches may be created, and it could have an adverse effect on our business and our future financial performance. We have experienced maturity mismatches in the past, and we cannot rule out the possibility of encountering such funding mismatches in future. As a result of funding mismatches, our liquidity position could be adversely affected, and we may be required to pay higher interest rates in order to attract or retain our borrowings in order to meet our liquidity requirements in the future, which could have a material adverse effect on our business and financial results.

7. If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. However, there can be no assurance that our risk management policies and procedures will be effective and protect us against all operational and other risk. Some of our risk management systems are not automated and are subject to human error. Further, some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to effectively mitigate our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a less favourable market conditions and / or where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions including due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. If we fail to effectively implement our risk management policies, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

8. Our ability to accept deposits from the public is contingent on our Company receiving a minimum investment grade rating from credit rating agencies and in the event our credit rating goes below the required minimum investment grade rating as prescribed under applicable law, we will be prohibited from accepting deposits from the public.

Per standards prescribed by the RBI our Company is required to maintain a minimum investment grade credit rating from approved Credit Rating Agencies (**Grade Rating**). Presently, we meet the Grade Rating requirement. In the event there are circumstances that arise and our credit rating is downgraded below the prescribed Grade Rating, our Company will have to immediately cease accepting deposits from the public and will also be unable to renew existing deposits. In the event our Company is prohibited from accepting or renewing public deposits we may need to secure additional debt funding from financial institutions, and, or banks, which may not be available on similar terms and our cost of funding could be significantly higher. As a consequence of these factors our ability to conduct our business could be severely constrained which would adversely affect our results of operations, profitability and competitiveness. Further, it may also lead to imposition of more onerous conditions by our lenders and increase our cost of finance significantly.

Though, currently, our Company's credit rating meets the criteria of the required minimum investment grade rating, we cannot assure you that our Company will meet the requirements in the future.

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

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

Our results of operations are substantially dependent upon the level of our net interest margins. Interest income from our financing activities is the largest component of our total income and constituted 88.46%, 82.90%, 74.21% and 65.79% of our total income in the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively. Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policies, domestic and global economic and political conditions and other factors. Rise in inflation, and consequent changes in bank rates, repo rates and reverse repo rates by the RBI could lead to an increase in interest rates on loans provided by banks and financial institutions.

Our policy is to attempt to balance the proportion of our interest-earning assets, which bear fixed interest rates, with fixed interest rate bearing liabilities. A significant proportion of our liabilities, such as our secured non-convertible redeemable debentures and public deposits carry fixed rates of interest and the remaining borrowings from banks are linked to the respective banks' benchmark prime lending rate/ base rates. As of November 30, 2019, 73.52% of our borrowings were at fixed rates of interest. We cannot assure you that we will be able to

adequately manage our interest rate risk in the future and / or be able to effectively balance the proportion of our fixed rate loan assets and fixed liabilities in the future. Further, despite this balancing, 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.

We cannot assure you that we will be able to adequately manage our interest rate risk. If we are unable to address the interest rate risk, it could have an adverse effect on our net interest margin, thereby adversely affecting our business and financial condition.

10. Our ability to expand our business to other geographical locations is contingent inter alia on our credit ratings. If we do not get our credit rating upgraded, our ability to expand our business by opening branches or appointing agents in other states will be limited.

Per extant provisions prescribed by the RBI, any NBFC which accepts deposits from the public, may open branches only in the state where its registered office is situated, if it has Net Owned Funds of up to ₹ 5,000 lakhs. An NBFC seeking to open branches outside the state where its registered office is situated must have minimum Net Owned Funds of ₹ 5,000 lakhs or above and a credit rating of AA or above.

Currently, our Company's' fixed deposit programme has a credit rating of MA Negative from ICRA. In the event our Company is unable to upgrade our Credit Rating to AA or above, our Company will not be able to open branches in states outside Kerala, which could impact our growth prospects and our business strategy.

11. Our Secured NCDs have been rated CRISIL A/Stable by CRISIL and were rated BBB+ Stable by CARE. Any downgrading in our rating would have an adverse effect on the liquidity of the security.

The Secured NCDs have been granted a rating of CRISIL A/Stable by CRISIL and were rated BBB+ Stable by CARE which has since been withdrawn pursuant to letter dated January 24, 2020. The rating is limited to the Secured NCDs issued pursuant to the Issue. The rating is subject to revision, depending on various factors including the future performance of our Company. In the event the aforementioned rating is downgraded for any reason whatsoever, it may have an adverse impact on the liquidity of the Secured NCDs. In addition, any such downgrade may adversely impact the yield on the Secured NCDs, which could affect the tradability of the Secured NCDs.

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

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Set out in the table below are our credit ratings. $(\neq in lakhs)$

			(₹ in lakhs
Credit rating	Facility	Amount	Rating
agency			
CARE Ratings	Long term bank facilities	5,250.00	BBB+ (Outlook:
Limited*			Stable)
	Long term / short term bank	35,500.00	BBB+ (Outlook:
	facilities		Stable) / CARE A2
	Long term loan	10,000.00	BBB+ (Outlook:
ICRA Limited**			Negative)
	Short term loan –	2,250.00	A2
	interchangeable between cash		
	credit and short term loan		
	Fixed deposit programme	-	MA (Outlook:
			Negative)
CRISIL Limited***	Total Bank Loan Facilities	30,000	CRISIL A/Stable

* Per letter dated December 9, 2019

** Per letter dated October 31, 2019

*** Per letter dated January 17, 2020

Ratings are generally a rating agency's opinion of our financial strength, ability to timely service debt obligations, operating performance and strategic position. Pursuant to the letter dated October 31, 2019 ICRA has revised the outlook of our credit ratings for long term fund based facilities and fixed deposit programme from stable to negative. While it is not a downgrade of the credit ratings, it is however a negative revision. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to debt and lending markets and, thus, would adversely affect our business and financial condition. In addition, downgrading of our credit ratings could increase the possibility of additional terms and conditions being added to any new financing arrangements

13. Our registered office is neither owned nor leased by us.

Our registered office is not owned by us nor do we have any legal or formal arrangement for occupying the said premises. Although, the registered office is owned or leased by our Promoters or companies forming part of the Muthoot Group, there can be no assurance that we will continue to have right to use such premises. Further, our corporate office and branch offices are held on leasehold basis. In case of any unforeseen event, we will be required to locate new premises for our offices, which may involve incurring additional cost and we may not be able to find the same in a timely manner, which may adversely affect our operations. Further, even if we are able to locate a new premise, they may be on terms not favourable to us or not within the parameters of our requirements. Any inability to identify the new premises in a timely and cost efficient manner may adversely affect the operations and financial conditions of our Company.

14. We are increasing our foray into, and exposure to, the pre-owned vehicle segment, which is more prone to defaults.

While in the past, we had focused on the pre-owned vehicle segment, in Fiscal 2017 and Fiscal 2018 we shifted our focus to the new car segment with the objective of increasing our revenues. However, in Fiscal 2019 we have augmented our focus, and we are proposing to continue focussing on, and increasing our exposure to, the pre-owned vehicles segment, which we believe is more lucrative and higher margin business. This was done with a view to increase our profitability. Presently, though, our exposure to the pre-owned vehicles segment is a smaller component of our overall exposure. In the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018, Fiscal 2017, Fiscal 2016 and Fiscal 2015, our exposure to the pre-owned vehicle segment aggregated ₹ 8,795.08 lakhs, ₹ 6,675.12 lakhs, ₹ 5,334.17 lakhs, ₹ 5,053.20 lakhs, ₹ 4,535.88 lakhs and ₹ 4,315.92 lakhs constituting 21.20%, 16.68%, 15.34%, 28.31%, 58.50% and 74.13%, respectively, of our total exposure to the vehicle segment. Accordingly, we expect that our exposure to the pre-owned vehicle segment of interest and principle, as compared to the new vehicle segment. In the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2019, Fiscal 2016, 58.50% and 74.13%, respectively, of our total exposure to the vehicle segment. Accordingly, we expect that our exposure to the pre-owned vehicle segment will continue to increase in the years to come. The pre-owned vehicle segment, though, is relatively more prone to defaults in repayment of interest and principle, as compared to the new vehicle segment. In the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2019, Fiscal 2017, Fiscal 2016 and Fiscal 2015, our non-performing assets (NPA) as a percentage of our total loans outstanding from the new vehicle segment and pre-owned vehicle segment was as below.

Particulars	6 month period ended September 30, 2019 (%)	Fiscal 2019 (%)	Fiscal 2018 (%)	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)
NPA in new vehicle segment (%)	3.29	0.97	0.27	0.62	2.12	3.73
NPA in pre- owned vehicle segment (%)	5.01	3.07	3.05	5.20	6.04	6.88

As noticed above, our NPA levels have increased significantly in the recent past. If we are unable to bring our NPA levels down to acceptable levels and maintain such levels and, in particular, from our loans to pre-owned vehicle customers our financial condition and profitability will be adversely affected.

15. Our Promoters are also Promoters of Muthoot Money Limited, which is engaged in the same line of business as our Company which may result in conflict of interest.

We are part of the Without Group of companies and our Promoters are also the promoters of Muthoot Money Limited which provides loans against vehicles and assets, primarily in the states of Andhra Pradesh and

Telangana, and has a larger loan portfolio compared to our Company, as on November 15, 2019 the loan portfolio of Muthoot Money Limited stands at ₹ 45,168.90 lakhs. Further, in addition, there are other companies in the Muthoot Group that are also in the business of providing loans (**Related Entities**) such as Muthoot Finance Limited (**Muthoot Finance**) which is also authorised, to engage in the same line of business as us.

Commercial transactions in the future between us and Related Entities could result in conflicting interests. A conflict of interest may occur directly or indirectly between our business and the other businesses of our Promoters which could have an adverse effect on our operations and financial condition. Conflicts of interest may also arise out of common business objectives shared by us, our Promoters, Directors and Related Entities. Our Promoters, Directors and Related Entities may compete with us and have no obligation to direct any opportunities to us or to not engage in the business of Vehicle Loans or asset loans. We cannot assure you that these or other conflicts of interest will be resolved in a manner beneficial to our Company. For further details of our Related Entities please refer to the chapter '*Related Party Transactions*' at page 155.

16. There are proceedings pending against our Company and our Directors which if determined against our Company or these directors, may have an adverse effect on our business and results of operations.

There are outstanding legal proceedings involving our Company and our Directors incidental to their business and operations which are pending at different levels of adjudication before various courts, tribunals and other authorities. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and quantifiable and include amounts claimed jointly and severally from our Company and other parties. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our business and results of operations. Certain details of such outstanding legal proceedings as of date of this Prospectus, to the extent quantifiable, are set out below:

Litigation involving our Company

Taxation matters

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings (<i>₹ in lakhs</i>)*
Direct tax		
Sub-total (A)	1	0
Indirect tax		
Sub-total (B)	Nil	Nil**
Total (A+B)	1	Nil

* To the extent quantifiable.

**To the extent quantifiable. In one of the matters, our Company has deposited an amount of \gtrless 3.71 lakhs, in protest, with the office of Commissioner of Customs.

Criminal and Civil Proceedings

Particulars	Number of outstanding cases	Amount involved in such proceedings (₹ in lakhs)
Criminal Proceedings	7	432.24
Civil Proceedings	827	4,667.16
Cases filed by our Company	214	361.02
under Section 138 of the		
Negotiable Instruments Act, 1881		
Total	1,048	5,460.42

Litigation against our Directors

Civil and criminal proceedings

Particulars	No. of cases	Total amount (in ₹ lakhs)
Criminal proceedings	Nil	Nil

Litigation against our Promoters and Directors

Type of direct tax	No. of cases	Total Amount (in ₹ lakhs)
Income Tax	4	246.38

An unfavourable outcome in any of these proceedings could have an adverse effect on our business and results of operations. For further details of legal proceedings involving our Company and our Directors please refer to the chapter '*Outstanding Litigations*' on page 167.

17. Our Company is subject to restrictive covenants imposed by our lenders and bankers as part of financing arrangements and such covenants may require their consent in the event our Company decides to raise further debt and expand our business. Such restrictive covenants may impact our ability to conduct our business and operations.

Our Company from time to time avails of debt facilities in the nature of working capital loans and other loan facilities from our bankers and is required to enter into financing agreements with them. Certain financing agreements entered into by our Company contain restrictive covenants which require the consent of our lenders before *inter alia* altering our capital structure, availing further debt by our Company, change in the nature of our business, or undertake any expansion or diversification our business. Such restrictive covenants may impact our ability to conduct our business and operations.

18. Our operations are primarily focussed in the state of Kerala and any downturn in the economy or any change in consumer preferences in such region could adversely impact the business and operations of our Company

We are a Kerala head-quartered company and our operations are primarily focussed in the state of Kerala. Out of 25 branches, operated by our Company across India, 22 branches constituting 88.00% of our total branches are located in Kerala. Further, a vast majority of our loan portfolio consists of loans to persons resident in the state of Kerala. In the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017 we had granted loans aggregating ₹ 7,905.82 lakhs, ₹ 16,137.23 lakhs, ₹ 26,440.54 lakhs and ₹ 16,918.34 lakhs, constituting 95.24%, 97.48%, 98.42% and 99.66% to persons resident in Kerala. This concentration of business in a particular state makes us excessively dependent on the prevailing political, economic and other conditions in Kerala and exposes us to the risk of downturn in the economy of the state, change in consumer preferences in the state or any ecological or natural disasters. Illustratively, in August 2018, large parts of Kerala were affected by heavy rainfall which led to severe flooding and many districts were inundated and there were also consequent landslides resulting in significant loss of life and heavy damage to vehicles and other material possessions and the economy of the state was severely affected, which in turn had an adverse impact on our financial condition and business during, and for a certain period after, the natural disaster.

19. We are heavily dependent on our 4-wheeler financing business and any adverse impact on the 4-wheeler industry will have an adverse effect our revenue and results of operations.

Our business operations are focused on financing the 4-wheeler vehicle segment and, in particular, pre-owned 4-wheeler vehicles. In the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018, Fiscal 2017, our AUM from the new 4-wheeler vehicle segment was ₹ 31,027.24 lakhs, ₹ 32,580.00 lakhs, ₹ 28,700.89 lakhs, ₹ 11,953.10 lakhs constituting 70.35%, 76.10%, 74.64%, 58.18%, respectively, of our total AUM. While we expect our dependence on the new 4-wheeler vehicle segment to reduce over time, given our proposal to increase our focus on pre-owned vehicles it, presently, still constitutes a very large component of our business and revenues from operations, and, we expect this dependence to continue for the near future. Accordingly, any adverse impact on the domestic 4-wheeler industry due to any economic or external factors including imposition of new or increased tax, may adversely impact our results of operation, financial condition and business.

20. We are susceptible to data leaks which could adversely affect our operations and our reputation.

During the process of our credit evaluation and as a part of our know-your-customer (**KYC**) check process we collect significant amount of personal information and data pertaining to our customers and prospective customers. The information and data collected from our customers and potential customers is maintained on our secure servers that are subject to rigorous system checks and are remotely backed-up. However, we are and will continue to be subject to the risk of data leaks and disclosure of confidential private and personal data of customers and potential customers. While we believe that we maintain robust systems we cannot assure you that we will not

be subject to data breaches and leaks. If such instances occur, we could be subject to penalties and legal action which could, in addition to affecting our operations, also have a significant impact on our reputation and goodwill.

21. Any failure of our information technology systems or lack of access to the internet could adversely impact our business

Our Company's day to day operations and its management are heavily dependent on our information technology systems. Our Company relies on information technology systems for various functions in the normal course of its business. Our Company's risk management and credit evaluation analyses, verification of KYC documents, credit report assessment or prospective customers are all dependent on information technology based systems and the internet. These information technology systems are also crucial for our daily operations and help us in monitoring our financial performance and condition and averting fraud and error in a cost effective manner. Further, information technology systems and the internet help us in carrying out our operations in an efficient and timely manner leading to customer satisfaction. Our Company also uses information technology systems for routine corporate activities such as processing of financial information, managing information pertaining to creditors/ debtors, customer communication, marketing through website and engaging in normal business activities.

Although we believe that we have effective backup systems in place, any partial or complete disruption of our information technology systems could adversely impact our business and the result of our operations. Further, in the event there is a lack of internet access in the geographical areas where our Company carries out its business, our backup systems may not be of assistance and such a situation may adversely impact our business and financial condition.

22. Our Company does not own the trade mark for the Willogo.

Our Company belongs to the Muthoot Group of companies and all companies in the group use the twin elephant logo i.e., \bigcirc , which is jointly owned by our Promoters and Muthoot Finance. Our Company has not entered into any license agreement for using such trademark and logo nor do we pay any amounts towards the use of logo. We do, however, benefit from the good will of the \bigcirc Muthoot Group. We cannot assure you that we will be permitted to continue using the trade mark or that use, in future, will continue to be without payment of a fee. If we are not permitted to use the \bigcirc logo our brand could be significantly diluted and it could have an adverse impact on our business. Further, if the actions of any of our Promoters or companies of the Muthoot Group or the occurrence of any events such as strikes or labour unrest, damage or adversely affect the reputation or brand value of the \bigcirc brand, our business and financial condition could, in turn adversely impact our reputation, business, financial condition and results of operations. Further, we may be unable be initiate proceeding against any infringement since we are not the registered owners of the said trademark or even initiate action for passingoff. Any inability to protect or defend the trade mark against infringement or misuse may adversely affect our reputation, business and financial condition.

23. Our lending operations involve cash collection which may be susceptible to loss or misappropriation or fraud by our employees. This may adversely affect our business, operations and ability to recruit and retain employees.

Our lending and collection operations involve handling of cash, including collections of instalment repayments in cash in certain cases. Cash collection exposes us to risk of loss, fraud, misappropriation or unauthorised transactions by our employees responsible for dealing with such cash collections. 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 financial performance. In addition, given the high volume of transactions involving cash processed by us, certain instance of fraud and misconduct by our employees or representatives may go unnoticed for some time before they are identified, and corrective actions are taken. Illustratively, in Fiscal 2016 and Fiscal 2017 fraud of ₹13.00 lakhs and ₹ 35.99 lakhs, respectively, was perpetrated against our Company. Further, even when we identify instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover amounts lost through such fraud or other misconduct. While we have internal controls in place to minimise the likelihood of such frauds, we cannot assure you that these are sufficient and will be so in the future.

24. If our Company is unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected. Further, our Company may not be able to obtain, renew or maintain our

statutory and regulatory permits and approvals required to operate our business

Our Company is required to obtain from time to time, certain approvals, licenses, registrations and permissions for operating its business. These licenses typically subject our Company to comply with certain conditions, failure by us to comply with such terms and conditions and/or maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have a material adverse effect on our business operations and future financial performance. Further, our NBFC license from RBI requires us to comply with certain terms and conditions for us to continue our NBFC operations. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this license or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations. Additionally, our Company is required to obtain certain other approvals including the shops and establishment registrations for premises situated in various states under the relevant legislations. While our Company has been applying for renewal of such expired approvals as and when required. Failure by us to renew, maintain or obtain the required permits or approvals, including those set out above, may have a material adverse effect on our business, results of operations and cash flows.

In the future, we may be required to obtain new registrations, permits and approvals for any of our existing business, as a result of change in current regulations or for any proposed expansion strategy or diversification into additional business lines or new financial products. We cannot assure you that the relevant authorities will issue any permits or approvals required by us in a timely manner, or at all, and/or on favourable terms and conditions. If our Company fails to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our Company may not be able to undertake certain operations of our business which may affect our business or results of operations.

25. Our Company is subject to periodic inspections by the RBI as non-systematically important NBFC and noncompliance with the observations of RBI could expose us to penalties, restrictions and regulatory actions

As an NBFC, we are subject to periodic inspection by the RBI. In terms of the provisions of the Reserve Bank of India Act, 1934, the RBI is empowered to, and does, inspect 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. In its past inspection reports the RBI has, among other things, identified deficiencies in our operations such as lapses in compliance of corporate governance norms, prudential norms, KYC norms and other practices that are required to be followed by our Company. In particular, the RBI had identified *inter alia*, the non-filing of certain forms required to be filed *per* Master Direction-Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016, and delay and / or lack of best practices with respect to corporate governance, breach of fixed deposit ceiling, as concerns. While we have responded to such observations and have either addressed them or are in the process of addressing them, we cannot assure you that the RBI will not make similar or other observations in the future or that action will not be initiated as a consequence of these lapses.

While we strive to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI, we could be subject to penalties and restrictions by the RBI, which would result in the conduct of business being circumscribed. Imposition of any penalty or adverse findings by the RBI during any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

26. If we are unable to comply with the capital adequacy requirements stipulated by the RBI, our business, results of operations and cash flows may be materially and adversely affected.

We are subject to regulations of the RBI relating to the capital adequacy of NBFCs, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or CRAR. Under extant regulations we are required to maintain a minimum CRAR of 15.00%, with a minimum Tier 1 capital of 10.00%. As March 31, 2019, and the 6 month period ended September 30, 2019, our Company's CRAR was 22.45% and 22.36%, of which Tier 1 capital was 22.01% and 21.95%, respectively.

Although we have always maintained a CRAR above the regulatory minimum requirement, we cannot assure you that it will be able to maintain the prescribed CRAR in future. Further, if we continue to grow our loan portfolio, we will be required to raise additional Tier 1 and Tier II capital in order to continue to meet applicable capital adequacy ratios. We cannot assure you that we will be able to raise additional capital in the future on

terms favourable to us, or at all. Inability to raise adequate fresh capital could stymie our growth plans and adversely impact our business and prospects. Further, failure to comply with the prescribed CRAR requirement could have a material adverse effect on our business, results of operation and financial condition.

27. Our Company may be required to be registered under and comply with State legislations that regulate the business of money lending.

A number of states in India have enacted laws to regulate money lending transactions. These laws *inter alia* stipulate a maximum rate of interest that may be charged. There is ambiguity on whether or not NBFCs are required to comply with the provisions of these state money lending laws.

The Kerala Money-lenders Act, 1958 (the 'Kerala Money-lenders Act') was enacted by the Government of Kerala to regulate and control the business of money-lenders within the State. The definition of a moneylender under the Kerala Money-lenders Act includes any person/entity that makes advances and accepts deposits in its ordinary course of business. Each money-lender within the State of Kerala is required to obtain a license under the provisions of this legislation. Several NBFCs in Kerala, including Muthoot Finance, had filed a writ petition before the Kerala High Court contending that the Kerala Money-lenders Act would be inapplicable to them since they are registered with, and controlled directly by, the RBI. However, the Kerala High Court held that NBFCs would be covered by the provisions of the Kerala Money-lender Act. The NBFCs have now approached the Supreme Court with special leave and the Supreme Court has granted an interim stay on the order of the Kerala High Court. If the Supreme Court upholds the decision of the Kerala High Court, we will be required to comply with the provisions of the Kerala Money-lenders Act which could, *inter alia*, increase our cost of compliance and have an adverse effect on our profitability and business. The matter is currently pending before the Supreme Court.

28. Our Company is unable to trace forms filed by our Company with the Registrar of Companies

Our Company is unable to trace certain corporate records. These corporate records include prescribed secretarial forms filed by our Company with the Registrar of Companies relating to certain allotments of our equity shares etc. Despite having conducted a physical research in the records of the RoC we have not been able to retrieve the aforementioned documents. Accordingly, we cannot assure you that the filings were made in a timely manner or that the information gathered through other available documents of our Company is accurate. Further, our Company may be unable to attend to and/or respond appropriately to any legal matter due to lack of lost records and to that extent our business operations may be adversely. Further, some information mentioned in Prospectus with respect to the information in the chapter '*Capital Structure' on page 45* and build of the Promoter holding is based on the ROC physical search report certificate provided by Secretarial firm, Caesar Pinto John & Associates LLP, dated June 4, 2019, data provided by the management and to the best of information available. Hence, we cannot assure you that all or any of such filings were in fact made in a timely manner or at all, that these filings will be available in the future or that we will not be subject to any penalties imposed by the competent regulatory authority in connection with these filings. While no disputes have arisen in connection with these filings, we cannot assure you that no action will be initiated in the future.

29. Individual borrowers comprise a significant proportion of our clientele and credit information of such borrowers is not easily available in the public domain

As on November 15, 2019, we had extended loans to 11,969 borrowers of which 11,918 constituting 99.57% were individual borrowers. We believe that individual borrowers could be less financially resilient than corporate borrowers, and, consequently, could be more easily affected by declining economic conditions and affected to a greater degree. Further, credit information about individuals is less easily available in the public domain and credit evaluation of individuals is still largely the domain of the individual lenders. Therefore, credit risk analyses on individual borrowers depends to a large extent on the robustness of our internal systems and credit evaluation process. While we believe that our risk management controls and credit evaluation processes are adequate, we cannot assure you that they will continue to be adequate or that additional risk management policies for individual borrowers will not be required. Failure to maintain or adhere to robust credit evaluation policies could have a material adverse effect on our results of operation and financial condition of our Company.

30. Our Company has in the past entered into related party transactions and may continue to do so in the future and we cannot assure you that we could not have achieved more favourable terms if such transactions had not been entered into with related parties

Our Company has entered into various transactions with related parties. While our Company believes that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. To illustrate, we have recently entered into direct selling agreement with Muthoot Finance pursuant to which it will market our Company's products and schemes related to vehicle financing through its retail outlets in Kerala and Tamil Nadu. The reliance on Muthoot Finance, though, may result in our business being affected if in the event the Muthoot Finance business is adversely affected, if and to the extent we leverage our relationship. For instance, Muthoot Finance has recently shut down and / or is in the process of shutting down over 40 branches in Kerala. Our business operations, to the extent they are reliant on the continued operations of such branches will be affected, since we will be unable to leverage such benefits.

It is likely that our Company may enter into related party transactions in the future. Such related party transactions may potentially involve conflicts of interest and we cannot assure you that such transaction, individually or in the aggregate, will always be in the best interests of our Company and/or that it will not have an adverse effect on our business and results of operations.

31. 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. We cannot assure you that 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.

32. There are operational risks associated with the business of our Company which may have an adverse impact on performance.

Our Company is exposed to many types of operational risks associated with our business, including, fraud by employees / collection agencies, employee turnover and high level of competition etc. There are also chances of collusion between an employee(s) and/or a borrower(s) along with the dealer/dealer staff to defraud our Company. Given the large volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. There is also the risk that the controls and procedures employed by our Company may prove inadequate or may be circumvented thereby causing delays in detection of errors in information and fraud. Although we maintain, constantly monitor and seek to upgrade our systems of controls to keep operational risk to a minimum, we cannot assure you that such risks will not occur in the future or that the loss will not be material.

33. Our future success will depend on our ability to effectively implement our business and growth strategies failing which our results of operations may be adversely affected.

Our future success and profitability will depend, in large part, on our ability to effectively implement our business and growth strategies and expand our loan portfolio. We cannot assure you that we will be able to execute our strategies in a timely manner or within budget estimates or that we will meet the expectations of our customers and other stakeholders. Our future growth also depends on factors such as competition and our ability to diversify our product mix and the increase the average size of our loan portfolio. Further, we also expect to leverage on the vast branch network of our Muthoot Finance for expanding our geographic reach.

While our revenue from operations at a CAGR of 25.60% have grown from ₹ 2,526.60% lakhs in Fiscal 2016 to ₹ 3,143.46 lakhs for the 6 month period ended September 30, 2019, (not annualised), and AUM during the same period has grown from ₹ 11,658.83 lakhs to ₹ 44,104.01 lakhs at a CAGR of 46.25%.

We believe that our business and growth strategies will place significant demands on our senior management and other resources and will require us to develop and improve operational, financial and other internal controls. Further, our business and growth strategies may require us to incur further indebtedness. Any inability to manage our business and growth strategies could adversely affect our business, cash flows, financial condition and results of operations.

Any inability to maintain our growth or failure to successfully implement our growth strategies could have an adverse impact on the results of our operations, our financial condition, our cash flows and our business prospects.

34. Our Promoters have significant influence over the operations of our Company and hold a majority of the outstanding Equity Shares.

As on November 15, 2019, our Promoters held 80.16% of our paid-up equity share capital. The Promoters are directors of our Company and are involved in the day to day operations and management of our Company. In addition, our Promoters have, in the past, provided us with unsecured loans which have enhanced the working capital resources available to us. In addition, our Promoters have extended personal guarantees for the long term and short term loans availed of by our Company from banks.

Our Promoters are in a position to influence decisions relating to the business and the outcome of matters at the Board and shareholders level. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our best interest. In addition, as the Promoters continue to exercise significant control over our Company, they may influence the material policies of our Company in a manner that could conflict with the interests of the other stakeholders. Further, Promoters may have interests in other Group Companies that are adverse to interests of our Company and that of the other stakeholders.

35. Our Company faces significant competition from other NBFCs, local unorganised and semi-organised private financiers and, in particular, from the banking sector and growth will depend on the ability of our Company to compete effectively.

Our competitors include other NBFCs operating in the same business segment as our Company, unorganised private financiers and scheduled commercial banks. In particular, many of our competitors may have operational advantages in terms of access to cost effective sources of funding and in implementing new technologies and rationalising related operational costs. As the banks have access to lower cost funds, wider network and greater resources, our Company's performance would be dependent on the ability to maintain low cost of funds and the ability to provide effective and quick service to customers. Further, some of our competitors including other NBFCs we compete with also benefit from economies of scale which may enable them to operate at lower margins. If we are unable to access funds at a reasonable cost, we may not be able to offer competitive interest rates on our loans. Further, we are competing with established entities that may already have a significant market share, distribution reach and product portfolio. If we are unable to compete effectively, it will have an adverse impact on our business and financial condition.

36. Any downturn in the overall economy will adversely affect our operations and revenue from operations.

Our lending business is heavily dependent on demand for passenger vehicles and an overwhelming vast majority of our customers are of the salaried class or are entrepreneurs. Any downturn in the overall economy resulting in the increase in unemployment, slowdown in the small and medium enterprises sector which may affect the spending power of such persons negatively may significantly decrease the demand for passenger vehicles and, consequently, our loan products. Such decrease in demand may significantly reduce our ability to generate revenue and profits from operations.

37. Our results of operations are dependent on our large pool of employees and shortage of skilled employees or disputes with our employees could adversely affect our operations.

As of November 15, 2019, we employed 308 persons in our operations. While we believe that we maintain good relationships with our employees, we cannot assure you that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

Further, due to economic growth in the past and the increase in competition for skilled and semiskilled employees in India, wages in India have, in recent years been increasing at a fast rate. We may need to increase our compensation levels to remain competitive in attracting and retaining the quality and number of skilled and semi-skilled employees that our business requires. Finally, a shortage in the labour pool or general inflationary pressures will also increase our labour costs.

38. We are heavily reliant on Key Managerial Personnel, in addition to our Promoters. Failure to retain or replace them will adversely affect our business.

In order to successfully manage and expand our business, we are dependent on the services of our Key Managerial Personnel, in addition to our Promoters. Our ability to attract, train, motivate and retain skilled employees and other professionals is critical to our Company's success. If we are unable to hire additional personnel or retain existing qualified personnel, in particular our Key Managerial Personnel and persons with requisite skills, our operations and our ability to expand our business may be impaired. If one or more members of our core management team are unable or unwilling to continue in their present positions, such persons may be difficult to replace, and our business and results of operation could be adversely affected. Further, we may be unable to hire and retain enough skilled and experienced employees to replace those who leave or may not be able to re-deploy existing resources successfully. Failure to hire or retain Key Managerial Personnel and skilled and experienced employees could adversely affect our business and results of operations.

39. The shutdown of operations at one or more of our branches could have an adverse effect on our results of operations and financial condition

Our Company operates its business through 25 branches, with a majority of these branches located in Kerala. We are subject to operating risks, such as the breakdown or failure of equipment, labour disputes and natural disasters. We may be required to shut down our operations at one or more branches if we are unable to generate the expected business from such offices or for factors beyond our control including natural disasters. If we are required to permanently shut down of one or more of our branches, it could have an adverse effect on our results of operations and financial condition.

40. Our Company does not own or does not have rental or lease agreements for certain premises where our offices and branches are located, including our registered and corporate offices

As at November 15, 2019, we operate our business from 25 branches and 7 properties used as yards for storage of repossessed vehicles. Such offices and yards are not owned by us and have been taken on lease. Further, we do not currently own the premises at which our registered and corporate office is located, nor do we have rental or lease agreements for the premises of our registered office or our branches in Kollam, Kottarakara, Kottayam, Kozhenchery and Trivandrum in Kerala, as they are operated out of buildings owned or leased by our Promoters, Directors or companies forming part of the Muthoot Group. While we renew lease agreements in the ordinary course of business, where such lease agreements have been entered into, and as per the terms of such lease agreements, we cannot assure you that we will continue to be able to renew such leases or continue our operations from such offices and yards in the future. In the event, that our lessors require us to vacate such premises, we will have to seek alternative properties at short notice and for a price that may be higher than what is being paid currently, which in turn may disrupt our operations and adversely impact our ability to conduct the business or increase its operating costs.

41. Our Company's insurance coverage may not be adequate to protect us against all potential losses to which we may be subject.

We maintain insurance cover for our real estate and tangible properties and infrastructure at all owned and leased premises which provide insurance cover including against loss or damage by fire, earthquake, burglary and fraud. Further we maintain insurance cover for cash in the office premises and in transit which provides insurance cover against loss or damage. The aggregate insured value covered by the various insurance policies we have subscribed 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. Further, there are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. Should an uninsured loss occur, it could have a material adverse effect on our results of operations and financial position. In addition, even if any such loss is insured, there may be a significant deductible on any claim for recovery prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. Further, even in the case of an insured risk occurring we cannot assure you that we will be successful in claiming insurance in part or full, or that the insurance purchased by us will be sufficient to cover the loss occasioned by the risk.

42. Our Company is reliant on third party entities to whom we outsource certain operational aspects.

Our Company outsources some of our operations such as manpower services, field investigation, valuation of preowned 4-wheelers, legal services, collection services, documentation, audit, risk containment, information technology services and storage of repossessed vehicles to various third parties. In the event such third parties fail to perform their obligations it could adversely affect our business and cause financial loss to us, which we may be unable to recover from such third party in full or part or at all.

43. The statistical and industry information contained in this Prospectus has not been independently verified and has been extracted from CARE Advisory's report 'Indian Non-Banking Finance Industry' (CARE Report) commissioned by us.

This Prospectus includes information that is derived and/ or, extracted, from the CARE Report, prepared by CARE Advisory, a research house, pursuant to an engagement with our Company. Neither we, the Lead Manager nor any other person connected with the Issue has verified the information in the CARE Report. CARE Advisory has advised us that while it has taken due care and caution in preparing the CARE Report, which is based on information obtained from sources that it considers reliable (**Information**), it does not guarantee the accuracy, adequacy or completeness of the Information and disclaims responsibility for any errors or omissions in the Information or for the results obtained from the use of the Information. The CARE Report also highlights certain industry and market data, which may be subject to assumptions. We cannot assure you that CARE Advisory's assumptions are correct or will not change. Further, the CARE Report is not a recommendation to invest or disinvest in the Secured NCDs. CARE has disclaimed all financial liability in case of any loss suffered on account of reliance on any information contained in the CARE Report.

44. Deployment of the Issue proceeds is entirely at the discretion of our management and is not subject to any monitoring by any independent agency.

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for our various financing activities including onward lending, subject to applicable statutory and/or regulatory requirements, and for general corporate purposes. For further details, please refer section titled '*Objects of the Issue*' at page 58. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. Our management will, consequently, have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and, therefore, no monitoring agency has been appointed for the Issue.

45. We have certain contingent liabilities which may adversely affect our financial condition

As of the 6 month period ended September 30, 2019, we had certain contingent liabilities which were not acknowledged as debt and not provided for. Set out below are details of such contingent liabilities:

Particulars	As at the 6 month period ended September 30, 2019 (in ₹ lakhs)
a) Claims against our Company not acknowledged as debt	
Demand by Income Tax authorities in appeal pending disposal	
Assessment Year 2009-2010	-
Assessment Year 2011-2012	7.84
Assessment Year 2013-2014	7.43
Assessment Year 2014-2015	1.01
Total	16.28

46. We are required to adopt Ind AS for the preparation of our financial statements from April 1, 2019. Ind AS differs in various aspects from Indian GAAP, our financial statements for the 6 months ended September 2019 may not be comparable to our historical financial statements.

Our Company will be required to prepare its financial statements under the Indian Accounting Standards (**Ind AS**) for the accounting periods beginning on or after April 1, 2019 whereas uptil the March 31, 2019 the financial statements of our Company were prepared in accordance with Indian GAAP. As the transition to Ind AS is very recent, any failure on our part to successfully adopt Ind AS in the manner as prescribed under Applicable Law may have an adverse effect on the disclosure of financial statements as prepared by our Company. Further, given that Ind AS is different in many respects from Indian GAAP, our financial statements prepared for the period commencing from April 1, 2019 may not be comparable to our historical financial statements.

EXTERNAL RISK FACTORS

47. Domestic economic slow-down caused due macroeconomic factors could cause our business to suffer and adversely affect our results of operations

We are exposed to risk of volatility in demand in the Indian economy which in turn may be affected by changes including due to financial and regulatory policies made by the Government. Any downturn in the macroeconomic scenario, and in particular, any downturn which adversely affects the automobile manufacturing industry, in India could also adversely affect our business, results of operations, financial condition which in turn could adversely affect the payment of interest on, and redemption of, the Secured NCDs. The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. Any slowdown or perceived slowdown in the global commodity prices could adversely affect our business. A decline in India's foreign exchange reserves and exchange rate fluctuations may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations.

In the recent past, the automobile manufacturing industry in India has witnessed a slow down which is perceived to been caused, in part, due to certain governmental actions and policies. A continuing slow-down in the automobile manufacturing sector could result in greater competition and may necessitate us having to provide additional incentives or bring down our interest rates on products, all of which could impact our margins and our results of operations and, in the long run, adversely affect our financial condition.

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

There are other lenders and debenture trustees of our Company who have pari passu charge over the Security provided for the Issue. While our Company is required to maintain an asset cover of 1 (one) time the outstanding amount of the Secured NCDs and interest thereon, upon our Company's bankruptcy, winding-up or liquidation, the other lenders and debenture trustees will rank pari passu with the Secured NCD holders and to that extent, may reduce the amounts recoverable by the Secured NCD holders.

49. Changes in interest rate may affect the price of the Secured NCD. Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the Secured NCDs.

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

50. You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Secured NCDs.

Our ability to pay interest accrued on the Secured 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 Secured NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD holders on the assets adequate to ensure 100.00% asset cover for the Secured NCDs, which shall be free from any encumbrances, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Secured NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the Secured NCDs could expose you to a potential loss.

51. Creation of a debenture redemption reserve is required only if stipulated by applicable law. Where, applicable law does not require the creation of a debenture redemption reserve, we may not create a reserve for redemption.

A debenture redemption reserve (**DRR**) is created as a buffer for future redemption obligations of our Company. It is expected to protect the investors' Redemption Amount to the extent of the reserve created. Our Company will create and maintain a debenture redemption reserve only in accordance with applicable law. Where the applicable law does not stipulate the creation of a DRR, we are not required to and may not create a DRR. Accordingly, where a DRR is not required to be created, investors may not have the benefit of the DRR buffer and to that extent, the ability of our Company to timely redeem the Secured NCDs may be adversely affected.

52. There may be no active market for the Secured NCDs. As a result, the liquidity and market prices of the Secured NCDs may fail to develop and may accordingly be adversely affected.

We cannot assure you that an active market for the Secured NCDs will develop. If an active market for the Secured NCDs fails to develop or be sustained, the liquidity and market prices of the Secured NCDs may be adversely affected. The market price of the Secured 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 for listed debt securities, (iii) general economic conditions, and (iv) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the Secured NCDs, which may trade at a discount to the price at which you purchase the Secured NCDs and/or be relatively illiquid.

53. There may be a delay in making refund to Applicants.

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (iii) withdrawal of the Issue, or (iv) failure to obtain the final approval for listing of the Secured NCDs, will be refunded to you in a timely manner. We, however, shall refund such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

54. Payments to be made on the Secured NCDs will be subordinated to certain tax and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the Secured NCDs.

The Secured 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 Secured NCDs only after all of those liabilities that rank senior to these Secured NCDs have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the Secured NCDs.

55. There could be political, economic or other factors that are beyond our control but may have a material adverse impact on our business and results of operations should they materialize.

The following external risks may have a material adverse impact on our business and results of operations should any of them materialize:

- Political instability, a change in the Government or a significant change in the economic and deregulation policies, in particular, those relating to NBFCs Investment and Credit Companies, could adversely affect economic conditions in India, and could also adversely affect our financial condition and results of operations;
- The growth of our business and our performance is linked to the performance of the overall Indian economy. A slowdown in the economic growth in India, and in particular in the financing requirements of our customers could adversely affect our business and results of operations;
- Civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war involving India or neighbouring countries could materially and adversely affect the financial markets which could impact our business. Such incidents could impact economic growth or create a perception that investment in Indian companies have a material adverse effect on the market for securities of Indian companies, including the Secured NCDs;

- Natural disasters in India or Kerala may disrupt or adversely affect the Indian economy or the economy of Kerala, which in turn could adversely affect our business, financial condition and results of operation;
- Any downgrade of India's sovereign rating by international credit rating agencies could adversely affect our ability to raise additional financing as well as our business and future financial performance. In such event, our ability to grow our business and operate profitably would be severely constrained;
- Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and could have an adverse effect on our business, profitability and results of operations; and
- The Indian economy has had sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India could increase our employee costs which could have an adverse effect on our profitability and results of operations.

56. *A* decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.

According to the weekly statistical supplement released by the RBI, India's foreign exchange reserves as on November 15, 2019 aggregated USD 448,249 million (Source: www.rbi.org.in). A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our financial condition.

57. Companies operating in India are subject to a variety of central and state government taxes and surcharges. Any increase in tax rates could adversely affect our business and results of operations.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 25.18%. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

58. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance. Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business.

We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of securities could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance.

59. There can be no assurance that the Secured NCDs will be listed on the BSE Limited in a timely manner or at all.

In accordance with applicable law, permission for the listing and trading of the Secured NCDs will not be provided until the Secured NCDs have been issued and allotted. The permission for the listing and trading will only be granted on submission of the relevant documents and compliance with procedures prescribed by the Stock Exchange. There could be a delay or failure in listing of the Secured NCDs, in the event of failure to obtain the approval of the Stock Exchange.

Any failure or delay in obtaining the approval will restrict the Investors' ability to dispose off the Secured NCDs and, we may be required to refund the entire Application Amount, as prescribed by applicable law.

SECTION III: INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated as 'Muthoot Leasing and Finance Limited' on June 8, 1992 at Kochi as a public limited company and received a certificate of incorporation from the Registrar of Companies, Kerala and Lakshadweep and received a certificate of commencement of business dated July 15, 1992. Subsequently vide a resolution dated September 10, 2008, our company's name was changed to Muthoot Vehicle & Asset Finance Limited and received a certificate of incorporation the Registrar of Companies, Kerala and Lakshadweep.

Our Company obtained a certificate of registration dated November 30, 1998 (bearing no. 16.00042) issued by the RBI to carry on the activities of a deposit taking non-banking financial company (NBFC) under section 45 IA of the RBI Act, 1934, which was renewed on 20 March 2007 (bearing no. 16.00042, subsequently, on change of our Company's name on October 3, 2008 a fresh certificate (bearing no. A-16.00042) was issued to our Company. Our Company is presently classified as a NBFC – investment and credit company (NBFC-ICC).

Registered office of our Company

Muthoot Chambers, Opp. Saritha Theatre, Banerji Road, Kochi, Ernakulam – 682018, Kerala, India. **Tel:** + 91 484 2396478 **Fax:** +91 484 239 6506 **Email:** cs@mvafl.com **Website:** www.mvafl.com

Corporate Identity Number: U65910KL1992PLC006544

Corporate office of our Company

5th and 6th Floor Midhun Tower, K P Vallon Road, Kadavanthra, Ernakulam – 682020, Kerala, India **Tel**: + 91 75938 64404 **Email**: cs@mvafl.com **Website**: www.mvafl.com

Address of the RoC

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

Registrar of Companies

Company Law Bhawan, BMC Road Thrikkakara, Kochi – 682021, Kerala, India **Tel**: 0484-2423749/2421489 **Fax**: 0484-2422327 **Email:** roc.ernakulam@mca.gov.in

Registration

Registration Number: 006544

Corporate Identity Number: U65910KL1992PLC006544 issued by the Registrar of Companies, Kerala and Lakshadweep.

Certificate of registration bearing number A-16.00042 issued by the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 to carry on the business of an asset finance company.

Registration for prepaid instrument license

Our Company received a certificate of authorisation no. 23 / 2009 to issue and operate prepayment instruments in India from the RBI on October 29, 2009. The validity of the said certificate has been extended up to December 31, 2021 vide letter dated December 28, 2018 received from the RBI.

Chief Financial Officer

Geena Thomas 5th and 6th Floor Midhun Tower, K P Vallon Road, Kadavanthra, Ernakulam – 682020, Kerala, India **Tel**: +91 7593864403 **Email**: geenaajith@muthootgroup.com

Company Secretary and Compliance Officer

Arya Devu P.V 5th and 6th Floor Midhun Tower, K P Vallon Road, Kadavanthra, Ernakulam – 682020, Kerala, India **Tel**: +91 7593864416 **Email**: arya.devu@mvafl.com

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer in case of any pre-issue or post-issue related issues such as non-receipt of Allotment advice, demat credit of allotted Secured NCDs or refunds, as the case may be.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of Secured NCDs applied for, amount paid on application, Depository Participant and the collection centre of the 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 Secured NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the Applicant.

All grievances arising out of Applications for the Secured NCDs made through the Online Stock Exchange Mechanism may be addressed directly to the respective Stock Exchanges.

Lead Manager

Inga Ventures Private Limited

1229, Hubtown Solaris, N.S. Phadke Marg, Opp. Telli Galli, Andheri (E) - 400 069, Mumbai Maharashtra, India Tel: +91 22 2681 6003 Fax: +91 22 2681 6020 E-mail: mvafl_ncd@ingaventures.com Investor grievance e-mail: investors@ingaventures.com Website: www.ingaventures.com Contact Person: Kavita Shah SEBI Registration No.: INM000012698

Lead Brokers

Muthoot Securities Limited

1st Floor, Alpa Plaza, K P Vallon Road, Kadavanthra, Kochi, Kerala – 682020 **Tel:** 0484 – 4337555 **Fax:** N/A **Email:** securities@muthootsecurities.com **Investor grievance e-mail:** grievance@muthootsecurities.com **Website:** www.muthootsecurities.com **Contact Person:** Ragesh G R (Director & CEO) **SEBI Registration No:** INZ000185238

Integrated Enterprises (India) Private Limited

A-123, 12th Floor, Mittal Tower, Nariman Point, Mumbai – 400021 **Tel:** 022 – 40661800 **Fax:** N/A **Email:** krishnan@integratedindia.in **Investor grievance e-mail:** sriram@integratedindia.in **Website:** www.integratedindia.in **Contact Person:** Mr. V. Krishnan, Whole Time Director **SEBI Registration No:** INZ000095737

Debenture Trustees

IDBI Trusteeship Services Limited

Address: Asian Building, Ground Floor, 17, R, Kamani Marg, Ballard Estate, Mumbai – 400 001, Maharashtra, India Tel: +9122 4080 7000 Fax: +9122 66311 7776 Email: itsl@idbitrustee.com Investor Grievance Email: response@idbitrustee.com Website: www.idbitrustee.com Contact Person: Anjalee Athayle SEBI Registration No: IND000000460

IDBI Trusteeship Services has by its letter dated March 28, 2019 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all subsequent communications to be sent to the Secured NCDs issued pursuant to this Issue.

All the rights and remedies of the Secured NCD Holders under this Issue shall vest in and shall be exercise by the appointed Debenture Trustee for this Issue without having it referred to the Secured 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 Secured 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 Secured NCD Holders. For details on the terms of the Debenture Trust Deed, please see the section '*Issue Related Information*' beginning on page 202.

Registrar to the Issue

LINK INTIME INDIA PRIVATE LIMITED

Address: C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 089, Maharashtra, India Tel: (+91 22) 4918 6200 Fax: (+91 22) 4918 6195 Email: mvafl.ncd2019@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration No: INR000004058

Statutory Auditor to our Company

JVR & Associates

Address: 39/2790A, Wilmont Park Business Centre, Palimukku, Kochi – 682 016, Kerala, India Tel: 0484 – 235 5314 E-mail: jvr@airtelmail.in Firm registration number: 011121S

JVR & Associates has been appointed the statutory auditor of our Company since April 1, 2017, prior to which R.G.N Price & Co. was the statutory auditor of our Company.

Credit Rating Agencies

CRISIL Ratings Limited

CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400 076, Maharashtra, India **Website**: www.crisil.com **Tel**: + 91 22 3342 3000 **Fax**: +91 22 4040 5800

CARE Ratings Limited

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai – 400 022 **Website:** www.careratings.com **Tel**: +91 22 6754 3456 **Fax**: +91 22 6754 3457

Credit Rating

The Secured NCDs proposed to be issued under this Issue have been rated CRISIL A/Stable by CRISIL vide its letter dated January 17, 2020. Additionally, the Secured NCDs had also been rated CARE BBB+; Stable by CARE vide its letters dated August 30, 2019, which was revalidated on December 9, 2019. This rating, though, was withdrawn by CARE pursuant to letter dated January 24, 2020 at the request of our Company. The Secured NCDs have been rated for an amount upto ₹ 20,000.00 lakhs. The rating by CRISIL indicates that the instruments are considered to have adequate degree of safety regarding timely servicing of financial obligations and such instruments carry low credit risk. The rating by CARE indicated that the instruments are considered to have moderate degree of safety regarding timely servicing of financial obligations. Credit ratings are not a recommendation to buy, sell or hold securities and investors should take their own

decision and the rating is subject to revision or withdrawal at any time by CRISIL should be evaluated independently of any other ratings. Please refer to **Annexure I** and **Annexure II** of this Prospectus for rating letters and rationale for the aforementioned rating.

Disclaimer Clause of CRISIL

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company / entity. Ratings are revised as an when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL website, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

Disclaimer Clause of CARE Ratings Limited

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities / instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities / instruments.

Legal Counsel to the Issue

Bharucha & Partners

2nd Floor, Hague Building 9, S.S. Ram Gulam Marg Ballard Estate Mumbai – 400 001 Maharashtra, India Tel: +91 22 6132 3900 Fax: +91 22 6633 3900

Public Issue Bank and Refund Bank

ICICI BANK LIMITED

Capital Market Division, 1st Floor 122, Mistry Bhavan, Dinshaw Vachha Road Backbay Reclamation, Churchgate Mumbai- 400 020 Tel: +91 22 66818911/23/24 Fax: +91 22 2261138 Website: www.icicibank.com Contact Person: Mr Saurabh Kumar Email: kmr.saurabh@icicibank.com SEBI Registration No: INBI00000004

Bankers to our Company

Axis Bank Limited	Dhanlaxmi Bank Limited	Federal Bank Limited
5th Floor,	Ground Floor, Noorjahan building, Opp.	Corporate & Institutional Banking,
Chicago Plaza, Rajaji Road	Private	The Federal Bank Ltd,
Ernakulam – 682 035	Bus Stand Kaloor,	Corporate Office,
Tel: + 91 484 442063	Ernakulam – 682 017	

Email: suraj.das@axisbank.com Tel: + 91 9539004405 Email: dlb.kaloorekm@dhanbank.co.in / shiju.mv@dhanbank.co.in

PNVM Arcade, Banerji Road, Ernakulam-682018 **Tel:** + 91 484 2396974 **Email: ekma@federalbank.co.in**

YES Bank Limited First floor, Puthuran Plaza Northenside, KPCC Jn., M.G. Road, Ernakulam – 682011 Tel: + 91 484 6641057 Email: dlcorpdeskkochi@yesbank.in

CSB Bank Limited Ground Floor, DJM Building, Market Road, Ernakulam - 682011 Tel: +91 9072601582 +91 484 2366533 Email: ernakulammarket@csb.co.in IDBI Bank Limited

Panampilly Nagar, Near Passport Office, Kochi – 682 036 Tel: + 91 484 2318889 / 2310390 Email: sherine.mendez@idb i.co.in

Underwriting

The issue is not underwritten.

Arrangers

There are no Arrangers to the Issue.

Expert

Except the (i) Auditors' report on Reformatted Standalone Financial Statements issued by JVR & Associates, Chartered Accountants dated December 18, 2019; (ii) Statement of Tax Benefits issued by JVR & Associates, Chartered Accountants dated January 29, 2020; (iii) Indian Non-Banking Finance Industry Report by CARE dated December 2019 our Company has not obtained any expert opinions.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and updated from time to time. For further details of the Designated Branches of the SCSBs to receive the ASBA Forms from the Designated Intermediaries and as updated from time to time, please refer to the above mentioned link.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors) submitted to a member of the Syndicate, the list of branches of the SCSBs at the specified locations named by the respective SCSBs to receive deposits of Bid cum Application Forms members of the Syndicate is available on the website of the from the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at specified locations, see the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes

Registered Brokers / 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 and the ASBA Circular, Applicants can submit the Application Forms with the 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 websites of the Stock Exchange at www.bseindia.com and www.nseindia.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.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions 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 ten lakh rupees or one per cent. of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than 6 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 ten lakh rupees or one per cent 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 fifty lakh rupees or with both.

Consents

For details, please refer to the chapter 'Other Regulatory and Statutory Disclosures' on page 174.

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size i.e. ₹ 7500.00 lakhs, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 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 6 working days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period

Under Section 39(3) of the Companies Act read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard, including the Debt Application Circular.

Steps to be taken by the Bidders for Bidding:

For further details, please refer to the chapter 'Issue Procedure' on page 226.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds please refer to the chapter 'Objects of the Issue' on page 58.

Issue Programme:

Issue Opens on	Tuesday, February 25, 2020
Issue Closes on	Wednesday, March 18, 2020*

* The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time (IST)) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may

be decided by the Board of Directors of our Company or the Finance Committee. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. For further details refer 'General Information- Issue Program' on page 43. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (IST) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchange.

Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (IST) during the Issue Period as mentioned above by the (a) by the Designated Intermediaries at the Bidding 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 the Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange platform would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are IST. 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, 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.

CAPITAL STRUCTURE

1. Details of share capital and securities premium account

The following table lays down the details of our authorised, issued, subscribed, paid up share capital and securities premium account as on the date of this Prospectus: $(in \notin lehl, meant elemendet)$

	(in ₹ la.	kh except share data)
Sr.	Particulars	Aggregate Value
No.		
А.	AUTHORISED SHARE CAPITAL	
	2,50,00,000 Equity Shares of face value of ₹ 10 each	2,500.00
В.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
	2,50,00,000 Equity Shares of face value of ₹ 10 each	2,500.00
C.	SECURITIES PREMIUM ACCOUNT	
	Prior to the Issue	Nil

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

2. Issue size

Public issue by our Company of Secured NCDs of face value of \gtrless 1,000.00 each aggregating up to \gtrless 10,000.00 lakhs, with an option to retain over-subscription up to \gtrless 10,000.00 lakhs, aggregating up to \gtrless 20,000.00 lakhs, on the terms and in the manner set forth herein.

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

There has been no change in the authorised share capital of our Company as on the date of this Prospectus, in the last five years.

Date of allotment	No. of Equity	Face	Issue	Cons	Nature of		Cumulative	
	Shares	Value (₹)	Price (₹)	idera tion	allotment	No. of equity shares	Equity share capital	Securit ies premiu m
June 8, 1992	70	10.00	10.00	Cash	Subscription to MoA ⁽¹⁾	70	70.00	Nil
August 6, 1992*	5,120	10.00	10.00	Cash	Further issue ⁽²⁾	5,190	51,900.00	Nil
October 31, 1992*	40,050	10.00	10.00	Cash	Further issue ⁽³⁾	45,240	4,52,400.00	Nil
March 31, 1993*	2,55,500	10.00	10.00	Cash	Further issue ⁽⁴⁾	3,00,740	30,07,400.00	Nil
July 31, 1993*	1,50,000	10.00	10.00	Cash	Further issue ⁽⁵⁾	4,50,740	45,07,400.00	Nil
March 25, 1994*	4,50,740	10.00	10.00	Cash	Further issue ⁽⁶⁾	9,01,480	90,14,800.00	Nil
November 1, 1994*	9,01,480	10.00	10.00	Cash	Further issue ⁽⁷⁾	18,02,960	1,80,29,600.00	Nil
December 30,1995*	31,97,040	10.00	10.00	Cash	Further issue ⁽⁸⁾	50,00,000	5,00,00,000.00	Nil
March 31, 1997*	12,50,000	10.00	10.00	Cash	Further Issue ⁽⁹⁾	62,50,000	6,25,00,000.00	Nil
November 24, 2006	61,15,005	10.00	10.00	Cash	Further Issue ⁽¹⁰⁾	1,23,65,005	12,36,50,050.00	Nil
November 29, 2006	13,435	10.00	10.00	Cash	Further Issue ⁽¹¹⁾	1,23,78,440	12,37,84,400.00	Nil
November 29, 2006	1,21,560	10.00	10.00	Cash	Further Issue ⁽¹²⁾	1,25,00,000	12,50,00,000.00	Nil
March 10, 2007	1,25,00,000	10.00	10.00	Cash	Bonus Issue ⁽¹³⁾	2,50,00,000	25,00,00,000.00	Nil

4. Equity Share capital history of our Company, as on the date of this Prospectus, since incorporation:

⁽¹⁾Allotment of 10 Equity Shares to M. George, 10 Equity Shares to M.G. George, 10 Equity Shares to George Thomas Muthoot, 10 Equity Shares to George Jacob Muthoot, 10 Equity Shares to George Alexander Muthoot, 10 Equity Shares to Anna Alexander and 10 Equity Shares to Elizabeth Jacob.

⁽²⁾ Allotment of 1040 Equity Shares to M. George, 1040 Equity Shares to M.G. George, 1000 Equity Shares to George Thomas Muthoot, 1000 Equity Shares to George Jacob Muthoot, 1040 Equity Shares to George Alexander Muthoot.

⁽³⁾ Allotment of 8000 Equity Shares to M. George, 8000Equity Shares to M.G. George, 8000 Equity Shares to George Thomas Muthoot, 8000 Equity Shares to George Jacob Muthoot, 8000 Equity Shares to George Alexander Muthoot, 50 Equity Shares to V.C. Peter.

⁽⁴⁾ Allotment of 2000 Equity Shares to Susan Jacob, 1000 Equity Shares to Annamma Varghese, 500 Equity Shares to Annamma Mathew, 500 Equity Shares to Koshy Daniel, 500 Equity Shares to Ammukutty Koshy, 1,000 Equity Shares to N. Jayasree, 500 Equity Shares to P.J. Jacob, 500 Equity Shares to Rachel Mathai, 500 Equity Shares to K.V Mathai, 500 Equity Shares to Elizabeth Eapen, 500 Equity Shares to Leelamoni John Prasad, 1,000 Equity Shares to Habeeb, 1,500 Equity Shares to Vakkachan George, 500 Equity Shares to T.A. George, 1,000 Equity Shares to Shereen Abraham, 500 Equity Shares to Roykutty Philipose, 500 Equity Shares to T.V. Kurien, 600 Equity Shares to Mathew Tharian, 500 Equity Shares to Elizabeth Jacob-SH, 1,000 Equity Shares to C.P. Jose, 1,000 Equity Shares to B.Saju Varghese, 500 Equity Shares to Santhosh P.Abraham, 1,000 Equity Shares to Tom Koshy, 1,000 Equity Shares to Manu P.Koshy, 500 Equity Shares to Abraham George, 500 Equity Shares to Sudin Koshy, 500 Equity Shares to Mathai Zachariah Kuttiyil, 1,000 Equity Shares to B.Bindu Madhav, 500 Equity Shares to Sripathi V.Bhatt, 500 Equity Shares to Lancy Valsan, 500 Equity Shares to P.V. Valsan, 500 Equity Shares to Regi V.Edathil, 500 Equity Shares to Roy V.Edathil, 1,500 Equity Shares to Anup Thomas Kuruvila, 500 Equity Shares to Lekha C.R., 500 Equity Shares to Somarajan K.N., 500 Equity Shares to George K.Joseph, 1,000 Equity Shares to K.K. Kulsan Beevi, 1,000 Equity Shares to B.Lakshmikanthan, 2,000 Equity Shares to T.Krishnan, 1,000 Equity Shares to B.Govindan, 500 Equity Shares to Happy Mathew K, 500 Equity Shares to Gracy Jacob, 500 Equity Shares to P.P. Jacob, 500 Equity Shares to Sabu P.Thomas, 1,000 Equity Shares to Sheela Kurien, 1,000 Equity Shares to P.Joseph Kurien, 500 Equity Shares to Sudha Rajagopal, 1,000 Equity Shares to Mary Mathew, 500 Equity Shares to Jolly V.Mathew, 500 Equity Shares to Santy V. Mathew, 500 Equity Shares to V.K.Annamma, 500 Equity Shares to Cherian Korah, 500 Equity Shares to Samuel Mathew, 2,000 Equity Shares to Sujit Kumar Sivanand, 500 Equity Shares to K.E. Zachariah, 500 Equity Shares to Sheela Philip, 500 Equity Shares to Shiny Eapen, 500 Equity Shares to Eapen Philip, 500 Equity Shares to Thankamma Kuruvila, 500 Equity Shares to Kuruvilla Kurien, 500 Equity Shares to Mathew Philip, 500 Equity Shares to Kamala Philip, 500 Equity Shares to M.P Philip, 500 Equity Shares to E.I.Kovoor, 1,000 Equity Shares to Jyothi Abraham, 500 Equity Shares to K.Yohannan, 1,500 Equity Shares to Chacko Varghese, 1,500 Equity Shares to Elizabeth Eapen, 500 Equity Shares to Prasad C.Ninan, 1,000 Equity Shares to Sucy Titus, 1,000 Equity Shares to Susan Thomas-SH, 1,000 Equity Shares to Mathew D, 1,000 Equity Shares to M. Mathew, 500 Equity Shares to George Oommen, 1,500 Equity Shares to K.T Thomas, 500 Equity Shares to Alice Arun Thomas, 1,000 Equity Shares to Anien Mathew, 1,000 Equity Shares to Mary Zachariah, 1,000 Equity Shares to Aswathy Cherian, 1,000 Equity Shares to Shaji T.George, 2,000 Equity Shares to Jacob George, 1,000 Equity Shares to A.M. George, 1,000 Equity Shares to Elizabeth Mathew, 1,000 Equity Shares to K.Zachariah Jacob, 500 Equity Shares to P.A.Goda Varma Raja, 1,900 Equity Shares to Susan Thomas-SH, 1,000 Equity Shares to J.Jacob, 500 Equity Shares to Raju K.U, 1,000 Equity Shares to Jaison Philip, 500 Equity Shares to Oommen P.Eapen, 1,000 Equity Shares to Daniel Mathew, 500 Equity Shares to D.Chandrasenan Nair, 7,000 Equity Shares to M.G.George Muthoot, 7,000 Equity Shares to George Thomas, 7,000 Equity Shares to George Jacob, 6,000 Equity Shares to George Alexander Muthoot, 10,000 Equity Shares to Anna Alexander, 10,000 Equity Shares to Elizabeth Jacob, 10,000 Equity Shares to Susan Thomas, 10,000 Equity Shares to Sara George, 2,000 Equity Shares to Preethy John, 2,000 Equity Shares to Thomas John, 2,000 Equity Shares to Thomas George, 2,000 Equity Shares to Neena George, 2,000 Equity Shares to Remy Thomas, 2,000 Equity Shares to Thomas Muthoot, 500 Equity Shares to P D joseph, 500 Equity Shares to P T Mathew, 500 Equity Shares to K C Ummen, 500 Equity Shares to P T Yohannan, 1,000 Equity Shares to Kurian Jacob, 1,000 Equity Shares to Simon MT, 500 Equity Shares to Susy Mathew, 500 Equity Shares to Joseph V G, 500 Equity Shares to M T Varghese, 1,000 Equity Shares to Annamma Koshy, 1,000 Equity Shares to P S George, 1,000 Equity Shares to Sheela Shivanand, 500 Equity Shares to A. E Thomas, 500 Equity Shares to P C john, 500 Equity Shares to Jimmy K Peter, 1,000 Equity Shares to Neju Joseph, 500 Equity Shares to Sunitha Mathew, 500 Equity Shares to Abraham Mathew, 500 Equity Shares to K J Jomon, 500 Equity Shares to Rachel Jomon, 1,500 Equity Shares to Kitty Mathen, 1,500 Equity Shares to P V George, 500 Equity Shares to A C Chacko, 500 Equity Shares to Jameela Abu, 500 Equity Shares to Anna Mani, 1,500 Equity Shares to A M Mathew, 500 Equity Shares to Sukumaran Nair, 1,000 Equity Shares to Rev. Fr. Jacob. Mannarapravil, 1,000 Equity Shares to Stephen Nadukudiyil, 500 Equity Shares to Thomas Philip, 1,000 Equity Shares to Thomas P Thomas, 1,000 Equity Shares to Annamma Thomas, 1,000 Equity Shares to P G George, 1,000 Equity Shares to Susan Eapen, 1,000 Equity Shares to Susy Joseph, 1,000 Equity Shares to Joseph Samuel, 500 Equity Shares to Leelamma Valsan, 500 Equity Shares to Cheri Cherian, 500 Equity Shares to Alice Abraham, 500 Equity Shares to Tina Joshua, 500 Equity Shares to Jolly Joshua, 500 Equity Shares to K V Joshua, 500 Equity Shares to Fr. Abraham Joseph. 500 Equity Shares to Oozhunnalur Nainan Kuniappi, 500 Equity Shares to Sheena Joshua. 500 Equity Shares to Joseph K John, 500 Equity Shares to Abraham k john, 1,000 Equity Shares to Anannthan Kunjikkanann, 500 Equity Shares to V Thomas Abraham, 500 Equity Shares to Abraham Edikkula, 500 Equity Shares to Varghese John, 1,000 Equity Shares to Sajini Thampi, 500 Equity Shares to Thankamma Kurian, 1,000 Equity Shares to D Thomas Varghese, 1,000 Equity Shares to Aleyamma Thomas, 1,000 Equity Shares to Roy P Thomas, 500 Equity Shares to Jose Abraham, 500 Equity Shares to Elizabeth Mathew, 500 Equity Shares to George Varghese, 1,000 Equity Shares to K O Thomas, 1,000 Equity Shares to Amal Joseph, 1,000 Equity Shares to Saramma Joseph, 1,000 Equity Shares to T D Mathew, 500 Equity Shares to Alex Varghese, 500 Equity Shares to Sunny Mathew, 500 Equity Shares to Rosamma Shaji, 500 Equity Shares to Shaji Nainan, 500 Equity Shares to Dora Swamy Achari, 500 Equity Shares to Muhammad Hussain, 500 Equity Shares to Marykutty Johny, 500 Equity Shares to Monie Cherian, 500 Equity Shares to Leelamma Raju, 500 Equity Shares to Anitha V Nair, 500 Equity Shares to Susan Alexander, 1,000 Equity Shares to Joy Kurian, 1,000 Equity Shares to Valsa Paul, 1,000 Equity Shares to Isac K A, 1,000 Equity Shares to Asha Mammen, 500 Equity Shares to Thara P Pillai, 500 Equity Shares to Rev. FR. Kurian Varghese, 500 Equity Shares to T S Venugopal, 500 Equity Shares to Tomy CC, 500 Equity Shares to Rajan George, 500 Equity Shares to Claramma Mathew, 500 Equity Shares to Annamma George, 500 Equity Shares to Abraham T V, 500 Equity Shares to Anitha Joseph, 1,000 Equity Shares to K C Cherian, 500 Equity Shares to Leelamma N 1,500 Equity Shares to Susan Cherian, 2,000 Equity Shares to Alex Mathew, 1,000 Equity Shares to K J John, 1,500 Equity Shares to Dinu John, 1,500 Equity Shares to A J Joseph Eapen, 1,500 Equity Shares to Elizabeth Eapen, 1,000 Equity Shares to Susan Mathew, 1,000 Equity Shares to Prabha John, 500 Equity Shares to Sosamma Ponnuse, 500 Equity Shares to John Morrris, 500 Equity Shares to George P V, 500 Equity Shares to Saji Varghese, 500 Equity Shares to Bindu Sara Varghese, 1,500 Equity Shares to Aswathy Rany, 1,000 Equity Shares to George Kurian, 500 Equity Shares to Jose K C, 1,000 Equity Shares to N Samuel, 500 Equity Shares to Ninu Samuel, 1,000 Equity Shares to Baikutty George, 500 Equity Shares to Isac Thomas, 2,000 Equity Shares to Shantha Kurian, 500 Equity Shares to Dally George, 1,000 Equity Shares to Thankamma George, 500 Equity Shares to Molly George, 500 Equity Shares to Abhilash Kurien, 500 Equity Shares to Molly Kurien, 1,000 Equity Shares to Vinu C. Issac, 500 Equity Shares to Ponnamma Mathew, 1,000 Equity Shares to Kunhikannan Anandan, 500 Equity Shares to P J Mathew, 1,000 Equity Shares to Beroy Thomas Thomas, 1,000 Equity Shares to P G Mathew, and 10,000 Equity Shares to Valsa Kurian

⁽⁵⁾ Allotment of 15000 Equity Shares to George Alexander Muthoot, 15000 Equity Shares to Anna Alexander, 15000 Equity Shares to Elizabeth Jacob, 15000 Equity Shares to Susan Thomas, 15000 Equity Shares to Sara George, 15000 Equity Shares to Valsa Kurien, 15000 Equity Shares to Georgie Kurien, 15000 Equity Shares to M.G. George, 15000 Equity Shares to George Thomas, 15000 Equity Shares to George Jacob Muthoot.

⁽⁶⁾ Allotment of 9,010 Equity Shares to George Thomas Muthoot, 9,050 Equity Shares to George Alexander Muthoot, 100 Equity Shares to Sajen Peter, 500 Equity Shares to Rachel Mathai, 500 Equity Shares to K.V Mathai, 500 Equity Shares to Leelamoni John Prasad, 1,000 Equity Shares to Shereen Abraham, 1,000 Equity Shares to C.P. Jose, 1,000 Equity Shares to B.Saju Varghese, 500 Equity Shares to Santhosh P. Abraham, 500 Equity Shares to Abraham George, 500 Equity Shares to Sudin Koshy, 1,500 Equity Shares to Anup Thomas Kuruvila, 500 Equity Shares to George K. Joseph, 300 Equity Shares to Happy Mathew K, 500 Equity Shares to George Oommen, 1,000 Equity Shares to Aswathy Cherian, 37,000 Equity Shares to M.G.George Muthoot, 37,000 Equity Shares to George Thomas Muthoot, 47,510 Equity Shares to George Jacob Muthoot, 36,000 Equity Shares to George Alexander Muthoot, 40,010 Equity Shares to Anna Alexander, 40,010 Equity Shares to Elizabeth Jacob, 40,000 Equity Shares to Susan Thomas, 40,000 Equity Shares to Sara George, 500 Equity Shares to Hema Narayana Moorthy, 2,000 Equity Shares to Vinod Pallathu Thomas, 500 Equity Shares to Susy Mathew, 1,000 Equity Shares to Annamma Koshy, 1,000 Equity Shares to P S George, 500 Equity Shares to P C John, 500 Equity Shares to Jimmy K Peter, 1,000 Equity Shares to Susy Joseph, 1,000 Equity Shares to Joseph Samuel, 500 Equity Shares to Oozhunnalur Nainan Kunjappi, 500 Equity Shares to Joseph K John, 500 Equity Shares to Abraham K John, 1,000 Equity Shares to Anannthan Kunjikkanann, 1,000 Equity Shares to Aleyamma Thomas, 1,000 Equity Shares to Roy P Thomas, 1,000 Equity Shares to Isac K A, 500 Equity Shares to Susan Cherian, 1,000 Equity Shares to Kunhikannan Anandan, 40,000 Equity Shares to Valsa Kurian, 28,650 Equity Shares to Georgie Kurian, 1,500 Equity Shares to Dony George, 1,000 Equity Shares to Anna Sosa Thomas, 1,000 Equity Shares to Ealu Merium Thomas, 9,050 Equity Shares to M George Muthoot and 9,050 Equity Shares to MG George Muthoot.

⁽⁷⁾ Allotment of 18100 Equity Shares to M George, 95100 Equity Shares to M G George Muthoot, 95020 Equity Shares to George Thomas Muthoot, 98020 Equity Shares to George Jacob Muthoot, 93600 Equity Shares to George Alexander Muthoot, 83020 Equity Shares to Anna Alexander, 83020 Equity Shares to Elizabeth Jacob, 1000 Equity Shares to Rachel Mathai, 2000 Equity Shares to P S George, 1000 Equity Shares to K V Mathai, 500 Equity Shares to T A George, 1000 Equity Shares to Santhosh P Abraham, 1000 Equity Shares to Thomas P Thomas, 1000 Equity Shares to Sudin Koshy, 200 Equity Shares to Happy Mathew K, 1000 Equity Shares to Sajini Thamby, 2000 Equity Shares to Aleyanma Thomas, 2000 Equity Shares to Roy P Thomas, 500 Equity Shares to Cherian Korah, 500 Equity Shares to K E Zachariah, 1000 Equity Shares to P rabha John, 1000 Equity Shares to Thomas Mathew, 500 Equity Shares to Susan Thomas, 500 Equity Shares to Sara George, 83000 Equity Shares to Valsa Kurien, 60500 Equity Shares to George Kurien, 1000 Equity Shares to Anna Sosa Thomas, 2000 Equity Shares to Ealu Merium Thomas, 2000 Equity Shares to Sheeba Abraham, 1000 Equity Shares to Joseph John, 1000 Equity Shares to Thomas Mathew.

⁽⁸⁾ Allotment of 1,00,513 Equity Shares to George Thomas Muthoot, 1,00,709 Equity Shares to George Alexander Muthoot, 1,560 Equity Shares to Sudin Koshy, 1,780 Equity Shares to Sucy Titus, 500 Equity Shares to George Oommen, 6,764 Equity Shares to Susan Thomas-SH, 2,42,080 Equity Shares to M.G.George Muthoot, 2,42,080 Equity Shares to George Thomas Muthoot, 3,55,053 Equity Shares to George Jacob Muthoot, 2,47,420 Equity Shares to George Alexander Muthoot, 2,99,823 Equity Shares to Anna Alexander, 2,99,872 Equity Shares to Elizabeth Jacob, 2,99,801 Equity Shares to Susan Thomas, 2,99,801 Equity Shares to Sara George, 1,000 Equity Shares to Joseph Philip, 2,000 Equity Shares to C.K. Koshy, 50 Equity Shares to Jose Mathew, 3,560 Equity Shares to Annamma Koshy, 1,000 Equity Shares to P S George, 4,000 Equity Shares to Prabha John, 2,99,801 Equity Shares to Valsa Kurian, 1,85,387 Equity Shares to George Kurian, 890 Equity Shares to KKM Panicker, 1,00,798 Equity Shares to M George Muthoot and 1,00,798 Equity Shares to MG George Muthoot.

⁽⁹⁾ Allotment of 34,638 Equity Shares to George Thomas Muthoot, 34,840 Equity Shares to George Alexander Muthoot, 500 Equity Shares to Rachel Mathai, 500 Equity Shares to K.V Mathai, 125 Equity Shares to Roykutty Philipose, 890 Equity Shares to Sudin Koshy, 125 Equity Shares to Mathai Zachariah Kuttiyil, 200 Equity Shares to Prasad C. Ninan, 2,641 Equity Shares to Susan Thomas-SH, 250 Equity Shares to Oommen P.Eapen, 125 Equity Shares to D.Chandrasenan Nair, 99,688 Equity Shares to M.G.George Muthoot, 99,688 Equity Shares to George Thomas Muthoot, 1,35,690 Equity Shares to George Jacob Muthoot, 1,04,522 Equity Shares to George Alexander Muthoot, 1,17,132 Equity Shares to Anna Alexander, 1,17,145 Equity Shares to Elizabeth Jacob, 1,17,118 Equity Shares to Sara George, 125 Equity Shares to Hema Narayana Moorthy, 500 Equity Shares to C.K. Koshy, 125 Equity Shares to Jameela Abu, 1,500 Equity Shares to Sunny Mathew, 175 Equity Shares to John Morris, 250 Equity Shares to TNK Nambiar, 1,17,118 Equity Shares to Valsa Kurian, 77,552 Equity Shares to George Kurian, 222 Equity Shares to KKM Panicker, 1,000 Equity Shares to George Panicker, 34,249 Equity Shares to M George Muthoot and 34,249 Equity Shares to MG George Muthoot.

⁽¹⁰⁾ Allotment of 1,71,247 Equity Shares to M.G. George Muthoot, 1,37,151 Equity Shares to George Thomas Muthoot, 34,833 Equity Shares to George Jacob Muthoot, 1,74,189 Equity Shares to George Alexander Muthoot, 50 Equity Shares to P.J. Jacob, 625 Equity Shares to Roykutty Philipose, 600 Equity Shares to Mathew Tharian, 625 Equity Shares to Mathai Zachariah Kuttiyll, 2,000 Equity

Shares to Samuel Joseph, 2,000 Equity Shares to Joseph Samuel, 1,000 Equity Shares to B. Lakshmikanthan, 700 Equity Shares to Prasad C. Ninan, 1,000 Equity Shares to Mathew D., 250 Equity Shares to Oommen P. Eapen, 625 Equity Shares to D. Chandrasenan Nair, 13,77,377 Equity Shares to M.G. George Muthoot, 22,000 Equity Shares to George Thomas Muthoot, 1,45,857 to George Jacob Muthoot, 15,04,813 Equity Shares to George Alexander Muthoot, 5,64,919 Equity Shares to Anna Alexander, 1,33,027 Equity Shares to Elizabeth Jacob, 1,57,118 Equity Shares to Susan Thomas, 5,64,919 Equity Shares to Sara George, 5,64,919 Equity Shares to Vaisa Kurien, 2,000 Equity Shares to Preethy John, 2,000 Equity Shares to Thomas John, 2,000 Equity Shares to Thomas George, 2,000 Equity Shares to George Kurien, 625 Equity Shares to Hema Narayana Moorthy, 1,000 Equity Shares to Joseph John, 50 Equity Shares to Jose Mathew, 1,000 Equity Shares to Mary Joseph, 50 Equity Shares to P.M. Thomas and 50 Equity Shares to K.P. Padmakumar, 50 Equity Shares to Karimundackal Joseph.

⁽¹¹⁾ Allotment of 375 Equity Shares to Jameela Abu, 1,000 Equity Shares to Sheela Kurien, 2,000 Equity Shares to P. Joseph Kurien, 500 Equity Shares to P.A. Goda Varma Raja, 1,500 Equity Shares to K. Mathen Thomas, 5,560 Equity Shares to Joseph P. Koshy, 2,000 Equity Shares to P. Thomas Kurien and 500 Equity Shares to A. Thomas George.

⁽¹²⁾ Allotment of 1,19,560 Equity Shares to George Alexander Muthoot and 2,000 Equity Shares to Elizabeth Jacob.

⁽¹³⁾ Allotment of 3,42,494 Equity Shares to M.G.George, 2,74,302 Equity Shares to George Thomas Muthoot, 69,666 Equity Shares to George Jacob Muthoot, 3,48,378 Equity Shares to George Alexander Muthoot, 150 Equity Shares to Sajen Peter, 4,000 Equity Shares to Elizabeth Jacob, 1,000 Equity Shares to Annamma Varghese, 500 Equity Shares to Annamma Mathew, 500 Equity Shares to Koshy Daniel, 500 Equity Shares to Ammukutty Koshy, 1,000 Equity Shares to N. Jayasree, 100 Equity Shares to P.J. Jacob, 2,500 Equity Shares to Rachel Mathai, 2,500 Equity Shares to K.V Mathai, 500 Equity Shares to Elizabeth Eapen, 1,000 Equity Shares to Leelamoni John Prasad, 1,000 Equity Shares to Habeeb, 1,500 Equity Shares to P.V. George, 1,500 Equity Shares to Vakkachan George, 1,000 Equity Shares to T.A. George, 1,000 Equity Shares to Jameela Abu, 2,000 Equity Shares to Shereen Abraham, 1,500 Equity Shares to A.M. Mathew, 1,250 Equity Shares to Roykutty Philipose, 500 Equity Shares to T.V. Kurien, 1,200 Equity Shares to Mathew Tharian, 500 Equity Shares to Elizabeth Jacob, 2,000 Equity Shares to C.P. Jose, 2000 Equity Shares to B.Saju Varghese, 2000 Equity Shares to Santhosh P.Abraham, 1000 Equity Shares to Tom Koshy, 1000 Equity Shares to Manu P.Koshy, 1,000 Equity Shares to Abraham George, 4,450 Equity Shares to Sudin Koshy, 1,250 Equity Shares to Mathai Zachariah Kuttiyil, 4,000 Equity Shares to Samuel Joseph, 4,000 Equity Shares to Joseph Samuel, 1,000 Equity Shares to B.Bindu Madhav, 500 Equity Shares to Sripathi V.Bhatt, 500 Equity Shares to Lancy Valsan, 500 Equity Shares to Lancy Valsan, 500 Equity Shares to Leelamma Valsan, 500 Equity Shares to Regi V.Edathil, 500 Equity Shares to Roy V.Edathil, 3,000 Equity Shares to Anup Thomas Kuruvila, 500 Equity Shares to Lekha C.R., 500 Equity Shares to Lekha C.R., 500 Equity Shares to V.Thomas Abraham, 1,000 Equity Shares to George K.Joseph, 1,000 Equity Shares to K.K. Kulsan Beevi, 2,000 Equity Shares to B.Lakshmikanthan, 2,000 Equity Shares to T.Krishnan, 1,000 Equity Shares to B.Govindan, 1,000 Equity Shares to Happy Mathew K, 500 Equity Shares to P.P Jacob, 500 Equity Shares to Gracy Jacob, 500 Equity Shares to Sabu P.Thomas, 500 Equity Shares to George Varghese, 2,000 Equity Shares to Sheela Kurien, 4,000 Equity Shares to P.Joseph Kurien, 500 Equity Shares to Alex Varghese, 500 Equity Shares to Sudha Rajagopal, 1,000 Equity Shares to Mary Mathew, 500 Equity Shares to Rajan George, 500 Equity Shares to Jolly V.Mathew, 500 Equity Shares to Santy V. Mathew, 500 Equity Shares to V.K.Annamma, 1,000 Equity Shares to Cherian Korah, 500 Equity Shares to Samuel Mathew, 2,000 Equity Shares to Sujit Kumar Sivanand, 1,000 Equity Shares to K.E. Zachariah, 500 Equity Shares to Sheela Philip, 500 Equity Shares to Shiny Eapen, 500 Equity Shares to Eapen Philip, 500 Equity Shares to Thankamma Kuruvila, 500 Equity Shares to Kuruvilla Kurien, 500 Equity Shares to Mathew Philip, 500 Equity Shares to Kamala Philip, 500 Equity Shares to M.P Philip, 500 Equity Shares to E.I.Kovoor, 2,000 Equity Shares to Alex Mathew, 1,000 Equity Shares to Jyothi Abraham, 500 Equity Shares to K.Yohannan, 1,500 Equity Shares to Chacko Varghese, 1,500 Equity Shares to Elizabeth Eapen, 1,400 Equity Shares to Prasad C.Ninan, 2,780 Equity Shares to Sucy Titus, 1,000 Equity Shares to Susan Thomas, 2,000 Equity Shares to Mathew D, 1,000 Equity Shares to M. Mathew, 675 Equity Shares to John Morris, 1,500 Equity Shares to George Oommen, 1,500 Equity Shares to K.T Thomas, 500 Equity Shares to Alice Arun Thomas, 2,000 Equity Shares to Anien Mathew, 1,000 Equity Shares to Mary Zachariah, 2,000 Equity Shares to Alex Cherian, 500 Equity Shares to Jose K.C, 1,000 Equity Shares to Shaji T.George, 1,000 Equity Shares to Jacob George, 1,000 Equity Shares to Jacob George, 1,000 Equity Shares to Baikutty George, 1,000 Equity Shares to Elizabeth Mathew, 1,000 Equity Shares to K.Zachariah Jacob, 2,000 Equity Shares to Santha Kurien, 1,000 Equity Shares to P.A.Goda Varma Raja, 13,205 Equity Shares to Susan Thomas, 1,000 Equity Shares to J.Jacob, 500 Equity Shares to Raju K.U, 1,000 Equity Shares to Jaison Philip, 1,000 Equity Shares to Oommen P.Eapen, 1,000 Equity Shares to Daniel Mathew, 1,000 Equity Shares to I.M. Varghese, 1,250 Equity Shares to D.Chandrasenan Nair, 27,54,754 Equity Shares to M.G.George, 44,000 Equity Shares to George Thomas Muthoot, 2,91,714 Equity Shares to George Jacob Muthoot, 31,29,686 Equity Shares to George Alexander Muthoot, 11,29,838 Equity Shares to Anna Alexander, 2,66,054 Equity Shares to Elizabeth Jacob, 3,14,236 Equity Shares to Susan Thomas, 11,29,838 Equity Shares to Sara George, 11,29,838 Equity Shares to Valsa Kurien, 4,000 Equity Shares to Preethy John, 4,000 Equity Shares to Thomas John, 4,000 Equity Shares to Thomas George, 4,000 Equity Shares to Neena George, 4,000 Equity Shares to Remy Thomas, 4,000 Equity Shares to Thomas Muthoot, 10,76,672 Equity Shares to Georgie Kurien, 1,250 Equity Shares to Hema Narayana Moorthy, 2,000 Equity Shares to Vinod Pallathu Thomas, 1,500 Equity Shares to Dony George, 2,000 Equity Shares to Sheeba Abraham, 2,000 Equity Shares to Joseph John, 1,050 Equity Shares to Joseph Philip, 2,500 Equity Shares to C.K. Koshy, 100 Equity Shares to Jose Mathew, 3,000 Equity Shares to K.Mathen Thomas, 2,000 Equity Shares to Mary Joseph, 11,120 Equity Shares to Joseph P. Koshy, 4,000 Equity Shares to P.Thomas Kurien, 100 Equity Shares to P.M. Thomas, 100 Equity Shares to K P Padmakumar, 100 Equity Shares to Karimundackal Joseph Joseph, and 1,000 Equity Shares to A Thomas George.

*Our Company was unable to locate filings made with the ROC for the allotment of certain equity shares. Consequently, our Company has relied on the relevant board minutes, the register of members and, or, data provided by our Company in this regard.

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

6. Shareholding pattern of our Company

The following table sets forth the shareholding pattern of our Company as on December 31, 2019 including details of shares pledged or encumbered by the Promoters (if any):

Cate gory (I)	Catego ry of shareh older (II)	Nos. of sha re hol ders (III)	Numb er of fully paid up Equit y Share s held	Num ber of Part ly paid -up Equi ty	Numb er of shares under lying Depos itory Recei pts	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareh olding as a % of total number of shares (calcula ted as					Numbe r of Shares Underl ying Outsta nding conver tible	Shareh olding, as a % assumin g full convers ion of converti ble	Numb Locko shar (XI	ed in res	Numb Sha pledg other encun d (XI	res ed or wise ibere	Number of Equity Shares held in demater ialised form (XIV)
			(IV)	Shar es held (V)	(VI)		per SCRR, 1957) (VIII) As a % of (A+B+ C2)	No of V Class e.g.: Equit y	Voting Cla ss e.g. : Oth ers	<u>Rights</u> Total	Tot al as a % of (A+ B+ C)	securiti es (includ ing Warra nts) (X)	securiti es (as a percent age of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+ C2)	Num ber (a)	As a % of tota l Sha res hel d (b)	Num ber (a)	As a % of tota l Sha res hel d (b)	
(A)	Promot er & Promot er Group	9	2,46,4 8,140	Nil	Nil	2,46,48, 140	98.59	2,46,4 8,140	Nil	2,46,4 8,140	98. 59	Nil	Nil	Nil	Nil	Nil	Nil	2,46,48, 140
(B)	Public	117	3,51,8 60	Nil	Nil	3,51,860	1.41	3,51,8 60	1.41	3,51,8 60	1.4 1	Nil	Nil	Nil	Nil	Nil	Nil	87,560
(C)	Non Promot er- Non Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(C1)	Shares underl ying DRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Cate gory (I)	Catego ry of shareh older (II)	Nos. of sha re hol ders (III)	Numb er of fully paid up Equit y Share s held	Num ber of Part ly paid -up Equi ty	Numb er of shares under lying Depos itory Recei pts	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareh olding as a % of total number of shares (calcula ted as					Numbe r of Shares Underl ying Outsta nding conver tible	Shareh olding, as a % assumin g full convers ion of converti ble	Numb Locka shat (XI	ed in res	Numb Sha pledge other encum d (XI	res ed or wise ibere	Number of Equity Shares held in demater ialised form (XIV)
			(IV)	Shar es held (V)	(VI)		per SCRR, 1957) (VIII) As a % of (A+B+ C2)	No of V Class e.g.: Equit y	Voting Cla ss e.g. : Oth ers	Rights Total	Tot al as a % of (A+ B+ C)	securiti es (includ ing Warra nts) (X)		Num ber (a)	As a % of tota l Sha res hel d (b)	Num ber (a)	As a % of tota l Sha res hel d (b)	
(C2)	Shares held by Emplo yee Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	C2) Nil	Nil	Nil	Nil	Nil	Nil
	Total	126	2,50,0 0,000	Nil	Nil	2,50,00, 000	100	2,50,0 0,000	Nil	2,50,0 0,000	100	Nil	Nil	Nil	Nil	Nil	Nil	2,47,35, 700

Sr. No.	Name of shareholder	Total no. of Equity Shares	No. of shares in demat form	Total shareholding as a percentage of total no. of Equity Shares (%)
1.	George Alexander Muthoot	50,36,900	50,36,900	20.15
2.	M.G. George Muthoot	50,02,140	50,02,140	20.00
3.	George Thomas Muthoot	50,00,000	50,00,000	20.00
4.	George Jacob Muthoot	50,00,000	50,00,000	20.00
5.	Anna Alexander	11,52,500	11,52,500	4.61
6.	Susan Thomas	11,52,500	11,52,500	4.61
7.	Sara George	11,52,500	11,52,500	4.61
8.	Elizabeth Jacob	11,51,500	11,51,500	4.60
9.	Susan Thomas	26,410	Nil	0.11
10.	Joseph P. Koshy	22,240	Nil	0.09
	Total	2,46,96,690	2,46,48,040	98.79

7. List of top ten holders of Equity Shares of our Company as on December 31, 2019 is set out below:

8. Details of secured privately placed debentures as on March 31, 2019

Seri es	Ten or		Coupo	n (%)		Amou nt	Dat e of Allo tme nt	Redem ption date	Cre dit rati ng	Secu red / Unse cure d	Security
Seri es A	3 year s	<u>2</u> <u>years</u> <u>3</u> <u>years</u>	<u>Mont</u> <u>hly</u> <u>8.25</u> <u>8.85</u>	<u>Ann</u> <u>ually</u> <u>8.50</u> <u>9.25</u>	Speci al Cate gory 0.25 extra 0.25 extra	8,02,0 0,000. 00	Aug ust 23, 201 8	August 23, 2020 and August 23, 2021 respecti vely	NA	Secur ed	Pari-passu floating charge on the current assets, book debts & receivables of our Company along with existing charge holders, both present and future.
Seri es B	2/3 year s	2 <u>years</u> <u>3</u> years	<u>Mon</u> <u>thly</u> 9.00 9.10	<u>Annu</u> <u>ally</u> <u>9.25</u> <u>9.50</u>	Speci al Categ ory 0.25 extra 0.25 extra	11,33, 00,000 .00	Dec emb er 29, 201 8	Decem ber 29, 2020 and Decem ber 29, 2021 respecti vely	NA	Secur ed	Pari-Passu floating charge on the current assets book debts & receivables of our Company along with existing charge holders, both present and future.
Seri es C	2/3 year s	<u>2 vears</u> <u>3 vears</u>	<u>Mon</u> 9.25 9.50		<u>Annually</u> 9.50 9.75	1,32,0 0,000	Mar ch 13, 201 9	March 13, 2021 and March 13, 2022 respecti vely	NA	Secur ed	Pari-Passu floating charge on the current assets book debts & receivables of our Company along with existing charge holders, both present and future

*Citizens above 55 years of age, State/ Central Govt. Pensioners, Ex Serviceman and their widows, Central / State Govt. Award Winners and Freedom Fighters.

9. List of top 10 debenture holders of our Company as on July 31, 2018

Series A

Sr. No.	Name of debenture holder	Address of debenture holders	Total no. of debentures	Face value per debenture (₹)	Outstanding amount (₹)
1.	Sarasu John. Punnen	Flat no. 2123, Blue Crush Prestige, Neptunes Court yard, Marine Drive, Ernakulam - 682018	5,500	1,000.00	55,00,000.00
2.	K.P. Padmakumar	3F, Skyline Topaz, Kaloor Kadavanthra Road, Kaloor P.O, Ernakulam - 682017	5,000	1,000.00	50,00,000.00
3.	M.T. Mathew	Meppurathu Shinus, Churulicode P.O, Pathanamthitta – 689668	4,000	1,000.00	40,00,000.00
4.	Mohanan C G	T.C-9/167(8) BNRA, 12 G, O Street, Jawahar Nagar, Kowdiar PO, 695003	4,000	1,000.00	40,00,000.00
5.	Chacko Varghese	TC – 4/2398-1, VH 47, Vikramapuram Hill, Kaudiar PO, TVM, 695003	3,000	1,000.00	30,00,000.00
6.	Joseph Louis	TC 3/760, TKD Road, Muttada PO, Trivandrum - 695025	3,000	1,000.00	30,00,000.00
7.	Vijayakumar N.	Flat No. 6C, Sylvan Heights, Chilavannoor, Kadavanthra PO, Ernakulam, 682020	2,500	1,000.00	25,00,000.00
8.	Zacharia George	Kuzhuvila House, Perinad, Panayam PO, Kollam - 691601	2,500	1,000.00	25,00,000.00
9.	Renjith Nath A.R.	Bethel House, KNRA- 165, Lane 5, Peroorkada PO, TVM - 695005	2,500	1,000.00	25,00,000.00
10.	Binu Samuel	Ennicattu, Sams Cottage, Mundamala	2,000	1,000.00	20,00,000.00

List of top 10 debentures holders of our Company as on December 29, 2018

Series B

Sr. No.	Name of debenture holder	Address of debenture holders	Total no. of debentures	Face value per debenture (₹)	Outstanding amount (₹)
1.	Muthoot	41/4108, Muthoot	77,500	1,000.00	7,75,00,000.00
	Securities	Chambers, Opp Saritha			
		Theatre Complex,			
		Banerji Road,			
		Ernakulam – 682018			
2.	Thomas	Njaliparambil House,	5,000	1,000.00	50,00,000.00
	Varghese	Changanachery,			
		Kottayam- 686101			
3.	George Kutty	Nellivilayil,	3,000	1,000.00	30,00,000.00
	N.O.	Kallamuttom,			

Sr. No.	Name of debenture holder	Address of debenture holders	Total no. of debentures	Face value per debenture (₹)	Outstanding amount (₹)
		Pathanapuram Post, Kollam - 689695			
4.	Thomas Mathew	Rehoboth, TC-5/287-1, Kattela, Sreekariyam Post, Trivandrum - 695017	2,800	1,000.00	28,00,000.00
5.	Hamsa kutty	1106/125 Asha Manzil, 5 Nadakunnu, Pathanapuram, Kollam - 689695	2,500	1,000.00	25,00,000.00
6.	Susan George	Nellivilayil Veedu, Kuriodu Bhagam, Nadakunnu, Pathnapuram, Kollam – 689695	2,500	1,000.00	25,00,000.00
7.	Sajan George	Nellivilayil House, Pathnapuram – 689695	2,500	1,000.00	25,00,000.00
8.	Oommen K T	Kayyalathu House, Thazham (PO), Pathanamthitta District, Kerala - 689625	2,500	1,000.00	25,00,000.00
9.	Gilda Luckose	TC 45/1024-1, Parpiddom, Watts Road, Cheriyathura, Thiruvananthapuram, Vallakkadavoo, Kerala - 695008	2,500	1,000.00	25,00,000.00
10.	Sam John	Tharayilethumalayil, Venmony (P.O), Venmony, Chengannur – 689509	2500	1000.00	25,00,000.00

List of top 10 debentures holders of our Company as on March 13, 2019

Series C

Sr. No.	Name of debenture holder	Address of debenture holders	Total no. of debentures	Face value per debenture (₹)	Outstanding amount (₹)
1.	Sinu K Jacob	Sinu Bhavan, Thrikkannam Angal, Kottarakkara, Kollam 691506, Kerala, India	2100	1,000.00	21,00,000.00
2.	Mathew George	Varia Veettil, Vadakkedathucavu, P.O., Pathnamthitta 691526, Kerala, India	1,300	1,000.00	13,00,000.00
3.	Mathew Thomas	TC 12/71, Nadavathu, Pattom High Level Road, Trivandrum – 695004, Kerala, India	1,300	1,000.00	13,00,000.00
4.	P.C. Mariama	Sinu Bhavan, Thrikkannam Angal,	1,300	1,000.00	13,00,000.00

Sr. No.	Name of debenture holder	Address of debenture holders	Total no. of debentures	Face value per debenture (₹)	Outstanding amount (₹)
		Kottarakkara, Kollam – 691506, Kerala, India			
5.	Juby Varghese	Plavelil House, Maroor P.O, Elamnoor - 691524	1,200	1,000.00	12,00,000.00
6.	Susy Johnson	TC 2/3177-1, Nanthiattu, Panchamoodu Lane, Thiruvanthapuram, 695004, Kerala, India	1,000	1,000.00	10,00,000.00
7.	Roy Philip P	Puthanparambil House, Kozhencherry - 689641	1,000	1,000.00	10,00,000.00
8.	Mary Mathew Tharakan	TC9/1144-1, Madhavamangalathu, Mangalam Lane, Sasthamangalam, Trivandrum – 695010, Kerala, India	1,000	1,000.00	10,00,000.00
9.	Shubha Sourabhan	Surabhi, Chembumukku, Kakkanad W P O, Ernakulam - 682030	1,000	1,000.00	10,00,000.00
10.	Syamala Chandrasekharan Nair	Vinayaka Appartment B1, Elamana Road NF Gate, Tripunithura, Ernakulam, Kerala, India	1,000	1,000.00	10,00,000.00

List of top 10 debenture holders of our Company on a cumulative basis for all outstanding debentures on September 30, 2019

Sr. No.	Name of debenture holder	Total no. of debentures	Face value per debenture (₹)	Outstanding amount (₹)
1.	Muthoot Securities	77,500	1,000.00	7,75,00,000.00
2.	Sarasu John Punnen	5,500	1,000.00	55,00,000.00
3.	George Kutty N. O.	5,500	1,000.00	55,00,000.00
4.	K.P. Padmakumar	5,000	1,000.00	50,00,000.00
5.	Thomas Varghese	5,000	1,000.00	50,00,000.00
6.	Thomas Mathew	4,500	1,000.00	45,00,000.00
7.	M.T. Mathew	4,000	1,000.00	40,00,000.00
8.	Mohanan C G	4,000	1,000.00	40,00,000.00
9.	Chacko Varghese	3,000	1,000.00	30,00,000.00
10.	Joseph Louis	3,000	1,000.00	30,00,000.00

10. Details of holding Equity Shares by our Promoters as on December 31, 2019 is set out below:

Sr. No.	Name of the promoter	Total no. of Equity Shares held	No. of Equity Shares in demat form (%)	Total shareholding as a percentage of total no. of Equity Shares (%)	No. of pledged Equity Shares	Percentage of Equity Shares pledged with respect to Equity Shares owned
1.	M G George Muthoot	50,02,140	100	20.01	Nil	Nil
2.	George Alexander Muthoot	50,36,900	100	20.15	Nil	Nil

Sr. No.	Name of the promoter	Total no. of Equity Shares held	No. of Equity Shares in demat form (%)	Total shareholding as a percentage of total no. of Equity Shares (%)	No. of pledged Equity Shares	Percentage of Equity Shares pledged with respect to Equity Shares owned
3.	George Thomas Muthoot	50,00,000	100	20.00	Nil	Nil
4.	George Jacob Muthoot	50,00,000	100	20.00	Nil	Nil
Total		2,00,39,040	100	80.16	Nil	Nil

11. Details of holding of Equity Shares by our Directors as on December 31, 2019

For details of shareholding of our Directors in our Company, please refer to the chapter 'Our Management' on page 131.

12. Details of Promoters shareholding in our Company's subsidiary as on date of this Prospectus

Our Company does not have any subsidiary as on date of this Prospectus.

13. Details of Shareholding of Directors in our subsidiary, joint venture and associate companies as on the date of this Prospectus

Our Company does not have any subsidiary, joint venture and associate companies as on the date of this Prospectus.

14. **Debt - equity ratio**

The debt-equity ratio of our Company, prior to this Issue is based on a total outstanding debt of \gtrless 37,999.20 lakhs and Shareholder funds amounting to \gtrless 10,216.06 lakhs as of September 30, 2019:

		(₹ in lakhs)
Particulars	Pre-Issue as at September 30, 2019	Post-Issue*
Shareholders' funds		
Share Capital	2,500.00	2,500.00
Reserves and Surplus	7,716.06	7,716.06
Total shareholders' funds	10,216.06	10,216.06
Debt		20,000.00
Secured Redeemable NCD	2,067.00	2,067.00
Deposits	13,103.61	13,103.61
Inter Corporate Deposit	4,980.00	4,980.00
Loan from Directors and Relatives of Directors	6,000.00	6,000.00
Bank Borrowings	11,095.83	11,095.83
Interest accrued but not due on Deposits & Debenture	646.57	646.57
Interest accrued and due on deposits, debenture & borrowings	82.99	82.99
Interest on unclaimed matured deposits	23.20	23.20

Total Debt	37,999.20	57,999.20
Debt Equity Ratio	3.72	5.68

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

For details on total outstanding debt of our Company please see "Financial Indebtedness" beginning on page 159.

- 15. None of the members of the Promoter group, our Promoters, our Directors and their immediate relatives (as defined under the Companies Act) have sold or purchased the Equity Shares of our Company within six months preceding the date of filing the Prospectus.
- 16. In terms of the SEBI circular dated September 15, 2015 titled 'Disclosures to be made by NBFCs in the Offer Documents for public issue of Debt Securities under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008', there has been no change in the Promoter's holding beyond the threshold limit of 26% as prescribed under the said circular.
- 17. For details on the total outstanding debt of our Company, please refer to the chapter '*Financial Indebtedness*' on page 159.
- 18. Our Company has not made any acquisition or amalgamation in the last one year prior to the date of this Prospectus.
- 19. Our Company has not made any reorganization/reconstruction in the last one year prior to the date of this Prospectus.
- 20. Our Company does not have any outstanding borrowings taken / debt securities issued where such borrowings / securities were taken/issued:
 - (a) for consideration other than cash, whether in whole or part;
 - (b) at a premium or discount, or
 - (c) in pursuance of an option.
- 21. None of the Equity Shares held by the Promoters are pledged or encumbered otherwise.
- 22. As on the date of this Prospectus 98.94% of the issued Equity Shares of our Company are in dematerialised form.

23. **Employee Stock Option Scheme**

Our Company does not have any employee stock option scheme on the date of this Prospectus.

OBJECTS OF THE ISSUE

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

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (**Net Proceeds**), estimated to be approximately ₹ 19,800.00 lakhs, towards funding the following objects (hereinafter, collectively referred to as the '**Objects**'):

- 1. Onward lending and for repayment of interest and principal of existing loans; and
- 2. General Corporate Purposes.

The main objects clause of our Memorandum of Association permits us to undertake our present business operations and the activities for which the funds are being raised through the Issue.

Set out in the table below are details of the proceeds of the Issue:

Set out in t	ne able below are details of the proceeds of the issue.	(in ₹ lakh)
Sr. No.	Description	Amount
1.	Gross Issue proceeds (A)	20,000.00
2.	Issue Expenses (B)*	200.00
3.	Net Proceeds (A - B)	19,800.00

*Assuming the Issue is fully-subscribed and our Company retains oversubscription. The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of Allottees, market conditions and other relevant factors

Requirement of funds and utilisation of Net Proceeds

Set out in the table below is the proposed utilisation of Net Proceeds.

		(in ₹ lakh)
Sr. No.	Description	Percentage of amount proposed to be financed from Net Proceeds
1.	Onward lending and for repayment of interest and principal of existing loans	At least 75%
2.	General corporate purposes*	Up to 25%

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

Funding plan

Not applicable.

Summary of the Project Appraisal Report

Not applicable.

Schedule of implementation of project

Not applicable.

Interim use of proceeds

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

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

Monitoring of utilisation of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board shall monitor the utilisation of the proceeds of the Issue. 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 Debenture Trust Deed and receipt of final listing and trading approvals from the BSE Limited.

Variation in terms of contract or objects in Prospectus

Our Company shall not, in terms of Section 27 of the Companies Act 2013, at any time, vary the terms of a contract referred to in this Prospectus or Objects for which this Prospectus is issued, except subject to the approval of, or except subject to an authority given by the shareholders in general meeting by way of special resolution and after abiding by all the formalities prescribed in Section 27 of the Companies Act, 2013.

Further, SEBI vide its circular no SEBI/HO/DDHS/08/2020, dated January 17, 2020 has mandated listed entity to submit to the stock exchange, a statement indicating deviation or variation, if any, in the use of proceeds of the NCDs. Any variation will be reported as per the format prescribed by SEBI in its circular no. CIR/CFD/CMD1/162/2019 dated December 24, 2019. The statement will also be submitted to the Stock Exchange on half-yearly basis within 45 days of end of the half year until such funds are fully utilised or purpose of proceeds have been achieved. The said statement will be placed before the Audit Committee for review on half yearly basis, for their comments, if any.

Issue Expenses

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

Activity	Amount (₹ in lakhs)	Percentage of overall Issue Size (%)
Fees to intermediaries (Lead Manager's fees, brokerage, rating agency, Registrar, legal advisors, Debenture Trustee, etc.)	128.00	64
Advertising and marketing expenses	40.00	20
Printing, stationery and distribution	12.00	6
Other miscellaneous expenses	20.00	10

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

*Assuming the Issue is fully subscribed, and our Company retains oversubscription.

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 Lead Manager/Lead Brokers/Trading Members and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ 10/- per Application Form procured (plus applicable taxes). However, it is clarified that in case of Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee.

Other Confirmations

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

- b. No part of the Issue Proceeds will be paid by our Company to our Promoters, our Directors, Key Managerial Personnel or companies promoted by our Promoters.
- c. The Net Proceeds from the Secured NCDs allotted to banks will not be utilised for any purpose 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 RBI regulations.
- d. The Net Proceeds from the Secured NCDs will not be used for buying, trading or otherwise dealing in Equity Shares of any other listed company.
- e. We will not use the Net Proceeds for the purchase of any business or in the purchase of any interest in any business whereby we shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, the acquisition of any immovable property or acquisition of securities of any other body corporate.
- f. The Net 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.
- g. We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Prospectus, on receipt of the minimum subscription of the 75% of the Base Issue (i.e. 7,500.00 lakhs), creation of security as stated in this Prospectus, and on receipt of the listing and trading approval from the Stock Exchanges.
- h. All monies received out of the Issue shall be credited / transferred to a separate bank account maintained with a scheduled bank as referred to in Section 40(3) of the Companies Act.
- i. Details of all monies utilised out of the Issue referred to in sub-item (g) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;
- j. Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (g) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilized monies have been invested; and
- k. 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.

STATEMENT OF TAX BENEFITS

January 29, 2020

To,

The Board of Directors Muthoot Vehicle & Asset Finance Limited Muthoot Chambers, Opp. Saritha Theatre, Banerji Road, Cochin, Ernakulam – 682 018 Kerala, India

Inga Ventures Private Limited 1229, Hubtown Solaris, N.S. Phadke Marg, Opp. Telli Galli, Andheri (E), Mumbai - 400 069, Maharashtra, India

Re: Proposed Public Offering of non-convertible debentures of face value of ₹ 1000/- each (NCDs) at par, for an amount aggregating up to ₹ 10,000 lakhs (hereinafter referred to as the 'base issue') with an option to retain an over-subscription up to ₹ 10,000 lakhs aggregating up to ₹ 20,000 lakhs ('issue') by Muthoot Vehicle & Asset Finance Limited (Company).

Dear Sirs,

We, JVR & Associates, the statutory auditor of the Company, hereby report that the enclosed statement is in connection with the possible special tax benefits available to the debenture holders of the Company, under applicable tax laws presently in force in India including the Income Act, 1961 and Income Tax Rules 1962, including amendment made by Finance Act, 2019 as applicable.

Several of these benefits are dependent on the Company or its debenture holders fulfilling the conditions prescribed under the relevant statutory provisions. Hence, the ability of the Company or its debenture holders to derive the possible special tax benefits is dependent upon fulfilling such conditions.

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

The benefits discussed in the enclosed Annexure cover debenture holders and do not cover any general tax benefits available to the Company. Further, the benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which a debenture holder can avail. Neither are we suggesting nor are we advising the debenture holders to invest money based on this statement.

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

- i. the Company or its debenture holders will continue to obtain these benefits in the future; or
- ii. the conditions prescribed for availing of the benefits have been/would be met with;
- iii. the revenue authorities/courts will concur with the views expressed herein.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We hereby consent to the extracts of this certificate being used in the Draft Prospectus, the Prospectus, each prepared by the Company and filed with the relevant regulatory authority(ies), and on the website of the Company in connection with the Issue.

This certificate may be relied upon by the Lead Manager and the legal counsel in relation to the Issue.

Yours sincerely, For JVR & ASSOCIATES Chartered Accountants Firm Reg. No: 011121S

Shawn Jeff Christopher Partner Membership No: 216926 UDIN: Kochi

Cc: Bharucha & Partners Hague Building, 9, S.S. Ram Gulam Marg, Ballard Estate, Mumbai 400 001, Maharashtra, India. Enclosed: As above

STATEMENT OF TAX BENEFITS

The information provided below sets out the possible direct tax benefits available to the debenture holders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of non-convertible debentures ("debentures"), under the current tax laws presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a debenture holder faces, may or may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company or its debenture holders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

Debenture holders are advised to consult their own tax consultant with respect to the tax implications of an investment in the debentures particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do no assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

This statement has been prepared solely in connection with the Issue under the Regulations as amended.

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

I. Tax benefits available to the Resident Debenture Holders

- 1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.
- 2. As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed debentures are subject to tax at 10% [plus applicable surcharge and Health and Education Cess ("cess")] of capital gains calculated without indexation of the cost of acquisition. The capital gains shall be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the debentures from the sale consideration.

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

3. As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 2 above would also apply to such short term capital gains.

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

- 5. Securities Transaction Tax ("STT") is a tax levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the debentures.
- 6. Income tax is deductible at source on interest on debentures, payable to resident debenture holders at the time of credit/ payment as per the provisions of section 193 of the I.T. Act. However, no income tax is deductible at source in respect of any security issued by a Company in a dematerialised form and is listed on recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
- 7. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act.

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

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

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

- c) As per section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein. However, if the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the new assets are transferred or converted into money.
- d) As per section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
- e) As per section 115H of the I.T. Act, where a non-resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
- 2. In accordance with and subject to the provisions of section 115-I of the I.T. Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII -A of the I.T. Act. In that case,

- a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
- b) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act
- c) Where debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.
- 3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on Investment income and 10% on any long-term capital gains as per section 115E of the I.T. Act, and at the normal rates for Short Term Capital Gains if the payee debenture holder is a non-resident Indian.
- 4. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 195 of the I.T. Act.
- 5. The income tax deducted shall be increased by surcharge as under:
- a) In the case of non-resident Indian, surcharge at the rate of 10% of such tax liability (if net income exceeds Rs. 50,00,000 and does not exceed Rs. 1,00,00,000) and 15% of such tax liability (if net income exceeds Rs. 1,00,00,000) subject to deduction.
- b) In the case of foreign companies, surcharge at the rate of 2% of such tax liability where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds Rs.1,00,00,000 but does not exceed Rs. 10,00,00,000, surcharge at the rate of 5% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 10,00,00,000.
- c) Cess is to be applied at 4% on aggregate of base tax and surcharge.
- 6. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assesse. However, submission of Tax Residency Certificate ("TRC"), is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the prescribed particulars, a self-declaration in Form 10F would need to be provided by the assesse along with TRC.
- 7. Alternatively, to ensure non-deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 197(1) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest.
- 8. Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

III. Tax benefits available to the Foreign Institutional Investors ("FIIs")

1. As per Section 2(14) of the I.T. Act, any securities held by FIIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992,

shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs as capital gains.

- 2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.
- 3. Income other than capital gains arising out of debentures is taxable at 20% (plus applicable surcharge and cess) in accordance with and subject to the provisions of Section 115AD of the I.T Act.
- 4. Section 194LD in the I.T. Act provides for lower rate of withholding tax at the rate of 5% (plus applicable surcharge and cess) on payment by way of interest paid by an Indian company to FIIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified by the Government.
- 5. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs.
- 6. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2019 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

IV. Tax benefits available to Mutual Funds

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

V. General Anti-Avoidance Rule ('GAAR)

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be interalia denial of tax benefit, applicable w.e.f 1-04-2017. The GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 75/2013 dated 23 September 2013.

VI. Exemption under Sections 54EE and 54F of the I.T. Act

- 1. As per provisions of Section 54EE of the I.T. Act, long term capital gains arising to debenture holders on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified units within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified units are transferred within three years from their date of acquisition, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gains in the year in which units are transferred. Further, in case where loan or advance on the security of such notified units is availed, such notified units shall be deemed to have been transferred on the date on which such loan or advance is taken. However, the amount of exemption with respect to the investment made in the aforesaid notified units during the financial year in which such debentures are transferred and the subsequent financial year, should not exceed Rs. 50 lacs.
- 2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a debenture holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a

period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

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

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

- 1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.
- 2. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB ("deductee") to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:
 - i. at the rate specified in the relevant provision of the I.T. Act; or
 - ii. at the rate or rates in force; or
 - iii. at the rate of twenty per cent.
- 3. As per Rule 37BC, the higher rate under section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of payment of interest, if the non-resident deductee furnishes the prescribed details *inter alia* TRC and Tax Identification Number (TIN).

VIII. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after 1stApril, 2017:

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

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

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

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

- 1. All parties to such transactions shall be treated as associated enterprises under section 92A of the I.T. Act and the transaction shall be treated as an international transaction resulting in application of transfer pricing regulations including maintenance of documentations, benchmarking, etc.
- 2. No deduction in respect of any payment made to any financial institution in a NJA shall be allowed under the I.T. Act unless the assessee furnishes an authorisation in the prescribed form authorizing the CBDT

or any other income-tax authority acting on its behalf to seek relevant information from the said financial institution [Section 94A (3) (a) read with Rule 21AC and Form 10FC].

- 3. No deduction in respect of any expenditure or allowance (including depreciation) arising from the transaction with a person located in a NJA shall be allowed under the I. T. Act unless the assessee maintains such documents and furnishes such information as may be prescribed [Section 94A(3)(b) read with Rule 21AC].
- 4. If any assessee receives any sum from any person located in a NJA, then the onus is on the assessee to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the assesses [Section 94A(4)].
- 5. Any sum payable to a person located in a NJA shall be liable for withholding tax at the highest of the following rates:
 - i. at the rate or rates in force;
 - ii. at the rate specified in the relevant provision of the I.T. Act; or
 - iii. at the rate of 30%

NOTES:

- 1. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 as amended by Finance Act, 2019and does not cover benefits under any other law.
- 2. Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person at the rate of 10% on tax where total income exceeds Rs. 50 lacs but does not exceed Rs. 1 crore and at the rate of 15% on tax where the total income exceeds Rs.1crore.
- 3. Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds Rs. 1 crore.
- 4. Surcharge is levied on domestic companies at the rate of 7% on tax where the income exceeds Rs 1 crore but does not exceed Rs. 10 crores and at the rate of 12% on tax where the income exceeds Rs. 10 crores.
- 5. Surcharge is levied on every company other than domestic company at the rate of 2% on tax where the income exceeds Rs. 1 crore but does not exceed Rs. 10 crores and at the rate of 5% on tax where the income exceeds Rs. 10 crores.
- 6. Health and Education Cess is to be applied at 4% on aggregate of base tax and surcharge.

Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

This report is prepared by CARE Advisory. CARE Advisory has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Advisory operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have obtained in the regular course of operations. The opinion expressed in this report company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument.

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Global Economy:

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Global growth for the year 2019 is estimated to be 3%. The same is expected to improve to 3.4% in 2020, as per The World Bank, World Economic Outlook Update – October 2019. Growth for advanced economies is projected to remain constant at 1.7% in 2019 and 2020, while emerging market and developing economies are projected to experience a growth pick-up from 3.9% in 2019 to 4.6% 2020.

			(in %)		
	2018	2019p	2020p		
World	3.6	3.0	3.4		
Advanced Economies	2.3	1.7	1.7		
United States	2.9	2.4	2.1		
Euro Area	1.9	1.2	1.4		
Japan	0.8	0.9	0.5		
United Kingdom	1.4	1.2	1.4		
Canada	1.9	1.5	1.8		
Other Advanced Economies*	2.6	1.6	2.0		
Emerging market and developing economies (EMDEs)	4.5	3.9	4.6		
Emerging and Developing Asia	6.4	5.9	6.0		
China	6.6	6.1	5.8		
India**	6.8	6.1	7.0		
ASEAN-5***	5.2	4.8	4.9		
Emerging and Developing Europe	3.1	1.8	2.5		
Latin America and Caribbean	1.0	0.2	1.8		
Middle East and Central Asia	1.9	0.9	2.9		
Sub-Saharan Africa	3.2	3.2	3.6		

Summary of World Economic Outlook Projections is given below:

(in 0/)

Note: p- Projections

* Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries

** For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY 11-12 as a base year. Others are on calendar year basis. *** Indonesia, Malaysia, Philippines, Thailand, Vietnam

(Source: World Economic Outlook update-October 2019 as published by IMF)

In the United States, Growth in 2019 is expected to be 2.4%, moderating to 2.1% in 2020. The projected moderation reflects an assumed shift in the fiscal stance as stimulus from the recently adopted two-year budget deal offsets the fading effects of the 2017 Tax Cuts and Jobs Act.

Growth rates have been marked down for many advanced economies, notably for Euro Area countries where it is expected to drop to 1.2% in the year 2019 from 1.9% in the year 2018 mainly due to weaker growth in foreign demand and a drawdown of inventories. The growth is expected to recover in the year 2020 with estimation of 1.4%.

Emerging and Developing Asia remains the main engine of the world economy, but growth is softening gradually with the structural slowdown in China. In India, growth softened in 2019 as corporate and environmental regulatory uncertainty, together with concerns about the health of the nonbank financial sector, weighed on demand. Growth will be supported by the lagged effects of monetary policy easing, a reduction in corporate income tax rates, recent measures to address corporate and environmental regulatory uncertainty, and government programs to support rural consumption.

The strengthening of growth in 2020 and beyond in India is the driving factor behind the forecast of an eventual global pickup. India's economy is set to grow at 6.1% in 2019, picking up to 7% in 2020 which is double of which is more than double the growth projected for the world of 3.0% and 3.4% respectively.

Indian Economy:

(Source: CARE Ratings)

The economy slumped in the first quarter of fiscal year 2019-20 with the quarterly GDP growth growing at the lowest rate in the past 6 years as was widely anticipated. In Q1 FY20, the GDP growth at 5% was lowest in the past 25 quarters. It was 3% lower than the 8% growth registered in the comparable quarter last year and 80 bps lower than the 5.8% growth in the last quarter.

Subdued growth in the industrial sector (with the manufacturing sector having grown by mere 0.6%) and moderation in the agricultural sector (with the sector having grown by 2%) weighed on gross value addition during Q1FY20.



Source: MOSPI

Agriculture, forestry & fishing	5.1	4.9	2.8	-0.1	2.0
Mining & quarrying	0.4	2.2	1.8	4.2	2.7
Manufacturing	12.1	6.9	6.4	3.1	0.6
Electricity, gas, water supply& other utility services	6.7	8.7	8.3	4.3	8.6
Construction	9.6	8.5	9.7	7.1	5.7

Trade, hotels, transport, communication and services related to broadcasting	7.8	6.9	6.9	6.0	7.1
Financial, real estate & professional services	6.5	7.0	7.2	9.5	5.9
Public administration, defence and Other Services	7.5	8.6	7.5	10.7	8.5
GVA at Basic Price	7.7	6.9	6.3	5.7	4.9
GDP	8.0	7.0	6.6	5.8	5.0

- The GVA growth also has reached to a 6 year low in Q1 FY20. The GVA during the quarter grew by 4.9%, lower than the 7.7% growth in Q1 FY19.
- Mining and quarrying sector witnessed improvement and grew by 2.7% as compared with the 0.4% growth in Q1 FY19. However, it continued to be lower than the 4.2% in Q4 FY19.
- There has been a trend reversal in the agriculture sector from the previous quarter and it grew by 2% as against the contraction by -0.1% in Q4 FY19. However, it was 3.1% lower than the 5.1% growth registered in the comparable quarter last year. The delay in the onset of monsoon and uneven spread has led to lower growth during this quarter.
- Manufacture sector grew by 0.6% and was at 2 year low. It lower than the 12.1% growth in Q1 FY19 indicative of slowdown in the sector due to muted demand and weak performance by the corporate sector.
- Construction sector has grown at 5.7%, lower than the 9.6% growth in Q1 FY19 owing to muted activities in the sector due to seasonal factors.
- Within the service sector trade and hotels and financial and real estate sector grew at a slower pace than the comparable quarter last year while public administration growth has been higher.
- Trade and hotels grew by 7.1%, 70 bps lower than the 7.8% growth in the corresponding quarter a year ago.
- Financial services, accounting for nearly 25% of the GVA, has grown at muted 5.9% growth compared with the 6.5% growth in Q1 FY19 and 10.7% growth in Q4 FY19. The subdued bank credit off take has constrained the growth in this sector.
- Public administration has grown by 8.5%, 1% higher than the 7.5% growth in the comparable quarter last year with increased government spending during the first quarter of FY20.

Expenditure

Expenditure growth (%) at constant prices

Private Final Consumption Expenditure (PFCE)	7.3	9.8	8.1	7.2	3.1
Government Final Consumption Expenditure (GFCE)	6.6	10.9	6.5	13.1	8.8
Gross Fixed Capital Formation (GFCF)	13.3	11.8	11.7	3.6	4.0
Change in Stocks (CIS)	9.9	4.7	4.3	1.0	2.1
Valuables	-32.6	-0.5	2.6	5.2	-3.4
Exports	10.2	12.7	16.7	10.6	5.7
Less Imports	11.0	22.9	14.5	13.3	4.2

Source: MOSPI

• The private consumption in the economy has indicated signs of slowdown compared with that in Q1 FY19.

- The private final consumption expenditure grew at 18 quarter low by 3.1%, lower than the 7.3% growth in Q1 FY19 and the 7.2% growth in the previous quarter. In terms of % of GDP it was lower at 57.7% than the 58.7% in the comparable quarter last year.
- The government final consumption expenditure grew at higher 8.8% due to increased government expenditure than the 6.6% growth in Q1 FY19. In terms of % of GDP it improved from 11.9% of GDP in Q1 FY19 to 12.4% in Q1 FY20.
- The gross fixed capital formation grew at lack lustre 4% lower than the 13.1% growth registered in the previous quarter.
- Exports and imports have grown at a subdued rate due to risks arising from the global trade tensions. Exports grew by 5.7% than the 10.2% growth in Q1 FY19 and imports grew at lower 4.2% than the 11% growth in the corresponding quarter last year.

Indian Economy outlook

The government has announced various measures in the last two months covering issues like PSB bank mergers, cut in corporate tax rate, ease of doing business, boost to auto sector, SME refunds and finance, FDI, exports, housing etc. There is some optimism due to the hope of fructification of consumption demand on account of the festival season and good kharif harvest that should result in better spending.

OVERVIEW OF NON-BANKING FINANCIAL COMPANY

Non-Banking Financial Company Overview

Non-Banking Financial Companies ("NBFCs") have played an important role in the Indian financial system by complementing and competing with banks, and by bringing in efficiency and diversity into financial intermediation. NBFCs have evolved considerably in terms of operations, heterogeneity, asset quality and profitability, and regulatory architecture.

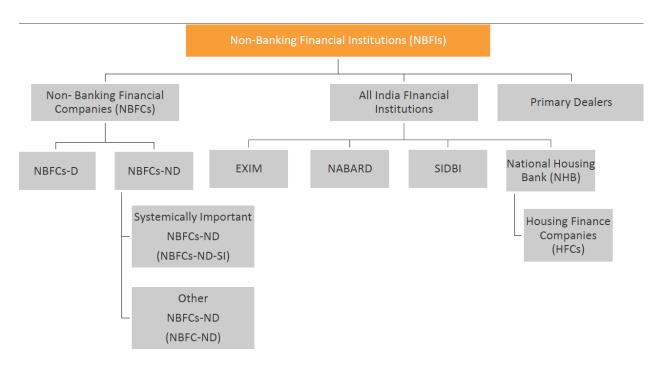
A NBFC is engaged in the business of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, and chit business, but does not include any institution whose principal business is that of agriculture activity, industrial activity, or the sale/purchase/construction of immovable property. A non-banking institution which is a company, and which has its principal business of receiving deposits under any scheme or arrangement or any other manner, or lending in any manner is also a NBFC

Non-banking financial institutions (NBFIs) comprise a heterogeneous group of financial intermediaries. Those under the regulatory purview of the Reserve Bank consist of all- India financial institutions (AIFIs), non-banking financial companies (NBFCs) and primary dealers (PDs). AIFIs are apex institutions established during the development planning era to provide long-term financing/refinancing to specific sectors such as

- i. agriculture and rural development;
- ii. trade;
- iii. small industries; and
- iv. housing.

NBFCs are dominated by joint stock companies, catering to niche areas ranging from personal loans to infrastructure financing. PDs play an important role as market makers for government securities. The Reserve Bank regulated NBFI sector grew by 15.8 per cent in 2017-18; by the end of March 2018, it was 19.8 per cent of the scheduled commercial banks (SCBs) taken together in terms of balance sheet size. Within the NBFI sector, AIFIs constituted 23 per cent of total assets, while NBFCs represented 75 per cent and standalone PDs accounted for 2 per cent.

NBFC Structure in India



RBI classifies NBFCs on the basis of:

- 1. Liability structure: In the first category, NBFCs are further divided into: NBFCs-D which are authorized to accept and hold public deposits Non-deposit taking NBFCs (NBFCs-ND) which do not accept public deposits but raise debt from market and bank.
- 2. Type of activities undertaken
- 3. Systematic importance

Since 1997, the Reserve Bank has to limit the operations and growth of NBFCs-D with the objective of securing depositors' interest. This strategy was adopted in recognition of the fact that these deposits are not covered by the Deposit Insurance and Credit Guarantee Corporation (DICGC). NBFCs-D with investment grade rating are allowed to accept fixed deposits from the public for a tenure of 12 to 60 months only with interest rates capped at 12.5 per cent.

NBFCs can also be categorised on the basis of activities undertaken as they typically focus on niche segments and fulfil sector– specific requirements. Consequently, their varied business models require appropriate modulation of the regulatory regime.

Till 2010, the NBFC sector was divided into five categories viz., asset finance companies; loan companies; residuary non-banking companies; investment companies and mortgage guarantee companies. Since then, however, newer types of activity have been added to the NBFC space.

In the first activity NBFCs are also categorized on the basis of activities undertaken and the categorization of the same has been done provided in table below. There is a total of 12 activity-based classifications done by RBI, out of which the focus has been on 8 in RBI's report. At an aggregate level, the number of NBFCs registered with the RBI has declined from 10,190 as at end-September 2018 to 9,659 as at March 2019.

Types of NBFC

Asset Finance Company (AFC)	Financing of physical assets supporting productive/economic	
	activity, including automobiles, tractors and generators.	

Loan Company	Providing finance by extending loans or otherwise for any activity other than its own but does not include an AFC
Infrastructure Finance Company (NBFC-IFC)	Providing infrastructure loans.
Systemically Important Core Investment Company (CIC-ND-SI)	Acquiring shares and securities for investment in mainly equity shares.
Infrastructure Debt Fund (NBFC-IDF)	For facilitating flow of long-term debt into infrastructure projects
Micro Finance Institution (NBFC- MFI)	Extending credit to economically disadvantaged groups as well support Micro, Small and Medium Enterprises (MSMEs).
Factor (NBFC-Factor)	Undertaking the business of acquiring receivables of an assignor or extending loans against the security interest of the receivables at a discount
NBFC- Non-Operative Financial Holding Company (NOFHC	For permitting promoter / promoter groups to set up a new bank.
Mortgage Guarantee Company (MGC)	Undertaking mortgage activities
Account Aggregator (NBFC-AA)	Collecting and providing the information of customers' financial assets in a consolidated, organised and retrievable manner to the customer or others as specified by the customer
Non-Banking Financial Company - Peer to Peer Lending Platform (NBFC-P2P)	Providing an online platform to bring lenders and borrowers together to help mobilise unsecured finance.

(Source: Reserve Bank of India, Non-Banking Finance Companies in India's Financial Landscape,)

As per the new RBI notification in Feb 2019 it has been decided that in order to provide NBFCs with greater operational flexibility, harmonization of different categories of NBFCs into fewer ones shall be carried out based on the principle of regulation by activity rather than regulation by entity. Accordingly, it has been decided to merge the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC).

NBFC Role and Importance

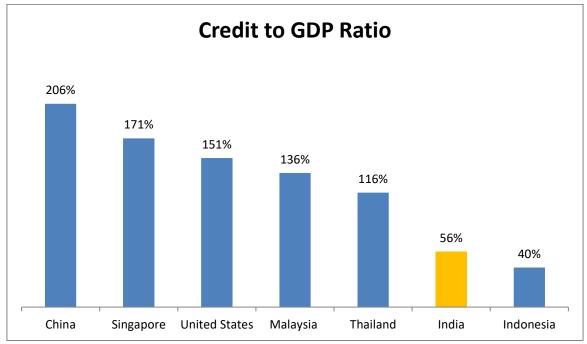
The role of NBFCs is extremely important to an economy, when a large part of the population still lives in rural/semi-urban areas with little access to financial services and benefits. The role of NBFCs as effective intermediaries has been well recognized and in deposit mobilization and credit extension, the core strengths of NBFCs lie in strong customer relationships, astute grip on regional dynamics and personalized services. These have been ground-breaking at retail asset backed lending, lending against securities, microfinance etc. and have been extending credit to retail customers in under-served areas and to unbanked customers. They are not second fiddles anymore but are playing a complimentary strong role to banks.

Saving Utilization and Promotion: NBFCs help mobilizing savings by offering attractive schemes suitable to respective target segments. This is particularly important when it helps reach sections where commercial banks have limited reach.

Easy Credit Access: Given the universal target access, the formalities and processes at NBFCs are far simpler. It also offers financial access for unusual means like religious functions etc. which don't find mention in commercial banks product portfolio. The Banking sector has always been highly keeping pace, however easy approval procedures, flexibility in working style and timeliness in meeting the credit needs and low operation cost skew the balance in favor of NBFCs in providing funding.

NBFCs are typically well suited for financing businesses involving low ticket sizes, intensive customer servicing with repeated interactions, monitoring and hence high levels of staffing, and the need for flexibility in appraisal norms and loan repayment terms. Banks prefer large-ticket loans as they lack the low-cost large feet on the street. Also, banks prefer traditional methods of loan appraisal (requiring stringent documentation) and repayment terms.

Credit penetration in India is low as compared to other economies. On the similar benchmarks, the non-banking penetration in India is even lower.



Source: - BIS Research as of June 2018

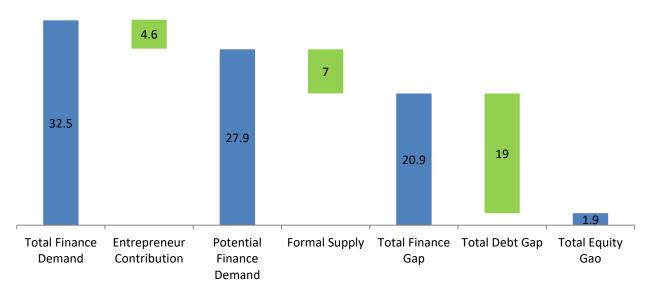
The MSME sector is critical part of India's growth machinery, with ~36m enterprises across different industries employing over 80m people in 2012-13. In addition, the MSME sector accounts for ~45% of India's total manufacturing output and contributes well over 8% annually to India's GDP. With the government's impetus on manufacturing in order to create jobs and revive economic growth in the country, MSME sector would be expected to grow at above GDP growth rate over the medium term.

Definition of MSME

Initial Investment in P	lant & Machinery (In IN	R Million)	
Category	Micro	Small	Medium
Manufacturing	<2.5	2.5-50	50-100
Services	<1	1-20	20-50
Source: MSMED Act, I	FC, MOSL		

Commercial banks usually find difficult to service the micro and small enterprises segment due to the smaller ticket size, lack of formal documents of the borrower, irregularity of cash flows and recovery (which are generally outsourced by banks) cost. Furthermore, banks follow a standardized credit appraisal process and rely heavily on documentary evidences to assess credit worthiness of borrowers. However, most MSME business owners, especially the smaller ones, find it difficult to provide such documents as most of their transactions are still cash-based. Thus, banks prefer to focus on relatively high ticket loans where credit appraisal is much easier and transaction costs are lower.

Overall Finance Gap in (INR Trillion)



Source: MOSL, Company, IFC-Intellicap report, 'Providing venture debt to the MSME Sector in India' November 2018

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Trends in NBFC Sector in last 15 Years

The trend in the borrowings and advances of the NBFCs is looked at through four periods: 2005-10 (take off), 2010-15 (high growth), 2015-18 (sustained growth) and 2018-19 (moderation of growth).

2005-10: Take-off

NBFCs recorded over 20% CAGR in their borrowings and advances, between FY05 and FY10. The period witnessed considerable number of changes on the regulatory front which streamlined and provided an impetus to the operations of the NBFCs. The major policy changes during the period were – permitting NBFCs to undertake fee based businesses, allowing for FDI under the automatic route for funding 18 NBFC activities, creation of the mortgage guarantee companies, revision of the SARFESI Act, introduction of prudential and asset-liability management norms for non-deposit taking NBFCs. Further, the simplified sanction procedures with low entry barriers, flexibility in credit timelines, alongside low operating cost, gave NBFCs the necessary impetus to expand business, evident from the rising number of players during the period. In addition to the traditional asset financing profile, an increasing number of financers ventured into infrastructure finance and core investment, which led to growth and diversification in the loan book of the NBFCs. The diversification of loan profile is likely to have improved the asset quality of the NBFCs. Further the growth in advances was led by the rising level of income and consumption. Bank borrowings formed a major part of the NBFC's liability profile, throughout the period. *Source:- RBI, CARE Research*

2010-15 – High Growth

NBFCs continued to record high CAGR during the FY10 - FY15 period. In the years following the global financial crisis, the regulatory landscape of the NBFCs witnessed significant change which consolidated the NBFC

segment. Some companies exited, while other larger-sized NBFCs grew bigger. The size of the NBFCs' balance sheets more than doubled during this period, from Rs 6.8 lakh cr as of Mar-10 to Rs 14.8 lakh cr as of Mar-15.

Table 2: Major Financials of NBFCs

(IVIAI-10 LO IVIAI-15) (KS LAKII CI)					
NBFC	Mar-10	Mar-15	CAGR		
Net Worth	1.8	3.2	12.2%		
Borrowings	4.5	10.5	18.7%		
Total Assets	6.8	14.8	16.7%		
Advances	4.6	11.1	19.2%		
LTI*	0.9	1.4	8.8%		
GNPA	1.9% [#]	4.1%	-		

(Mar-10 to Mar-15) (Rs Lakh Cr)

*Long Term Investments [#]Gross NPA as % of total assets Source :- RBI, CARE Research

The liability profile of the NBFCs witnessed a rise in share of borrowings through debentures (Chart 1). Further, the growth in the NBFCs' net worth was lower as compared with that of borrowings, indicating that the NBFCs begun operating at a higher leverage level as compared with that during the period 2005-10. The growth in the advances was led by the consistent rise in income; in FY11 y-o-y growth in the Net National Income at current prices stood at a 37-year high of 19.8%. The growth in the private final consumption expenditure at current prices was recorded above 14% for all years between FY10-FY15. The ratio of GNPA to gross advances increased from 1.9% in FY10 to 4.1% in FY15, on account of the change in the NPA recognition norms.

2015-18 - Sustained Growth

Recording a sustained growth between Mar-15 and Mar-18, the net worth of NBFCs rose substantially, in line with the rising profitability of the non-bankers along with the sharp growth in the share capital of the NBFCs. The period 2015-18, witnessed a contraction in NBFCs' borrowings from banks up to Mar-17; however, later by Mar-18, the share of bank borrowings expanded. During the period under review (2015-18), as the borrowings from the debt market deepened, the cost of borrowing lowered for the large and financially sound NBFCs.

(Mar-15 to Mar-18)) (Rs Lakh Cr)					
NBFC	Mar-15	Mar-18	CAGR		
Net Worth	3.2	5.2	17.3%		
Borrowings	10.5	16.0	15.1%		
Total Assets	14.8	22.8	15.5%		
Advances	11.1	17.6	16.7%		
LTI*	1.4	2.1	14.9%		
GNPA	4.1%	5.8%	-		

*Long Term Investments

Sector wise deployment of NBFC

Sector (Rs Lakh Cr)	Mar-16	Mar-17	Mar-18
Agriculture and Allied	0.39	0.40	0.47
Growth (Y-o-Y)		3.4%	17.3%
Industry	8.1	8.7	9.7
Growth (Y-o-Y)		6.9%	11.5%
Services	1.8	2.3	3.2
Growth (Y-o-Y)		27.3%	37.4%
Retail loans	2.0	2.6	3.7
Growth (Y-o-Y)		28.4%	41.5%
Other non-food credit	0.8	0.8	0.9
Growth (Y-o-Y)		4.4%	4.3%
Gross advances	13.2	14.9	17.9
Growth (Y-o-Y)		12.8%	20.6%

Source :- RBI, CARE Research

The NBFCs' growth in advances during the period under review substituted the moderation in bank credit growth. Bank's outstanding on-food credit CAGR during the period under review stood at 5.1%, while that of the NBFCs' advances stood at 16.7%. Further, the asset quality of the banks witnessed deterioration, on account of the implementation of the Asset Quality Review (AQR). This had led to rise in the NBFCs' share in overall credit deployed, owing to a substitution impact whereby banks' aversion as well as inability to lend, created lending avenues for NBFCs especially in the retail domain. The overall bank credit to various sectors declined from 14% in Mar-14 to 8.2% in Mar-17. Further, between FY15 and FY17 the marginal propensity to consume was recorded above 0.60, indicating a strong aggregate demand, which too fueled credit growth of NBFCs. The y-o-y retail loan growth of NBFCs rose from 28.4% as on Mar-17to 41.5% as on Mar-18. While loans to the industrial sector continue to form the highest share of the NBFCs' loan book, their rate of growth has been slower than that of the services and retail sector loans. Table 5 gives a summary of some of the major asset classes of the retail loan book of the NBFCs. The personal loan and home loan products have been the drivers of the retail loan growth (16.8%), as of Mar-18. However the proportional share of auto loan (46%) and LAP(26%) in retail loans has been higher during the year (as of Mar-18). The GNPA ratio rose from 4.1% in FY15 to 5.8% in FY18, which mainly came on account of sluggishness in industrial activity, as a major share of credit by NBFCs is towards the industrial sector (Table 4). The rise in the GNPA ratio is on account of the progressive harmonisation of the NPA norms for NBFCs vis-à-vis banks. The RBI had begun to progressively revise the asset recognition norms for NBFCs from 2014 onwards.

Present Scenario

The NBFC loans grew 18.6% during FY19 albeit at a lower rate compared to 21% in FY18. The borrowings growth for the both the periods stood at 19.1%. The loan growth for FY19 was largely funded through debt visà-vis equity as the leverage ratio peaked to 4% by Sep-18 as compared with 3.2% in Mar-18 and later, came down to 3.4% by Mar-19, as borrowing became difficult and CP/NCD market shrunk. . Growth in reserves of NBFCs moderated from 19.6% in Mar-18 to 14.6% in Mar-19, while the share capital growth stood at 6.3% in Mar-19 as compared with 6% in Mar-18. The size of the NBFCs balance sheet grew by 20.6% as of Mar-19 compared with 17.9% growth recorded in Mar-18.

Major Financial Indicators of NBFC (Y-o-Y Growth %)

Balance Sheet Particulars	Mar-18	Sep-18	Mar-19
Share Capital	6.0	5.8	6.3
Reserves and surplus	18.7	17.5	14.6
Total borrowings	19.6	17.2	19.6
Total Liabilities / Assets	17.9	17.2	20.6
Loans and advances	21.1	16.3	18.6
Income/Expenditure Particulars			
Total income	11.4	16.7	17.8
Total expenditure	9.6	16.2	17.8
Net profit	27.5	16.2	15.3
Ratios			
Capital market exposure to total assets	10.5	7	9.5
Real estate exposure to total assets	6.7	5.9	6
Leverage ratio	3.2	4	3.4
Net profit to total income	14.1	16.5	15.3
RoA	1.7	1.8	1.7
GNPA	5.8	6.1	6.6
CRAR	22.8	21	19.3

Source: RBI

The total income and expenditure, both grew at 17.8% in Mar-19 as compared with 11.4% and 9.6% growth in Mar-18respectively. The net profit growth of NBFCs moderated substantially as it went down from 27.5% growth in Mar-18 to 15.3% growth in Mar-19. The slowdown in the profits comes majorly on account of moderation in the loan disbursement.

The ratio of capital market exposure to total assets moderated from 10.5% in Mar-18 to 9.5% in Mar-19. The exposure of real estate to total assets has declined marginally from 6.7% to 6%, during the same period, indicating that the NBFCs have taken measures to bring down their exposure to the sector.

The leverage ratio (Debt to Equity) stood at 3.4% as on Mar-19, compared with 3.2% on Mar-18. The leverage ratio had risen to 4% in Sep-19. The ratio of net profit to total income rose only marginally from 14.1% in Mar-18 to 15.3% in Mar-19. This profit ratio has however moderated as compared with the Sep-19 level of 16.5%, indicating that the moderation in the disbursements of NBFCs ensued in the second half of FY19.

The RoA of NBFCs has largely been at the same level at 1.7% for both Mar-18 and Mar-19. The GNPA Ratio has risen from 5.8% in Mar-18 to 6.6% in Mar-19. The performance of the NBFCs has been further affected by a decline in their CRAR level from 22.8% in Mar-18 to 19.3% in Mar-19. The stress tests' results for individual NBFCs given in the report indicate that around 8% of the companies will not be able to comply with the minimum regulatory capital requirements of 15%.

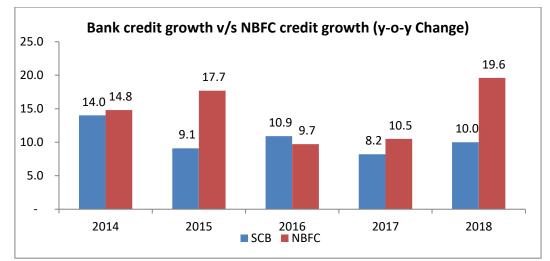
India's financing requirements have risen in sync with the economy's notable growth over the past decade. NBFCs have played a major role in meeting this need by providing financial services with respect to products as well as customer and geographic segments at the grassroots level, making them a critical cog in the financial machine. They also cater to the unbanked masses in rural and semi-urban areas and lend to the informal sector and people without credit histories. This key service has enabled the Government and regulators to realize the mission of financial inclusion.

NBFC Competitive positioning across various loan segments

Product Segments	Market Share (2016-18)	Competitive Positioning
Auto Finance	50%	Catering to relatively less creditworthy customers, strong presence in used vehicles, faster processing, lower documentation, customized offering

Housing Finance	40%	Competitive interest rates, better customer service; focusing on higher yielding segments like Loan against property and developer loans	
Infra Finance	39%	Specialized institutions; competitive cost of funds	
Construction equipment finance	64%	Focus on hirer/ retail segment, higher LTV offering, wide reach, flexibility in repayment, simple documentation, doorstep collection, lower turn-around time	
Loan Against Property	51%	Strong origination skills, superior customer knowledge, better collection mechanisms, faster loan processing, cash flow based credit appraisal	
Gold Loans	26%	Higher LTV, lower turn-around-time, lower documentation, niche focus enables them offer better customer experience	
Micro Finance	53%	Extensive reach, lower interest rates as compared to local money-lenders	
MSME Finance	7%	Lower turn-around-time, wider reach, cash flow based credit appraisal, better servicing, simpler documentation	
Wholesale Finance	5%	Strong origination skills, customized product offering, focus on real estate funding and structured products	
Consumer Durable Loans	59%	NBFCs have an upper hand in CD financing owing to better understanding of the customer's psyche and a robust network	
Educational Loans	6%	The NBFCs' focus on high value accounts, with international loans remaining the focus area Value-added services provided by NBFCs such as pre-admission sanction of loan, visa counselling, online platform, etc have seen customers gravitate towards them	

The NBFC sector has traditionally funded both the industrial and the retail segments.



Bank credit growth vs NBFC credit growth

Source: - CARE Research

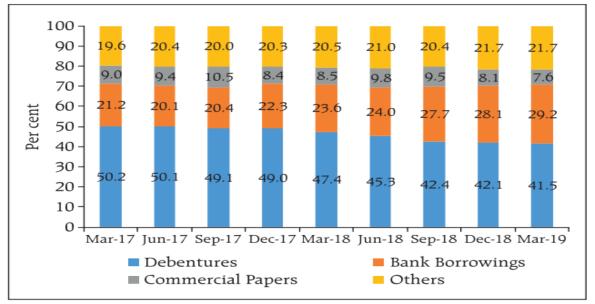
The above charts show the sustained credit off-take in total NBFC sector credit during the previous 5 years. The total credit disbursed by the sample has been Rs. 17.2 lakh crs. This quantum of credit extended by the sample companies in the overall NBFC sector is around 20% of the bank credit of Rs. 86.3 lakh crs in FY18 and has increased from 16.7% in FY13.

(Source NBFC Overview)

Sources of financing for NBFC's

The major sources of resource mobilization of NBFCs-ND-SI have been debentures and bank borrowings with the latter being preferred during 2017-18 and in 2018- 19 (up to September), in contrast to the larger recourse to

debentures in 2016-17. The share of CPs which declined during 2017-18 turned around in H1:2018-19 partly replacing the reduction in share of debentures.



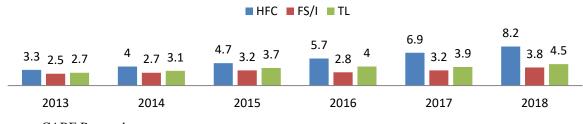
Major components of sources of fund of NBFCs



The compositional shift in borrowings in 2017-18 was mainly due to rising yields, which adversely affected the cost of market borrowings, especially of CPs, while lending rates of banks fell in the monetary easing cycle, making borrowing from banks more attractive. Secondly, lending to NBFCs especially to those with high credit ratings and better financial performance—presented a lucrative business alternative to banks in an environment characterised by rising non-performing assets (NPAs) and pervasive risk aversion.

As per RBI report June 2019 the borrowing mix of NBFCs has changed as the entities have recorded a rise in their share of borrowings through banks i.e. 29.2% of their total borrowings in Mar-19. Share of Debentures was 41.5%, Share of commercial papers was 7.6% of the total borrowings.

Below Chart exhibits the total outstanding borrowings (long term borrowings, short term borrowings and current maturity of long term borrowings) of the sample NBFCs under study. The total outstanding borrowings of all three categories are Rs. 16.5 lakh crs in FY18 having increased from Rs. 8.5 lakh crs in FY13.



Total Outstanding Borrowing (Rs Lakh Crores)

Source:- CARE Research

Out of the total borrowings, the highest contribution to the tune of 49.4% is of the Housing Finance Companies (HFC) segment. The reliance on higher borrowings and a CAGR of 19.7% during FY13-FY18 is on the back of a commensurate increase in the credit extended by HFCs. The borrowings of HFCs have witnessed a sustained double-digit growth on an average of 20.0% during the previous five years.

The share of HFC's borrowings in total borrowing portfolio has increased from 38.8% in FY13 to 49.4% in FY18. Despite the growth in outstanding borrowings in each category, the share of financial services/investment companies (FS-I) and term lending institutions (TL) segments' borrowings in overall NBFC sector borrowing has witnessed a decline over the years under study compared with the share of HFCs. The share of borrowings for the FS-I segment declined from 29.5% in FY13 to a low of 22.9% in FY17, following which it again gained reaching 23.1% in FY18. The share of borrowings for TL segment has witnessed increase during FY13-FY16 to scale 31.9% after which it declined by almost 4% in FY17 and subsequently declined in FY18 to stand at 27.3%.

The CAGR growth of borrowings in case of FS-I and TLs is at 8.6% and 11% respectively during FY13 – FY18.

Credit Deployment

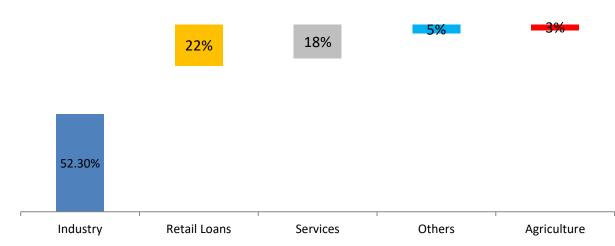
Industry accounts for more than half of total credit extended by NBFCs, followed by retail, services and agriculture. A significant part of the credit to industry is provided by government-owned NBFCs, especially by NBFCs-IFC

Retail loans of NBFCs grew at a robust 46.2 per cent during 2017-18—on top of a growth of 21.6 per cent during 2016-17—reflecting upbeat consumer demand, especially in the vehicle loans segment. Credit to the services sector was driven mainly by commercial real estate and retail trade. The growth in lending to commercial real estate is noteworthy in view of a sharp deceleration in SCBs' credit to this sector. Credit to agriculture and allied activities revived during 2017-18, reflecting the low base of the preceding year. NBFCs' lending to the MSME sector was also robust, compensating for the deceleration in SCBs' credit (Table VI.6). Increasingly, NBFCs are looking for newer avenues to diversify their lending portfolios

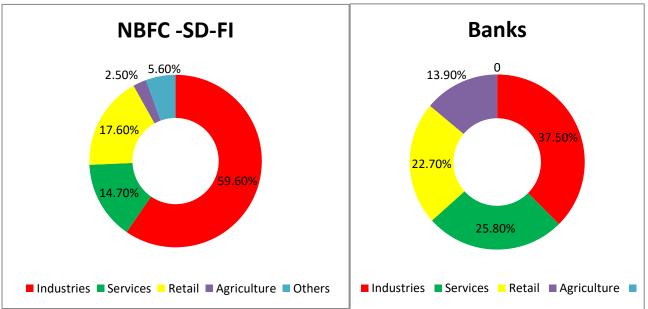
	March 2017	March 2018	September 2018
Gross Advances	14857	17643	19482
Food Credit	1.7	2.7	5.0
Non Food Credit	14855	17640	19837
Agriculture	354	476	596
Industry	8940	9655	10374
Micro & Small	508	561	516
Medium	172	252	325
Large	4375	4785	5128
Others	3885	4055	4405
Services (of which)	2224	3013	3563
Commercial Real Estate	958	1257	1337
Retail Trade	170	275	325
Retail Loans	2490	3639	4381
Housing Loan	106	135	165
Durables	57	88	111
Vehicle Loan	1035	1675	1942
Other Non-Food Credit	847	857	823

Source:- RBI

Distribution of NBFC Credit Sept 2018



NBFC sector has lent the highest to the industry sector (52.28%) followed by retail segment (22.08%) and services (17.96%). It has been seen that within the industrial sector, it is the large industries which have received almost 50% of the credit disbursed to the industrial sector. The credit advanced to the large industries aggregates to Rs. 5.13 lakh crs. Within the services sector, it is the real estate segment which receives Rs. 1.34 lakh crs of credit which is around 37.6% of the total credit disbursed to the services sector.

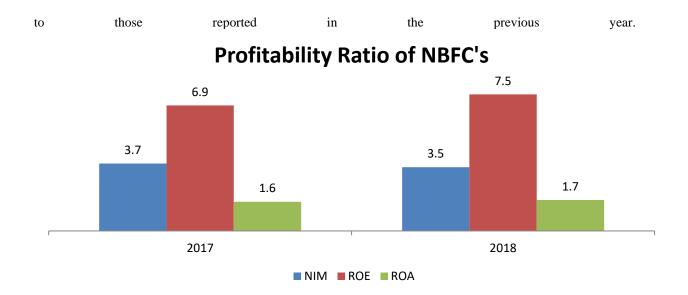


Sectoral distribution of credit – NBFCs and Banks: FY18

Source :- CARE Research

Profitability

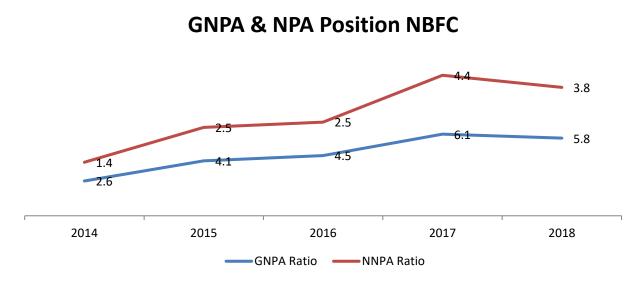
NBFCs' profitability indicators—returns on equity (RoE) and returns on assets (RoA)— were higher during 2017-18 than a year ago, although the net interest margin (NIM) decreased, reflecting higher interest expenses. During the current financial year so far (up to September 2018), the profitability ratios of NBFCs were marginally lesser



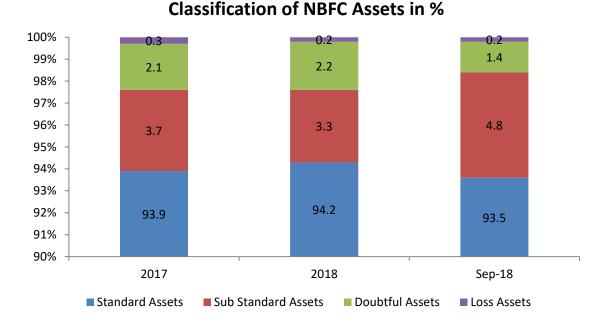
The profitability of NBFCs-ND-SI, gauged in terms of RoA and RoE, increased in 2017-18, although NIM was lower mirroring higher interest payments. The factoring companies dragged down this segment's profitability while the bottom lines of NBFCs-IFC and AFCs improved. In H1: 2018-19, the profitability of loan companies and AFCs within the NBFC-ND-SI classification improved, as their robust credit growth continued.

Asset Quality

Since November 2014, the asset classification norms of NBFCs have been incrementally aligned with those of banks, leading to higher NPA recognition. During 2017-18, however, there has been an improvement in asset quality, with a part of the portfolio of assets classified as NPAs in 2016-17 being upgraded to standard assets. As a result, both the gross non-performing assets (GNPAs) ratio and the net non-performing assets (NNPAs) ratio declined during 2017-18 (Chart VI.11). In quarter-ended September 2018, however, since the GNPA ratio deteriorated marginally, NBFCs made larger provisions and hence, the NNPA ratio improved.

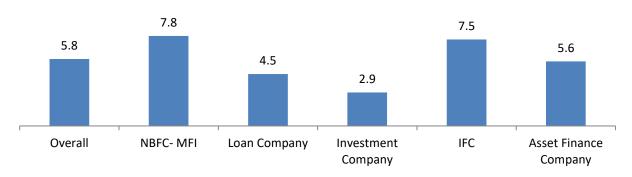


The improvement in asset quality was reflected in the composition of NBFC assets. Advances in 2016-17 classified as sub-standard were upgraded to standard advances, while loss advances moved to the doubtful assets' category in 2017-18 (Chart VI.12). However, in quarter ended September 2018, the proportion of substandard assets increased as some standard assets were degraded. The upgradation of some doubtful assets to the sub-standard category, however, augurs well for the asset quality



Gross NPA ratio of NBFCs-ND-SI improved in 2017-18 vis-à-vis 2016-17 as a significant portfolio of assets classified as NPA in 2016-17 was upgraded to standard assets, accompanied by a pick-up in asset growth. A few large accounts of NBFCs-IFC, which were adversely affected by the revised NPA recognition norms in 2016-17, revived in 2017-18 and were upgraded to standard assets. Except LCs, all categories of NBFCs-ND-SI reported improvement in asset quality. The reduction in the GNPA ratio was especially significant in the case of AFCs. NBFCs-MFI reported a marginal decrease in their GNPA ratio, although it remains elevated in 2017-18. The lending operations of the NBFCs-MFI sector, which had slowed down in 2016-17 revived, but this sector is yet to recover fully from delinquencies in asset quality. Net NPAs broadly followed the pattern of gross NPAs, except for LCs which showed an improvement, unlike their GNPA ratios.

Non-performing assets in the micro finance institutions and infrastructure finance company is driving the overall NPA ratio higher for the NBFC sector

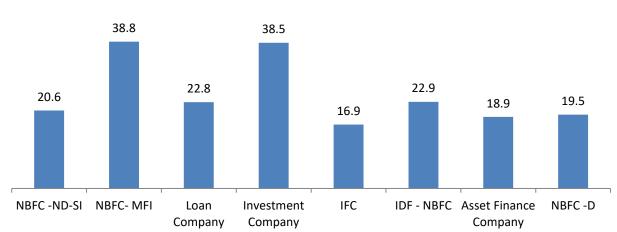


Gross NPA as % of Gross Advances of NBFC -ND-SI

Sectors with high stressed assets ratios observed lower credit growth. During H1:2017-18, sector with high levels of stressed assets like industry received lower flows of credit, while credit to sectors with relatively lower levels of stressed assets such as services and retail grew robustly (Chart VI.14). In H2: 2017-18, the stressed assets ratio in industry and agriculture reduced and a concomitant increase in credit growth was visible. VI.29 In the case of NBFCs-D as well, the impact of harmonisation of NPA recognition norms is waning. Asset growth also aided in the decline in the GNPA ratio. More than half of the NPAs were reported in loans to transport operators and construction sector, which were almost entirely financed by AFCs. As a result, NPAs of AFCs were higher than those of LCs

Capital Adequacy

Capital adequacy of the NBFC sector is measured using the capital to risk-weighted asset ratio (CRAR). NBFCs are generally well capitalised, with the system level capital to risk-weighted assets ratio (CRAR) remaining well above the stipulated norm of 15 per cent. During 2017-18, the NBFC sector's CRAR improved further. In 2018-19 (up to September), however, their capital positions moderated somewhat due to the increase in non-performing assets.



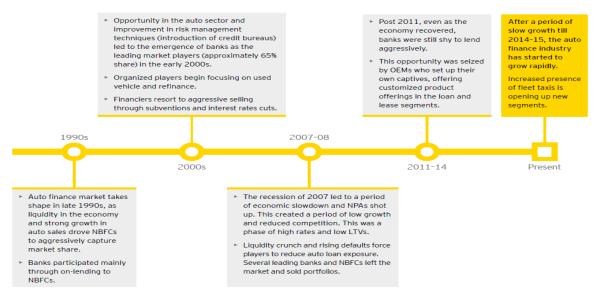
CRAR for different categories of NBFC sector %

All categories of NBFCs-ND-SI reported CRARs well above the stipulated norm during 2017-18. For the sector as a whole, capital adequacy increased due to significant improvement in respect of investment companies. In quarter ended- September 2018, capital position of NBFCs- MFI improved, after some deterioration during 2017-18.

For the last two years, the CRAR of NBFCs-D has remained constant. The capital position of LCs, however, has worsened due to delinquency in asset quality

OVERVIEW OF AUTO FINANCE MARKET

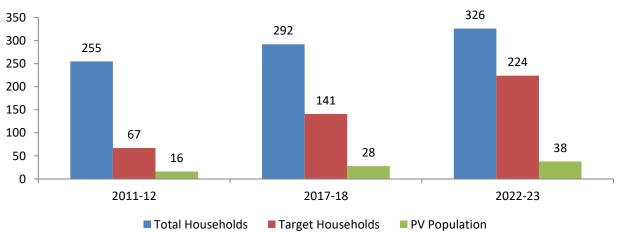
Evolution of Auto Finance Market



The Vehicle Finance market in India is estimated to be around INR 3 Trillion. The market is comprised of commercial vehicles, private vehicles, agricultural vehicles, and two wheelers. While Banks have been active in the organized segment, the unorganized segment remains untouched due the borrower's limited banking habits and their inability to provide formal employment contracts, income proofs, and a lack of repayment track record with formal financing institution

The market for used commercial vehicles is estimated to be around INR 1000 billion. Despite the opportunity, banks have stayed away from the segment due to the complexities involved – high cost of delivery, understanding of local geography and the perceived high risk in the informal sector. About 55% of this market is served by money lenders/ private financiers and 45% of this market is served by formal sources. While this market is dominated by very large NBFCs, there are a large number of small NBFCs which operate in the segment and have limited or no access to debt capital markets. The used commercial vehicle market is driven by the aspirations of driver turned owners, first time users and first time buyers and small road transporters. Typical end clients come from low income households who have limited access to formal sources of financing and whose livelihood is directly dependent on the vehicle.

Expansion in Addressable market with low cost of ownership



Addressable Market

Improving income to result in rise from the current estimated 21 vehicles to 26 vehicles per 1,000 people in fiscal 2023Increasing urbanization, expanding working population and availability of finance to aid growth in sales PMGSY investment expected to be 1.8 tn from 2018-2022 resulting in increased demand

Sluggish passenger vehicle sales continued to affect auto loan growth and serve as a drag on the growth of India's overall consumer credit market. Auto loans recorded the slowest rate of growth of all major lending categories in Q2 2019.Balance-level delinquency showed YoY improvement in Q2 2019.

Auto Loan Metrics

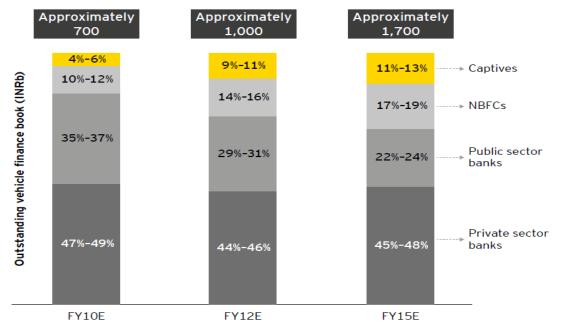
	September 2019	Year on Year Growth
Number of Accounts (in Million)	11.27	10.5%
Outstanding Balance (in Billion)	4,175	10.9%
Average Balance per Customer (INR 000)	408	0.3%
Origination Volumes (in Millions)	0.93	7.7%
Account Level Delinquency (90 +DPD)	3.59%	-93 bps

Auto loan balances grew 10.9% YoY in Q2 2019, down significantly from growth of 23.3% YoY in Q2 2018. This was primarily due to soft results in PSU and PVT lenders, whose balances grew at 8.3% and 10.1% respectively in Q2 2019, compared to 21.4% and 26% in Q2 2018. Origination balances remained flat YoY in the period.

Origination balances of PSU and PVT lenders showed a YoY decline of 2.5% and 6.9% respectively in Q2 2019. Though, NBFC origination balances showed a YoY growth of 9.4%, this growth was much lesser compared to 24.5% in Q2 2018.NBFCs are primarily focusing on loan sizes up to INR 0.25 mn. NBFC origination balance in this segment has increased by 30% YoY in Q2 2019.

There is shift in originations towards high risk tiers. Originations from borrowers in below prime segment (subprime and near prime) has increased to 37.4% in Q2 2019 from 33.1% in Q2 2018. This shift is seen in originations by PVT and NBFC lenders. There is YoY improvement of 41 and 60 bps respectively in balance level delinquency of PSU and PVT lenders. Delinquencies of NBFCs increased by 7 bps YoY. Vintage analysis also showed an increase in delinquencies of NBFCs (+114 bps) across risk tiers. The increase in NBFC vintage delinquency is sharper for loans smaller than INR 250thousand (+164 bps), which forms almost 55% of NBFC auto loan acquisitions.

Changing competition landscape in new PV finance



Source:- Ernst & Young

Modest increase in the share of high score tiers along with resumption of growth has translated into a significant decline in delinquency in both balance and account level terms. The percentage of accounts seriously delinquent (90+ days past due) declined significantly—127 bps—to 4.42% in Q2 2018.

Structure of Indian PV Finance industry

Car, UV loan portfolio concentrated in top 20 cities

The top 20 cities account for 55% to 60% of the total outstanding loan portfolio. Banks have a greater exposure to these cities compared with NBFCs. The lower borrowing cost of banks vis-a-vis NBFCs enable banks to lend at lower interest rates to borrowers with better credit profiles, who form a larger proportion of borrowers in the top 20 cities. Average loan size in the top 20 cities is also bigger than that in other cities and towns due to the higher proportion of sedans and higher LTV on loans owing to the better credit profile of the average borrower. Higher finance penetration also contributes to higher disbursements in the top 20 cities

Higher borrowers' history availability from credit bureau to increase finance penetration

Finance penetration for cars and UVs improved slightly to 75% in Fiscal 2017 but remained below the 80% level that was prevalent before Fiscal 2009. Penetration will rise further as vehicle prices are rising with BS-IV norms as well as demand for the luxury segment is increasing. Also post demonetization, banks have started waving off foreclosure and pre-payment charges to make financing a viable option for customers. While these options were always offered in the home loan segment, they were not prevalent in the car loan segment.

Over the next five years, finance penetration in non-metro markets is expected to grow at a healthy pace as NBFCs expand their reach. A recovery in sales of cars and UVs, along with greater availability of credit information, is also expected to boost finance penetration.

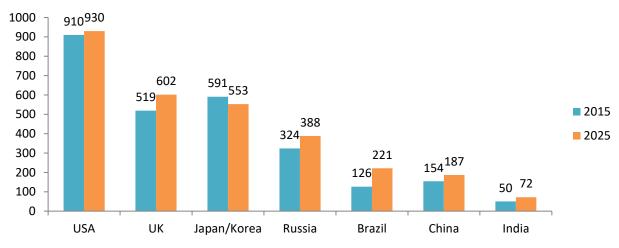
Growth Drivers

Overall, the volume of care sales is expected to grow at a rate of 8% to 10% from Fiscal 2017 to Fiscal 2022. Improvement in rural income along with low cost of ownership will aid rural sales. Demand was to an extent restricted due to demonetization as after a growth of 7.4% observed in the first half of Fiscal 2017, small car sales dropped to 1% in the third quarter of Fiscal 2017. However, sales growth picked up in the last quarter of Fiscal 2017, and registered a total volume growth of 4% in Fiscal 2017.growth is also expected to be driven by an

increase in disposable income, greater urbanization and with global automakers flooding India with new models to capitalize on the enormous growth opportunities as India has the lowest PV penetration levels.

Car loan disbursements market is expected to register higher growth given increase in average LTV and higher penetration. As per various industry players, the average LTV is expected to increase by 1.5% to 2% over the next five years with the finance penetration growing by 2% to 3%. The average car price is also expected to increase by 2.5% to 3%, which will result in overall disbursements growing at a CAGR of 13% to 15% from Fiscal 2017 to Fiscal 2022.

India has a low vehicle penetration rate compared with other countries, with just 50 passenger cars per 1,000 people. In Brazil, this figure now stands at 126 per 1,000 people, while in the United Kingdom and Germany, the penetration rate is 519 and 620 vehicles per 1,000 people, respectively. As of 2015, approximately 108 million people were considered to be middle class in India, or about 9% of the population. This figure is forecast to reach 200 million people by 2020 and 470 million by 2030 – by 2027, it is expected that India will be adding more people to the global middle class than China.

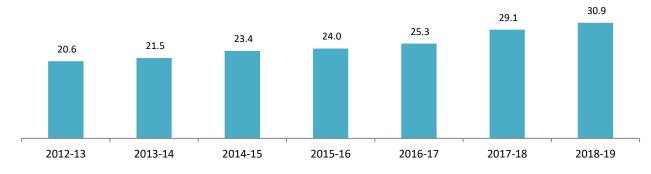


Motorization Rate: Cars per 1000 inhabitant

Source:- CARE Research

OVERVIEW ON INDIAN AUTOMOTIVE INDUSTRY

The automotive industry in India is one of the largest in the world with an annual production of 30.9 million vehicles in FY (fiscal year) 2018–19, following a growth of 2.7 per cent over the last year.

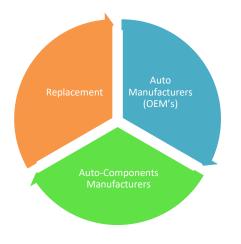


Historical Production of Vehicle(Units in million)

(Source: SIAM)

During the period FY 2012-13 to FY 2018-19, production of all vehicles registered a CAGR of 7.5%, and the corresponding figures for passenger vehicles and commercial vehicle stood at 5.4% & 9.7% respectively.

Structure of Indian Automotive Industry



OEM's Consist of

-Two-wheeler,

- -Three-wheeler,
- -Passenger vehicle

-Commercial vehicle, Tractors & HCV's

Auto-Component Manufacturer

-Engine parts

-Transmission & steering parts Body & chassis

-Suspension & braking parts Electrical parts

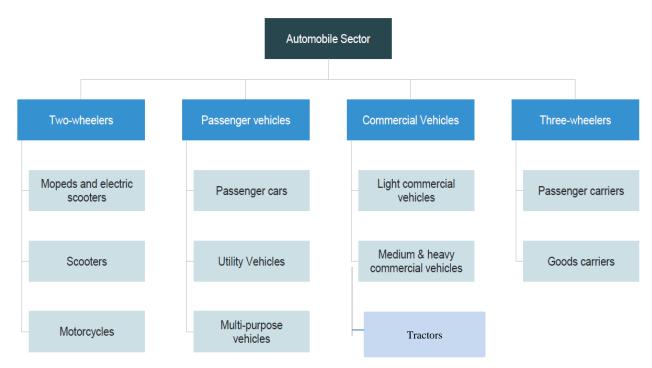
The automotive industry accounts for 7.1%

of the country's manufacturing gross domestic product (GDP). The sector provided direct and indirect employment to 32 million (approximately) in 2018further; the sector contributes around 4.3 % to India's total exports and 13 % to the country's excise revenues. India is currently the fourth largest automobile market in the world with an average annual production of 29 million vehicles in 2018-19, of which 4.62 million are exported. (Source :- Make in India website)

- World's largest Tractor Manufacturer
- World's 2nd Largest 2- Wheeler Manufacturer
- Worlds 5th Heavy Truck Manufacturer
- World's 4th Largest Manufacturer of Passenger vehicle
- World's 7th Largest Commercial Vehicle Manufacturer

Across segments of the industry, India is positioned amongst the leading markets, globally. In volume terms, India ranks as the largest market for two-wheelers as well as tractors. It is also among the Top-5 and Top-10 markets for Medium & Heavy Commercial Vehicles (M&HCVs) and Passenger Vehicles (PVs), respectively. Besides favorable growth prospects, India's favorable Foreign Direct Investment (FDI) policy, relatively low cost of manufacturing, adequate manpower pool has attracted several foreign OEMs of the industry to invest in India and set-up manufacturing footprint.

Indian Automobile market is split in 4 segments



The Two Wheelers segment, with 79 per cent market share, is the leader of the Indian Automobile market, owing to a growing middle class and a young population. Moreover, the growing interest of companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 15 per cent market share.



While the industry is highly capital intensive in nature in case of four-wheelers, capital intensity is less for twowheelers. Though three-wheelers and tractors have low barriers to entry in terms of technology, four wheelers are technology intensive. Costs involved in branding, distribution network and spare parts availability increase entry barriers. With the Indian market moving towards complying with global standards, capital expenditure will rise to take into account future safety regulations.

Automobile majors increase profitability by selling more units. As the number of units sold increases, average cost of selling an incremental unit comes down. This is because the industry has a high fixed cost component. This is the key reason why operating efficiency through increased localization of components and maximizing output per employee is of significance.

Auto Industry performance FY 2018-19

Passenger Vehicle

Passenger vehicle sales grew by 0.5 per cent during the year at 4,058,656 units. While domestic sales grew by 2.7 per cent, exports dipped by 9.3 per cent.

Total sales of utility vehicles increased by one per cent in the year 2018-19. Total sales of passenger cars declined by 0.8 per cent.

A number of factors were responsible for the moderating the growth in sales of passenger vehicles during the year. Liquidity crisis in the bank financing sector, increase in fuel prices, rise in interest rates and third party insurance payments were the primary factors responsible for low sales growth. Also, lack of new product launches affected retail sales during the year.

Exports of passenger vehicles were impacted due to a slowdown in demand from neighbouring countries such as Bangladesh, Sri Lanka and Nepal.

The new Bharat Stage-VI (BS-VI) emission norms are all set to come into effect from 1 April 2020. Post the implementation of these norms, passenger vehicles are likely to get costlier. Therefore, pre-buying in the December 2019 and March 2020 quarters may be seen.

As a result, domestic sales are likely to pick up towards the end of the ongoing financial year on account of prebuying before the new emission norms are implemented from April 2020. Therefore, it is expected total passenger vehicle sales to increase by 2.8 per cent in 2019-20.

Commercial Vehicle

Commercial vehicle manufacturers sold 16.1 per cent more commercial vehicles in 2018-19 than in 2017-18. They sold 1,107,250 vehicles in 2018-19. Sales of medium & heavy commercial vehicles (M&HCV) were higher by 14.2 per cent at 439,414 vehicles while those of light commercial vehicles (LCV) increased by 17.4 per cent to 667,836 units.

Two Wheelers

Two Wheelers sales registered a growth at 4.86 percent in April-March 2019. Within the Two Wheelers segment, Scooters declined by (-) 0.27 percent, whereas Motorcycles and Mopeds grew by 7.76 percent and 2.41 percent respectively in April-March 2019 over April-March 2018 according to the latest numbers of the industry body SIAM (Society of Indian Automobile Manufacturer).

Increase in third party insurance premium payments, rise in fuel prices, higher interest rates and increase in ownership costs impacted retail demand for two wheelers in 2018-19.

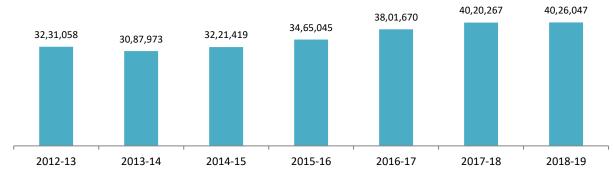
In contrast to domestic sales, exports of two wheelers remained firm in 2018-19. Total two wheeler exports increased by 16.6 per cent during the year. Motorcycle exports grew by 15.4 per cent, while that of scooter increased by 26.7 per cent. A sustained demand for two wheelers from the Asian, African and Latin American countries aided the exports during the year.

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Passenger Vehicles	25,03,509	26,01,236	27,89,208	30,47,582	32,87,965	33,77,436
Growth PV%	-6.1%	3.9%	7.2%	9.3%	7.9%	2.72%
Commercial Vehicles	6,32,851	6,14,948	6,85,704	7,14,082	8,56,453	10,07,319
Growth CV %	-17.2%	-2.83%	11.51%	4.14%	19.94%	17.62%
Three Wheelers	4,80,085	5,32,626	5,38,208	5,11,879	6,35,698	701011
Growth 3W %	-10.8%	10.9%	1.0%	-4.9%	24.2%	10.27%
Two Wheelers	1,48,06,778	1,59,75,561	1,64,55,851	1,75,89,738	2,01,92,672	21,181,390
Growth 2W %	7.3%	7.9%	3.0%	6.9%	14.8%	4.90%
Total	1,84,23,223	1,97,24,371	2,04,68,971	2,18,62,128	2,49,72,788	26267783
Total Automobile Growth	3.5%	7.06%	3.78%	6.81%	14.23%	5.19%

Indian	Automobile	Domostio	Salas Tr	ronda
Indian	Automobile	Domestic	Sales 11	renas

Source:- SIAM

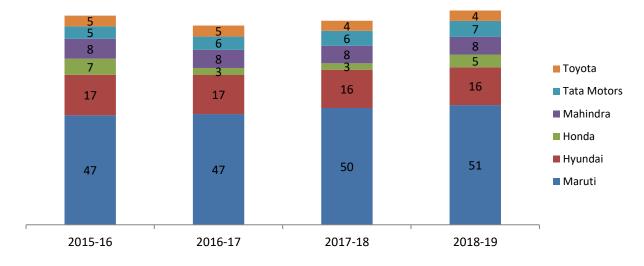
PV production crosses 4-mn mark in FY18 Indian passenger vehicle (PV) industry took seven years to go from three million to four million in annual production. It produced and sold a record four million vehicles (cars, utility vehicles and vans) in the year ended March 31, 2018. Between March 2013 and March 2019, domestic PV production saw a compounded annual growth rate (CAGR) of 7.0 per cent.



Historical Production of Passenger Vehicle

Source CMIE

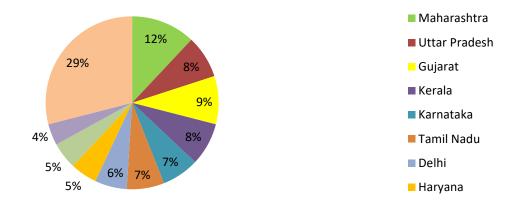
During FY2018-19 produced around 4,026,047 units of passenger vehicles, which is 13.0 per cent of the total vehicle produced in the country. Out of the 4-million passenger vehicle produced, 19 per cent was exported to other countries.



Market Share - Passenger vehicle

Passenger vehicle volumes and growth in key states and regions, March fiscal year-ends.

State wise Market Share of Passenger Vehicle 2017-18



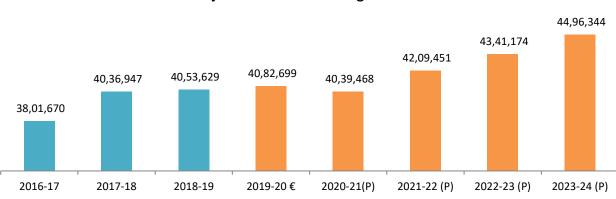
State-wise Sales of Passenger Vehicles (Source:- CMIE) Passenger Vehicle :- Sales Volume Yearly Trend

State	FY 15- 16	FY 16-17	FY 17-18	FY 18-19
India	2,788,372	3,045,131	3,284,414	3,373,036
Maharashtra	354,503	396,428	372,662	359,420
Karnataka	217,988	238,549	224,966	220,644
Kerala	195,381	229,683	252,019	251,735
Gujarat	230,353	258,455	285,547	282,904
Tamil Nadu	177,211	213,220	219,638	212,899

Source:- CMIE

Tamil Nadu	FY17	FY18	Karnataka	FY17	FY18	Kerala	FY17	FY18
Maruti	39.5	44.3	Maruti	43.6	48.2	Maruti	51.9	54.9
Hyundai	14.3	14.5	Hyundai	15.7	15.6	Hyundai	13.2	13.0
M&M	5.8	5.3	M&M	6.0	5.0	M&M	3.2	4.1
Honda	6.5	6.7	Honda	4.0	5.3	Honda	6.0	6.3
Tata Motors	8.0	7.4	Tata	7.3	6.7	Tata Motors	4.4	4.5
			Motors					
Toyota	6.5	6.2	Toyota	9.4	7.0	Toyota	6.3	6.3
Renault	6.0	4.2	Renault	5.5	4.3	Renault	5.5	3.2

Outlook: Passenger Vehicles:



Projected Sales of Passenger Vehicle

Source :- CMIE, CARE Research

PV performance during H1 FY19-20

Domestic passenger vehicle sales improved in October 2019 after almost a year of subdued sales growth. While, Maruti Suzuki India reported a y-o-y increase in domestic sales, other manufacturers showed a considerably improved performance on a month-on-month basis.

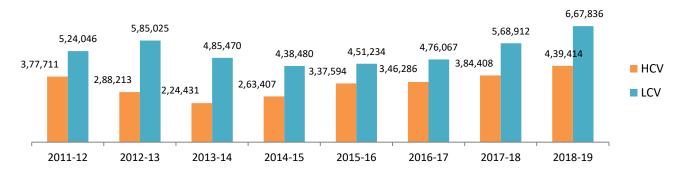
Maruti Suzuki India reported a 2.3 per cent y-o-y increase in domestic sales in October 2019 at 139,121 units. Other passenger vehicle manufacturers such as Hyundai Motor India, Toyota Kirloskar Motor, Honda Cars India, Tata Motors and Mahindra & Mahindra (M&M) reported month-on-month growth in sales in the range of 10-60 per cent.

Domestic passenger vehicle demand is likely to remain subdued in the year 2020-21 due to the implementation of the BS-VI emission norms. The new emission norms are likely to result in a 5-10 per cent increase in prices of vehicles which will affect demand.

The industry is likely to witness projects worth Rs.58 billion getting commissioned in the year 2019-20. The industry's annual manufacturing capacity will be augmented by 362,000 units. In 2020-21, projects worth Rs.12.5 billion are projected to be completed with an incremental capacity of 100,000 units.

Commercial Vehicle Market

Domestic commercial vehicle sales crossed one million units mark for the first time ever in 2018-19. Sales volume stood at 1,007,319 units during the year, growing by 17.6 per cent over 2017-18.

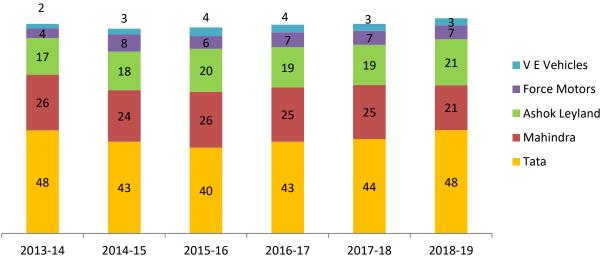


India - Historical CV Sales Trend

Sales of medium & heavy commercial vehicles (M&HCV) in the domestic market grew by 14.7 per cent in 2018-19. Sale of trucks rose by 15.3 per cent, while that of buses by 9.7 per cent. Domestic light commercial vehicle (LCV) sales increased by 19.5 per cent during the year. Sales of goods carrier were up 20.8 per cent and that of passenger carrier by 6.5 per cent.

Truck sales were supported by an increase construction activity across the country in the first half of 2018-19. Sales of light commercial vehicles were aided by an increase in demand from the e-commerce, logistics and consumer goods sector.

Market Share of Key Players in Commercial Vehicle Segment



Source:-CMIE

However, the commercial vehicles industry is showing no signs of revival as sales continue to plummet. Wholesales of commercial vehicles fell by 24.8 per cent in October 2019 at 71,525 units.

Even the commercial vehicle registration plunged in October 2019. According to Federation of Automobile Dealers Association (FADA), registrations of passenger vehicles and two wheelers increased 11 per cent and five per cent, respectively, during the month. However, commercial vehicle registration declined by 23 per cent.

The liquidity crisis in the non-banking financial services sector, the revised axle load norms, the high levels of inventories with dealers and the general economic slowdown are the factors responsible for subdued sales of commercial vehicles.

However, the scrappage policy, which will soon be introduced by the government, might provide some traction to commercial vehicle sales. The scrappage policy is likely to see stringent registration and fitness norms for pre-

CV performance during H1 FY19-20

2005 manufactured vehicles. As per media reports, there are around 900,000 commercial vehicles aged between 15-25 years currently plying on Indian roads.

Due to a decline in prices of commodities such as steel and aluminum in the September 2019 quarter, raw material expenses of the industry plunged 49 per cent, faster than the decline in sales.

State	FY 15- 16	FY 16-17	FY 17-18	FY 18-19
India	382,454	410,268	508,217	613,294
Maharashtra	53,664	59,178	58,783	73,275
Karnataka	34,171	31,139	37,837	45,116
Kerala	16,281	16,227	20,464	25,124
Gujarat	25,215	27,579	31,639	46,504
U.P	34,541	37,371	49,257	63,464
Delhi	11,352	12,535	15,342	18,928
Tamil Nadu	177,211	213,220	219,638	54,831

State-wise Sales of Light Commercial Vehicles: -Key LCV States & Volumes for Last 3 year
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Source:- CMIE

Demand Drivers for Commercial Vehicle

Vibrant economy, road development programmes, evolving distribution models and government regulations have been the key drivers of CV demand in recent times. Fuel cost and freight rates which have a direct bearing on the profitability of the operators too have an impact. Easy availability of vehicle financing, wide product range, extensive distribution & service center networks and availability of spares are key deciding factors. Vehicle price, its application and level of technology are some other factors which sway consumer preference.

1. Product Range

As the CV industry draws its demand heavily from the level of economic activity in the country, demand for products in various segments and sub-segments varies significantly from time to time. For instance, while LCVs experience less volatility in demand, the demand for MHCVs is rather volatile.

In order to overcome the variability in demand, players in this industry need to have a wide array of products, not just in the various segments but also in the consequent sub-segments. Further, by customizing their offerings for industries which exhibit heavy freight movement, players can try to inculcate a sense of brand loyalty for their products. In addition, presence in passenger carrier segments can act as a cushion during times of economic downturn, as this segment is not highly correlated to economic growth and hence experiences lesser volatility in demand.

2. Servicing & Distribution network

CVs do not enjoy a very high brand loyalty. Purchases are largely influenced by nature and availability of the product at the point of purchase. With the product being one of the most commonly used products across the country, it is imperative for the players to be present all across the country. A wide-spread distribution network will provide the manufacturers a large and geographically diverse presence, which in turn will help generate higher sales volume; a necessity in a highly capital intensive industry.

Further, once the customer has been acquired, it is important to service the customer in order to develop brand consciousness and build a brand loyalty. Availability of spare parts and service centers is crucial for servicing the customer and developing brand loyalty.

3. Technology tie-ups

Changing customer preferences, rising fuel costs, growing environment concerns and consequent government regulations call for employing of improved technology. Additionally, with the opening up of global markets, there is a need for the domestic players to meet international technology standards. Thus, technology is the key to survival as well as growth in the CV industry.

A prudent technical collaboration not only renders the ability to meet stringent environment norms, both domestic as well as international, but also helps players in introducing newer and technologically more advanced vehicles; which is a key to their survival.

4. Geographical Diversification

The movement in demand for CV closely follows the movement of economic growth. Past trends show that the CV industry has a 4-5 year cycle, with the growth in demand moving closely with the growth in industrial activity. Thus, during periods of economic downturns, the industry experiences a huge decline in demand, which is a matter of high concern for an industry which is capital intensive by nature. In order to reduce this dependence on economic activity, manufacturers need to diversify into other economies. Technological tie -ups with players having strong international presence can help manufacturers to expand globally and thereby reduce their correlation with domestic economic cycles.

5. Level of Ancillarisation

Auto component suppliers have become a critical link in the manufacturing chain. Companies often get entire modules built from auto component suppliers and only assemble it in their production facilities. Further, with a high level of ancillarisation, players can significantly reduce their capital outlay and thereby pass-on some of their business risks to external players. Thus, vendor development (companies spend as long as two years to develop the right vendor) and quality checks have become critical success factors for the CV manufacturers.

6. Vehicle financing

The availability of vehicle finance at the point of purchase can foster sales. Traditionally, financing was left to the institutions for whom the business was their core competency. However, in order to provide complete buying assistance to the purchasers at the point of purchase, many of the CV manufacturers set up their own financing companies or tied up with banks

Commercial vehicle sales, especially truck sales are an indicator of the level of economic activities in the country. The growth in commercial vehicle sales over the past few months hint at a revival in economic activities in the country.

Recent regulatory Development

BS VI

- Starting April 2020, only BS VI compliant vehicles can be sold as per a Supreme Court order.
- India is transitioning from BS IV to BS VI standards directly BS VI vehicles would be safer and considerably less polluting than the current vehicles.
- Vehicle costs would be significantly higher given the additional spending done by auto majors.

Impact

- Major pre-buying is expected in FY 2020 to avoid buying costlier vehicles. This was observed in FY 2016 as well prior to implementation of BS IV.
- Even though sales are trending lower in the first few months, the overall growth rate for FY 2020is expected to remain moderately strong due to this transition.

Axle Weight Increase

- In July 2018, the Ministry of Road Transport & Highways issued a notification increasing the axle weight loading by 20-25% for different vehicle tonnages.
- This had overnight increased the carrying capacity of the on-road fleet by that extent.
- However, practically, since most of the fleet was already overloading, there has been only a minimal impact on the freight rates.

Impact

• The sales bump seen in the states where overloading ban was implemented previously has tapered away resulting in overall reduction in the CV sales numbers.

Sales Trends Forecast- Commercial Vehicle

	Total	HCV	LCV
2016-17	822,353	346,286	476,067
2017-18	953,320	384,408	568,912
2018-19	1,107,250	439,414	667,836
2019-20 (P)	855,843	312,630	543,213
2020-21 (P)	828,946	306,563	522,383
2021-22 (P)	862,156	319,485	542,671
2022-23 (P)	890,741	326,829	563,912

Source:- CARE Research, CMIE

The Indian commercial vehicle market has grown at a CAGR of 16.03% from FY 2016-17 to FY 2018-19 in terms of sales and is expected to grow at CAGR of 3.9% during FY 2019 to FY 2023.

Demand for commercial vehicles from the infrastructure sector is also likely to be affected as the government spending on new infrastructure projects is expected to slow down. The decline in government spending is already visible. The liquidity crisis in the non-banking financial services sector, the revised axle load norms, the high levels of inventories with dealers and the general economic slowdown are the factors responsible for subdued sales of commercial vehicles.

However, the scrappage policy, which will soon be introduced by the government, might provide some traction to commercial vehicle sales. The scrappage policy is likely to see stringent registration and fitness norms for pre-2005 manufactured vehicles. As per media reports, there are around 900,000 commercial vehicles aged between 15-25 years currently plying on Indian roads.

Used Car Market in India

The Second hand car market has provided an economical solution for the aspirers, who lack affordability to buy a new car. However, during the last 4-5 years, the second hand car market got a fillip on easy availability of finance on second hand car market, increase in income levels, huge pile up of car stock on the back of strong growth in new demand. The pre-owned cars provide an attractive opportunity to large section of buyers to upgrade their purchases (e.g.:- two wheeler buyer upgrading his purchases to mini or micro cars, small car buyer upgrades to mid-sized cars) which otherwise would not be possible due to limited affordability. Further entry of organized players in second hand car market during last decades has also enforced the trust among buyers for second hand cars and thereby led to expansion of this market.

The used car industry in India is at present largely unorganized, with majority of sales coming in through roadside dealers that sell cars without any warranties and or any regulatory framework of their own. With growing number of web aggregator companies that are showing interest in this sector, it appears that this industry would get more organized in coming years.

India's pre-owned automobile market is growing at 15% year-on-year, supported by a fast-growing base of young population, rapid urbanisation, changing consumer needs and internet penetration.

Pre-owned cars give higher flexibility and reach to prospective car owners, whether first-time buyers or repeat, due to the price advantage they offer. The economical prices of pre-owned cars help all types of buyers.

- First-time car buyers: Lower price point and wide variety ensure that a used car buyer gets a technologically advanced and wide range of cars at fair prices.
- Second car at economical price: Several Indian families have a need for more than one car and used cars offer them a more economically viable option.
- Upgrade to a bigger car at a lower budget: This is especially true in case of people from Tier 2 cities and towns. A used car allows them the opportunity to upgrade from a two-wheeler to a four-wheeler without stretching their budget.
- Majority of people from tier-2 cities choose a pre-owned car as a steppingstone to progress towards a new car.
- The movement of two-wheeler owners to pre-owned car owners and increased composition of value seekers would fuel the growth of the pre-owned car industry.

Other factors responsible for the increasing popularity of used cars is the multitude of quality choices available coupled with an increase in income. All this has created a situation where people want to upgrade their vehicles more frequently. The paradigm shift from buying new cars to used cars can be attributed to the increasing organization of the pre-owned car players.

The market for pre-owned cars in India has seen a sudden surge in popularity buoyed by factors like greater customer acceptance, the desire to upgrade to high-end models and the fact that car dealership sector is undergoing a sea change. From being a largely unorganised space, this segment is now becoming more and more regularised and is able to offer more assurance to customers via multi-point scrutiny and certification. The penetration of technology into this sector has altered the way used car dealership works and the effects of this metamorphosis have translated directly into extremely positive numbers.

India's used car market overview

- The pre-owned car market size is 4.0 million units in 2019, up 9% from 2017.
- Globally, the used car market is 3 times the size of the new car market (in units). The Indian Pre-owned car market size is 1.2 times that of the new car market, well below 2.5 times which is typically found in mature markets.

According to research that only 18% of the total market is managed by organized players with more than 30% of the sales coming from C2C transactions.

- Maruti and Mahindra are the biggest organized contenders in the used-car segment.
- Hyundai follows along with Toyota—the latest in the fray.

Market Structure of Used cars

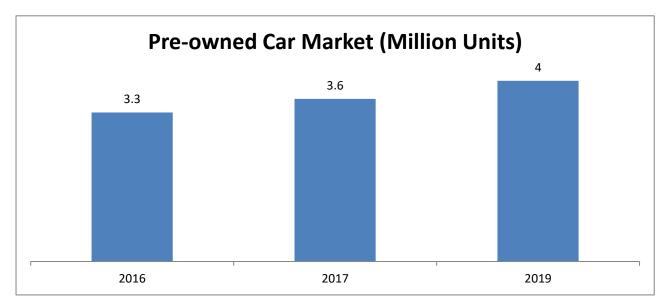


organized and semi-organized segments growing 34% and 12% yoy, while the unorganized segment and C2C have remained flat

Category 1: Organized segment share is around 18 percent and consists of players such as Maruti's True Value and Mahindra's First Choice.

Category 2: Semi-organized segment constitutes another 32 percent market share, consisting of platform based systems that sell used cars of various dealers and standalone independent used-car dealers.

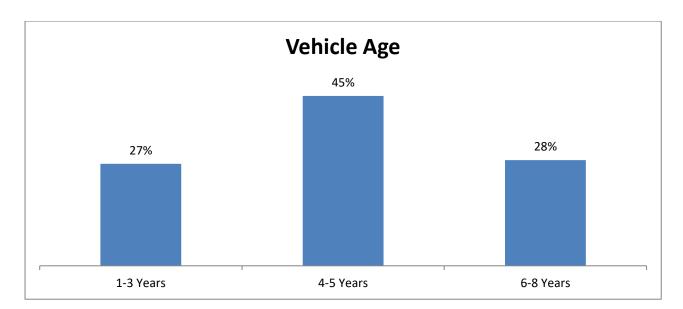
Category 3: Unorganized segment constitutes another 16 percent, with independent dealers forming the bulk of the population at 55 percent. The consumer-to-consumer segment constitutes approximately 32 percent of market share. Non-metros continue to account for a larger share of the pie (including C2C transactions)



Sources:- India Pre-Owned Market 2019

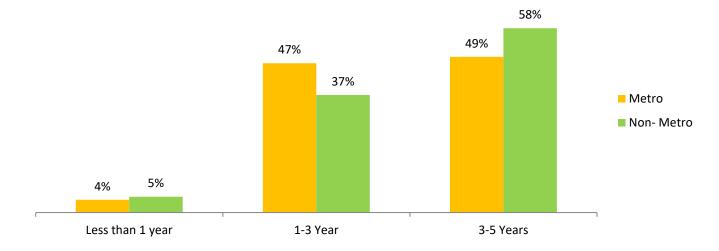
The holding period of cars in India has changed drastically in the last decade. While 20 years ago, people made their cars last for a decade on average, today most people want to switch their vehicle for a better one in 3-4 years. This has led to steady inventory expansion and more options for those looking to buy used cars.

During the last one decade, increase in the income levels and attractive finance schemes have not only boosted the affordability but also have led to shift in the buying behaviour of the consumers across all income classes. Till a decade ago, car purchase was considered as a long term prospect, where the buyers bought cars mainly from savings and took minimum assistance of bank loans. Availability of easy finance along with rise in income levels, almost 80-85 percent of car buying is done through loan finance.



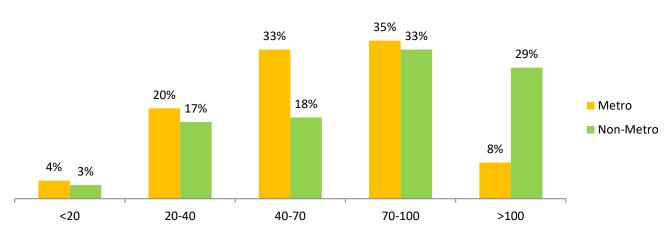
Rise in income levels, Loan options has provided buyers an opportunity to buy new cars more frequently than ever before. This has led to decrease in holding period of the cars and thereby fuelled the availability of pre-owned cars in the market.

Non-metros prefer cars that have a lower ticket price (\gtrless 3.5 lakhs) vs. metros (\gtrless 6 lakhs) This is on account of higher kms driven, older vehicles and vehicles with greater or equal to two owners.



Average Vehicle Age at the time of Sale

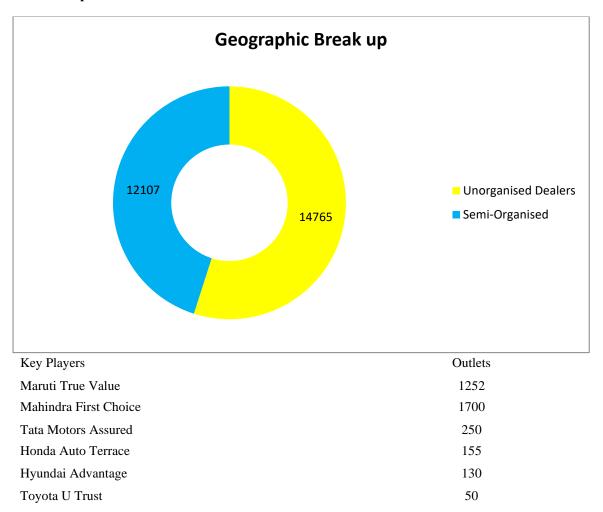
Sources:- India Pre-Owned Market 2017



Kms (Thousand) run at time of sale

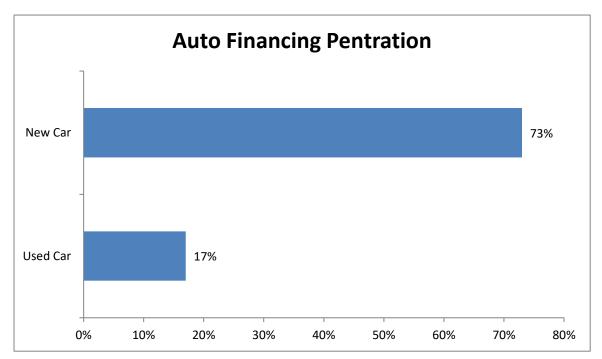
Sources:- India Pre-Owned Market 2019

Dealer Footprint



The used car market in India is set to grow at a CAGR of 11% from 4.0 million units in 2019 to between 6.7to 7.2 million units in 2022. Pre-owned car and associated industry will be valued ~ Rs. 50,000 crores by FY22. The organized sector is expected to reach a market share of 25% in 2021 from 20% in 2016 due to the shift in focus

where customers will be more likely to pay more to get reliable cars at a reasonable price than go for the cheapest, yet unreliable deals.



Sources:- India Pre-Owned Market 2019

Approximately, 190,000 new cars and 36,500 pre-owned cars financed monthly.

The Indian used car industry has been on a rapid growth path for a couple of years and is poised to continue its rise in coming years as well. For years now, local businesses and mechanics were the main sources of selling used car other than selling it directly to someone known. Now with big OEMs and online players jumping with zeal to organise a vastly disorganised sector, the market has started to turn up for good. a few years ago, the ratio of new to used cars in India was 1:1.2 as per India pre-owned market report. This has now grown to 1:2.2, which means, for every 10 new cars sold, 22 used cars are finding buyers. CARE Research expects this ratio to go up to 1:3 which is the norm in mature markets like the U.S. It is projected that the Indian used car market will continue growing at a steady pace of 15% till 2020

Here are four factors that contribute to the growth and popularity of the used car market

Reduction in the ownership period

The ownership period of vehicles has now reduced to a great extent. Previously, the average car ownership period was five years. However, the duration has now reduced to two or three years. This indicates that the supply of used cars has increased. Potential used-car buyers may therefore avail of the latest car models.

Online presence

The wave of digitization has swept over the automobile industry. Car dealers are establishing an online presence to increase their customer base. Used car dealers not only operate through their local stores, but also through their websites. These online portals allow buyers to browse through various models, compare finance schemes, and check loan rates. As per a study, around 60% of the buyers of used cars in Ahmedabad research about various car models before making a purchase.

Demand for used luxury cars

Affluent buyers are now trying to maintain a perfect balance between saving and luxury, by purchasing used luxury cars. A pre-owned luxury car is a status symbol in its own way. Moreover, few premium car manufacturers have launched a pre-owned car division in India to tap this market of consumers.

Lower costs of used cars

Given the rising cost of living, opting for a new car may not be a feasible option anymore. People residing in Ahmedabad prefer used cars as their prices are relatively lower than the new ones. Moreover, the cost of insurance and registration for pre-owned cars is lesser than that of brand new ones.

Sale of used vehicles typically generate higher EBITDA margins on a percentage basis than new vehicles primarily because of their relatively limited comparability, which is dependent on a vehicle's age, mileage and condition, among other things.

NBFC are keen on Second Hand Car market

Non-banking finance companies, which are giving loans to buy new commercial vehicles, are looking to finance purchase of used commercial vehicles. For lenders, this segment is relatively untapped and, therefore, offers huge potential to lend. Currently it is dominated by unorganized players, with very few organized players in this segment

NBFCs are looking at segments such as used CVs, among others, in order to diversify their asset portfolio and get into high yielding assets. Used CVs should also allow them to maintain their asset quality since it is a secured asset class and also has an established performance record.

The used CVs segment offers higher yields, as it is a riskier asset class when compared to new CVs. Typically, for a new CV loan, loan rates are between 11.5-13.5 per cent, while for used CVs they range from 16 to 20 per cent. Another advantage for the NBFC players could be their strong presence in the rural and semi-urban markets, which is typically a big market for second hand CV sales.

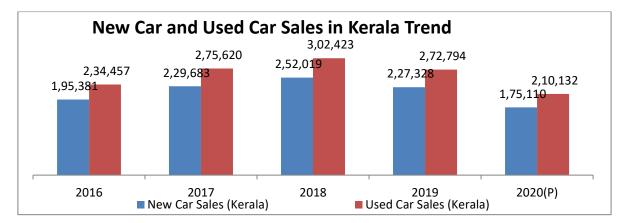
Used car market and corresponding Auto financing overview

Average Price of Car	Rs 3-4 Lakhs
Average Loan Disbursement	Rs 3 Lakhs
Interest Rate	4.5-6.5% higher than New Cars
Average Loan to Value	75-80%
Average Age of the Car	4 Years
Average Number of Previous Owners	1

Source:- Indian blue Book Pre-Owned car market report

Used car Market in Kerala

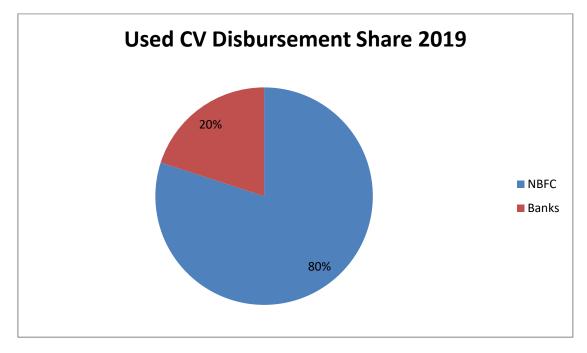
As per India pre-owned market reportused car to new car ratio is 1:1.2, which is the norm in India for used car sales in India. Due to slowdown prevalent in auto sector in FY 2019-20 It is projected that the Indian used car market will witness headwinds and will possibly see a contraction in growth of in upcoming year.





NBFCs lead the used CV disbursement market with approximately 80% share. Their niche focus and deep understanding of the local economy gives them advantage over banks in this segment. Two-to-three large NBFCs account for a significant portion of the business, keeping competition low. These NBFCs have capitalized on the vast opportunity offered by the segment through investment in processes and manpower. Auto-finance NBFCs that operate in this segment have developed a deep understanding of the market, customer profile, products and their valuation, credit appraisal, and efficient management of operations, and thus, have been able to capture the market.

In the used vehicles segment, financiers have their in-house valuation grid for evaluating vehicles of different model, make, vintage, and area in which the vehicle is operated. They have greater penetration in semi-urban and rural areas, which contribute to a majority of used-CV sales. Major NBFCs in the space also have branches close to the transport hubs. NBFCs also accept payments in cash, given that a large part of their customer segment earns in cash. Continuous monitoring of the disbursed loans by field officers, who originate the loans through frequent visits to the borrower, helps keep delinquencies under control. Banks have stayed away from the segment due to the complexities involved – high cost of delivery, lack of understanding of the local geography and the perceived high risk in the informal sector. A large part of the banks' used CV portfolio is refinancing.



Auto Finance – Retail

CARE Research expects Fiscal 2019 to be a good year for disbursement growth. Improved rural sentiment, low PV penetration and increasing affordability will drive PV disbursements. CV disbursement would be supported by improvement in the economy, resulting in increased demand from roads and mining.

Two-wheeler finance to be the fastest growing segment over the next 5 years, followed by PV finance

- Increase in addressable households along with improvement in the economy and government focus on increasing rural income will support growth in two-wheeler sales, thus supporting growth in disbursements. Additionally, finance penetration in the two-wheeler segment remains low and is expected to grow 4-5% over next five years.
- Low passenger vehicles (PV) penetration in the country provides significant scope for growth. Increasing urbanisation, finance commission pay-outs, expanding working population and improvement in road infrastructure will support PV sales.
- With financiers increased focus on Tier 2 and 3 cities, finance penetration is set to increase. Better credit monitoring and availability of credit bureau data will help financiers to expand their customer base.
- Increased information on customers will also help financiers to offer higher loan to value (LTV) to them.

- Safety regulations and emission norms will support increase in vehicle prices going forward.
- Improvement in economy and high investment in infrastructure are expected to drive sales of commercial vehicles

Segment wise Growth in Automobile Disbursement

	FY3 Disbursement (Rs Bn)	CAGR-FY13- FY 18	FY-18 Disbursement	CAGR-FY18- FY 18	FY23 Disbursement (Rs Bn)
Passenger Vehicle	753	11%	1272	15%	2612
Commercial vehicle	452	8%	652	10%	1064
Two Wheeler	123	17%	269	17%	588
Three Wheeler	70	7%	98	8%	142
Total	1398	10%	2291	14%	4406

Growth drivers: Passenger vehicle financing

Low PV penetration in the country, improving affordability, new model launches, increase in prices and improvement in finance parameters to steer long-term disbursement growth. CARE Research expects PV finance disbursements to grow at ~15% CAGR over the next 5 years. The total finance market is expected to reach ~Rs2,612 billion in fiscal 2023 from ~Rs 1,272 billion in fiscal 2018.

Compliance with the BS-VI norms in fiscal 2021 would lead prices to rise sharply, adversely affecting sales, resulting in only marginal increase in disbursements that year.

Factors that will drive disbursement growth in Passenger Vehicle are

- Increasing affordability and low PV penetration provides significant opportunity for PV sales. Additionally, rising urbanisation, finance commission payouts, expanding working population and improvement in road infrastructure will also support sales' growth.
- Increase in average price and increase in loan to value will result in an increase in average ticket size of loans.
- improvement in finance penetration with financiers increased focus on tier II&III cities.
- better credit monitoring and availability of credit bureau data will help players reduce delinquencies and expand their customer base

Growth drivers: Commercial vehicle financing

Commercial vehicles (CV) loan disbursements de-grew at a compounded annual growth rate (CAGR) of 1.7% between fiscals 2012 and 2018, on account of 2.5% compounded annual decline in CV sales. In fiscal 2017, demonetization induced cash crunch affected output and sales growth. On the other hand, advancement of purchases of BS III vehicles on the back of mandatory BS IV implementation (from April 1, 2017) offset the impact of demonetization and sales grew 4% on-year.

In fiscal 2018, CV sales rebounded at a robust ~ 25% on year. That year, CV loans grew ~34%, driven by disbursement growth in both the segments i.e. light commercial vehicles (LCVs) as well as medium commercial vehicles (MHCVs).

Growth drivers of CV financing

The following factors will drive disbursement growth in the long term:

• As CV sales is closely aligned with economic cycles, expected improvement in economic growth will drive sales.

- Shift towards higher tonnage vehicles and commissioning of dedicated freight corridors for railways might impact sales growth, and in turn, growth in disbursements.
- Average prices are set to increase annually, supporting disbursement growth.
- Better credit monitoring and availability of credit bureau data will help financiers reduce delinquencies and expand their customer base.
- LTV in the MHCV segment is expected to improve 2-3% over the next 5 years, on account of increasing competition and rising penetration of credit bureau data.
- Finance penetration in the LCV segment is also expected to increase 1-2% in the next 5 years with expanding network of banks/NBFCs branches.
- Finance penetration in MHCV is expected to remain stable, as it is already high.

DEMAND DRIVERS, TRENDS, OPPORTUNITY & THREATS FOR THE INDUSTRY

Demand Drivers

Urbanisation: Urbanisation is a key driver of India's overall growth. Urbanisation was 33.2% of India's population and expected to reach 36.2% by 2025 – on a larger population base, warranting a need for more vehicles. This would create opportunity for sales of passenger as well as commercial vehicles.

By 2050, 60% of Indians will live in cities. Delhi, Mumbai, and Kolkata will be among the world's largest cities and cumulatively become home to ~100 million people. This rapid urbanisation would increase the demand of vehicles, which, in turn, will drive the demand for vehicle financing in the coming years.

- Demographic dividend: Per capita income during FY2017-18 was estimated at Rs.11782, rising 8.3% compared to FY2016-17, evolving consumption patterns. India is set to become the world's youngest country by 2020 with 64% of the entire population in the working age group. Rise in education among the youth could lead to a decline in dependency ratio and enhance lifestyles. This, in turn could strengthen discretionary spending on new vehicles as well as purchase of old vehicle with getting more finance form NBFC / banking sector, & it is expected to jump from current 40% to 46% of household income by 2025.
- ➢ Growing nuclearisation: Spurred by the rapid growth in the number of nuclear families, the demand for vehicles has increased as well. This would generate demand for vehicle financing.
- Increasing population: India's population stands at 1.35 billion and accounts for a 17.74% share of the global aggregate. India is soon expected to become the most populated country. Consequently, India's population is expected to reach 1.46 billion by 2025. This will create a widening market of consumers, strengthening the offtake of automotive products.

Recent Framework by RBI

- To address the liquidity crunch faced by some segments of the NBFC sector, primarily on account of asset liability mismatches, the RBI has come up with regulatory relaxations to ease the challenges of the sector.
- Banks are permitted to raise their exposure to a single NBFC (non-infrastructure financing NBFC) from 10% to 15% until the end of the year.
- Till Dec 31, 2018, the government securities equivalent to the incremental credit disbursed by the banks to NBFCs after October 19 will be eligible for Liquidity Coverage Ratio (LCR) requirements. This is in addition to the 13% carve out from Statutory Liquidity Ratio (SLR) norms permitted for use against LCR requirements.

To provide partial credit enhancement (PCE) to bonds issued by systematically important non-deposit taking financial companies (NBFCs) registered with RBI and HFCs registered with National Housing Bank

Challenges faced by NBFC Sector

NBFCs too are faced with a gamut of challenges. Some of the key challenges have been outlined here based on

- Increasing NPAs and lower recovery of loans owing to economic slowdown, poor business climate and absence of special powers like SARFESI Act.
- Increased competition viz. from banks which have a competitive advantage owing to regulatory bias giving rise to an uneven playing field.
- Regulatory tightening and convergence (with banks) leading to uncertainties and reduced flexibility for NBFCs without the benefits of access to CASA like benefits.
- Funding / resource mobilization challenges given various constraints in the banking and capital markets squeeze on flow of bank credit, regulatory tightening with respect to raising funds through NCDs under private placement, and changes in assignment rules.
- Increased cost of borrowings/ funds due to economic and regulatory reasons and significant dependence on banks for borrowing.
- Lower leveraging capacity due to higher risk weights and higher capital adequacy requirement.
- Inadequate and unsupportive legal framework which renders recovery of dues very difficult and expensive.
- Challenge of meeting 75/25 core factoring asset/income ratio by July 2014, while maintaining profitability of operations.

Initiatives launched by the RBI to restore NBFCs

• Considering the NBFC crisis, the RBI announced a set of measures that are expected to improve access to liquidity for the sector:

Increasing exposure limit	The RBI increased the counter party exposure limit of banks to a single NBFC to 20% of tier 1 capital from 15%.
Priority sector classification	Loans given by banks to NBFCs for on lending to agriculture, micro and small enterprises, and housing to be classified as priority sector lending (PSL).
Easing of risk-weightage norms for banks	The central bank has allowed banks to risk-weight their exposures to NBFCs based on the respective credit rating.
Partial credit guarantee	The government has created a mechanism where they will allow partial credit guarantee for purchase of high-rated pooled assets of NBFCs, amounting to INR 1 trillion during the current fiscal. The guarantee will be provided on a one-time basis for six months for a public-sector bank's first loss of up to 10%.
Co-origination model	The RBI released guidelines on coorigination of loans by banks and non-deposit taking NBFCs in the priority sector. NBFCs must take a minimum exposure of 20% with the remaining contribution by the participating bank.
Securitisation	RBI guidelines on securitisation allow NBFCs to securitise loans originated by them with original maturity of more than 5 years.

REGULATION FOR NBFC SECTOR

All NBFC	Reserve Bank of India Act 1934
Deposit Taking NBFC's	Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
All NBFC's	Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
NBFC SD-SI	Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015
NBFC- ND-NSI	Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015
All NBFCs	Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 1977
All NBFCs	Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015
All NBFCs	Miscellaneous Instructions to all Non-Banking Financial Companies
All NBFCs	Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008
All NBFCs	Fair Practice Code
All NBFCs	Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML) - 'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder

COMPETITIVE LANDSCAPE

Followings are the major players in Vehicle Finance NBFCs and which could be considered as competitors to each other due to its similar nature of business:

1. Muthoot Vehicle And Asset Finance Ltd

Established in 1992, as a part of Muthoot group, Company has made considerable forays into financing of used and new commercial vehicles, passenger and goods' autos, earth moving equipment, tippers, JCBs, private vehicles and other asset finance solutions to strengthen the economic base of urban and rural sectors in Kerala. MVFL carries out its operations through a network of 26 branches spread across districts in Kerala and Tamil Nadu, New Delhi and Karnataka.

Earlier known as "Muthoot Leasing and Finance Ltd" the company in 2008 changed its name as "Muthoot Vehicle & Asset Finance Ltd (MVFL)" for providing wide range of financial solutions as the name itself indicates MVFL, as per the certification by Reserve Bank of India, is a NBFC - Investment and Credit Company(NBFC-ICC)

INR Million	FY (Audited)	2016	FY (Audited)	2017	FY (Audited)	2018	FY (Audited)	2019
Total Income	(1 11111111) 348.9		(Ruanca) 389.7		406.6		(1 1001100) 590.6	
Profit After Tax	79.9		84.6		101.7		111.7	
Net -Worth	727.6		811.2		894.9		988.7	
Asset Under	1165.9		2054.6		3845.1		4281.1	
Management								
Gross NPA%	4.3%		2.1%		0.94%		1.50%	
Net NPA %	3.9%		1.8%		0.7%		1.2%	

CRAR %	57.0%	37.6%	22.6%	22.4%
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2. Shriram Transport Finance Company Limited

Shriram Transport Finance Company Limited, an asset financing non-banking finance company, provides commercial vehicle financing services in India. It finances for pre-owned and new heavy duty trucks; medium, intermediate, and light duty trucks; pickup and mini trucks; passenger vehicles; farm equipment; and construction vehicle and equipment. The company also provides tire finance, engine replacement finance, working capital loans, co-branded credit cards, and freight bill discounting products, as well as accepts various non-cumulative and cumulative deposits. As of March 31, 2018, the company operated a network of 1,213 branches and 862 rural centers. It serves small road transport operators, first time users, small truck owners, and small construction equipment operators. Shriram Transport Finance Company Limited was founded in 1979 and is based in Mumbai, India.

INR Million	FY	2016	FY	2017	FY	2018	FY	2019	H1 2020
	(Audite	ed)	(Audite	ed)	(Audit	ed)	(Audite	ed)	
Total Operating	1,01,95	3	1,07,30	5	1,32,71	0	1,54,44	1.	82,814
Income									
Profit After Tax	11,782.		12,573		24,605		25,639		13,993
Net -Worth	10,131		11,292		13,547		15,808		
Asset Under	7,27,60	6	7,87,60	9	9,62,60	6	10,44,8	22	10,81,202
Management									
Gross NPA%	6.1%		8.1%		9.15%		8.29%		-
Net NPA %	1.91%		2.65%		2.83%		2.55%		-
CRAR %	17.56%		16.94%	1	16.87%)	20.27%	,	-

3. Cholamandalam Investment and Finance Company Limited

Cholamandalam Investment and Finance Company Limited, a non-banking finance company, provides various financial services in India. The company offers two wheeler and commercial vehicle loans, tractor loans, car and MUV loans, and construction equipment loans; loans against properties; home loans for self-construction, purchase of plots, and ready to occupy homes, as well as balance transfer of existing home loans; home equity loans; business loans for small and medium enterprises; rural and agri loans; and corporate mortgage loans. It also provides wealth management services that cover mutual funds, fixed deposits and bonds, life and general insurance, and home loans for private individuals and professionals; investment advisory services; and stock broking services for mutual funds, stocks and derivatives, exchange traded funds, and bonds, as well as Internet broking, demat, and depository participant services. As of April 23, 2018, it operated a network of 873 branches. The company was founded in 1978 and is headquartered in Chennai, India.

INR Million	FY 2016	FY 2017	FY 2018	FY 2019	H1 FY 20
Total Operating Income	41,946	46,604	54,262	54,262	25,424
Profit After Tax	5,681	7,197	9,182	11.864	6210
Net -Worth	36,572	42,854	50,985	61,760	67,392
Asset Under Management	2,96,501	3,41,674	4,29,248	5,75,603	5,92,925
CRAR %	19.7%	18.6%	18.4%	17.4%	17.09%

4. Mahindra & Mahindra Financial Services Limited

Mahindra & Mahindra Financial Services Limited, a non-banking financial company, provides financial products and services in the rural and semi-urban areas in India. The company offers vehicle financing for auto and utility vehicles, tractors, cars, commercial vehicles, two wheelers, three wheelers, and construction equipment, as well as refinance for used cars; pre-owned vehicle financing; housing finance for new houses, and house renovation and improvements; and small and medium-sized enterprises financing services, including project finance, equipment finance, corporate loans, secured business loans, unsecured business loans, and working capital loans, as well as bill discounting, lease rental discounting, and financial advisory services. The company was formerly known as Maxi Motors Financial Services Limited and changed its name to Mahindra & Mahindra Financial Services Limited in November 1992. Mahindra & Mahindra Financial Services Limited in Mumbai,

India. Mahindra & Mahindra Financial Services Limited is a subsidiary of Mahindra & Mahindra Limited.

INR Millions	FY 2016	FY 2017	FY 2018	FY 2019	H1 2020
Total Operating Income	65,905	62,375	72,061	88,102	48,804
Profit After Tax	6,726	4,002	8,918	15,573	3,202
Net –Worth	60,881	64,772	96,219	1,09,080	
Asset Under Management	26,70,63	31,65,91	3,77,729	4,62,103	5,67,060
Gross NPA %	8.0%	9.0%	8.5%	5.9%	7.2%
Net NPA %	3.2%	3.6%	6.2%	4.8%	5.8%
CRAR %	17.3%	22.7%	22.7%	20.3%	19.7^

5. Sundaram Finance Limited

Sundaram Finance Ltd (SFL) is the flagship company of the T. S. Santhanam arm of the TVS group; the group's association with the Indian automotive industry covers financing, trading and manufacturing. The company is one of the large NBFCs in the country with an AUM of Rs 21,320 cr as on Jun-2017. The company's primary focus is on financing of commercial vehicles and cars. Of the total AUM, CVs accounted for 53%, followed by cars (31%) while others including tractors, construction equipment, and plant & machinery accounted for the remaining 16%

INR Millions	FY 2016	FY 2017	FY 2018	FY 2019	H1 FY2020
Total Operating Income	23,123	23,567	28,124	33,826	16,705
Profit After Tax	4,472	4,953	5,634	6,043	3,303
Net-Worth	33,126	37,456	41,342	50,441	-
Asset Under Management	1,86,030	2,13,200	2,49,641	2,89,841	-
Gross NPA %	1.54%	1.54%	1.2%	1.3%	-
Net NPA %	0.55%	0.55%	0.66%	0.83%	-
CRAR %	17.9%	17.9%	18.0%	19.5%	-

OUR BUSINESS

In this section, any reference to "we", "us" or "our" refers to our Company. Unless stated otherwise, the financial data in this section has been derived from our Reformatted Financial Statements and all statistical and industry related information has been derived / extracted from the CARE Advisory Report.

The following information should be read together with the more detailed financial and other information in this Prospectus, including the information contained in the chapter titled 'Risk Factors' and 'Industry Overview' beginning on pages 18 and 69.

Specific attention of the investors is drawn to the fact that while the narrative here onwards describes both our retail and our wholesale lending businesses we have since this Fiscal discontinued our business loan lending which is a component of the wholesale lending business and we are winding down this exposure. However, our wholesale lending business still comprises inventory funding and trade advance. The narrative below must, therefore, be read and evaluated in that light.

Overview

We have been a deposit-taking vehicle and asset finance company operating primarily in the State of Kerala registered with the RBI as a NBFC- D from November 30, 1998. We have, recently, been re-classified as a NBFC - Investment and Credit Company (**NBFC-ICC**) pursuant to RBI's recent directive. We are in the business of granting loans against the security of vehicles and assets predominantly in Kerala and also operate in Coimbatore, Tamil Nadu. We are part of the Muthoot Group and were incorporated as for undertaking hire-purchase operation. We have over the years transformed our business and we are, presently, a multi-category loan portfolio company. We have been assigned the following credit ratings for our borrowings.

						(₹ in lakhs)
Credit	rating	Facility	Amount		Rating	
agency						
CARE	Ratings	Long term bank facilities		5,250.00	BBB+	(Outlook:
Limited*					Stable)	
		Long term / short term bank	,	35,500.00	BBB+	(Outlook:
		facilities			Stable) / CA	RE A2
		Long term loan		10,000.00	BBB+	(Outlook:
ICRA Limi	ited**	_			Negative)	
		Short term loan – interchangeable		2,250.00	A2	
		between cash and short term loan				
		Fixed deposit programme		-	MA	(Outlook:
					Negative)	
CRISIL Li	mited***	Total bank loan facilities		30,000.00	CRISIL A/S	table

* Per letter dated December 9, 2019

** Per letter dated October 31, 2019

*** Per letter dated January 17, 2020

As on November 15, 2019, we had license to operate 25 branches with a vast majority i.e. 22 branches, located across 12 districts in the state of Kerala. Further, we also hold licenses to operate in Delhi, Coimbatore and Bangalore. Our loan portfolio comprises retail lending and top up loans with vehicle financing constituting the largest component. As at the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, our total loan portfolio was ₹ 44,104.01 lakhs, ₹ 42,811.40 lakhs, ₹ 38,453.38 lakhs and ₹ 20,546.00 lakhs, of which vehicle loans comprised 94.07%, 93.48%, 90.41% and 86.88%, respectively.

Our Company has a presence in most of the large passenger car dealerships and, in the case of pre-owned vehicles, small multi brand passenger car outlets in Kerala. Further, we have, recently, entered into an arrangement with Muthoot Finance, the flagship company of the Muthoot Group, through which we expect to able to expand our reach through its network of over 500 branches in Kerala.

Presently, our business operations are primarily focussed on our retail lending portfolio and we cater extensively to retail customers. While in the past we had a wholesale lending business vertical which extended loans to commercial businesses, we have, presently discontinued this vertical to ensure that our resources are concentrated on our retail lending portfolio which we believe is more productive and stable. The existing business loans

portfolio will be wound down and we do not propose to make fresh disbursement of business loans to corporate clients. We have, though, in Fiscal 2020 started the inventory funding and trade advance vertical which is an aspect of wholesale lending.

Historically, our retail lending focus was on the 4-wheeler segment (**Passenger car**) and, in particular, the new Passenger Car segment. However, in the last 12-18 months we have shifted the focus of our retail lending vertical from new to pre-owned passenger cars. In addition, we have also recently commenced 2-wheeler loans. Typically, the customers availing of our retail lending portfolio are self-employed and salaried individuals, which are generally backed by guarantors.

The size of our total assets under management as the 6 month period ended September 30, 2019 is ₹ 44,104.01 lakhs and the average ticket size of our retail lending portfolio is approximately ₹ 5.00 lakhs. Our retail lending portfolio, generally, has a tenure of between 12 months to 84 months and as at the 6 month period ended September 30, 2019, the average tenure of our retail lending portfolio was 57 months. As at the 6 month period ended September 30, 2019, our retail lending portfolio had 11,665 customers comprising 99.54% of our total assets under management.

In 2015, we introduced a high margin product *viz*. top-up loans for our existing customers. These top-up loans are offered only to existing customers who have a track of record of at least 12 months of timely repayments of their loans. Top-Up Loans can be availed for an amount of up to \gtrless 5.00 lakhs and have an average tenure of 36 months. The average ticket size of such top-up Loans as on November 15, 2019 is \gtrless 1.78 lakhs.

In addition, we also distribute third party vehicle insurance and credit life insurance and, as of November 15, 2019, we disbursed credit life insurance and vehicle insurances for 99.13% of the loans disbursed by our Company.

As on November 15, 2019, we employed 308 permanent employees and 83 employees on contract basis.

	I			0				(₹ in lakhs)
Particulars	6 month period ended September 30, 2019	(%)	Fiscal 2019	(%)	Fiscal 2018	(%)	Fiscal 2017	(%)
Passenger vehicle (new)	31,031.92	70.36	32,588.34	76.12	28,727.40	74.71	12,011.07	58.46
Passenger vehicle (pre-owned)	7,955.69	18.04	5,832.41	13.62	4,120.32	10.72	3,275.95	15.94
Commercial vehicle (new)	473.47	1.07	491.04	1.15	692.94	1.80	777.38	3.78
Commercial vehicle (pre-owned)	826.09	1.87	835.19	1.95	1,213.50	3.16	1,776.28	8.65
Two wheelers	1,202.13	2.73	275.20	0.64	10.28	0.03	9.82	0.05
Others	2,614.71	5.93	2,789.22	6.52	3,688.94	9.58	2,695.50	13.12
Total	44,104.01	100.00	42,811.40	100.00	38,453.38	100.00	20,546.00	100.00

Set out below is a break -up of our Assets Under Management:

Set out below are some of our key financial metrics.

	2			(₹ in lakhs)
Particulars	6 month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Assets under management (AUM)	44,104.01	42,811.40	38,453.38	20,546.00

Parti	iculars	6 month period ended September 30, 2019	Fiscal 2019 Fiscal 2018		Fiscal 2017
Disburse	ments	7,905.82	16,137.23	26,440.54	16,918.34
Deposit outstandi	ing	13,103.61	11,056.53	12,015.77	11,178.05
Gross NI assets)	PAs (% of	4.59	1.50	0.94	2.14
Net NPA. assets)	s (% of	3.98	1.23	0.74	1.83
Collectio efficiency		89.78	96.37	96.69	92.27
Net owne	ed funds	10,154.75	9,830.70	8,911.76	8,060.11
	Tier 1	21.95	22.01	22.20	37.27
CRAR	Tier 2	0.41	0.44	0.38	0.33
	Total	22.36	22.45	22.58	37.60

Our source of funds is, primarily, bank financing (working capital and term loans), public deposits, loans from promoters and issue of secured redeemable non-convertible debentures. ICRA *vide* letter dated October 25, 2019, has given our fixed deposits a credit rating of MA (outlook Negative) and CRISIL *vide* letter dated January 17, 2020, has given a rating of CRISIL A/Stable for our total bank loan facilities.

The customers of our retail lending business are generally individuals, both salaried and self-employed individuals who are either professionals or entrepreneurs. In the past, where we granted commercial loans, our customers were primarily MSMEs and other companies.

While we have a domestic money transfer business (**DMT Business**), for which we have obtained a license from the RBI, we have, presently, discontinued this business segment. The DMT Business model facilitates instant transfer of funds from the mobile wallet (**Muthoot Money**) to any bank account in India.

Our total revenue, based on our Reformatted Standalone Financial Statements, for the period 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018, Fiscal 2017, Fiscal 2016 and Fiscal 2015 was ₹ 3,553.49 lakhs, ₹ 7,125.10 lakhs, ₹ 5,479.22 lakhs, ₹ 3,897.42 lakhs, ₹ 34,89.90 lakhs and ₹ 4,017.94 lakhs, respectively.

Our profit, based on our Reformatted Standalone Financial Statements, for the 6 month period ended September 30, 2019 (not annualised), Fiscal 2019, Fiscal 2018, Fiscal 2017, Fiscal 2016 and Fiscal 2015 was 4.63%, 15.69%, 18.57%, 21.72%, 22.91% and 14.78%, respectively. Our total income and profit for the year, grew at a CAGR of 12.08% and 10.99%, respectively, between the Fiscals 2015 and the 6 month period ended September 30, 2019.

COMPETITIVE STRENGTHS

We believe that a number of factors have contributed to, and will continue to drive our growth, including the following:

Strong brand name and Promoter support

We are part of the Muthoot Group which has an operating history that has evolved over a period of 7 decades since M George Muthoot (the father of our Promoters) founded a gold loan business in 1939. We believe that the experience, skills and goodwill acquired by our Promoters over these years cannot be easily replicated by competitors. Moreover, we believe that the goodwill of the Muthoot Group and the Promoters earns us instant name recall and burnishes our reputation.

Some of our Promoters, who have vast experience in the NBFC sector, are also on our Board and bring in their strategic vision to our Company and give direction to our operations. Moreover, George Alexander Muthoot, one of our Promoters, also helms the Board and is our Managing Director. Additionally, being part of the Muthoot Group raises our profile, particularly in Kerala, which we believe enables us to greater access to capital. Further, the Muthoot Group's flagship company, Muthoot Finance has over 75 lakh loan accounts and provides us a ready and captive customer base that we can approach. We have also executed a direct selling agreement with Muthoot Finance for marketing our various financial products relating to vehicle financing across branches in

Kerala and Tamil Nadu. We believe that our ability to leverage the Muthoot Group brand, its track record and our Promoter support has been, and will continue to, be, a competitive strength and will help us augment our growth.

Strong credit evaluation and risk management systems leading to relatively low NPAs

We believe we have put in place robust risk identification and management and credit evaluation systems. Our risk management team is headed by a qualified cost accountant having significant experience in credit disbursement models such as ours. We continue to invest considerable time and efforts in developing specialised credit assessment and operations processes. We believe we have a contemporary loan origination system, strict monitoring framework and systems to ensure high standards of on-boarding, credit quality and portfolio performance. Details of our gross and net NPA as a percentage of our total assets and our NPA provisioning coverage ratio are set out in the table below.

Particulars	6 month period September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Gross NPAs (% of assets)	4.59	1.50	0.94	2.14
Net NPAs (% of assets)	3.98	1.23	0.74	1.83
NPA provisioning coverage ratio	0.13	0.18	0.21	0.14

While our NPA levels for the 6 month period ended September 30, 2019 were relatively higher, we believe that such figures are an aberration and that our credit and risk management policies will enable us to maintain relatively low NPA levels and will continue to stand us in good stead.

Strong presence in Kerala

We are headquartered in Kerala and operate through 22 branches spread across 12 of the 14 districts. We have recently entered into a distributorship agreement dated April 5, 2019 with Muthoot Finance, one of our Group Companies, pursuant to which our products in relation to the retail lending business will be distributed in over 500 of Muthoot Finance's outlets in Kerala. We believe that having access to the customer base of one of India's largest gold loan companies further enhances our reach within Kerala.

As a Kerala headquartered company backed by the brand we believe that we are better placed to understand the requirements of our specific customer demographic than our peers who may have pan-India operations. We believe that our connect with, and understanding of, the state enables us to cater, and customise our solutions and products, to the specific demographic profile more effectively.

High-quality customer service and robust operating systems

We have over the years built a professional and attentive team of employees at both the branch level and at our operations centre. Each of our branches is staffed with persons who (a) possess local knowledge (b) are fluent in the local language (c) understanding of customers' needs and (d) are trained to disburse loans expeditiously and, many instances, on the same day of the customer making an application for a loan. Our ability to disburse loans expeditiously which is aided by quick turn-around of KYC verification checks subject to conditions laid down by the policies of our Company. This is further aided by an internal application developed for our Company which enables us our customer facing staff to upload customer application details to our centralised processing agency, on real-time basis, for preliminary KYC checks and credit score confirmation. Our robust operating systems further allow us to be nimble and enhance our response times. Further, our staff is trained to be attuned to the changing needs of customer including based on current trends in the market. We believe our high-quality customer service and relatively short turn-around times are significant competitive strengths that differentiate our services from those provided by commercial banks and other NBFCs who we compete with.

Robust credit policy and recovery systems

Our Company has put in place a robust credit policy which we believe is on par with the best industry practices. We follow risk acceptance and asset criteria (**RAAC**) that has been developed in-house. The RAAC comprises a set of parameters against the touchstone of which we benchmark each potential customer. Some of the criteria

include pre-approved borrower profile, documentation norms and product norms. The benchmarking against the RAAC is centralised and customers who satisfy the RAAC will be considered automatically for loan disbursement. Any customer not meeting the RAAC thresholds are granted loans subject to satisfying certain prescribed criteria outlined in a pre-designated deviation matrix. All RAAC approved files are then screened by both the credit and risk containment unit (**RCU**) departments. Further, we also have put in place a proactive recovery policy which enables us to recover funds due from delinquent accounts and thereby reduce the amount of debt that is written off. We have entered into arrangements with legal counsel and appropriate agencies to facilitate the recovery of funds that are due to us.

Management expertise

We believe that in addition to our Promoters, some of whom are also on our Board, we have a strong core senior management team led by persons with extensive experience in vehicle and asset finance. We believe that our senior management team supplements and builds on our Promoters' leadership, strategic vision and ability to raise capital. Under the current management team, our loan assets portfolio has grown from ₹ 11,658.63 lakhs as of March 31, 2016 to ₹ 44,104.01 lakhs as of the 6 month period ended September 30, 2019 at a CAGR of 46.25%. Our management team comprises of skilled and capable professionals who also assist the Board in identifying new opportunities and in implementing our business strategies.

STRATEGIES

Growing our network, expanding our geographic presence and enhancing our brand presence

We are, presently, a Kerala-centric company with a vast majority of our branches and customers based in Kerala. We propose to expand our network of branches within Kerala, while simultaneously evaluating the opportunity of increasing our geographic presence outside Kerala.

Kerala has witnessed strong growth in the sales of Passenger Cars in the last few years. In fact, between June 2015 and March 2018, Kerala witnessed a one of the highest rates of growth in the Passenger Car segment *per capita*. Further, even in absolute terms Kerala witnessed one of the highest Passenger Cars sales across India; higher than neighbouring states like Tamil Nadu and Karnataka (*Source: CARE Report*) which are layer and much more populous. We, therefore, believe that there is significant scope to augment our business within Kerala. Presently, we are unable to expand our business operations beyond Kerala since the RBI requires us to have a credit rating of at least 'AA' to open branches outside Kerala. We believe that we are on-track to raise our profile and enhance our financial strength which should augment our credit rating, thereby enabling us to expand our geographic footprint outside Kerala.

Diversifying our product offerings

We propose to offer a broader range of financing products and services as part of our operations. We intend to expand beyond our core existing business line of retail lending to offer products and services to meet the requirements of a different base of customers. To that end, we had commenced DMT Business which, we have, presently, discontinued. Further, we have recently commenced the '*trade advance and inventory funding*' business vertical. Under this product offering, we will provide inventory funding to dealers purchasing new vehicles from automobile manufacturers (**Inventory Funding**) and trade advance to dealers dealing in pre-owned vehicles for purchasing pre-owned vehicles (**Trade Advance**). Such product offerings will help automobile dealers in meeting their short term inventory and cash flow requirements. Under the Inventory Funding offering, funding will be disbursed directly to the manufacturers whereas in the Trade Advance offering, the funding will be disbursed directly to the dealer. Repayment terms under the offerings will be based on the facility agreements entered into by the dealers with our Company and subject to sanctioned limits. Further, repayments under these offerings can be adjusted against retail financing availed by the customers of the dealers from our Company for the purchase of vehicles. We expect this model to allow us to not only offer new products of financing and increase our portfolio, but also allow us to penetrate deeper into the retail financing segment for both new and pre-owned vehicles and generate further credible leads.

Enhancing our focus on the pre-owned Passenger car, 2 wheeler and pre-owned commercial vehicle segment

We have, traditionally, focused our attention on the new-Passenger car segment in the retail lending portfolio. The new-Passenger car segment is also our largest product and has been our largest revenue generator over the years. However, we believe that the pre-owned Passenger car segment is capable of giving us higher returns and this

segment of the Passenger car market is poised to witness significant growth. During the last 4-5 years, the preowned car market has received a fillip due to the easy availability of finance, increase in income levels, and greater availability of pre-owned cars on the back of strong growth in new demand. Also, pre-owned cars provide an attractive opportunity to large section of buyers to upgrade their purchases (illustratively, 2-wheeler buyers upgrading to purchase entry segment cars, and entry segment car buyers upgrading to mid-sized cars) which otherwise would not be possible due to limited affordability. Further, entry of organized players in pre-owned car market including dealerships of OEMs which deal exclusively in pre-owned cars during the last decades has also enforced the trust among buyers for pre-owned cars and thereby led to expansion of this market.

The pre-owned car industry in India is at present largely unorganized, with majority of sales coming in through roadside dealers that sell cars without any warranties and, or, any regulatory framework of their own. With growing number of web aggregator companies that are showing interest in this sector, this industry is expected to get more organized in coming years.

Strengthening our operating processes and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks common in our line of business. The objective of our risk management systems is to measure and monitor the various risks. We are subject to, and we implement policies and procedures to address such risks. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business. Furthermore, we intend to continue to train existing and new employees in customer relations, communication skills and risk management procedures to ensure uniformity in service and to also ensure smooth transition caused by employee attrition, update our team with latest developments to mitigate risks against frauds and cheating.

Broad base our liabilities

We plan to have a judicious mix of borrowings to achieve an optimal cost of funds while balancing liquidity and concentration risks. As at November 30, 2019, our total borrowings (long-term borrowings, short-term borrowings and current maturities of long-term borrowings) comprised 38.86% of deposits, 26.48% of bank borrowings, 15.19% of loans from directors and relatives of directors, 13.76% of inter-corporate deposits and 5.71% of non-convertible debentures. As a part of our strategy to broad base our borrowings, subject to applicable RBI norms, we intend to increase the percentage share of public deposits as part of our total borrowings. Further, this Issue is also an extension of the strategy of broadening our liability base.

OUR PRODUCTS

Historically, our business had 2 following verticals i.e.

- 1. Retail lending; and
- 2. Wholesale lending.

We have since this Fiscal, though, discontinued our commercial business loan operations, which was a part of our wholesale lending business, and are in the process of winding down our exposure. The narrative below, in so far as it pertains to the wholesale lending business must, therefore, be read in that light.

The table below sets out the AUM of our retail lending and wholesale lending businesses as at the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017.

					(al	l figures o	other than % i	n ₹ lakhs)
D (1)	6 month period September 30, 2019				Fiscal 2018		Fiscal 2017	
Particulars	AUM	% of total	AUM	% of total	AUM	% of total	AUM	% of total
		AUM	AOM	AUM	AUM	AUM	AUM	AUM
Retail lending	41,529.05	94.16	40,089.19	93.64	34,817.06	90.54	17,969.02	87.46
Wholesale lending	2,574.96	5.84	2,722.21	6.36	3,636.58	9.46	2,576.99	12.54

D (1 1	6 month period September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017	
Particulars	AUM	% of total AUM	AUM	% of total AUM	AUM	% of total AUM	AUM	% of total AUM
Total	44,104.01	100.00	42,811.40	100.00	38,453.38	100.00	20,546.00	100.00

The table below sets out the disbursement details of our retail lending and wholesale lending businesses as at the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017.

						(all figures	other than %	5 in ₹ lakhs)
Particular	6 month period ended September 30, 2019	(%)	Fiscal 2019	(%)	Fiscal 2018	(%)	Fiscal 2017	(%)
Retail lending	7,596.35	96.09	15,684.11	97.19	24,484.39	92.60	14,897.53	88.06
Wholesale lending	309.47	3.91	453.12	2.81	1,956.15	7.40	2,020.82	11.94
Total	7,905.82	100.00	16,137.23	100.00	26,440.54	100.00	16,918.34	100.00

Retail lending

Our retail lending portfolio comprises vehicle loans for Passenger cars, 3-wheelers, 2 wheelers, heavy and light commercial vehicles and staff personal loan. The vast majority of customer base i.e. approximately 99% of our total customer base under retail lending, comprises individuals.

Wholesale lending

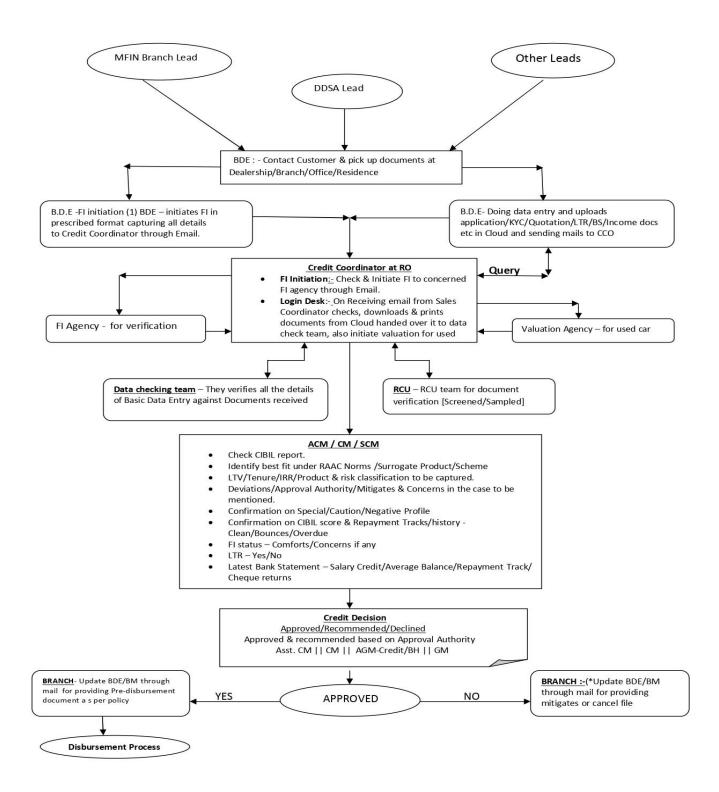
Our wholesale lending business comprised business loans to MSMEs and corporates and inventory funding and trade advances. We are, presently, in the process of winding down the business loan operations. We have in this Fiscal, though, launched our inventory funding and trade advance business segment which caters to automobile dealers.

Key factors determining our disbursement of a loan is set out below:

Our Company has an elaborate and comprehensive loan approval process, which comprise robust checks and balances. When our Company receives a proposal from a potential borrower, we disburse the loan after carrying out a credit appraisal of each application by verifying it against the database of credit information companies and our Company's database. Further, we also undertake a risk return analysis of the application against the internal benchmarks and parameters. If the application meets the metrics required, the loan is approved per the guidelines and norms as approved by the Reserve Bank of India. Further, certain additional factors which determine the disbursement of a loan are:

- the type and model of the vehicle that the applicant intends to purchase with the loan;
- whether the vehicle to be purchased is pre-owned or new, passenger or commercial, as applicable;
- whether the applicant is salaried or self-employed or a business; and
- the type of employment, in case of an individual, etc.

Set out below is a flow chart of the loan approval process, once an application for loan is received by our Company:



BUSINESS OPERATIONS

Our business operations comprise the following:

- Customer origination;
- Customer evaluation and credit appraisal;
- Approval and disbursements; and

• Loan administration, monitoring, collection and recovery.

Customer origination

Our customer origination platforms include dealer points, direct sourcing from open market, agreements with over 100 direct selling agents and cross-selling to customers of the Muthoot Group and, in particular, the customers of Muthoot Finance, with which also we have executed a direct selling agreement. We have a dedicated team of relationship managers and sales personnel who originate customer on our behalf. Some of our relationship managers and sales personnel are stationed at our dealer points and build relationships with the dealers. They are also authorised to incentivize dealers in accordance with our Board approved policies.

Customer evaluation and credit appraisal

Our credit appraisal process consists of the customer profile analysis, equipment evaluation, risk mitigants, profitability measurement, exit evaluation, purchase terms and conditions, due diligence and approval. Our credit policy is in conformity with our corporate business plan emphasising suitable risk-return evaluation. We carry out credit appraisal of every application in accordance with our credit policies and the credit assessment and evaluation is conducted in strict accordance with well laid-out metrics. We have implemented certain benchmark parameters for monitoring the health of individual accounts. We provide approvals based on risk analysis, desirable terms and adequate due diligence. We also appraise whether credit proposals comply with directions, guidelines and norms issued by regulatory authorities such as the RBI. We have a detailed credit analysis procedure based on information furnished by the applicant or customer including personal details, financial statements, facility proposed to be extended and publicly available information such as credit histories.

Our appraisal tools include checking of existing loan repayments through various bureaus such as TransUnion CIBIL Limited and Equifax Credit Information Services Private Limited, to ensure that repayment pattern of the customer is prompt. We also ensure mandatory visits by our executives for 4-wheeler loans and higher variant loans. In addition, we also undertake field investigation through outsourced agencies, cross check critical documents like KYC and income documents, through our empanelled agencies for cross verification and validation. We also obtain the valuation of pre-owned vehicles by empanelled valuers who are experts in the field.

Approval and disbursement

Each credit file is analysed and approved in accordance, and compliance, with the credit policy approved by Board of Directors. The documentation of each case is prepared in accordance with legally vetted agreements and formats which protects the interest of both our Company and the customer. We have a team of operations staff working from a central operations office and branches to take care of the completeness of documentation and ensure quality of each credit file. They ensure that files are qualified to disburse once the conditions are satisfied with credit policy and deviations are approved as per the pre-approved matrix. The data furnished by the customer is captured in the system and physical files are stored separately. We follow an established procedure for handling the flow of files from branches till storage. There is maker checker system to mitigate data entry errors and policy deviation. Audit team also verifies the files to ensure there are no policy deviations and credit condition violations in the disbursed cases.

Loan administration monitoring, collection and recovery

Monitoring and collection

The support service department which monitors the loan accounts from disbursement is housed at our Company's corporate office and comprises 3 dedicated personnel including a collection coordinator headed by a collection manager assigned to manage each delinquent bucket. This department controls the collection activities of our Company. This department monitors the equated monthly installment payment schedules and coordinates with the in-house collection staff in each branch and an external outsourced collection agency. While the effort is to always recover through follow up and discussions with the customers, certain default cases will be transferred to Stressed Assets Resolution Centre (**SARC**) for initiating further recovery steps including initiation of legal proceedings. The head of the collection department reports directly to our Company's Chief Executive Officer.

Recovery

To maximise recoveries and keep NPA's at a minimum the Board approved policies. The critical aspect of NPA management is identification of problem accounts that may eventually slip to NPA and prevention of accounts from slippage to NPA. Our Company's recovery team engages in follow-up over telephone calls, sends registered overdue notices, undertakes field visits and group recovery drive to the borrower and guarantor, where applicable. Our Company's corporate office monitors the recovery process and each branch office has an in-house recovery team. The recovery works to educate the customer regarding his repayment obligation and consequences of legal actions. Our Company resorts to legal action only if there is no other means of recovery and there is a breach of contract. We also resort to one-time settlements at branches and mediation through Court intervention to settle matters without resorting to full-fledged dispute resolution. All field functionaries dealing with customers operate under our Company's '*Fair Practices Code*' which are aligned with the broad framework prescribed by the RBI.

Domestic Money Transfer Business

In addition to our core business of retail lending, we also operated a growing mobile based DMT Business. We have obtained a license from the RBI for the issuance and operation of prepaid instruments in India. The DMT Business model facilitates instant transfer of funds from the mobile wallet viz., Muthoot Money, to any bank account in India, through the immediate payment system (**IMPS**). We operate the DMT Business through our branches and through a franchisee model. As on November 15, 2019, we had 47 franchisees spread across 4 states. Our franchisees, typically, are mom-and-pop stores.

Set out below are brief details of the amounts transferred through Muthoot Money as at the 6 month period ended September 30, 2019, Fiscal 2019, Fiscals 2018 and Fiscal 2017.

				(in ₹ lakhs)
Particular	6 month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Branch	2,996.52	14,439.68	15,443.16	14,790.70
Franchisee	18,049.64	34,789.31	46,558.95	23,494.73
Total	21,046.17	49,228.99	62,002.11	38,285.43

During the 6 month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017 our revenues from the DMT Business was ₹146.50 lakhs, ₹ 333.04 lakhs, ₹ 383.29 lakhs, and ₹ 287.01 lakhs.

We have, though, presently, discontinued our DMT business.

Key Performance Indicators

Particulars	6 month period ended September 30, 2019 *
Equity	10,216.06
Total Borrowings of which-	
Debt securities	2,067.00
Borrowings (other than debt securities)	17,095.83
Deposits	17,846.22
Property, Plant and Equipment	346.31
Other Intangible assets	15.76
Financial Assets	47,239.26
Non- Financial Assets	1,626.68
Cash and Cash Equivalents	602.30
Bank Balances other than cash and cash equivalents	817.20
Financial Liabilities	38,463.92
Non- Financial Liabilities	185.96
Loans (Gross)	44,140.69
Loans (Net)	43,682.01
Interest Income	3,143.46
Finance Costs	1,691.75
Impairment on Financial Instruments	297.93

Profit for the year	164.44
% Stage 3 Loans on Loans (Gross Loans)	4.59%
% Net Stage 3 Loans on Loans (Gross Loans)	3.98%
CRAR - Tier I Capital Ratio(%)	21.95%
CRAR - Tier II Capital Ratio(%)	0.41%

Particulars	Fiscal 2019 **	Fiscal 2018 **	Fiscal 2017 **
Net worth	9,887.14	8,949.98	8,112.90
Total debt			
Of which – Non-current maturities of long term borrowing	15,248.62	4,351.44	3,856.90
- Short term borrowing	14,499.40	18,523.82	3,472.99
- Current maturities of long term borrowing	6,566.75	9,075.85	7,321.16
Net fixed assets	375.83	364.79	411.71
Non-current assets	34,130.85	32,075.37	16,517.21
Cash and cash equivalents	1,031.92	814.53	768.01
Current investments	522.36	285.36	397.98
Current assets	14,093.92	10,792.19	8,040.01
Current liabilities	22,858.33	29,371.81	12,486.06
Assets under management	42,811.40	38,453.38	20,546.00
Off balance sheet assets			
Interest income	5,906.85	4,066.17	2,564.18
Interest expense	3,148.40	1,910.29	900.59
Provisioning and write – offs	353.98	215.14	178.52
PAT	1,117.99	1,017.62	846.60
Gross NPA (%)	1.50%	0.94%	2.14%
Net NPA (%)	1.23%	0.74%	1.83%
Tier I Capital Adequacy Ratio (%)	22.01%	22.20%	37.27%
Tier II Capital Adequacy Ratio (%)	0.44%	0.38%	0.33%

* As per Indian Accounting Standards

** As per IGAAP

Percentage data has not been annualised.

Public Deposits

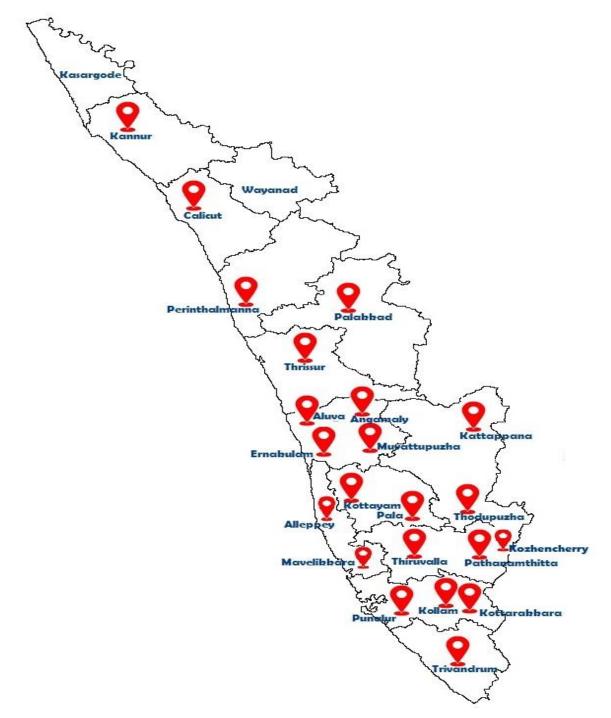
We offer three kinds of deposit schemes. Details of the deposit schemes offered by us and some of the salient features of each scheme is set out below:

- *Fixed Deposit Scheme* Under the fixed deposit scheme the depositor has the option to receive interest either monthly or annually. As on November 30, 2019, the average interest rate under the fixed deposit schemes is 8.92%. The tenure of fixed deposits varies between 12 months and 60 months. The minimum amount of deposit is ₹ 25,000. As on November 30, 2019, we had fixed deposits aggregating ₹ 10,763.45 lakhs.
- *Cumulative Deposit* Under the cumulative deposit scheme the interest is compounded at quarterly rests per annum and is payable along with the principal on maturity. As on November 30, 2019, the average interest rate under the cumulative deposit schemes is 7.90%. The tenure of cumulative deposits is either 36 months or 60 months. The minimum amount of deposit is ₹ 25,000. As on November 30, 2019, we had cumulative deposits aggregating ₹ 3,167.44 lakhs.
- *Recurring Deposit* Under the recurring deposit scheme the interest is compounded at monthly rests and is payable along with the principal on maturity. As on November 30, 2019 the average interest rate under the recurring deposit schemes is 7.06%. The tenure of fixed deposits varies between 12 months and 60 months. The minimum amount of deposit is ₹ 500, with addition in multiples of ₹ 100. As on November 30, 2019, we had recurring deposits aggregating ₹ 44.32 lakhs.

Our total public deposits as at November 30, 2019, Fiscal 2019, Fiscals 2018 and 2017 were ₹ 13,975.21 lakhs, ₹ 10951.87 lakhs, ₹ 11,457.11 lakhs and ₹ 10,697.73 lakhs, constituting 38.60%, 30.16%, 35.86%, and 73.02% of our total outstanding borrowings, respectively.

DISTRIBUTION NETWORK

At present, we operate our retail lending business through 22 branches, spread across 12 districts in the state of Kerala. Set out below is a map depicting the spread of our branches as on November 15, 2019. Set out below is a graphical representation of our presence in the state of Kerala.



MARKETING

We market our products and schemes primarily through advertisements across different media. We publicise our products through pamphlets that are placed at dealer points and at Muthoot Finance outlets, advertisements in print media and radio and television advertisements. Each of our branches also prominently displays our various products. We also have pamphlets delivered to the doorstep through arrangements with local newspaper delivery outlets. We also maintain a comprehensive website that enables persons to understand the various products that we provide. In addition, we also advertise through social media and mobile messaging apps.

Customer Service

Customer service is an integral part of our business model. In addition to well trained customer service executive who are attached to our various branches, we also use the following avenues to reach out to our customer and which our customers can avail of to approach us:

Call centre: We have in the recent past set up and operationalised a centralised call centre to improve our customer service standards. The call centre is monitored by our central operations team and the members of our call centre may escalate matters to the central operations team for further follow up or additional services; and

E-mail: We maintain a dedicated customer service email address for our customers to contact us for queries and other assistance.

As on November 15, 2019, we employed 26 permanent employees in our customer service team, forming 8.44% of our total permanent work force.

Risk Management

Our Company is exposed to various kinds of risks emanating from different aspects of business. These risks may emanate from default on the part of the customer, excessive exposures to one segment, high risk exposures, excessive leverage, exposures to assets not owned, interest rate risk, liquidity risk and other residual risks. Our Company has, therefore, adopted a comprehensive risk management mechanism to deal with the different risks. Our Company's risk management mechanism is a combination of a comprehensive set of guidelines and policies combined with technological infrastructure for our business operations. Further, there is an overarching structure of oversight by the Board of Directors, various Committees of the Board viz. the Risk Management Committee, Assets and Liabilities Management Committee, the Finance Committee and regular and thorough audits (both internal and external) and other internal checks and balances at the management level. Further, risk management for our Company is an evolving process and we continue to improve our policies and procedures and ensure its stringent implementation for efficient functioning of our business. Set out below are the risk management mechanisms adopted by our Company.

Credit Risk

Our Company's credit risk is simply the risk emanating from the probability of default on the part of the customer. Credit risk results in higher non-performing assets and, consequent, impact on our profitability. Our Company has adopted credit risk management policies for its loan offerings in focusing on its various segments such as 2 wheelers, passenger cars (both pre-owned and new). Further, our Company's policies prescribe very specific guidelines to manage and minimise credit risk which leave little room for discretion and consequently oversight.

To minimise credit risk on an ongoing basis, our Company has also set up a Risk Containment Unit (**RCU**), which screens all loan applications based on multiple criteria such as the creditworthiness of the customer, history of timely repayment etc. Further, collateral offered as security to loans are examined, and field investigations are carried out, where required.

Our Company also has in place a comprehensive KYC Policy that manages and minimises risk of fraud emanating from KYC documentation. The KYC Policy of our Company lays down a comprehensive system controls in accordance with applicable law. Our Company has also engaged the services of a third party service provider to undertake a preliminary KYC assessment based on certain parameters prescribed by our Company. This also reduces the stress on our internal risk management teams.

Further, we believe, we have a robust risk focused internal audit system which is overseen by the Board of Directors of our Company. Our Company has a comprehensive audit policy which prescribes timely audit and

grading and assessment even at the branch level and across various departments for functions such as KYC, handling of cash, fraud, etc.

Operational Risk

Operational risk is broadly risk arising out failure of processes, people and / or systems or other external factors. Our Company has a comprehensive risk management policy with elaborate checks and balances which are specific in nature. Further, in order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls.

Our Company also has systems in place to monitor processing of credit disbursement, mitigation of legal risk, monitoring of employees, monitoring and strategizing against regulatory changes, etc.

Collateral risk

Collateral risk stems from the decrease in the value of the collateral over time. The selling price of a repossessed asset may be less than the total amount of loan and interest outstanding in such borrowing and our Company may be unable to realise the full amount lent to our customers due depreciation in the value of the collateral. Further, our Company may also face certain practical and execution difficulties during the process of re-possessing the collateral. We have engaged experienced collection agencies to repossess assets of defaulting customers. Our Company ensures that these collection agencies follow legal procedures and take appropriate care in dealing with customers while repossessing assets.

Market Risk Management

The Assets and Liabilities Management Committee constituted by our Company manages the various market risks as set out below by our Company.

Liquidity Risk Management

Measuring and managing liquidity needs are vital for effective operation of our Company. Liquidity is the ability of a Company to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. The effective liquidity risk management helps to ensure the ability to meet cash flow obligations on short term as well as long term basis based. We actively monitor our liquidity position and attempt to maintain adequate liquidity at all times to meet requirements of all depositors and debenture holders while also meeting the requirements of lending. Further, our Company has constituted an Assets and Liabilities Management Committee (**ALCO**) of the Board which meets once every 6 months. The ALCO monitors our Company's cash flow requirements, and debt servicing requirements and sets out policy level initiatives for ensuring to a balance among spreads, profitability and long term viability. Further, we also have an internal assets and liabilities management committee at the non-board level which is headed by the CEO and meets every month and tracks liquidity across maturity and the cash flow mismatches and suggests various measures to overcome mismatches, if any.

	Up to 3 Months	Over 3 Months to 1 Year	Over 1Year to 5 Years	> 5 Years	Total
		(₹ in lakhs,	except percenta	iges)	
Break up of outflows					
Shareholders' funds	0.00	0.00	0.00	10,080.89	10,080.89
Borrowings from banks	7,008.35	994.00	1,372.10	0.00	9,374.45
Deposits- (including sub ordinate debt, debentures &	829.61	10.770.81	15 012 07	0.00	26 612 40
public deposit)		- ,	15,012.07		26,612.49
Other liabilities Total equity and liabilities	432.06 8,270.02	903.36 12,668.17	291.30 16,675.47	0.00 10,080.89	1,626.72 47,694.55
Break up of inflows					

Cash and bank balances	556.43	0.00	0.00	0.00	556.43
Investments	440.19	305.58	1,161.36	914.72	2,821.85
Advances	3,774.97	8,949.78	29,258.18	9.24	41,992.17
Fixed Assets	0.00	0.00	0.00	366.53	366.53
Other assets	1,043.87	871.16	0.00	42.54	1,957.57
Total assets	5,815.46	10,126.52	30,419.54	1,333.03	47,694.55

Interest Rate Risk Management

Interest risks are such risks which arise on account of mismatch in interest rates offered by our Company and the interest rates at which funds are available to us. Interest rate risk is also sensitive to micro and macro-economic factors including the monetary policies of the RBI and domestic and global economic indicators and factors. Our Company monitors and minimises interest rate risk by regular and timely monitoring of average cost of funds, asset liability mismatches, internal rate of return and margin. Further, indebtedness of our Company is strictly monitored, and timely decisive actions are taken to minimise the cost of borrowings.

Regulatory and Compliance Risk Management

Our Company has a very efficient and organised regulatory and compliance management protocol led by our Company Secretary and Compliance Officer. Further, our Company has also adopted the use of meticulous and exhaustive MIS for managing compliance and regulatory filing requirements that it is required to make under applicable law.

Business and Continuity Risk Management

Our Company has in place a broad business continuity and risk management policy which set outs the protocol for recovery of business infrastructure in the nature of digital and online applications of our Company in case of destruction of such infrastructure. Further, our business continuity and risk management policy also prescribe measures to prevent disruption to our business even at the branch level. Our Company has established a well-equipped data centre in Mumbai, and a remote data recovery centre in Hyderabad to address disaster recovery.

DELINQUENCIES AND PROVISIONING

We adhere strictly to the RBI guidelines and directions on the classification of assets. Assets are classified as non-performing assets (**NPA**) when they remain outstanding for over 90 days.

Set out below are details of delinquencies in our retail lending and wholesale lending business as at the 6 month period ended September 30, 2019 Fiscal 2019, Fiscal 2018 and Fiscal 2017.

					(all fig	gures othe	r than % i	n ₹ lakhs)
Particular	cular 6 month period Fiscal 2019 ended September 30, 2019)19	Fiscal 20)18	Fiscal 2017		
	NPA	(%)	NPA	(%)	NPA	(%)	NPA	(%)
Retail lending	1,517.42	74.97	534.44	82.96	250.69	69.48	356.11	80.84
a) Passenger cars	1,399.31	3.59	469.46	1.22	177.23	0.54	219.36	1.44
b) 3-wheeler	3.99	75.96	4.03	45.20	7.25	25.53	10.39	16.52
c) 2-wheeler	3.29	0.27	-	-	0.01	0.13	-	-
d) Commercial vehicles – heavy	48.85	14.16	27.51	7.98	36.42	5.71	59.79	5.12
e) Commercial vehicles – light	61.98	6.49	26.91	2.74	21.84	1.72	52.64	3.80

(all figures other than % in ₹ lakhs)

Wholesale lending	506.75	25.03	109.78	17.04	110.15	30.52	84.42	19.16
Total	2,024.17	100.00	644.22	100.00	360.84	100.00	440.53	100.00

The RBI prescribes the provisioning norms to be followed by deposit accepting / taking NBFC such as us. We adhere strictly to the applicable RBI provisioning norms. In accordance with the applicable RBI provisioning norms we make the following provisions.

Classification	Provision
Standard	0.40%
Sub-standard	10.00%
Doubtful	100% provision to the extent to which the advance is not covered by the realisable value of the security to which we have valid recourse. In addition, depending upon the period for which the asset has remained doubtful, we are required to make a provision to the extent of 20% to 50% of the secured portion.
Loss	100.00%

Set out below are details of provisioning and NPAs as the 6 month period ended September 30, 2019 Fiscal 2019, Fiscal 2018 and Fiscal 2017.

Particulars	6 month period September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Gross NPAs (% of assets)	4.59	1.50	0.94	2.14
Net NPAs (% of assets)	3.98	1.23	0.74	1.83
NPA provisioning coverage ratio	0.13	0.18	0.21	0.14

TREASURY OPERATIONS

Our treasury operations are mainly focused on raising funds for meeting our funding requirements. We meet out funding requirements primarily through long term and working capital financing from banks, the issue of secured debentures and public deposits. In addition, we also, on occasion, borrow from our Promoters and Directors.

Our finance team which handles the treasury function undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirement for asset liability management. We have an asset liability management committee, which is responsible for formulation of asset management strategy and policies and to ensure there are no concentrations on either side of the balance sheet. The committee reviews asset liability mismatches based on RBI required time frames and takes corrective measures and identifies means to overcome the same in case a need arises.

TECHNOLOGY

We use information technology and other technology systems for our key business operations including for credit risk evaluation and assessment and risk management functions. We also use information technology systems for routine corporate activities such as processing of financial information, managing information pertaining to creditors/ debtors, customer communication, marketing through website and engaging in normal business activities.

INSURANCE

We purchase and maintain various insurance policies to cover the different risks in such amounts as are customary and prudent in industry we operate in including standard fire and special perils policy, money insurance policy and burglary insurance policy.

INTELLECTUAL PROPERTY

We do not own any intellectual property. While we use the Muthoot **use** logo and brand, there is no arrangement with any member of the Muthoot Group or with our Promoters with respect the usage of the brand.

HUMAN RESOURCES

As at November 15, 2019, we had 308 permanent employees and 83 employees on contract basis.

The following table provides information about our employees as at November 15, 2019.

Particulars	Registered and corporate office	Branches
Permanent Employees	95	213
Employees on contract basis	6	77
Total	101	290

COMPETITION

We face competition in all our lines of business. Some of our competitors may have greater financial, technical, marketing and other resources than those available to us and greater economies of scale. Our primary competitors are other NBFCs such as Shriram Transport Finance Company Limited, Sundaram Finance Limited, Cholamandalam Investment and Finance Company Limited and Mahindra & Mahindra Financial Service Limited. In addition, we also face competition from public sector banks and private sector banks.

PROPERTY

Our Company's registered office is located in Ernakulam, Kerala. Our registered office is located in premises which is not owned by our Company. Further, our corporate office and all our branches are located on leased premises.

CORPORATE SOCIAL RESPONSIBILITY

CSR vision and policy of our Company is aimed to create a social impact by portraying its commitment to be responsible corporate citizen by identifying and facilitating growth in areas which are less privileged. Company has undertaken CSR activities through Muthoot M George foundation, a charity foundation for CSR activities of our Company.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as 'Muthoot Leasing and Finance Limited' on June 8, 1992 at Kochi as a public limited company and received a certificate of incorporation from the Registrar of Companies, Kerala and received a certificate of commencement of business dated July 15, 1992. Subsequently vide a resolution dated September 10, 2008 our Company's name was changed to Muthoot Vehicle & Asset Finance Limited and received a certificate of incorporation dated September 18, 2008 from the Registrar of Kerala and Lakshadweep.

Our Company obtained a certificate of registration dated November 30, 1998 (bearing no. 16.00042) issued by the RBI to carry on the activities of a deposit taking non-banking financial company (**NBFC**) under section 45 IA of the RBI Act, 1934, which was renewed on 20 March 2007 (bearing no. 16.00042) and, subsequently, on change of our Company's name on October 3, 2008 (bearing no. A-16-00042) was issued to our Company. Our Company is presently classified as a NBFC – investment and credit company (**NBFC-ICC**).

Changes in Registered Office

The details of changes in the registered office are set forth below:

Date of Change	From*	To*	
September 30, 1995	Anpal Building, Banerji Road,	2 nd Floor, Preethi Building, Vytila	
	Cochin, Ernakulam – 682 035,	Junction	
	Kerala, India	Ernakulam – 682 019, Kerala, India	
November 1, 1999	2 nd Floor, Preethi Building,	Muthoot Chambers Opp. Saritha Theatre	
	Vytila Junction, Ernakulam -	Banerji Road Kochi Ernakulam –	
	682 019, Kerala, India	682018, Kerala, India	

*The registered office of our Company was changed over time for greater administrative and operational efficiency.

Main Objects of our Company

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

- 1. To carry on and undertake business as financiers and capitalists to finance operations of all kinds such as managing, purchasing, trading, investment, hire, hire purchase and to finance lease operation of all kinds, purchasing, selling, hiring or letting on hire all kinds of plant and machinery and equipment, and to assist in financing of all and every kind and description of hire purchase or deferred payment or similar transactions and to subside, finance or assist in subsiding or financing the sale and maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever and to purchase or otherwise deal in all forms of immovable and movable property including lands and buildings, plant and machinery equipment, ship, aircraft, automobiles, computers and all consumer, commercial and industrial items and lease or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased and leased be new and/or used.
- 2. To carry on and undertake the business of providing finance for construction or purchase of houses and buildings for residential and commercial purposes.
- 3. To carry on and engage in financial and monetary business transaction carried on by commercial financing houses, shops, credit corporations, merchant bankers, factors, trade and general financiers. However, our company shall not carry on the business of Banking as defined under the Banking Regulation Act 1949.
- 4. To carry on the business as full-fledged money changers and to offer the Money Transfer Service for sale to general public and to act as agent of Foreign Exchange Bureau/Foreign Banks subject to the rules and regulations prescribed in this behalf by the Reserve Bank of India Act 1934 and Foreign Exchange Management Act 1999 or any other law applicable.

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

Major events and milestones of our Company

Fiscal	Particulars
1994	Commenced hire purchase business
1996	Commenced lease financing business
1998	Obtained certificate of registration from the Reserve Bank of India for carrying on the business of
	a Non-Banking Financial Institution
2001	Commenced gold loan business
2009	Name of our Company was changed from Muthoot Leasing and Finance Limited to Muthoot
	Vehicle & Asset Finance Limited
2009	Obtained a certificate of authorisation from the Reserve Bank of India to operate payment system
	for 'Issuance & Operation of prepaid instruments in India'
2014	Reserve Bank of India approved inclusion of mobile wallet facility as one of the pre-paid
	instruments offered by our Company
2014	Public deposits crossed ₹ 10,000.00 lakhs and stood at ₹ 11,745.35 lakhs.
2018	Size of the balance sheet crossed ₹ 40,000.00 lakhs
2018	Profit after tax crossed ₹ 1,000.00 lakhs & stood at ₹ 1,017.62 lakhs

Awards and Certifications

Our Company has not received any awards or certifications.

Our holding company

As on the date of this Prospectus, our Company does not have a holding company.

Our subsidiaries, associates and joint ventures

As on the date of this Prospectus our Company does not have a subsidiary company or an associate company.

Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by our Company

As on date of this Prospectus, there are no defaults or rescheduling of borrowings with financial institutions, banks or conversion of loans into equity in relation to our Company.

Material Agreements

Our Company has not entered into any material agreements within the previous 2 years.

Shareholders Agreements

As on the date of this Prospectus there no shareholders' agreements which our Company or its shareholders are party to.

OUR MANAGEMENT

Board of Directors

As per the Articles of Association, our Company may have not less than 3 Directors and not more than 10 Directors. As on the date of this Prospectus, our Board comprises of 6 Directors, of which 2 are Executive Directors and 2 are Independent Directors and 2 Non-executive Directors.

The following table sets forth the details of our Directors as on the date of this Prospectus:

Sr. No.	Name, Designation, DIN, Address, Term, Occupation and Nationality	Age (in years)	Other Directorships	
1.	George Alexander Muthoot	64	Companies	
	Director Identification Number: 00016787		Muthoot Commodities Limited	
	Designation: Managing Director		Muthoot Securities Limited	
	<i>Address</i> : 39/4535 A/B, Plot No. G 343, Panampilly Nagar, Ernakulam – 682036, Kerala, India.		• Marari Beach Resorts Private Limited	
	<i>Term</i> : August 29, 2018 to August 29, 2023		Muthoot Insurance Brokers Private Limited	
	<i>Nationality</i> : Indian <i>Occupation</i> : Business		• Muthoot Marketing Services Private Limited	
	occupation. Business		• M G M Muthoot Medical Centre Private Limited	
			• Muthoot Homefin (India) Limited	
			Muthoot Forex Limited	
			Geobros Properties and Realtors Private Limited	
			• Muthoot Infopark Private Limited	
			• Muthoot Finance Limited	
			• Muthoot M George Institute of Technology	
			Adams Properties Private Limited	
			• Muthoot Anchor House Hotels Private Limited	
			• Muthoot M. George Real Estate Private Limited	
2.	Anna Alexander	59	Companies	
	Director Identification Number: 00017147		Oxbow Properties Private Limited	
	Designation: Non-Executive Director		Unix Properties Private Limited	
	Address: 39/4535 A/B, Plot No. G 343,			

Sr. No.	Name, Designation, DIN, Address, Term, Occupation and Nationality	Age (in years)	Other Directorships
1.00	Panampilly Nagar, Ernakulam – 682036, Kerala, India.	(111 5 002 5)	• Muthoot Developers Private Limited
	<i>Term</i> : Liable to retire by rotation.		 Muthoot M George Education Private Limited
	Nationality: Indian		 Muthoot Homefin (India) Limited
	Occupation: Business		
			Varavade Plantations Private Limited
			• Nerur Rubber & Plantations Private Limited
			• Tarkali Rubber & Plantations Private Limited
			Rangana Rubber & Plantations Private Limited
			• Maneri Rubber & Plantations Private Limited
			• Amboli Rubber & Plantations Private Limited
			• Geo Rubber and Plantations Private Limited
			• Sawanthavadi Rubber and Plantation Private Limited
			Muthoot Holidays Private Limited
			Muthoot Forex Limited
			• Muthoot Farms India Private Limited
3.	George Thomas Muthoot	69	Companies
	Director Identification Number: 00018281		• Muthoot M. George Real Estate Private Limited
	<i>Designation</i> : Non-Executive Director <i>Address</i> : Muthootu House, Miss East Road,		 Muthoot M George Chits India Limited
	YWCA, Baker Hill, Kottayam, Kerala, India.		
	<i>Term</i> : Liable to retire by rotation.		Muthoot Anchor House Hotels Private Limited
	<i>Nationality</i> : Indian		Adams Properties Private Limited
	Occupation: Business		• Muthoot M George Institute of Technology
			• Muthoot Synergy Fund Limited

Sr. No.	Name, Designation, DIN, Address, Term, Occupation and Nationality	Age (in years)	Other Directorships
			• Muthoot Health Care Private Limited
			• Geobros Properties and Realtors Private Limited
			Muthoot Finance Limited
			• Muthoot Homefin (India) Limited
			• Muthoot Leisure and Hospitality Services Private Limited
			• Marari Beach Resorts Private Limited
			• Muthoot Broadcasting Private Limited
			• Muthoot Holiday Homes and Resorts Private Limited
			• M G M Muthoot Medical Centre Private Limited
			• Muthoot Infopark Private Limited
4.	George Muthoot Jacob	36	Companies
	Director Identification Number: 00018955		• Xandari Hospitality Services Private Limited
	<i>Designation</i> : Whole-Time Director <i>Address</i> : TC 4/2515, Pattom, Kowdiar Road, Dettern Palace Pa Thirmson theorem (05)		• Emgee Muthoot Benefit Fund India Limited
	Pattom Palace Po, Thiruvananthapuram – 695 004 Kerala, India. <i>Term</i> : January 1, 2019 to January 1, 2024		• Halaval Rubber & Plantations Private Limited
	Nationality: Indian		• Kasal Rubber & Plantations Private Limited
	Occupation: Business		Green Guardians Organic Farms and Exports Private Limited
			Muthoot Money Limited
			• Vatul Plantations Private Limited
			• Udeli Rubber & Plantations Private Limited
			Belstar Microfinance Limited
			Geobros Properties & Realtors Private Limited

Sr.	Name, Designation, DIN, Address, Term,	Age	Other Directorships
No.	Occupation and Nationality	(in years)	
			Muthoot Systems & Technologies Private Limited
			Muthoot Credit Marketing Services Private Limited
			Muthoot MMPL Business Services Private Limited
			Muthoot Homefin Advisory Services Private Limited
			Venus Diagnostics Limited
5.	Thevalakkara Thomas Mathew	68	Companies
	Director Identification Number: 08545597		NIL
	Designation: Independent Director		
	<i>Address</i> : Thevalakkara House, Kurisummoodu Po, Changanacherry, Kottayam, Kerala, India - 686104		
	<i>Term</i> : From September 27, 2019, upto 5 (five) consecutive terms, not liable to retire by rotation		
	Nationality: Indian		
	Occupation: Retired Bank Executive		
6.	Kurian Chirathalattu George	69	Companies
	Director Identification Number: 00427344		Concord Credit Limited
	Designation: Independent Director		Concord Tea and Produce Private Limited
	Address: 6/1170, Chirathalat, Behind Indo		Linned
	American City Health Centre P K Road, Thevara S O, Ernakulam-682013, Kerala, India.		• Malabar Properties Private Limited
	S O, Ernakulam-082015, Kerala, India.		Concord Share Proking Limited
	<i>Term</i> : From September 27, 2019, upto 5 (five) consecutive terms, not liable to retire by rotation		Concord Share Broking Limited
	Nationality: Indian		
	Occupation: Business		

Brief biographies of our Directors

George Alexander Muthoot is the Managing Director of our Company. He is a chartered accountant who qualified with first rank in Kerala and was ranked 20th overall in India, in 1978. He has a bachelor's degree in commerce from Kerala University where he was a rank holder and gold medallist. He was also awarded the Times of India group Business Excellence Award in customised Financial Services in March 2009. He was also awarded the CA Business Leader Award under Financial Services Sector from the Institute of Chartered Accountants of India for 2013. He served as the Chairman of the Kerala Non-banking Finance Companies Welfare Association from 2004 to 2007. He is also the Member Secretary of Finance Companies Association, Chennai. He is a founder member and core committee member of the Kochi Chapter of the Indus Entrepreneurs International. He has over 3 decades of experience in managing and operating businesses in the financial service sector.

Anna Alexander holds bachelor's degree in Commerce and completed her inter from the Institute of Chartered Accountants of India.

George Thomas Muthoot is a non-executive Director of our Company. He a businessman by profession. He has over three decades of operational and management experience in the financial services industry. He has received the 'Sustainable Leadership Award' in 2014 by the CSR Congress in the individual category. He oversees the business of Muthoot Vehicle & Asset Finance Limited for the last 13 years.

George Muthoot Jacob is the whole-time Director of our Company. He is a management graduate from Cass Business School (London), he holds a Master's in international Economic Law from the University of Warwick, Coventry, United Kingdom. He holds a bachelor's degree in law from the National University of Advanced Legal Studies, Kochi. He is the whole-time director of Muthoot Vehicle & Asset finance Limited and also head of Marketing in rank of ED (Function Director) of Muthoot Finance Limited. He oversees legal, compliance and Corporate Governance, Internal Audit, Risk Management, marketing and sales of The Muthoot Group

Thevalakkara Thomas Mathew is an Independent Director of our Company. He was a general manager of the Canara Bank's Kolkata Circle, general manager of the Eastern Exchange Establishment in Doha, Qatar, Chairman of the South Malabar Gramin Bank and he was also appointed as the Chief Vigilance Officer of the State Bank of Mysore. He has around 39 years of experience in the commercial banking sector across diverse locations.

Kurian Chirathalattu George is an Independent Director of our Company. He is a qualified chartered accountant and a member of the Institute of Chartered Accountants of India since 1978. He is currently the managing director of Concord Credit Limited and director of Concord Tea and Produce Private Limited and Malabar Properties Private Limited. He was formerly the president of Kerala Management Association and a chairman of the Kerala Non-Banking Finance Companies Welfare Association.

Name of Director	Relationship
George Alexander Muthoot	Spouse of Anna Alexander
	Brother of George Thomas Muthoot
	Uncle of George Muthoot Jacob
Anna Alexander	Spouse of George Alexander Muthoot
	Sister-in-law of George Thomas Muthoot
George Muthoot Jacob	• Nephew of George Alexander Muthoot and George
	Thomas Muthoot
George Thomas Muthoot	Brother of George Alexander Muthoot
	Uncle of George Muthoot Jacob

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

Terms of remuneration of our Directors

Except as set out below, none of our directors receive any remuneration from our Company for their directorships:

Executive Directors

George Alexander Muthoot was appointed as Manging Director of our Company pursuant to a resolution dated August 29, 2018 for a period of 5 years with effect from August 29, 2018. During the last Fiscal he was not paid any remuneration.

George Muthoot Jacob was appointed as a whole-time director of our Company pursuant to a resolution passed by our Board dated December 31, 2018, for a period of 5 years with effect from January 1, 2019 on a monthly remuneration of ₹ 1.00 lakhs. During the last Fiscal, he was paid a remuneration of ₹ 3.00 lakhs.

Non-Executive Directors

Details of remuneration / sitting fees paid / payable to our Directors during Fiscal 2019

Sr. Name of Director	Remuneration / Sitting Fees (₹)
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No.		
1.	George Alexander Muthoot	2,25,000
2.	George Muthoot Jacob	4,35,000
3.	George Thomas Muthoot	1,65,000
4.	Anna Alexander	1,75,000

Borrowing Powers of the Board

Pursuant to the resolution passed by the shareholders of our Company at the 22^{nd} Annual General Meeting of our Company on August 2, 2014 and in accordance with the provisions of Section 180(1)(c) the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and Articles of Association of our Company, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which apart from the temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business, subject to the sum not exceeding ₹ 1,00,000 lakhs in excess and in addition of the paid up capital and free reserves of our Company.

Other confirmations

Our Directors have confirmed that none of them have been declared wilful defaulters by the Reserve Bank of India or any regulatory authority or any court of law in India or abroad.

Neither our Promoter, nor person(s) in control of our Company was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

Our directors have confirmed that none of them has been prohibited from accessing the capital market under any order or direction passed by the SEBI.

None of our Directors have been declared as fugitive economic offenders under the Fugitive Economic Offenders Act, 2018.

Interest of Directors

Directors of our Company, including Independent may be deemed to be interested to the extent of fees and remuneration payable to them for attending meetings of the Board, remuneration payable for rendering services as officers of our Company and reimbursements payable to them.

Other than our Independent Directors, our Directors may be deemed to be interested to the extent of interest receivable from the loans advanced by them to our Company and any debt instruments such as debentures issued to them by our Company, for further details please refer to the chapter '*Financial Indebtedness*' on page 159 and the chapter '*Financial Information*' on page 158.

As on the date of this Prospectus, none of our Directors are interested in any contracts, arrangements /agreements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations, except as disclosed in the section titled '*Related Party Transactions*' on page 155.

Our Company has not granted any loans to any of our Directors.

Our Directors may also be deemed to be interested in our Company to the extent of Equity Shares held by them, if any, in our Company.

Our Directors do not have any interest in any immoveable property acquired or proposed to be acquired by our Company in the preceding two years of filing this Prospectus with the Designated Stock Exchange 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 Promoters/Directors out of the objects of the issue.

Interest of Directors in the promotion of our Company

Other than as disclosed in the chapter 'Our Promoters' on page 144, our Directors are not interested in any ventures which are in the same line of business as our Company. For further details please refer to the chapter 'Risk Factors' on page 18, further, none of our Directors, other than as disclosed on the chapter 'Our Promoters' on page 144, are interested in the promotion of our Company other than in the ordinary course of business. No consideration other than in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which any of our Directors are interested by any person either to induce them to become, or to qualify them as Directors, or otherwise for services rendered by our Directors or by any firm or Company in which they are interested, in connection with the promotion or formation of our Company.

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

Except for our Directors, who are related to each other, none of the relatives of the directors of our Company have been appointed to an office or place of profit.

Debenture holdings of our Directors

Other than as set out below, as on November 30, 2019 our Directors do not hold any Debentures in, and have not advanced any loans to, our Company.

			(< in lakns)
Sr.No	Name of the Director	Nature	Amount
1.	Anna Alexander	Loan	2,200.00
2.	George M Jacob	Loan	1,800.00
	4,000.00		

Changes in our Board in the last 3 years

Sr. No.	Director	Change	Date	Reason
1.	Kiliyanat Padmakumar Puliasseri	Resignation	December 31, 2018	Resignation
2.	George Muthoot Jacob	Appointment as a whole-time director	December 31, 2018	Change in designation
3.	Jose Mathew	Re-appointment as Independent Director	September 7, 2016	Reappointment
4.	Karimundackal Joseph Joseph	Re-appointment as Independent Director	September 7, 2016	Reappointment
5.	Thevalakkara Thomas Mathew	Appointed as Additional Director (Independent)	August 6, 2019	Appointment
6.	Kurian Chirathalattu George	Appointed as Additional Director (Independent)	August 6, 2019	Appointment
7.	Jose Mathew	Resignation	September 27, 2019	Expiry of term
8.	Karimundackal Joseph Joseph	Resignation	September 27, 2019	Expiry of term
9.	Thevalakkara Thomas Mathew	Appointed as Independent Director	September 27, 2019	Change in designation
10.	Kurian Chirathalattu George	Appointed as Independent Director	September 27, 2019	Change in designation
11.	George Muthoot George	Resignation	September 27, 2019	Resignation

Shareholding of Directors

The aggregate shareholding of our Directors in our Company is as set out below:

Sr. No.	Director	No. of Shares	Percentage (%)
1.	George Thomas Muthoot	50,00,000	20.00
2.	George Alexander Muthoot	50,36,900	20.15
3.	Anna Alexander	11,52,500	4.61

Total	1,11,89,400	44.76
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Committees of the Board

The Board has constituted the following committees in accordance with the requirements of the Companies Act and the SEBI Listing Regulations:

1. Audit Committee

The members of the Audit Committee are:

Sr. No.	Name	Designation	Designation in the Committee
1.	Kurian Chirathalattu George	Independent Director	Chairman
2.	Thevalakkara. Thomas Mathew	Independent Director	Member
3.	George Muthoot Jacob	Whole-time Director	Member

The Audit Committee of the Board was reconstituted by way of a circular resolution passed by the Board and noted in the in a meeting of our Board dated November 21, 2019.

The terms of reference of the Audit Committee are as follows:

- 1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 3. Reviewing, with the management, the annual financial statements and Auditors Report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report and other matters.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
- 4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- 5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 6. Reviewing, with the management, performance of statutory and internal auditors, evaluation of the internal control systems including internal financial controls and risk management.
- 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit

department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- 8. Discussion with internal auditors on any significant findings and follow up there on.
- 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 11. To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 12. To review the functioning of the Whistle Blower mechanism, in case the same exists.
- 13. To approve the appointment of Chief Financial Officer, if any.
- 14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 15. Approval or any subsequent modification of transactions of the Company with related parties.
- 16. Valuation of undertakings or assets of the Company, wherever it is necessary

2. Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

Sr. No.	Name	Designation	Designation in the Committee
1.	Kurian Chirathalattu George	Independent Director	Chairman
2.	George Muthoot Jacob	Whole Time Director	Member
3.	Thevalakkara. Thomas Mathew	Independent Director	Member

The Nomination and Remuneration Committee of the Board was reconstituted by way of a circular resolution and it was noted in the meeting of our Board of Director dated November 21, 2019.

The terms of reference of the Nomination and Remuneration Committee are as follows:

- 1. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with Criteria as laid down and recommend to the Board their appointment and removal.
- 2. Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act, 2013.
- 3. Ensure that the proposed appointees have given their consent in writing to the Company;
- 4. Review and carry out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- 5. Plan for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- 6. Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

- 7. Keep under review the leadership needs of the organization, both executive and nonexecutive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place; and
- 8. Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of committee services and involvement outside board meetings.
- 9. Determine and agree with the Board the framework for broad policy regarding the criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees.
- 10. Review the on-going appropriateness and relevance of the remuneration policy.
- 11. Ensure that contractual terms of the agreement that Company enters into with Directors as part of their employment in the Company are fair to the individual and the Company.
- 12. Ensure that all provisions regarding disclosure of Nomination and Remuneration Policy as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.

3. Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

Sr. No.	Name	Designation	Designation in the Committee
1.	Kurian Chirathalattu George	Independent Director	Chairman
2.	George Muthoot Jacob	Whole Time Director	Member
3.	Thevalakkara Thomas Mathew	Independent Director	Member

The Stakeholders' Relationship Committee was reconstituted by way of a circular resolution passed by the Board and noted in the in a meeting of our Board dated November 21, 2019.

The terms of reference of the Stakeholder's Relationship Committee include:

- 1. Resolving the grievances of the security holders including complaints related to transfer/transmission/transposition and mutation of shares, issue of new/duplicate certificates and also to deal with all the matters related to de-materialisation or re-materialisation of shares, change in the beneficial holders of de-mat shares and granting of necessary approvals wherever required.
- 2. Review of measures taken for effective exercise of voting rights by shareholders.
- 3. Review of adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent.
- 4. Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company."
- 5. Any such matters that may be considered necessary in relation to security holders and investors of the Company.

4. Corporate Social Responsibility Committee (CSR Committee)

The members of the CSR Committee are:

Sr. No.	Name	Designation	Designation in the Committee
1.	T. Thomas Mathew	Independent Director	Chairman
2.	George Alexander Muthoot	Managing Director	Member
3.	George Thomas Muthoot	Director	Member

The CSR Committee was reconstituted by way of a circular resolution passed by the Board and noted in the in a meeting of our Board dated November 21, 2019.

The scope and function of the CSR Committee is in accordance with the provisions of the Companies Act, 2013. Our Company Secretary is the secretary of the CSR Committee.

The terms of reference of the CSR Committee include:

- 1. To do all acts and deeds as required under Section 135 of Companies Act, 2013 read with Relevant Rules;
- 2. To approve, adopt and alter the Policy Documents for CSR Committee activities of our Company;
- 3. To supervise, monitor and Direct CSR Committee activities of the Company and approving Budgets, sanctioning the amount required for various CSR Activities;
- 4. To authorize or delegate any of its power for administration purposes/expenses related to day to day activities of Company for CSR to any member of the Committee;
- 5. To review CSR activities of the Company on a regular basis as decided by the Committee on basis of CSR policy and other guidelines as adopted by the Committee.

5. Asset Liability Management Committee

The members of the Asset Liability Management Committee (ALCO).

Sr. No.	Name	Designation	Designation in the Committee
1.	George Alexander Muthoot	Managing Director	Chairman
2.	George Muthoot Jacob	Whole Time Director	Member
3.	George Thomas Muthoot	Director	Member

The terms of reference of the Asset Liability Management Committee are as set out below:

- 1. The ALCO is responsible for recommending to the Board of Directors prudent asset/liability management policies and procedures that enable the NBFC to achieve its goals while operating in full compliance with all rules, and regulations set by RBI & other regulators.
- 2. The ALCO is a decision making unit responsible for balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risks.
- 3. The business issues that an ALCO would consider, inter alia, will include product pricing for both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc.
- 4. The ALCO would also articulate the current interest rate view of the company and base its decisions for future business strategy on this view. In respect of the funding policy, for instance, its responsibility would be to decide on source and mix of liabilities or sale of assets.
- 5. In addition to monitoring the risk levels of the company, the ALCO should review the results and progress in implementation of the decisions made in the previous meetings.

6. Finance Committee

The members of the Finance Committee are:

Sr. No.	Name	Designation	Designation in the Committee
1.	George Alexander Muthoot	Managing Director	Chairman
2.	George Muthoot Jacob	Whole-time Director	Member
3.	George Thomas Muthoot	Non-Executive Director	Member

The Finance Committee of our Company was reconstituted on December 31, 2019

The terms of reference of the Finance Committee are as set out below:

- 1. Give authorization from time to time to the executives/Authorised Persons for opening/closing of Bank Accounts and availing various facilities for operating the said Bank Accounts including Internet Banking and Authorize/Change/Removal of signatories for the said Bank Accounts;
- 2. Exercise all powers to borrow moneys whether secured or unsecured and taking necessary actions connected therewith including borrowing monies by way of short term/long term loans, cash credit arrangements and/or by way other instruments and Commercial Papers in any form on such terms as Committee may deem fit;
- 3. Review, approve and accept Renewal/enhancements/disbursements of credit facilities including Cash Credit/short term loan/term loans from Banks, financial institutions, etc.;
- 4. Giving guarantees/issuing letters of comfort/providing security/corporate guarantee/performance guarantee/letter of credit on such terms as Committee may deem fit;
- 5. Give authorization from time to time to the executives/Authorised Persons (including Change/ Removal of Authorised persons) to implement decisions of the Committee and to execute necessary papers, agreements or any other documents;
- 6. Give authorization to issue such other instructions or directions regarding operation of bank accounts to various banks with which our Company is maintaining bank account(s) including but not limited to Intra-Bank account transfers;
- 7. Carry out any other functions as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable;
- 8. Other transactions or financial issues that the Board may desire to have them reviewed by the Finance Committee; and
- 9. Regularly review and make recommendations about changes to the Charter/terms of reference of the Committee.
- 10. To make offer(s) or invitation(s) to subscribe the secured redeemable Non-Convertible Debentures in one or more series, denominated in Indian rupees ("NCD's")., on a private placement basis, in one or more tranches. And also authorized to determine and consider terms that are proper and most beneficial to our Company including, without limitation, the terms of issue including the class of investors to whom the NCDs are to be issued, time, securities to be offered, the number of NCDs, tranches, issue price, tenor, interest rate, premium/ discount, listing, utilization of the issue proceeds and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds/ documents/ undertakings/ agreements/ papers/ writings, as may be required in this regard.

7. Risk Management Committee

The members of the Risk Management Committee are:

Sr. No.	Name	Designation	Designation in the Committee
1.	George Alexander Muthoot	Managing Director	Chairman
2.	George Muthoot Jacob	Whole-time Director	Member
3.	Kurian Chirathallatu George	Independent Director	Member

The Risk Management Committee was reconstituted by way of circular resolution passed by the Board and was noted in the Board meeting dated November 21, 2019.

- 1. The terms of reference of the Risk Management Committee are as set out below:
- 2. Oversee the development, implementation and maintenance of the Company's overall risk management framework and its appetite, strategy, principles and policies, to ensure they are in line with emerging regulatory, corporate governance and industry best practice;
- 3. Oversee the Company's risk exposures, risk/return and proposed improvements to the risk management framework of the company and its risk appetite, strategy, principles, policies and standards;
- 4. Monitoring the cyber security of the Company and take appropriate actions/approach to combat cyber threats given the level of complexity of business and acceptable levels of risk;
- 5. Review new risk principles and policy and material amendments to risk principles and policy recommended by the Internal risk management committee of the company;
- 6. Oversee adherence to Company's risk principles, policies and standards and any action taken resulting from material policy breaches, based upon reports from the internal risk management committee;
- 7. Review and discuss with the Internal risk management committee the scope of work of the Company's RCU, its plans, the issues identified as a result of its work, how management is addressing these issues and the effectiveness of systems of risk management;
- 8. Review the adequacy of the Company's Risk Division's resources, and its authority and standing within the Company; and
- 9. Review co-ordination between the Company's RCU and the internal auditors.

Key Managerial Personnel

Other than the Executive Directors, following are our Key Managerial Personnel:

George Oommen Kurumbeswarath is the General Manager and Chief Executive Officer of our Company. He holds a master's degree in marketing management from the Pondicherry University, and a bachelors' degree in psychology from Mahatma Gandhi University. He oversees the general operations of our Company. Previously he was associated with Kotak Mahindra Bank as a Vice President. He has a cumulative work experience of 23 years in banking and financial institutions. His aggregate remuneration in Fiscal 2019 was ₹ 22.68 lakhs.

Geena Thomas is the Chief Financial Officer of our Company. She holds a Bachelors' degree in commerce from the Mahatma Gandhi University. She oversees Finance and planning, accounts and taxation matters of our Company. Her aggregate remuneration in Fiscal 2019 was ₹ 8.14 lakhs.

Arya Devu P.V. is the Company Secretary and Compliance Officer of our Company. She holds a bachelors' degree in commerce from Mahatma Gandhi University and a masters' degree in commerce from Mahatma Gandhi University. She has been an associate member of the Institute of Company Secretaries of India since 2016 and she oversees secretarial and compliance functions of our Company. Her aggregate remuneration in Fiscal 2019 was ₹ 0.21 lakhs, since she was appointed only on March 20, 2019.

OUR PROMOTERS AND PROMOTER GROUP

M.G. George Muthoot, George Thomas Muthoot, George Jacob Muthoot and George Alexander Muthoot are the promoters of our Company. As on the date of this Prospectus, the Promoters collectively hold 2,00,39,040 Equity Shares, representing 80.16 % of the pre-Issue issued and paid-up capital of our Company.

Details of our Promoters

A. M.G. George Muthoot



M.G. George Muthoot is a graduate in engineering from Manipal University and is a businessman by profession. He is the National Executive Committee Member of the Federation of Indian Chamber of Commerce and Industry (**FICCI**) and the current Chairman of FICCI - Kerala State Council. He was conferred the Mahatma Gandhi National Award for social service for the year 2001 by the Mahatma Gandhi National Foundation. He is an active member of various social organisations including the Delhi Malayalee Association, Kerala Club, Rotary Club, National Sports Club and has been chosen for several awards by the Rotary International and the Y's Mens International for community development and social service. He has been a member of the Malankara Orthodox Syrian Church for over three decades and served as the lay trustee of the Malankara Orthodox Church Mathews the First Foundation for the year 2008 for his services to the Church. He is also the recipient of Asian Businessman of The Year 2011 from UK- Kerala Business Forum and was also conferred with the Golden Peacock Award, 2012 for business leadership. He was awarded as 'Business of the Decade' at the World Malayalee Council in 2012. He was also presented with 'Emerging Business Leader of the Year' title at the AIMA Managing India Awards 2014. He has also been honoured with Lifetime Achievement Award by Delhi Panchvadya Trust for Outstanding Contribution to Business, Religion and Social Field.

B. George Alexander Muthoot



For a brief profile of George Alexander Muthoot please refer to the chapter 'Our Management' on page 131.

C. George Thomas Muthoot



For a brief profile of George Thomas Muthoot please refer to the chapter 'Our Management' on page 131.

D. George Jacob Muthoot



George Jacob Muthoot has a degree in civil engineering from Manipal University and is a businessman by profession. He is a member of the Trivandrum Management Association, the Confederation of Real Estate Developers Association of India (Trivandrum), Builders Association of India and the Trivandrum Agenda Task Force. He is also a member of the Rotary Club, Trivandrum (South), governing body member of the Charitable and Educational Society of Trivandrum Orthodox Diocese, Ulloor, Trivandrum, Finance Committee Member, Mar Diocese College of Pharmacy, Althara, Trivandrum and Mar Gregorious Orthodox Christian Mercy Fellowship, Trivandrum. He has over three decades of experience in managing businesses operating in the field of financial services.

Interest of our Promoters in our Company

Our Promoters are interested in our Company to the extent of their respective shareholdings in our Company and dividend or other distributions payable, if any, by our Company in relation thereto. For further details of our Promoters' shareholding please refer to the chapter '*Capital Structure*' on page 45.

Interest of Promoters in property of our Company

Our Promoters have no interest in any property acquired or proposed to be acquired by our Company within two years from the date of this Prospectus, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Business Interests of the Promoters

Except as set out in the chapter '*Related Party Transactions*' on page 155 and to the extent of their shareholding in our Company, our Promoters have no business interests in our Company.

Except as set out above, our Promoters have no interest in our Company's business.

Our Promoters are not interested as a member of a firm or a company and no sum has been paid or agreed to be paid to our Promoters and our directors, or to such firm or company in cash or shares or otherwise by any person for services rendered by our Promoters and our directors or by such firm or Company in connection with the promotion or formation of our Company, except as disclosed in this Prospectus.

Related Party Transactions

For further details of related party transactions entered into by our Promoters and our Company during the last 5 Fiscals, the nature of transactions and the cumulative value of transactions please refer to the chapter *'Related Party Transactions'* on page 155.

Common Pursuits of our Promoters

Our Promoters have interests in Muthoot Money Limited a company which is engaged in a similar line of business as our Company.

Our Company has not adopted any measures for mitigating such conflict situations. For further details, see section '*Risk Factors*' on page 18. For further details on the related party transactions, to the extent of which our Company is involved, please refer to the chapter '*Related Party Transactions*' on page 155 and chapter '*Financial Information*' on page 158.

Other Confirmations

Our Promoters have not been declared as wilful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by our Promoters in the past.

Our Promoters have not been prohibited from accessing or operating in capital markets under any order or directions passed by SEBI or any other regulatory or governmental authority.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 years preceding the date of the Issue against our Promoters, except as disclosed under the chapter *Outstanding Litigations and Material Developments*' on page 167.

Our Promoters are not and have never been promoters or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters do not intend to subscribe to this Issue.

Sr. No.	Name of the promoter	Total no. of Equity Shares held	No. of Equity Shares in demat form (%)	Total shareholding as a percentage of total no. of Equity Shares (%)	No. of pledged Equity Shares	Percentage of Equity Shares pledged with respect to Equity Shares owned
5.	M G George Muthoot	50,02,140	100	20.01	Nil	Nil
6.	George Alexander Muthoot	50,36,900	100	20.15	Nil	Nil
7.	George Thomas Muthoot	50,00,000	100	20.00	Nil	Nil
8.	George Jacob Muthoot	50,00,000	100	20.00	Nil	Nil
Total		2,00,39,040	100	80.16	Nil	Nil

Details of Promoter shareholding in our Company as on March 31, 2019

Sources of Promoter contribution

1. M.G. George Muthoot

No. of Equity Shares	Date of Allotment/ Transfer	Nature of Issue	Issue price (In ₹)	Consideration	Source of Funds	Face Value
78,400	November 27, 2002	NA	10	Cash	Own Funds	10
2,99,801	November 27, 2002	NA	10	Cash	Own Funds	10
10	November 27, 2002	NA	10	Cash	Own Funds	10
1,000	November 27, 2002	NA	10	Cash	Own Funds	10
8,000	November 27, 2002	NA	10	Cash	Own Funds	10
9,010	November 27, 2002	NA	10	Cash	Own Funds	10
18,020	November 27, 2002	NA	10	Cash	Own Funds	10
37,000	November 27, 2002	NA	10	Cash	Own Funds	10
77,000	November 27, 2002	NA	10	Cash	Own Funds	10
2,42,080	November 27, 2002	NA	10	Cash	Own Funds	10
99,688	November 27, 2002	NA	10	Cash	Own Funds	10
13,77,377	November 24, 2006	NA	10	Cash	Own Funds	10
27,54,754	March 10, 2007	Bonus Issue	10	Cash	Own Funds	10

2. George Alexander Muthoot

No. of Equity Shares	Date of Allotment/ Transfer	Nature of Issue	Issue Price (In ₹)	Consideration	Source of Funds	Face Value
6,000	March 31, 1993	NA	10	Cash	Own Funds	10
15,000	July 31, 1993	Further issue	10	Cash	Own Funds	10
36,000	March 25, 1994	Further issue	10	Cash	Own Funds	10
500	August 20, 1994	NA	10	Cash	Own Funds	10
75,500	November 01, 1994	Further issue	10	Cash	Own Funds	10
500	November 01, 1994	Further issue	10	Cash	Own Funds	10
500	March 24, 1995	NA	10	Cash	Own Funds	10
1,000	September 13, 1995	NA	10	Cash	Own Funds	10
1,000	September 13, 1995	NA	10	Cash	Own Funds	10
500	October 28, 1995	NA	10	Cash	Own Funds	10
500	October 28, 1995	NA	10	Cash	Own Funds	10
500	October 28, 1995	NA	10	Cash	Own Funds	10
500	October 28, 1995	NA	10	Cash	Own Funds	10
500	October 28, 1995	NA	10	Cash	Own Funds	10
500	October 28, 1995	NA	10	Cash	Own Funds	10
2,47,420	December 30, 1995	Further Issue	10	Cash	Own Funds	10
500	December 26, 1996	NA	10	Cash	Own Funds	10
500	December 26, 1996	NA	10	Cash	Own Funds	10
500	December 26, 1996	NA	10	Cash	Own Funds	10
1,000	December 26, 1996	NA	10	Cash	Own Funds	10

No. of Equity Shares	Date of Allotment/ Transfer	Nature of Issue	Issue Price (In ₹)	Consideration	Source of Funds	Face Value
500	December 26, 1996	NA	10	Cash	Own Funds	10
500	December 26, 1996	NA	10	Cash	Own Funds	10
500	December 26, 1996	NA	10	Cash	Own Funds	10
500	December 26, 1996	NA	10	Cash	Own Funds	10
500	December 26, 1996	NA	10	Cash	Own Funds	10
1,03,022	March 31, 1997	Further issue	10	Cash	Own Funds	10
500	March 31, 1997	Further issue	10	Cash	Own Funds	10
500	March 31, 1997	Further issue	10	Cash	Own Funds	10
500	March 31, 1997	Further issue	10	Cash	Own Funds	10
1,000	September 04, 1997	NA	10	Cash	Own Funds	10
1,000	September 04, 1997	NA	10	Cash	Own Funds	10
1,000	September 04, 1997	NA	10	Cash	Own Funds	10
1,000	September 04, 1997	NA	10	Cash	Own Funds	10
500	September 04, 1997	NA	10	Cash	Own Funds	10
1,000	September 04, 1997	NA	10	Cash	Own Funds	10
1,000	September 04, 1997	NA	10	Cash	Own Funds	10
4,000	September 04, 1997	NA	10	Cash	Own Funds	10
500	February 31, 1998	NA	10	Cash	Own Funds	10
500	February 31, 1998	NA	10	Cash	Own Funds	10
1,000	February 31, 1998	NA	10	Cash	Own Funds	10
500	February 31, 1998	NA	10	Cash	Own Funds	10
500	August 25, 1998	NA	10	Cash	Own Funds	10
1,000	August 25, 1998	NA	10	Cash	Own Funds	10
1,000	August 25, 1998	NA	10	Cash	Own Funds	10
500	August 25, 1998	NA	10	Cash	Own Funds	10
500	November 23, 1998	NA	10	Cash	Own Funds	10
500	November 23, 1998	NA	10	Cash	Own Funds	10
500	November 23, 1998	NA	10	Cash	Own Funds	10
1,000	March 03, 1999	NA	10	Cash	Own Funds	10
1,000	March 03, 1999	NA	10	Cash	Own Funds	10
2,000	March 03, 1999	NA	10	Cash	Own Funds	10
1,000	March 03, 1999	NA	10	Cash	Own Funds	10
1,000	March 03, 1999	NA	10	Cash	Own Funds	10
500	July 17, 1999	NA	10	Cash	Own Funds	10
500	July 17, 1999	NA	10	Cash	Own Funds	10
1,000	July 17, 1999	NA	10	Cash	Own Funds	10
500	July 17, 1999	NA	10	Cash	Own Funds	10
500	July 17, 1999	NA	10	Cash	Own Funds	10
1,000	July 17, 1999	NA	10	Cash	Own Funds	10

No. of Equity Shares	Date of Allotment/ Transfer	Nature of Issue	Issue Price (In ₹)	Consideration	Source of Funds	Face Value
1,000	July 17, 1999	NA	10	Cash	Own Funds	10
1,000	July 17, 1999	NA	10	Cash	Own Funds	10
2,000	July 17, 1999	NA	10	Cash	Own Funds	10
1,000	July 17, 1999	NA	10	Cash	Own Funds	10
1,000	July 17, 1999	NA	10	Cash	Own Funds	10
2,000	July 17, 1999	NA	10	Cash	Own Funds	10
1,000	July 17, 1999	NA	10	Cash	Own Funds	10
1,000	July 17, 1999	NA	10	Cash	Own Funds	10
1,000	July 17, 1999	NA	10	Cash	Own Funds	10
2,000	July 17, 1999	NA	10	Cash	Own Funds	10
500	October 01, 1999	NA	10	Cash	Own Funds	10
500	October 01, 1999	NA	10	Cash	Own Funds	10
500	October 01, 1999	NA	10	Cash	Own Funds	10
500	October 01, 1999	NA	10	Cash	Own Funds	10
500	October 01, 1999	NA	10	Cash	Own Funds	10
1,000	October 01, 1999	NA	10	Cash	Own Funds	10
1,000	October 01, 1999	NA	10	Cash	Own Funds	10
1,000	October 01, 1999	NA	10	Cash	Own Funds	10
1,000	October 01, 1999	NA	10	Cash	Own Funds	10
1,000	October 01, 1999	NA	10	Cash	Own Funds	10
1,000	October 01, 1999	NA	10	Cash	Own Funds	10
1,000	January 06, 2000	NA	10	Cash	Own Funds	10
500	January 06, 2000	NA	10	Cash	Own Funds	10
500	January 06, 2000	NA	10	Cash	Own Funds	10
400	March 21, 2000	NA	10	Cash	Own Funds	10
500	March 21, 2000	NA	10	Cash	Own Funds	10
500	March 21, 2000	NA	10	Cash	Own Funds	10
500	March 21, 2000	NA	10	Cash	Own Funds	10
500	January 24, 2001	NA	10	Cash	Own Funds	10
500	January 24, 2001	NA	10	Cash	Own Funds	10
1,500	January 24, 2001	NA	10	Cash	Own Funds	10
1,500	January 24, 2001	NA	10	Cash	Own Funds	10
1,500	April 04, 2001	NA	10	Cash	Own Funds	10
500	April 04, 2001	NA	10	Cash	Own Funds	10
1,500	May 29, 2001	NA	10	Cash	Own Funds	10
500	May 29, 2001	NA	10	Cash	Own Funds	10
500	May 29, 2001	NA	10	Cash	Own Funds	10
1,000	May 29, 2001	NA	10	Cash	Own Funds	10
500	October 23, 2001	NA	10	Cash	Own Funds	10
500	October 23, 2001	NA	10	Cash	Own Funds	10
500	October 23, 2001	NA	10	Cash	Own Funds	10

No. of Equity Shares	Date of Allotment/ Transfer	Nature of Issue	Issue Price (In ₹)	Consideration	Source of Funds	Face Value
500	October 23, 2001	NA	10	Cash	Own Funds	10
500	February 14, 2002	NA	10	Cash	Own Funds	10
500	February 14, 2002	NA	10	Cash	Own Funds	10
1,000	November 27, 2002	NA	10	Cash	Own Funds	10
8,000	November 27, 2002	NA	10	Cash	Own Funds	10
9,010	November 27, 2002	NA	10	Cash	Own Funds	10
18,020	November 27, 2002	NA	10	Cash	Own Funds	10
500	November 27, 2002	NA	10	Cash	Own Funds	10
500	November 27, 2002	NA	10	Cash	Own Funds	10
1,02,293	November 27, 2002	NA	10	Cash	Own Funds	10
7,000	November 27, 2002	NA	10	Cash	Own Funds	10
15,000	November 27, 2002	NA	10	Cash	Own Funds	10
80,000	November 27, 2002	NA	10	Cash	Own Funds	10
2,52,760	November 27, 2002	NA	10	Cash	Own Funds	10
21,546	November 27, 2002	NA	10	Cash	Own Funds	10
9,118	November 27, 2002	NA	10	Cash	Own Funds	10
40,000	November 27, 2002	NA	10	Cash	Own Funds	10
83,000	November 27, 2002	NA	10	Cash	Own Funds	10
500	July 21, 2003	NA	10	Cash	Own Funds	10
1,000	July 21, 2003	NA	10	Cash	Own Funds	10
500	December 15, 2003	NA	10	Cash	Own Funds	10
500	December 15, 2003	NA	10	Cash	Own Funds	10
500	December 15, 2003	NA	10	Cash	Own Funds	10
500	April 19, 2004	NA	10	Cash	Own Funds	10
1,500	June 28, 2004	NA	10	Cash	Own Funds	10
500	June 28, 2004	NA	10	Cash	Own Funds	10
1,000	June 28, 2004	NA	10	Cash	Own Funds	10
15	August 30, 2004	NA	10	Cash	Own Funds	10
21	August 30, 2004	NA	10	Cash	Own Funds	10
1,000	October 27, 2004	NA	10	Cash	Own Funds	10
500	October 27, 2004	NA	10	Cash	Own Funds	10
890	October 27, 2004	NA	10	Cash	Own Funds	10
222	October 27, 2004	NA	10	Cash	Own Funds	10
1,000	October 27, 2004	NA	10	Cash	Own Funds	10
500	October 27, 2004	NA	10	Cash	Own Funds	10
500	January 29, 2005	NA	10	Cash	Own Funds	10
250	March 29, 2005	NA	10	Cash	Own Funds	10
500	March 29, 2005	NA	10	Cash	Own Funds	10
1,000	March 29, 2005	NA	10	Cash	Own Funds	10
1,000	March 29, 2005	NA	10	Cash	Own Funds	10
1,000	February 21, 2006	NA	10	Cash	Own Funds	10

No. of Equity Shares	Date of Allotment/ Transfer	Nature of Issue	Issue Price (In ₹)	Consideration	Source of Funds	Face Value
1,000	May 26, 2006	NA	10	Cash	Own Funds	10
1,000	May 26, 2006	NA	10	Cash	Own Funds	10
500	May 26, 2006	NA	10	Cash	Own Funds	10
1,74,189	November 24, 2006	Further Issue	10	Cash	Own Funds	10
1,19,560	November 29, 2006	Further Issue	10	Cash	Own Funds	10
500	January 25, 2007	NA	10	Cash	Own Funds	10
3,48,378	March 10, 2007	Bonus Issue	10	Cash	Own Funds	10
31,29,686	March 10, 2007	Bonus Issue	10	Cash	Own Funds	10
1,000	July 15, 2008	NA	10	Cash	Own Funds	10
50	July 23, 2009	NA	10	Cash	Own Funds	10
50	July 23, 2009	NA	10	Cash	Own Funds	10
2,000	April 23, 2012	NA	10	Cash	Own Funds	10
2,000	April 23, 2012	NA	10	Cash	Own Funds	10
1,000	July 23, 2015	NA	10	Cash	Own Funds	10
1,000	July 23, 2015	NA	10	Cash	Own Funds	10
2,000	July 23, 2015	NA	10	Cash	Own Funds	10
4,000	July 23, 2015	NA	10	Cash	Own Funds	10
1,000	July 23, 2015	NA	10	Cash	Own Funds	10
1,000	July 23, 2015	NA	10	Cash	Own Funds	10
2,000	July 23, 2015	NA	10	Cash	Own Funds	10
4,000	July 23, 2015	NA	10	Cash	Own Funds	10
500	February 01, 2016	NA	10	Cash	Own Funds	10
1,500	April 19, 2017	NA	10	Cash	Own Funds	10
1,500	April 19, 2017	NA	10	Cash	Own Funds	10
500	June 29, 2017	NA	10	Cash	Own Funds	10
500	June 29, 2017	NA	10	Cash	Own Funds	10
3,000	June 29, 2017	NA	10	Cash	Own Funds	10
1,500	June 29, 2017	NA	10	Cash	Own Funds	10
1,500	June 29, 2017	NA	10	Cash	Own Funds	10
2,000	October 26, 2017	NA	10	Cash	Own Funds	10
2,000	October 26, 2017	NA	10	Cash	Own Funds	10
500	January 22, 2018	NA	10	Cash	Own Funds	10
500	January 22, 2018	NA	10	Cash	Own Funds	10
1,000	January 22, 2018	NA	10	Cash	Own Funds	10
500	March 01, 2018	NA	10	Cash	Own Funds	10

3. George Thomas Muthoot

No. of Equity Shares	Date of Allotment/ Transfer	Nature of Issue	Issue Price (In ₹)	Consideration	Source of Funds	Face Value
7,000	March 31, 1993	Further Issue	10	Cash	Own Funds	10
15,000	August 31, 1993	Further Issue	10	Cash	Own Funds	10
1,00,513	December 30, 1995	Further Issue	10	Cash	Own Funds	10
1,000	June 26, 1996	NA	10	Cash	Own Funds	10
1,000	June 26, 1996	NA	10	Cash	Own Funds	10
34,638	March 31, 1997	Further Issue	10	Cash	Own Funds	10
1,37,151	November 24, 2006	Further Issue	10	Cash	Own Funds	10
22,000	November 24, 2006	Further Issue	10	Cash	Own Funds	10
2,74,302	March 10, 2007	Bonus Issue	10	Cash	Own Funds	10
44,000	March 10, 2007	Bonus Issue	10	Cash	Own Funds	10
10	December 29, 2012	NA	10	Cash	Own Funds	10
1,040	December 29, 2012	NA	10	Cash	Own Funds	10
8,000	December 29, 2012	NA	10	Cash	Own Funds	10
9,050	December 29, 2012	NA	10	Cash	Own Funds	10
18,100	December 29, 2012	NA	10	Cash	Own Funds	10
1,00,798	December 29, 2012	NA	10	Cash	Own Funds	10
34,249	December 29, 2012	NA	10	Cash	Own Funds	10
15,000	December 29, 2012	NA	10	Cash	Own Funds	10
28,650	December 29, 2012	NA	10	Cash	Own Funds	10
60,500	December 29, 2012	NA	10	Cash	Own Funds	10
1,85,387	December 29, 2012	NA	10	Cash	Own Funds	10
77,552	December 29, 2012	NA	10	Cash	Own Funds	10
5,38,336	December 29, 2012	NA	10	Cash	Own Funds	10
10,76,672	December 29, 2012	NA	10	Cash	Own Funds	10
10,000	December 29, 2012	NA	10	Cash	Own Funds	10
15,000	December 29, 2012	NA	10	Cash	Own Funds	10
40,000	December 29, 2012	NA	10	Cash	Own Funds	10

No. of Equity Shares	Date of Allotment/ Transfer	Nature of Issue	Issue Price (In ₹)	Consideration	Source of Funds	Face Value
83,000	December 29, 2012	NA	10	Cash	Own Funds	10
2,99,801	December 29, 2012	NA	10	Cash	Own Funds	10
1,17,118	December 29, 2012	NA	10	Cash	Own Funds	10
5,64,919	December 29, 2012	NA	10	Cash	Own Funds	10
10,80,214	December 29, 2012	NA	10	Cash	Own Funds	10

4. George Jacob Muthoot

No. of Equity Shares	Date of Allotment/ Transfer	Nature of Issue	Issue price (In ₹)	Consideration	Source of Funds	Face Value
38,500	March 25, 1994	Further issue	10	Cash	Own Funds	10
71,868	March 10, 2007	Bonus Issue	10	Cash	Own Funds	10
10	December 29, 2012	NA	10	Cash	Own Funds	10
1,040	December 29, 2012	NA	10	Cash	Own Funds	10
8,000	December 29, 2012	NA	10	Cash	Own Funds	10
9,050	December 29, 2012	NA	10	Cash	Own Funds	10
18,100	December 29, 2012	NA	10	Cash	Own Funds	10
1,00,798	December 29, 2012	NA	10	Cash	Own Funds	10
34,249	December 29, 2012	NA	10	Cash	Own Funds	10
1,71,247	December 29, 2012	NA	10	Cash	Own Funds	10
3,25,834	December 29, 2012	NA	10	Cash	Own Funds	10
10,000	December 29, 2012	NA	10	Cash	Own Funds	10
15,000	December 29, 2012	NA	10	Cash	Own Funds	10
40,000	December 29, 2012	NA	10	Cash	Own Funds	10
83,000	December 29, 2012	NA	10	Cash	Own Funds	10
2,99,802	December 29, 2012	NA	10	Cash	Own Funds	10
1,17,117	December 29, 2012	NA	10	Cash	Own Funds	10
5,42,257	December 29, 2012	NA	10	Cash	Own Funds	10
49,624	December 29, 2012	NA	10	Cash	Own Funds	10

No. of Equity Shares	Date of Allotment/ Transfer	Nature of Issue	Issue price (In ₹)	Consideration	Source of Funds	Face Value
1,040	December 29, 2012	NA	10	Cash	Own Funds	10
8,000	December 29, 2012	NA	10	Cash	Own Funds	10
18,100	December 29, 2012	NA	10	Cash	Own Funds	10
9,000	December 29, 2012	NA	10	Cash	Own Funds	10
1,00,709	December 29, 2012	NA	10	Cash	Own Funds	10
500	December 29, 2012	NA	10	Cash	Own Funds	10
1,000	December 29, 2012	NA	10	Cash	Own Funds	10
500	December 29, 2012	NA	10	Cash	Own Funds	10
500	December 29, 2012	NA	10	Cash	Own Funds	10
34,840	December 29, 2012	NA	10	Cash	Own Funds	10
15,04,813	December 29, 2012	NA	10	Cash	Own Funds	10
2,63,440	December 29, 2012	NA	10	Cash	Own Funds	10
14,886	December 29, 2012	NA	10	Cash	Own Funds	10
10,000	December 29, 2012	NA	10	Cash	Own Funds	10
15,000	December 29, 2012	NA	10	Cash	Own Funds	10
40,000	December 29, 2012	NA	10	Cash	Own Funds	10
83,000	December 29, 2012	NA	10	Cash	Own Funds	10
2,99,801	December 29, 2012	NA	10	Cash	Own Funds	10
1,17,118	December 29, 2012	NA	10	Cash	Own Funds	10
5,42,257	December 29, 2012	NA	10	Cash	Own Funds	10

RELATED PARTY TRANSACTIONS

For further details of the related party transactions during the last 5 Fiscals, please refer to the chapter '*FINANCIAL STATEMENTS*'. Further, related party transactions for the 6 months period ending September 30, 2019 is given below.

Particulars	Designation
(A) Key Managerial Personnel	
George Alexander Muthoot	Director
George Thomas Muthoot	Director
Anna Alexander	Director
K.P. Padmakumar	Director
K.J Joseph	Director
Jose Mathew	Director
George M George	Director
George M Jacob	Director
Kurian C George	Director
T Thomas Mathew	Director
(B) Relatives of Key Management Personnel	
M G George Muthoot	Relatives of Directors
George Jacob Muthoot	Relatives of Directors
George Muthoot Alexander	Relatives of Directors
Elizebath Jacob	Relatives of Directors
Sara George	Relatives of Directors
Susan Thomas	Relatives of Directors
Jayasree Padmakumar	Relatives of Directors
Theresa Joseph George	Relatives of Directors
Joshua Muthoot George	Relatives of Directors
Anna Thomas	Relatives of Directors
Lucila Jose	Relatives of Directors
Malini Kochakan Chacko	Relatives of Directors
(C) Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
Muthoot Finance Limited	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
Muthoot Precious Metals Corporation	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
Muthoot Securities Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
Muthoot Health Care Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence

Particulars	Designation
Muthoot M George Institute of Technology	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
Muthoot Educational Trust	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
Muthoot M George Foundation	Entities over which Key Management Personnel and their relatives are able to exercise significant influence

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates	
	As at September 30, 2019	As at September 30, 2019	As at September 30, 2019	
Income				
Rent Received	-	-	5.46	
Interest Received from Loans	-	1.65	16.25	
Commission Received	-	-	0.10	
Expenses				
Interest Paid on Loans	209.49	48.58	-	
Interest Paid on Deposits	8.69	4.67	9.32	
Interest Paid on NCD	5.89	-	54.21	
Sitting Fees	6.20	-	-	
Directors Remuneration	6.00	-	-	
Commission Paid	-	-	40.87	
Reimbursement of Expenses	-	-	0.77	
CSR Expenditure	-	-	-	
Demat Account Advisory Services	-	-	-	
Salaries & Allowances	19.71	-	-	
Assets				
Loan Given	-	30.98	279.00	
Interest Receivable on loans	-	0.14	1.71	
Rent Receivable	-	-	0.98	
Commission Receivable	-	-	0.10	
Liabilities				
Prefunding to mobile wallet	-	-	19.30	
Loan Accepted	6,700.00	1,025.00	-	
Loan repaid	1,700.00	25.00	-	

Particulars	Key Management Personnel As at September 30, 2019	Relatives of Key Management Personnel As at September 30, 2019	Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates As at September 30, 2019
Interest Payable on Loans	-	-	-
Deposits	83.59	59.72	150.00
Interest Payable on Deposit	5.39	3.36	7.43
NCD Private Placement	60.00	-	775.00
Interest Payable on NCD	0.57	-	54.21
Commission	-	-	7.43
Reimbursement of Expenses	-	-	0.05
Amounts payable (net) to related parties	5,149.55	1,081.96	1,013.42

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No	Particulars	Page No.
1.	Examination Report on Reformatted Financial Statements of our Company	FS 1
2.	Reformatted Financial Statements of our Company	FS 5

JVR & ASSOCIATES

Chartered Accountants www.jvr-cas.com 39/2790A, Wilmont Park Business Centre Near St. George's Church, Pallimukku Kochi - 682 016. Ph : 2355314, 6598252 e-mail : jvr@airtelmail.in

To,

The Board of Directors Muthoot Vehicle & Asset Finance Limited Muthoot Chambers, Opp. Saritha Theatre, Banerji Road, Cochin, Ernakulam – 682018 Kerala, India

Dear Sirs,

We have examined the accompanying Reformatted Financial Statements of Muthoot Vehicle & Asset Finance Limited (the "Company"), which comprises of Reformatted standalone financials as at and for the half year ended 30 September 2019, as at and for the years ended 31 March 2019, 31 March 2018, 31 March 2017, 31 March 2016 and 31 March 2015, which is proposed to be annexed in this report in connection with the proposed public issue of secured redeemable non-convertible debentures of face value of 1,000 each, (Secured NCDs), at par, for an amount aggregating up to ₹ 10,000 lakhs with an option to retain over-subscription up to ₹ 10,000 lakhs aggregating up to ₹ 20,000 lakhs("Issue") by Muthoot Vehicle & Asset Finance Limited.

The Reformatted Financial Statements comprises of Reformatted Statement of Assets and Liabilities, as at September 30, 2019, 31 March 2019, 31 March 2018, 31 March 2017, 31 March 2016 and 31 March 2015 and also Reformatted Statements of Profit and Loss and Reformatted cash flows and statement of changes in equity for the period ended 30 September 2019and for the years ended 31 March 2019, 31 March 2018, 31 March 2017, 31 March 2016 and 31 March 2015, and a summary of significant accounting policies and other explanatory notes (together comprising the "Reformatted Statements") are derived from the audited special purpose interim condensed financial statements and audited financial statements of the Company for the respective period/years audited by us/previous auditor as detailed in paragraph .

Such Reformatted Standalone Financial Statements, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:

- a) Section 26 of the Companies Act, 2013 ("the Act"); and
- b) the Securities & Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008, as amended (the "SEBI Regulations") issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of Section 11A of the Securities and Exchange Board of India Act, 1992 (the "SEBI Act").
- c) the Guidance Note on Reports in Company Prospectus (Revised2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.



39/2790A, Wilmont Park Business Centre Near St. George's Church, Pallimukku Kochi - 682 016. Ph : 2355314, 6598252 e-mail : jyr@airtelmail.in

to be included in the Draft Prospectus/Prospectus in connection with proposed public issue of Secured NCDs by the Company.

The financial information has been prepared by the Company and is approved by Board of Directors of the Company. The preparation and presentation of such Reformatted Standalone Financial Statements is the responsibility of the Company's management. Our responsibility is to report on such statements based on our procedures.

- 1. The condensed financial statement for the period ended 30.09.2019 has been approved by the Board of Directors on 21.11.2019. We have audited the accounts for the period ended 30.09.2019 in respect of which we have issued Audit report dated on 21.11.2019.
- 2. The reformatted standalone financial statements has been extracted by the management from the audited financial statements of the Company as at 31.03.2019, 31.03.2018, 31.03.2017, 31.03.2016, & 31.03.2015 and from the books of account underlying such financial statements of the Company, which were approved by the Board of Directors on 11.05.2019, 30.06.2018, 29.06.2017, 30.06.2016, and 30.06.2015 respectively. We have audited the accounts for the year ended 31.03.2019 & 31.03.2018 in respect of which we have issued Audit Reports dated on 11.05.2019& 30.06.2018. The audit of accounts for the year ended 31.03.2015 was carried out by R.G.N Price & Co., and in respect of which they have issued Audit Reports dated 29.07.2017, 30.06.2016 & 23.07.2015 on which we have placed our reliance.
- 3. We have examined such Reformatted Standalone Financial Statements taking into consideration:
 - a) the terms of reference and terms of engagement agreed upon with Company in accordance with Engagement letter dated 01.08.2019 requesting us to carry out work on such financial information, proposed to be included in the Draft Prospectus/Prospectus in connection with its proposed Issue of Secured NCDs; and
 - b) the Guidance Note (Revised) on Reports in Company Prospectus issued by the Institute of Chartered Accountants of India.
 - c) Section 26 of the Companies Act, 2013 ("the Act") and SEBI regulations
- 4. In accordance with the requirements of Section 26 of the Act, the SEBI Regulations and the terms of our engagement agreed with you, we further report that:

The condensed financial statements of the company for the period ended 30.09.2019 and the reformatted standalone summary statement of assets and liabilities and schedules forming part



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thereof, the reformatted standalone summary statement of profits and losses and schedules forming part thereof and the reformatted standalone summary statement of cash flows (together referred to as "Reformatted Standalone Summary Statements") of the Company, including as at and for the years ended 31.03.2019, 31.03.2018, 31.03.2017, 31.03.2016 & 31.03.2015 examined by us are set out in Annexure I to IX to this report.

- 5. Based on our examination as above, we further report that:
 - a) The reformatted summary statements have to been presented in "Rupees in Lakhs" solely for the convenience of readers;
 - b) The reformatted summary statements have to been read in conjunction with the relevant Significant Accounting Policies and Notes to Financial Statements on the Reformatted Standalone Financial Statements given in Annexure V and IX.
 - c) The figures of earlier periods have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to confirm to the classification adopted for the Reformatted Summary Statements;
 - d) There are no extraordinary items which need to be disclosed separately in the attached Reformatted Summary Statements; and
 - e) in the preparation and presentation of reformatted standalone financial statements based on audited financial statements as referred to in paragraph 2 and 3 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 1 above.
 - f) These reformatted standalone Summary Statements conform to the requirements of the Schedule III of the Companies Act, 2013
- 6. Other Standalone Financial Information of the Company

We have examined the following Other Financial Information of the Company in respect of period ended 30 September 2019 and years ended 31 March 2019, 2018, 2017, 2016 & 2015 proposed to be included in the Draft Prospectus/Prospectus, and annexed to this report:

- a) Capitalisation Statement (Annexure X)
- b) Statement of Secured and Unsecured Loans (Annexure XI)
- c) Statement of Accounting ratios (Annexure XII)
- d) Statement of Dividends (Annexure XIII)
- e) Statement of Contingent Liabilities (Annexure XIV)
- f) Statement of Tax Shelter (Annexure XV)

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- g) Statement of List of Related Parties & Transaction with them (Annexure XVI)
 - KOCHIX 682 016

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- 7. We have not audited any financial statements of the Company as of any date or for any period subsequent to September 30, 2019. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to September 30, 2019.
- 8. We have complied with the relevant applicable requirement of the Standard on Quality Control (SQC) 1, Quality Control for the Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.
- 9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or audit report of any other auditor in which we have placed our reliance nor should this be construed as a new opinion on any of the financial statements referred to herein.
- 10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 11. This report is intended solely for your information and for inclusion in the Draft Prospectus/Prospectus in connection with the proposed Issue and to be filed with the Stock Exchanges, The Securities and exchange Board of India, and Registrar of Companies, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For JVR & Associates Chartered Accountants (F.R.No.011121S)

Shawn Jeff Christopher Partner M.No.216926 UDIN: 20216926AAAAAE4343

Place: Kochi -16 Date: 18.12.2019



Muthoot Vehicle & Asset Finance Limited

Muthoot Chambers, Opp. Saritha Theatre, Banerji Road, Cochin

Annexure I Condensed Balance Sheet as at 30th September, 2019

	(₹ in Lakh			
	Particulars	As at September 30, 2019	As at March 31, 2019	As at April 01, 2018
I	ASSETS			
(1)	Financial Assets			
	(a) Cash and cash equivalents	602.30	877.67	537.0
	(b) Bank balance other than above	817.20	794.53	832.2
	(c) Loans	43,682.01	42,716.90	38,496.0
	(d) Investments	1,477.95	1,341.54	1,291.7
	(e) Other Financial assets	659.80	624.90	474.8
2)	Non-financial Assets			
	(a) Deferred tax Assets(Net)	45.55	-	-
	(b) Investment Property	10.83	10.83	10.8
	(c) Property, Plant & Equipment	346.32	360.79	351.2
	(d) Other Intangible assets	15.76	15.04	13.5
	(e) Other non-financial assets	1,208.22	1,337.65	861.2
	Total Assets	48,865.94	48,079.85	42,868.8
п	LIABILITIES AND EQUITY			
	LIABILITIES			
	(1) Financial Liabilities			
	(a) Payables			
	(l) Trade Payables			
	 (i) Total outstanding dues of micro enterprises and small enterprises 			-
	 (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises 	242.72	60.86	48.7
	(b) Debt Securities	2,067.00	2,067.00	
	(c) Borrowings(other than debt securities)	17,095.83	23,178.47	19,931.8
	(d) Deposits	17,846.22	10,848.94	11,850.5
	(e) Other Financial Liabilities	1,212.15	1,279.49	1,339.0
2)	Non-financial Liabilities			
	(a) Deferred tax Liability (Net)		14.41	40.9
	(b) Current tax Liabilities(Net)	102.43	425.23	416.4
	(c) Provisions	37.34	74.14	37.7
	(d) Other Non financial liabilities	46.19	78.25	59.6
3)	Equity			
1	(a) Equity Share Capital	2,500.00	2,500.00	2,500.0
	(b) Other Equity	7,716.05	7,553.06	6,644.9
	Total Liabilities and Equity	48,865,94	48,079.85	42,868.8



Muthoot Vehicle & Asset Finance Limited Muthoot Chambers, Opp. Saritha Theatre, Banerji Road, Cochin

Annexure II Condensed Statement of Profit and Loss for the period ended 30th September, 2019

Particulars	As at September 30, 2019	(₹ in Lakh As at September 30, 2011	
I. INCOME			
Revenue from operations			
Interest Income	3,143.46	2,915.55	
Other Income	410.03	369.19	
Total Income	3,553.49	3,284.74	
II. EXPENSES			
Finance Cost	1,691.75	1,503.86	
Fees and commission expenses	298.65	255.03	
Employee Benefit Expenses	627.39	536.76	
Depreciation, amortization and impairment	29.65	31.44	
Other Expenses	691.35	341.08	
Total Expenses	3,338.79	2,668.17	
Profit before tax	214.70	616.57	
Tax Expense			
Current tax	109.73	178.86	
Deferred Tax	(59.47)	(13.55)	
Profit for the year	164.44	451.26	
Other Comprehensive Income A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans	(1.93)	0.56	
- Fair value changes on equity instruments through other comprehensive			
income	-		
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.49	-(0.14)	
Subtotal (A)	(1.44)	0.42	
B) (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
Subtotal (B)		÷.	
Other Comprehensive Income (A + B)	(1.44)	0.42	
Total Comprehensive Income for the year	163.00	451.68	
Earnings Per Share			
Basic (Rs.)	0.66	1.81	
Diluted (Rs.)	0.66	1.81	



Muthoot Vehicle & Asset Finance Limited

Muthoot Chambers, Opp. Saritha Theatre, Banerji Road, Cochin

Annexure III Condensed Statement of Changes in Equity for the period ended

September 30, 2019

(₹ in Lakhs)

A. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

Particulars	Number	Amount
Balance as at 1 April 2018	2,50,00,000	2,500.00
Issued during the year	-	-
Balance as at 31 March 2019	2,50,00,000	2,500.00
Issued during the year		
Balance as at 30 september 2019	2,50,00,000	2,500.00

B. Other Equity

	Reserves and Surplus					
Particulars	Statutory Reserves	General Reserve	Debenture Redemption Reserve	Retained Earnings	Other Comprehensive income	Total
Balance as at April 1, 2018 Transfer to/from retained earnings Final dividend paid Dividend Distribution Tax Transfer to Statutory Reserves Other Additions during the year: Premium received during the year Other Comprehensive Income for the year	1,955.02 220.46	81.40 5.00	5.00 (5.00)	4,595.16 1,102.31 (150.00) (30.83) (220.46)	8.32 (16.67)	6,644.90 1,322.77 (150.00) (30.83) (220.46) (16.67)
before income tax				1.1.1.1		
Income tax on OCI					3.35	3.35
Balance as at March 31, 2019	2,175.48	86.40	-	5,296.18	(5.00)	7,553.06
Transfer to/from retained earnings Transfer to Statutory Reserves Other Additions during the year:	32.89			164.44 (32.89)		197.33 (32.89)
Premium received during the year Other Comprehensive Income for the year before income tax		-			(1.93)	(1.93
Income tax on OCI					0.49	0.49
Balance as at September 30, 2019	2,208.37	86.40		5,427.73	(6.44)	7,716.06



Muthoot Vehicle & Asset Finance Limited

Muthoot Chambers, Opp. Saritha Theatre, Banerji Road, Cochin

Annexure IV Condensed Cash flow statements for the period ended

September 30, 2019

(₹ in Lakhs)

Particulars	For the period ended September 30,2019	For the year ended March 31,2019	
A. Cash flow from Operating Activities			
Profit Before Tax	214.70	1,492.0	
Adjustments to reconcile profit before tax to net cash flows		1,1,2,0	
Depreciation & amortisation	29.65	58.30	
Impairment on financial instruments		-	
Finance cost	1,115.14	2,077.55	
Profit on sale of fixed assets		(0.20	
Profit on sale of investments	(1.05)	(****	
Loss on sale of fixed assets	0.04	0.69	
Actuarial gain/ loss on Gratuity	(1.93)	(13.32	
Interest on shortfall in payment of advance tax		0.33	
Interest received on investments	(55.56)	(108.01	
Operating Profit Before Working Capital Changes	1,300.99	3,507.40	
Working capital changes (net)			
(Increase)/Decrease in Bank balance other than cash and cash equivalents	(22.67)	37.76	
(Increase)/Decrease in Loans	(965.11)	(4,220.81	
(Increase)/Decrease in Other financial assets	(34.89)	(150.08	
(Increase)/Decrease in Other non-financial assets	(55.88)	(427.45	
Increase/(Decrease) in Other Financial Liabilities	(67.33)	(58.56	
Increase/(Decrease) in Other non financial liabilities	(32.06)	18.64	
Increase/(Decrease) in Trade payables	181.86	12.10	
Increase/(Decrease) in Provision	(36.80)	36.38	
Cash Generated From Operations	268.11	(1,244.62	
Finance cost paid	(1,115.14)	(2,077.55	
Income tax paid	(247.23)	(456.70	
Net cash flows from Operating Activities (A)	(1,094.26)	(3,778.87	
B. Cash flow from Investing activities			
Purchase of Plant, Property & Equipment and intangible assets	(15.96)	(70.16	
Proceeds from sale of property, plant & equipment and intangibles	0.06	1.02	
Loss on sale of fixed assets	(0.04)	(0.69	
Investments	(135.36)	(49.79	
Interest received on investments	55.56	108.02	
Net cash flows from Investing Activities (B)	(95.74)	(11.60	
C. Cash Flow from Financing Activities			
Increase / (decrease) in borrowings (other than debt securities)	(6,082.65)	3,246.59	
Increase / (decrease) in debt securities	-	2,067.00	
Increase / (decrease) in deposits	6,997.28	(1,001.65	
Dividend paid (including dividend distribution tax)		(180.83	
Net cash flows from Financing Activities (C)	914.63	4,131.11	
Net increase/(decrease) in cash and cash equivalents(A+B+C)	(275.37)	340.64	
Cash and cash equivalents at the beginning of the period	877.67	537.03	
Cash and cash equivalents at the end of the period	602.30	877.67	



Annexure V

Notes to Condensed Financial Statements for the period ended 30.09.2019

1. Corporate Information

Muthoot Vehicle & Asset Finance Ltd. (formerly known as Muthoot Leasing & Finance Ltd.) was incorporated as a public limited Company on 08.06.1992. The company has made considerable forays into financing for vehicles, equipments for infrastructure companies, mortgage loans, Traders loans, Business Loans and a variety of loans for consumption. The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 30.11.1998 vide Regn No. A- 16.00042. The company is presently classified as NBFC – Investment and Credit Company (NBFC –ICC).

2. Basis of preparation and presentation

The company has adopted Indian Accounting Standards (Ind AS) as notified under section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules from April '01, 2019. The financial results together with the results for the comparative reporting period of the company have been prepared in accordance with the recognition and measurement principles as laid down in Ind As -34, 'Interim Financial Reporting'. The effective date of transition to IndAs is April 01 2018 and the same has been carried out from the erstwhile Accounting Standards notified under the Act, read with the relevant rules of Companies (Accounts) Rules 2014, guidelines issued by the Reserve Bank of India(RBI) and other generally accepted accounting principles in India (Collectively referred to as "the previous GAAP").

The impact of the above transition has been recorded in the opening reserves as at 01.04.2018 and the corresponding figures pertaining to comparative previous periods as presented in these financial results have been restated/reclassified in order to confirm to current period presentation.

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

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

3. IndAS - IGAAP Reconciliation

Reconciliation of Net Profit and Equity under Previous GAAP and IndAS for the Half year ended September 30, 2018 and year ended March 31, 2019 respectively (as per the requirement of Para 32 of IndAS 101) is as under.

	September 30, 2018	March 31, 2019 Equity	
Particulars	Profit		
As per IGAAP	418.52	7,387.14	
Earlier Period Ind-AS Adjustments	-	194.93	
Actuarial gain/loss moved to OCI	(0.57)	8.33	
Reversal of income related to loan Asset other than current year amortisation	(49.72)	(96.30	
Reversal of expense related to loan asset other than current year amortisation	94.00	48.2	
(Additional)/ Lesser Provision for ECL	(0.03)	0.0	
Reversal of cost of procuring Term Loan	-	(3.23	
Amortisation of Cost of procuring Term Loan	(1.09)	12.5	
Tax effect on PL adjustments	(10.56)	9.7	
Adjustment to be factored in OCI			
Actuarial gain/loss moved from PL	0.57	(8.33	
Tax effect of OCI adjustments	0.14		
As per Ind-AS	451.26	7,553.00	



Note 4: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to
--

(₹ in Lakhs)

Particulars	As at September 30, 2019	As at March 31, 2019	As at September 30, 2018
Net profit attributable to ordinary equity holders	164.44	1,102.31	451.26
Weighted average number of ordinary shares for basic earnings per share	2,50,00,000	2,50,00,000	2,50,00,000
Effect of dilution:	-		-
Weighted average number of ordinary shares adjusted for effect of dilution	2,50,00,000	2,50,00,000	2,50,00,000
Earnings per share			
Basic earnings per share (Rs.)	0.66	4.41	1.81
Diluted earnings per share (Rs.)	0.66	4.41	1.81

Particulars		
Talituais	30.09.2019	31.03.2019
Claims against the company not acknowledged as debt		
Demand by Income Tax authorities in appeal pending disposal		
Assessment Year 2011-12		
Asst. commissioner of Income Tax Circle I (2) Kochi has passed an order demanding Rs. 7,83,880/-	7.84	7.84
under sec 143 (3). The company has filed an appeal with CIT(A), Kochi which is yet to be taken up		
for hearing. Since appeal is not disposed, no provision is required.		
Assessment Year 2013-14		
Additional commissioner of Income Tax Circle I (2) Kochi has passed an order demanding Rs.	7.43	7.43
7,43,450/- under sec 143 (3). The company has filed an appeal with CIT(A), Kochi, which is yet to		
be taken up for hearing. Since appeal is not disposed, no provision is required. As per the order		
received from Jurisdictional Assessment Officer dated on 23-12-2017 an amount of Rs 7,28,632/-		
was adjusted from subsequent refunds. Once the appeal is disposed, this will get reversed.		
Assessment Year 2014-15		
Additional commissioner of Income Tax Circle I (2) Kochi has passed an order by disallowing an	1.01	1.01
amount of Rs 3,10,841/- under sec 143 (3). The company has filed an appeal with CIT(A), Kochi,		
which is yet to be taken up for hearing. No provision has been made by the company for the tax		
effect at the same		



Note 6: Loans

Particulars	As at September 30, 2019	As at March 31, 2019	(₹ in Lakh As at April 01, 2018
(A)			
At amortised cost			
Loans			
(i) Loan against Hypothecation	42,237.33	41,135.55	36,721.88
(ii) Business Development Loan	1,627.13	1,818.06	1,936.22
(iii) Personal Loan	39.75	66.97	52.56
(iv) Loans against Deposits	36.68	9.02	16.73
(iv) Trade Advance	199.80	-	
Total (A) - Gross	44,140.69	43,029.60	38,727.39
Less : Impairment loss allowance	458.68	312.70	231.30
Total (A) - Net	43,682.01	42,716.90	38,496.09
(B)			
I) Secured by tangible assets			
(i) Loan against Hypothecation	42,237.33	41,135.55	36,721.88
(ii) Business Development Loan	1,627.13	1,818.06	1,936.22
(iii) Personal Loan		-	-
(iv) Trade Advance	199.80		-
II) Secured by intangible assets			
(i) Loan against Deposit	36.68	9.02	16.73
III) Covered by Bank / Government		-	
IV) Unsecured			
(i) Personal Loan	39.75	66.97	52.56
Total (B) - Gross	44,140.69	43,029.60	38,727.39
Less : Impairment loss allowance	458.68	312.70	231.30
Total (B) - Net	43,682.01	42,716.90	38,496.09
(C) (I) Loans in India			
i) Public Sector	-	10,000,60	20 707 0
ii) Others	44,140.69	43,029.60	38,727.39
(C) (II) Loans outside India Total (C) - Gross	11410-00	40.000.00	
Less: Impairment Loss Allowance (C)	44,140.69 458.68	43,029.60	38,727.39
Total (C)- Net	43,682.01	312.70 42,716.90	231.30



Note 6A

Credit Quality of Assets The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

			As al Mar	ul March 31, 2019	
Stage 2 Stage 3	Total	Stage 1	Stage 2	Stage 3	Total

(₹ in Lakhs)

	Stage 1	Stage 2	Stage 3	Iotal	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	32,151.27			32,161.27	33,354.44	1	i.	33,354.44
Standard grade	4,247.80	.1.	-ā	4,247.80	4,553.02		4	4,553.02
Sub-standard grade	•	2,978.29	â	2,978.29	3	2,330.02	3	2,330.02
Past due but not impaired		3,279.34	•	3,279.34	9	2,663.97	i	2,663.97
Non- performing								
L Individually inpaired			2,924.17	2,024.17	1		647.07	647.07
Total	36,409.07	6,257.63	2,024.17	44,690.87	37,907.46	4,993.99	647.07	43,548.52

		As at March 31, 2018	31, 2018	
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Performing				
High grade	33,148.58		1	33,148.58
Standard grade	2,787.90	1	4	2,787.90
Sub-standard grade		1,201.92	4	1,201.92
Past due but not impaired		1,598.40	1	1,598.40
Non- performing	,	,	(a .)	
Individually impaired	•	1	361.06	361.06
Total	35,936.48	2,800.32	361.06	39,097.86



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		April' 19-Sep'19	sep'19			2018-19	19	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	37,898.18	4,993.99	647.07	43,539.24	35,936.48	2,800.32	361.06	39,097.85
New assets originated or purchased	7,495.03	96.55	3.95	7,595.53	14,304.37	487.52	4.24	14,796.13
Assets derecognised or repaid (excluding write offs)	4,893.29	807.49	206.61	5,907.39	8,012.38	1,429.69	163.49	9,605.56
Transfers to Stage 1	(190.92)	182.77	8.15		(198.89)	187.40	11.49	•
Transfers to Stage 2	3,472.59	(3,493.73)	21.14		3,854.92	(3,887.85)	32.93	
Transfers to Stage 3	682.94	976.48	(1,659.41)	i	291.29	233.81	(525.10)	4
Changes to contractual cash flows due to modifications not resulting in derecognition		1	4					1
Amounts written off	126.24	359.90	50.37	536.52	373.68	330.81	35.41	739.90
Gross carrying amount closing balance	36,409.07	6,257.63	2,024.17	44,690.87	37,907.46	4,993.99	647.07	43,548.52

TReconciliation of ECL balance is given below:

55.02 (68.52) 67.90 312.70 231.30 (₹ in Lakhs) ÷ 1 i Total 30.96 77.29 0.77 2.46 7.05 (2.09) 118.16 (78.47)Stage 3 2018-19 2.18 4.35 7.35 0.75 0.94 11.20 (22.38) 22.37 Stage 2 1.16 64.94 2.60 142.81 19.71 (3.21) 15.33 172.17 Stage 1 (180.84)34.47 69.33 458.68 312.70 ł 1 . Total 118.16 0.52 40.92 1.49 267.19 3.86 (7.48)(187.31) Stage 3 April' 19-Sep'19 0.43 4.42 0.82 (19.64)4.37 4.79 28.03 22.37 Stage 2 23.98 15.78 1.68 163.45 172.17 (2.31) 3.10 33.51 Stage 1 Impact on year end ECL of exposures transferred between Assets derecognised or repaid (excluding write offs) New assets originated or purchased တ် ECL allowance - opening balance ECL allowance - closing balance stages during the year Transfers to Stage 3 Transfers to Stage 2 Transfers to Stage 1



(Fin I akhe)

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

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MUTHOOT VEHICLE & ASSET FINANCE LIMITED

Muthoot Chambers, Opp. Saritha Theatre, Banerji Road, Cochin

Annexure VI Reformatted Summary Statement of Assets and Liabilities

Particulars	Note	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
I. EQUITY AND LIABILITIES						
(1) Shareholder's funds						
(a) Share Capital	3	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
(b) Reserves and Surplus	4	7,387.14	6,449.98	5,612.90	4,766.30	4,147.46
(2) Non-Current Liabilities			1.			
(a) Long Term Borrowings	5	15,248.62	4,351.44	3,856.90	1,515.07	3,697.69
(b) Long Term Provisions	6	230.68	194.33	101.37	47.77	46.13
(3) Current Liabilities						
(a) Short Term Borrowings	7	14,499.40	18,523.82	3,472.99	1,184.88	3,310.45
(b) Trade Payables	8	60.86	48.76	49.57	33.44	25.41
(c') Other Current Liabilities	9	7,716.89	10,308.33	8,451.89	5,149.16	7,212.77
(d) Short term Provisions	10	581.17	490.9	511.61	3067.49	2872.47
Total		48,224.77	42,867.56	24,557.22	18,264.11	23,812.38
II. ASSETS						
(1)Non-Current Assets				(
(a) Property, Plant and Equipment	11					
(i) Tangible Assets		360.79	351.22	381.16	360.76	319.16
(ii) Intangible Assets		15.04	13.57	30.55	25.07	16.43
(b) Non-Current Investments	12	1,470.29	1,572.01	1,345.74	1,986.20	2,336.20
(c') Deferred Tax Asset		41.4	24.65	22.24	25.57	38.7
(d) Long term Loans and Advances	13	32243.32	30113.92	14737.52	6810.16	7935.61
(2)Current Assets					2 1	
(a) Current Investments	14	522.36	285.36	397.98		
(b) Cash and Cash Equivalents	15	1,031.92	814.53	768.01	579.34	1,331.58
(c') Short Term Loans and Advances	16	10,626.11	8,411.27	5,884.51	4,932.11	8,784.11
(d) Other Current Assets	17	1,913.54	1,281.02	989.52	3,544.88	3,050.58
Total		48,224.77	42,867.56	24,557.22	18,264.11	23,812.38

The accompanying notes form integral part of the financial statements

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MUTHOOT VEHICLE & ASSET FINANCE LIMITED

Muthoot Chambers, Opp. Saritha Theatre, Banerji Road, Cochin

Annexure VII Reformatted Summary Statement of Profit and Loss

	1					(₹ in Lakhs)
Particulars	Note	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-201
I. REVENUE		- 1				
Revenue from Operations	18	5,906.85	4,066.17	2,564.18	2,526.60	3,260.73
Other Income	19	1,218.25	1,413.05	1,333.23	963.29	757.22
Total Revenue	(A)	7,125.10	5,479.22	3,897.42	3,489.90	4,017.94
II. EXPENSES						
Interest on Deposits & Debentures	20	1,073.75	964.58	774.75	830.45	1,346.37
Operating Expenses	21	662.98	786.59	457.77	156.61	130.23
Employee Benefits	22	1,092.16	891.56	848.18	611.50	545.23
Finance Cost	23	2,074.66	945.71	125.84	194.48	158.60
Depreciation & Amortisation Expense	11	58.3	77.89	57.62	37.32	38.84
Other Expenses	24	291.78	194.43	181.58	127.57	104.76
Loan Losses and Provisions	25	353.98	215.14	178.52	333.2	814.94
Total Expenses	(B)	5,607.61	4,075.89	2,624.24	2,291.11	3,138.97
III. Profit Before Prior Period Items and Tax	(A-B)	1,517.49	1,403.33	1,273.17	1,198.78	878.98
Prior Period Items	26		(13.97)	-	-	
IV. Profit After Prior Period Items and Before Tax		1,517.49	1,417.31	1,273.17	1,198.78	878.98
Tax Expense						
Current tax		416.25	402.1	423.24	386.28	256.85
Deferred Tax		(16.75)	(2.41)	3.33	13.13	28.35
V. Profit after tax		1,117.99	1,017.62	846.60	799.38	593.78
/I. Earnings Per Share: Basic & Diluted		4.47	4.07	3.39	3.2	2.38



MUTHOOT VEHICLE & ASSET FINANCE LIMITED

Muthoot Chambers, Opp. Saritha Theatre, Banerji Road, Cochin

Annexure VIII Reformatted Summary of Cash flow Statement

	Particulars	2018-19	2017-18	2016-17	2015-16	(₹ in Lakhs 2014-1
A	Cash flow from operating activities				2010-10	AUT-1
	Profit before Tax	1,517.49	1,417.31	1,273.17	1,198.78	878.98
	Provision for Non-Performing Assets	40.98	13.52	13.06	(24.25)	070.70
	Provision for Standard assets	40.46	82.60	37.03	(6.21)	(75.71
	Provision for leave encashment	5.59	14.27	2.69	2.00	0.4
	Provision for festival bonus	66.85	21.09	40.37	11.00	W*
	Financial expenses	2,074.32	942.60	114.18	181.94	148.1
	Interest on shortfall in payment of advance tax	0.33	3.11	11.66	12.54	10.4
	Profit on sale of fixed assets	(0.20)	(2.22)	(2.80)	(1.24)	(1.43
	Profit on sale of investments	-	(2.10)	(26.09)	(38.80)	(and
	Loss on sale of fixed assets	0.69	1.61		(
	Loss on sale of SLR Securities		0.85	-		
	Dividend from mutual fund			(0.07)	(1.18)	(2.91
	(Profit)/Loss on sale of mutual fund		-		((
	Interest income from investment	(108.01)	(99.83)	(128.85)	(164.08)	(168.79
	Depreciation	58.30	63.91	57.62	37.32	38.8
	Operating Profit Before Working Capital Changes	3,696.81	2,456.71	1,391.96	1,207.82	828.04
	(Increase)/Decrease in other receivables	(583.58)	(236.86)	(27.08)	(128.54)	229.0
	Increase/(Decrease) in Current Liabilities	(70.24)	100.94	(73.44)	(3.46)	51.1
	Less: Leave Encashed during the year	(2.31)	(3.10)	(5.18)	(4.16)	(1.70
	Less: Festival Allowance paid during the year	(33.75)	(25.56)	(30.76)	(1.10)	(1.70
	(Increase)/Decrease in Loans and advances	(4,344.24)	(17,903.16)	(8,879.75)	4,977.45	(637.76
	Cash Generated From Operations	(1,337,32)	(15,611.04)	(7,624.26)	6,049.11	468.7
	Financial expenses paid	(2,074.32)	(942,60)	(114.18)	(181.94)	(148.14
	Income Tax paid	(456.70)	(490.40)	(411.94)	(365.77)	(203.24
	Net cash from operating activities	(3,868.34)	(17,044.05)	(8,150.38)	5,501.40	117.4
в	Cash flow from Investing Activities	(0)0002)	(17,01100)	(0)100.00)	0,001.10	11/13
	Purchase of Fixed Assets	(70.16)	(19.97)	/92 40)	(97 EC)	(266.02
		1.02	(19.97) 5.19	(83.49) 2.80	(87.56)	(200.02
	Sale of Fixed Assets	(135.28)	(111.55)	268.58	1.24 388.80	50.0
	(Purchase) / Sale of investments Dividend from mutual fund	(155.20)	(111.55)	0.07	1.18	2.9
	Profit on sale of mutual fund	1	1	0.07	1.10	2.9
		(0.69)	(1.61)	1	1	
	Loss on sale of fixed assets	(0.09)		1	1	
	Loss on sale of SLR Securities	100.01	(0.85)	100.05	1(1.00	1/0 7
	Interest income from investments Net Cash from investing activities	108.01 (97.09)	99.83	128.85 316.80	164.08 467.74	168.7
~		(37.03)	(28.96)	510.00	207.72	(11.02
C	Cash flow from Financing Activities	1000.001				10 4 50 05
	Increase/(Decrease) in Public Deposits	(505.23)	759.37	5,431.06	(4,299.73)	(2,178.95
	Increase/(Decrease) in Directors/Relatives of Directors /Company Deposit	(454.00)	78.34	303.08	64.98	23.5
	Increase/(Decrease) in Bank Borrowings	4,690.89	9,312.35	2,288.11	284.43	654.8
	(Increase)/Decrease of Dividend (includes dividend tax)	(180.83)	(180.54)	-	(180.54)	(174.33
	Interim Dividend (includes dividend tax)	-	-	-	(180.54)	
	Increase/(Decrease) in Directors Loan	(1,435.00)	7,150.00	1	(2,410.00)	2,410.0
	Increase/(Decrease) in NCD	2,067.00	-	-	-	(102.65
	Net Cash from Financing activities	4,182.82	17,119.53	8,022.24	(6,721.39)	632.43
D	Net increase in Cash and Cash Equivalents (A)+(B)+(C)	217.39	46.53	188.67	(752.24)	708.5
	Cash and Cash Equivalents at the beginning of the year	814.53	768.01	579.34	1,331.58	623.0
E						



Annexure IX NOTES TO FINANCIAL STATEMENTS

1. BACKGROUND

Muthoot Vehicle & Asset Finance Ltd. (formerly known as Muthoot Leasing & Finance Ltd.) was incorporated as a public limited Company on 08.06.1992. The company has made considerable forays into financing for vehicles, equipments for infrastructure companies, mortgage loans, Traders loans, Business Loans and a variety of loans for consumption. The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 30.11.1998 vide Regn No. A- 16.00042. As per the RBI notification RBI/2018-19/130, DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019 we have been reclassified as NBFC – Investment and Credit Company (NBFC-ICC).

2. SIGNIFICANT ACCOUNTING POLICIES

General

The financial statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 and / or Companies Act, 1956, as applicable. The financial statements are prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The Company follows prudential norms for income recognition; asset classification and provisioning as prescribed by Reserve Bank of India vide Non-Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2016.

Use of Estimates

The preparation of the financial statements requires use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of income and expenses during the reporting period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management evaluation of the relevant facts and circumstances as of the date of the financial statements. Management believes that these estimates and assumptions used are prudent and reasonable. Future results may vary from these estimates.

Property, Plant & Equipment

Fixed assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Depreciation is charged at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Straight Line method. The management estimate the useful life of the fixed assets as follows,

Asset	Years
Buildings	60
Furniture and Fixtures	10
Electrical Fittings	10
Office Equipments	5
Vehicles	10
Computer Systems	3
Temporary Partitions	1

Intangible Assets and Amortisation

Intangible Assets are stated at cost net of amortisation. They are amortised over a period of 5 years over Straight Line Method

Revenue Recognition:

Revenues are recognized and expenses are accounted on accruments with necessary provisions for all known liabilities and losses. Revenue is recognized to the extent it is realizable where the there is the certainty in the ultimate collection. Income from Non-Performing Assets is recognized only when it is realized interest function in respect of hypothecation/ Infrastructure/ Business Development/Personal loan is accounted on constant periodite of the extent interest method. Processing charge relating to each transaction is accounted at the time of the agreement. Interest income on deposits are recognised on time proportionate basis. Income from

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prepaid instrument is recognised when the business transactions were successfully performed and Income from recovery of bad debts is recognised only at the time of actual receipts.

Investments

Investments of the company are classified as long term and current. Those investments which will normally be held till the date of maturity are classified as long term and the other as current investments. Long term investments are valued at cost. Current investments in the form of government securities are valued at cost or market value whichever is less and units of Mutual Funds are valued at their respective Net Asset Value

For the purpose of valuation, the investment in each category is considered scrip wise and the cost or market value is aggregated. If the aggregate market value of the category is less than the aggregate cost, the net depreciation is provided for. If the aggregate market value of the category exceeds the cost, the net appreciation is ignored. Depreciation in one category is not set off against appreciation of another category.

Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are recognised and stated at cost.

Employee Benefits

- (a) Short Term employee benefits such as salaries, wages, bonus and incentive which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the profit and loss account.
- (b) Defined Contribution Plans -

Contributions made to the recognised Provident Fund & Employee State Insurance Corporation are expensed to the Profit & Loss Account. The company's obligation is limited to the amount contributed by it.

(c) Defined Benefits Plan

Gratuity -The Company provides for gratuity covering eligible employees under which a lump sum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Company makes annual contribution to a Gratuity Fund administered by Trustees and separate schemes managed by Life Insurance Corporation of India Limited. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard 15, 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.

Leave Encashment provided for in the accounts on the basis of actuarial valuation

Taxes on Income Borrowing

Borrowing costs are expensed in the absence of outlay on qualifying assets

Segment Reporting

In the absence of more than one distinguishable business/ geographical segment, the segment information is not given

Taxes on Income

Income Tax expenses comprises of current tax and deferred tax (asset or liability). Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961. Deferred tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual example of their espective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities are offset wherever the company has a legally enforceable right to set off current tax assets

against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets or their value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

Provisions, Contingent Liabilities & Contingent Assets

Provisions, Contingent Liabilities & Contingent Assets are recognized only when the Company has present, legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation. Contingent liability is disclosed for

- i) Possible obligations which will be confirmed only by future events not wholly within the control of the Companyor
- ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

Provision for Standard Assets and Non Performing Assets, the Company makes provision for standard assets and non performing assets as per Non-Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2016.

3. Share Capital

Amount in ₹ Lakhs

Details of Share Capital

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Authorised Share Capital					
2,50,00,000 Equity Shares of Rs.10 each	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
(Previous Year 2,50,00,000 Equity Shares of Rs.10/- each)					
Issued, Subscribed and Paid Up					
2,50,00,000 Equity Shares of Rs.10 each (Previous Year 2,50,00,000 Equity Shares of Rs.10/- each)	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00

Rights/ Preferences and Restrictions attached to Shares

The company has only one class of Equity Shares having a par value of Rs ₹10 per share. Upon show of hands, every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him. In the event of liquidation, the equity shareholders are eligible to the remaining assets of the company after all preferential amount in the proportion to their shareholdings.

Reconciliation of number of shares

	31-03	-2019	31-03	-2018	31-03	-2017
Particulars	No of Shares	Amount (₹ In Lakhs)	No of Shares	Amount (₹ In Lakhs)	No of Shares	Amount (₹ In Lakhs)
Shares outstanding at the beginning of the year	2,50,00,000	1530C	2,50,00,000	2,500.00	2,50,00,000	2,500.00
Shares outstanding at the end of the year	2,50,00,000		2,50,00,000	2,500.00	2,50,00,000	2,500.00

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	31-03-2016		31-03-2015	
Particulars	No of Shares	Amount (₹ In Lakhs)	No of Shares	Amount (₹ In Lakhs)
Shares outstanding at the beginning of the year	2,50,00,000	2,500.00	2,50,00,000	2,500.00
Shares outstanding at the end of the year	2,50,00,000	2,500.00	2,50,00,000	2,500.00

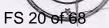
List of shareholders holding more than 5% of Share Capital

Name	31-03-:	31-03-2019		31-03-2018		31-03-2017	
	No of Shares	% of holding	No of Shares	% of holding	No of Shares	% of holding	
M.G.George Muthoot	50,02,140	20.01	50,02,140	20.01	50,02,140	20.01	
George Thomas Muthoot	50,00,000	20.00	50,00,000	20.00	50,00,000	20.00	
George Jacob Muthoot	50,00,000	20.00	50,00,000	20.00	50,00,000	20.00	
George Alexander Muthoot	50,36,900	20.15	50,36,900	20.15	50,20,900	20.08	

Name	31-03-2	2016	31-03-2015	
	No of Shares	% of holding	No of Shares	% of holding
M.G.George Muthoot	50,02,140	20.01	50,02,140	20.01
George Thomas Muthoot	50,00,000	20.00	50,00,000	20.00
George Jacob Muthoot	50,00,000	20.00	50,00,000	20.00
George Alexander Muthoot	50,20,900	20.08	50,03,900	20.02

4. <u>Reserves and Surplus</u>

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
A) General Reserve					
Opening Balance	86.40	81.40	81.40	81.40	81.40
Add: Transfer from Debenture Redemption Reserve	-	5.00	-	-	-
Closing Balance	86.40	86.40	81.40	81.40	81.40
B) Debenture Redemption Reserve					
Opening Balance	-	5.00	5.00	5.00	5.00
Less: Transfer to General Reserve		5.00	-		
Closing Balance	-	-	5.00	5.00	5.00
C) Statutory Reserve					
Opening Balance	1,955.02	1,751.49	1,582.17	1,422.30	1,303.54
Add: Additions to Reserve	223.60	203.52	169.32	159.88	118.70
Closing Balance	2,178.62	1,955.02	1,751.49	1,582.17	1,422.30
(Statutory Reserve represents the Reserve Fund created under Sec 45 IC of Reserve Bank of India Act 1934)					
D) Surplus in Statement of Profit & Loss					
Opening Balance	4,408.56	3,775.00	3,097.73	2,638.76	2,354.0
Add: Balance from Statement of Profit and Loss	1,117.99	1,017.62	846.60	799.38	593.7
Less: Residual value of assets whose useful life exhausted	-	-	-	-	9.8
Less: Final Dividend Paid	150.00	150.00	-		150.00
Less: Interim Dividend Paid	-	-	-	150.00	
Less: Dividend Distribution Tax	30.83	30.54	-	30.54	30.54
Less: Transfer to Statutory Reserve - 20%	15502860	203.52	169.32	159.88	118.70
Closing Balance	KOC5,127.12	4,408.56	3,775.00	3,097.72	2,638.70
Total (A+B+C+D)	682 0763877	6,449.98	5,612.90	4,766.30	4,147.46



5. Long Term Borrowings

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
From Banks (Note 5.01)					
Secured -	1				
Term Loan from Banks	1,597.15	544.14	-	-	-
(Secured by paripassu charge on non overdue receivables of the company and personal guarantee of promoter/directors and is repayable on demand)					
Secured Redeemable Non Convertible Debenture- Privately Placed Note 5.02)					
(Secured by paripassu charge on the current assets, book debts and receivables of the company.)					
a) From Public	1,282.00	-	-	-	
b) From Directors and Relatives of Directors	10.00	-	4	-	-
c) From Companies	775.00		4	-	-
	3,664.15	544.14	-	4	
Deposits					
Unsecured			1		
a) From Public	5,837.51	3,667.55	3,778.90	1,515.07	3,645.69
b) From Directors and Relatives of Directors	31.96	139.76	78.00	•	52.00
	5,869.47	3,807.31	3,856.90	1,515.07	3,697.69
Unsecured Loan					
Loans From Directors and Relatives of Directors	5,715.00	+		-	-
	15,248.62	4,351.44	3,856.90	1,515.07	3,697.69

5.01 Secured Loan from Bank - Term Loan

As on	Bank Name	Facility Type	Terms of Repayment	Primary /Collateral	Details of Security	Sanctioned Amount	Outstanding Amount
	HDFC Bank	Term Loan	24 Monthly Installments, EMI needs to be serviced by 07th of every month	Primary	Paripassu charge on entire non overdue receivables of the company along with existing banks	1,750.00	546.28
31-03-2019	Catholic Syrian Bank	Term Loan	36 Monthly installments of Rs.69.45 lakhs, monthly interest to be serviced separately as and when debited	Primary	Paripasu charge on current asset and receivables of the company with other lenders under Multiple Banking Arrangement	2,500.00	2,430.56
							2,976.83
31-03-2018	HDFC Bank	Term Loan	24 Monthly Installments, EMI needs to be serviced by 07th of every month	Primary	Paripassu charge on entire non overdue receivables of the company along with existing banks	1,750.00	1,411.52
							1,411.52
31-03-2016	IDBI Bank	Rupee Term Loan		Primary SSOC DT OCHI 82 016	Exclusive charge on the assets/ receivables created out of the term loan	1,500.00	
				J			

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Series Name	Maturity Date	Rate of Interest	Maturity Amount
C-SERIES	13-03-2022	9.75%	76.00
C-SERIES	13-03-2022	9.50%	10.00
B-SERIES	29-12-2021	9.75%	175.00
B-SERIES	29-12-2021	9.50%	50.00
B-SERIES	29-12-2021	9.35%	80.00
B-SERIES	29-12-2021	9.10%	53.00
A-SERIES	23-08-2021	9.50%	327.00
A-SERIES	23-08-2021	9.25%	116.00
A-SERIES	23-08-2021	9.10%	171.0
A-SERIES	23-08-2021	8.85%	75.00
C-SERIES	13-03-2021	9.50%	46.00
B-SERIES	29-12-2020	9.25%	775.00
A-SERIES	23-08-2020	8.75%	73.00
A-SERIES	23-08-2020	8.50%	10.00
A-SERIES	23-08-2020	8.25%	30.00
Grand Total			2,067.00

5.02 Secured Redeemable Non Convertible Debenture - Privately Placed

6. Long Term Provisions

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Provision against Standard Assets	144.76	120.11	50.72	20.71	20.50
Provision for Non-Performing Assets	72.10	60.47	40.19	14.11	10.52
Provision for Leave Encashment	13.82	13.75	10.46	12.96	15.12
	230.68	194.33	101.37	47.77	46.13

7. Short Term Borrowings

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Secured					
Loans repayable on demand from Banks: (Note 6.01)					
Cash Credit from Banks	14,499.40	11,373.82	3,472.99	1,184.88	900.45
(Cash Credit from Banks are secured against Current assets and loans and advances, including future receivables by way of paripassu floating charge, personal guarantee of promoter/directors and is repayable on demand.)					-
Unsecured					
Loan From Directors and Relatives of Directors		7,150.00	-	-	2,410.00
	1499.40	18,523.82	3,472.99	1,184.88	3,310.45



7.01 Loan repayable on demand from Banks

As on	Bank Name	Facility Type	Terms of Repayment	Primary /Collateral	Details of Security	Sanctioned Amount	Outstanding Amount
31-03-2019	Axis Bank	CC/ WCDL	CC: On demand WCDL: WCDL would be provided for a minimum period of 1 months & maximum period of 6 months	Primary	Paripasu first charge on the entire current assets (Including long term receivables) of the company	2,000.00	2,000.00
	IDBI Bank	CC/ WCDL	CC: On demand WCDL: On Due Dates	Primary	Pari passu first charge on entire current assets (including long term receivables) of the company.	2,500.00	2,478.38
	Yes Bank	WCDL/ STL	Bullet repayment of principal at the end of the tenor, interest to be serviced monthly.	Primary	Pari passu charge on standard book debts and receivables with 1.15x cover in line with existing pari passu charge holders	5,000.00	5,000.00
	Dhanlaxmi Bank	CC/ WCDL	CC: On demand WCDL: WCDL Tenure for tranche - Max 90 Days	Primary	Pari pasu charge on entire current assets (existing & proposed) of the company including loan receivables with a margin of 25%	2,000.00	1,997.82
31-03-2018	Karur Vysya Bank	CC/ WCDL	CC: Through operations in the account WCDL: Bullet payment for a period of 30 days to 150 days from the date of disbursement, Interest to be debited as and when debited	Primary	First Paripassu charge on current assets, book debts, loans and advances including receivables with a margin of 15%	1,500.00	1,023.20
	Federal Bank	CC/ WCDL	CC/WCDL: Lumpsum	Primary	Pari passu charge on entire current assets of the company with other lenders in the multiple banking arrangement	2,000.00	2,000.00
							14,499.40
	Axis Bank	CC: On demand WCDL: WCDL would be provided for a minimum period of 1 months & maximum period of 6 months		Primary	Paripasu first charge on the entire current assets (Including long term receivables) of the company	1,000.00	386.81
	IDBI Bank	CC/ WCDL	CC: On demand WCDL: On Due Dates	Primary	Pari passu first charge on entire current assets (including long term receivables) of the company.	2,500.00	2,480.42
	Yes Bank	WCDL/ STL	Bullet repayment of principal at the end of the tenor, interest to be serviced monthly.	Primary	Pari passu charge on standard book debts and receivables with 1.15x cover in line with existing pari passu charge holders	5,000.00	3,000.00

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	Dhanlaxmi , Bank	CC/ WCDL	CC: On demand WCDL: WCDL Tenure for tranche - Max 90 Days	Primary	Pari pasu charge on entire current assets (existing & proposed) of the company including loan receivables with a margin of 25%	2,000.00	2,000.00
	Federal Bank	CC/ WCDL	CC/WCDL: Lumpsum	Primary	Pari passu charge on entire current assets of the company with other lenders in the multiple banking arrangement	2,000.00	2,006.59
	Karur Vysya Bank	CC/ WCDL	CC: Through operations in the account WCDL: Bullet payment for a period of 30 days to 150 days from the date of disbursement, Interest to be debited as and when debited	Primary	First Paripassu charge on current assets, book debts, loans and advances including receivables with a margin of 15%	1,500.00	1,500.00
	2						11,373.82
31-03-2017	Axis Bank	CC/ WCDL	CC: On demand WCDL: WCDL would be provided for a minimum period of 1 months & maximum period of 6 months	Primary	Paripasu first charge on the entire current assets (Including receivables) of the company	1,000.00	991.42
	IDBI Bank	CC/ WCDL	CC: On demand WCDL: On Due Dates	Primary	Paripassu first charge on the entire current assets of the company except those that are exclusively charged to any banks/lenders.	2,500.00	2,481.57
							3,472.99
31-03-2016	Axis Bank	сс	CC: On demand WCDL: WCDL would be provided for a minimum period of 1 months & maximum period of 6 months	Primary	Paripasu first charge on the entire current assets (Including receivables) of the company	1,000.00	200.25
	IDBI Bank	OD	CC: On demand WCDL: On Due Dates	Primary	Paripassu first charge on the entire current assets of the company except those that are exclusively charged to any banks/lenders.	1,000.00	984.63
							1,184.88
31-03-2015	Axis Bank	CC/ WCDL	CC: On demand WCDL: WCDL would be provided for a minimum period of 3 months & maximum period of 6 months	Primary	Paripasu first charge on the entire current assets (Including receivables) of the company	2,500.00	
	IDBI Bank	CC/ WCDL	CC: On demand WCDL: On Due Dates KOC	HI	Pari passu first charge on entire current assets of the company	2,500.00	900.45
			F 682				900.45

8. Trade Payables

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Creditors for Expenses					
- Due to creditors other than micro, medium and small enterprises	53.30	48.62	49.50	23.73	24.50
Creditors for Capital Goods	7.56	0.14	0.08	9.71	0.91
	60.86	48.76	49.57	33.44	25.41

9. Other Current Liabilities

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Current Maturities of Long Term Borrowings:					
A) Term Loan from Banks	1,379.68	867.39			
(Secured by paripassu charge on non overdue receivables of the company and personal guarantee of promoter/directors and is repayable on demand)					
B) Deposits (Unsecured):					
a) From Public	4,906.77	7,624.39	6,862.99	3,615.29	5,793.48
b) From Directors and Relatives of Directors	65.00	378.90	339.36	177.24	60.26
b) From Companies	7.70	40.00	62.96	-	-
Interest accrued and due on deposits, debenture and borrowings	136.88	89.29	15.04	38.95	134.29
Interest accrued but not due on deposits, debenture and borrowings	558.83	632.38	750.47	866.78	1,031.70
Unpaid Dividend	0.15	0.11	0.13	0.22	0.05
Matured but unclaimed Deposits - Public	207.59	165.18	55.84	136.33	127.24
Interest on unclaimed matured deposits	42.32	16.87	17.69	29.20	19.05
Prefunding for Mobile wallet	192.26	260.05	209.45	192.81	
Prepaid Instrument	133.38	96.20	81.50	41.19	9.79
Statutory liabilities	43.30	33.55	29.67	10.59	24.21
Other Liabilities	43.03	104.03	26.78	40.57	12.71
	7,716.89	10,308.33	8,451.89	5,149.16	7,212.77

10. Short Term Provisions

Provision for Taxation	425.23	416.42	446.98	3,006.47	2,607.65
the second s			440.20	5,000.47	2,007.05
Provision for Festival Bonus	49.23	16.13	20.60	11.00	-
Provision against Standard Assets	49.62	33.81	20.60	13.59	20.01
Provision for Non-Performing Assets	46.00	16.66	23.42	36.43	64.27
Provision for Leave Encashment	11.09	7.88	-	-	-
Provision for Dividend	-	-	-	-	150.00
Provision for Dividend Tax					30.54
	ASS0	490.90	511.61	3,067.49	2,872.47

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11. Property, Plant and Equipments

Particulars		G	ross Block as o	n	
Lationars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Property, Plant and Equipment					
Land - (Owned Assets)	9.01	9.01	9.01	9.01	9.01
Building - (Owned Assets)	283.62	283.62	283.62	283.62	283.62
Furniture and Fixtures	115.56	125.78	123.24	118.75	86.63
Electrical Fittings	83.56	99.78	100.04	89.46	79.61
Office Equipments	12.10	17.63	17.63	15.12	15.12
Vehicles	38.57	38.57	43.99	43.99	43.99
Computer	129.55	109.92	107.50	93.50	86.84
Temporary Partitions	195.86	169.95	158.79	115.88	87.96
Total	867.84	854.26	843.82	769.33	692.77
Intangible Assets				1	
Software	60.37	51.07	50.57	41.57	30.57
Total	60.37	51.07	50.57	41.57	30.57
Grand Total	928.21	905.33	894.39	810.90	723.35

Particulars		Accumul	ated Depreciat	tion as on	
raniculars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Property, Plant and Equipment				-	
Land - (Owned Assets)	-	-	-	-	
Building- (Owned Assets)	35.66	31.33	35.35	30.98	26.62
Furniture and Fixtures	87.76	93.03	89.02	82.93	76.27
Electrical Fittings	53.34	63.34	63.25	57.64	53.21
Office Equipments	10.80	15.80	13.20	10.79	8.70
Vehicles	38.57	38.57	42.44	42.13	41.81
Computer	107.79	99.14	91.51	84.19	79.28
Temporary Partitions	173.12	161.83	127.89	99.91	87.71
Total	507.04	503.04	462.66	408.56	373.61
Intangible Assets					
Software	45.33	37.50	20.03	16.50	14.14
Total	45.33	37.50	20.03	16.50	14.14
Grand Total	552.38	540.54	482.68	425.07	387.75

Particulars		1	Net Block as or	1	
rarticulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Property, Plant and Equipment					
Land -(Owned Assets)	9.01	9.01	9.01	9.01	9.01
Building -(Owned Assets)	247.97	252.29	248.27	252.64	257.01
Furniture and Fixtures	27.80	32.75	34.22	35.82	10.35
Electrical Fittings	30.22	36.44	36.79	31.83	26.40
Office Equipments	1.30	1.83	4.43	4.33	6.42
Vehicles	-	-	1.56	1.87	2.18
Computer	21.76	10.78	15.98	9.31	7.56
Temporary Partitions	22.74	8.12	30.90	15.96	0.25
	Total 360.79	351.22	381.16	360.76	319.16
Intangible Assets	ASSO CISOA				
Software	& A 3 5 0 C 15.04	13.57	30.55	25.07	16.43
	TotalOCHI -1.04	13.57	30.55	25.07	16.43
Gran	Total 016 575.83	364.79	411.71	385.83	335.59



Particulars	Subsidiary/JV /Associate/Co ntrolled Entity /Others	Fully Paid/ Partly paid	Face Value as at 31.03.2019	Book Value as at 31.03.2019	Face Value as at 31.03.2018	Book Value as at 31.03.2018	Face Value as at 31,03,2017	Book Value as at 31.03.2017	Face Value as at 31.03.2016	Book Value as at 31.03.2016	Face Value as at 31.03.2015	Book Value as at 31.03.2015
I. Quoted at cost												
Investment in Government Guaranteed Bonds	ent Guaranteed	Bonds										
7.95% Power Finance Corporation Bonds	Others	Fully Paid		4	1	ī		1			100.00	100.00
7.87% Kerala State Development Loan	Others	Fully Paid	,			1	1	-	100.00	97.80	100.00	97.80
8.40% Andhra Pradesh State Development Loan	Others	Fully Paid	1	i	1	ï	100.00	100.85	100.00	100.85	100.00	100.85
8.30% Maharashtra State Development Loan	Others	Fully Paid			1	T	100.00	97.90	100.00	97.90	100.00	97.90
9.81% Punjab State Development Loan	Others	Fully Paid					,		100.00	101.60	100.00	101.60
7.45% Andhra Pradesh State Development Loan	Others	Fully Paid	100.00	98.95	100.00	98.95	100.00	98.95	100.00	98.95	100.00	98.95
08.26% Govt of India Bonds	Others	Fully Paid	100.00	100.20	100.00	100.20	100.00	100.20	100.00	100.20	100.00	100.20
08.26% Govt of India Bonds	Others	Fully Paid	100.00	99.05	100.00	99.05	100.00	99.05	100.00	99.05	100.00	99.05
08.26% Govt of India Bonds	Others	Fully Paid	100.00	99.30	100.00	99.30	100.00	99.30	100.00	99.30	100.00	99.30
08.26% Govt of India Bonds	Others	Fully Paid	100.00	97.80	100.00	97.80	100.00	97.80	100.00	97.80	100.00	97.80
9.03% Kerala State Development Loan	Others	Fully Paid	1			1		1	100.00	101.90	100.00	101.90
8.89% Gujarat State Development Loan	Others	Fully Paid				1		-1-	50.00	50.80	50.00	50.80
8.90% Karnataka State Development Loan	Others	Fully Paid			ī	1	1	1	50.00	50.83	50.00	50.83
8.58% Gujarat State Development Loan	Others	Fully Paid	100.20	100.70	100.20	100.70	100.20	100.70	100.20	100.70	100.20	100.70
7.95% Tamil Nadu State Development Loan	Others	Fully Paid	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
8.59% Tamil Nadu State Development Loan	Others	Fully Paid	60.00	61.94	60.00	61.94	60.00	61.94	60.00	61.94	60.00	61.94
8.66% Tamil Nadu State Development Loan	Others	Fully Paid	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8.94% Gujarat State Development Loan	Others	Fully Paid	i		Re mo	10			100.00	99.40	100.00	99.40
8.75% Tamil Nadu State Development Loan	Others	Fully Paid	100.00	97.95	000000	6 mp7.95	100.00	97.95	100.00	97.95	100.00	97.95

12. Non Current Investments

								100				
1950.47	1950.20	1800.47	1800.20	1331.61	1160.20	1558.38	1293.20	1456.76	1343.20			Sub Total (A)
50.00	50.00	1		177.02		269.42	,	117.91		t purpose	Bank for SLR	Total Investment in FD with Bank for SLR purpose
				,		1	1	50.00			Others	Yes Bank @7.85%
							,	26.74			Others	Federal Bank @7.50%
			1					41.18			Others	Federal Bank @7.50%
		1				20.00					Others	Federal Bank @7.10%
	i.					198.63					Others	Federal Bank @7.26%
	-					50.79					Others	Yes Bank @6.95%
				46.00	,						Others	Yes Bank @7.15%
				81.00		1					Others	Yes Bank @7.15%
	•			50.02	1			,			Others	Karur Vysya Bank @7.00%
50.00	50.00			i		1					Others	FD With Banks
1900.47	1900.20	1800.47	1800.20	1154.59	1160.20	1288.96	1293.20	1338.84	1343.20	s for SLR purpose	Bank	Total Investment in Government Securities for SLR purpose II. Fixed Deposit with Bank
						,		9.90	10.00	Fully Faid	Chicis	Development Loan
		,		1		1		39.96	40.00	Fully Paid	Others	Development Loan 8.25% Bihar State
		1	1	1		80.92	81.00	80.92	81.00	Fully Paid	Others	7.77% West Bengal State Development Loan
	,		•			99.85	100.00	99.85	100.00	Fully Paid	Others	7.55% Madhya Pradesh State Development Loan
	1	,		1	1	17.03	17.00	17.03	17.00	Fully Paid	Others	7.19% Kerala State Development Loan
	1		-	,	1	35.07	35.00	35.07	35.00	Fully Paid	Others	7.20% West Bengal State Development Loan
			1		,	100.25	100.00	100.25	100.00	Fully Paid	Others	7.59% Karnataka State Development Loan
	,	1	4	59.94	60.00	59.94	60.00	59.94	60.00	Fully Paid	Others	7.20% Karnataka State Development Loan
100.75	100.00	100.75	100.00	1						Fully Paid	Others	9.49% Tamil Nadu State Development Loan
102.75	100.00	102.75	100.00	,	1	1	1	r.		Fully Paid	Others	9.72% Kerala State Development Loan

	1	V	P	
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Total	Investment Property	Aggregate amount of unquoted investments	Aggregate amount of quoted investments	Fixed Deposit with Bank (For SLR)	Particulars		Let out Building	Let out Building	Total (A+B)	Total Investment in Unquoted Securities (B)	Muthoot Homefin Ltd	Muthoot Commodities Ltd	Muthoot Securities Ltd	Treasury Deposit Ott	Treasury Deposit Ott	Treasury Deposit Ott	Treasury Deposit Ott
		d investments	nvestments	SLR)	culars					1 Securities (B)				Others Fully Paid	Others Fully Paid	Others Fully Paid	Others Fully Paid
1470.29	10.83	2.70	1338.84	117.91	Book Value or Cost	As a		_	1345.90	2.70				aid	aid 2.00	aid 0.50	
1343.20	33	70	84 1343.20	16	r Market Value*	As at 31.03.2019	10.83	10.83	90 1459.46	70 2.70	•	,	1	1	00 2.00	50 0.50	0.10 0.10
1572.01	10.83	2.80	1288.96	269.42	Book Value or Cost	As at 31.03.2018			1296.00	2.80					2.00	0.50	0.10
1293.20			1293.20		Market Value*	.03.2018	10.83	10.83	1561.18	2.80		4		•	2.00	0.50	0.10
1345.74	10.83	3.30	1154.59	177.02	Book Value or Cost	As at 31-03-2017			1163.50	3.30		4		1	2.00	1.00	0.10
1160.20			1160.20		Market Value*	03-2017	10.83	10.83	1334.91	3.30					2.00	1.00	0.10
1986.20	10.83	174.90	1800.47		Book Value or Cost	As at 31.10.2016			1975.10	174.90	170.00			1.50	2.00	1.00	0.20
1800.20			1800.20		Market Value*	.10.2016	10.83	10.83	1975.37	174.90	170.00		4	1.50	2.00	1.00	0.20
2336.20	10.83	374.90	1900.47	50.00	Book Value or Cost	As at 31-03-2015			2325.10	374.90	170.00		200.00	1.50	2.00	1.00	0.20
1950.20			1950.20		Market Value*	03-2015	10.83	10.83	2325.37	374.90	170.00		200.00	1.50	2.00	1.00	0.20

National Saving Certificate

Others

Fully Paid

0.10

0.10

0.20

0.20

0.20

0.20

0.20

0.20

0.20

0.20

III. Unquoted Investment

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13. Long Term Loans and Advances

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Security Deposit (Unsecured)	41.10	37.35	39.41	45.40	50.67
Loans & Advances to Related Parties					
Secured					
Loan against Hypothecation	269.47	172.93	27.25	-	
Unsecured					
Personal Loan	-		5.93	-	-
Other Loans & Advances					
Secured					
Loan against Hypothecation	30,739.61	28,442.66	14,503.85	6,318.37	6,025.30
Infrastructure Loan	-	-	-	20.27	588.65
Business Development Loan	1,158.67	1,440.24	144.25	340.29	761.96
Unsecured					
Personal Loan	34.47	20.74	16.84	85.85	509.03
	32,243.32	30,113.92	14,737.52	6,810.16	7,935.61

(Long term loans and advances include Non-Performing Assets for the financial year ended 31-03-2019, 31-03-2018, 31-03-2017, 31-03-2016 and 31-03-2015 are ₹ 245.62 Lakhs, ₹ 48.95 Lakhs, ₹ 206.32 Lakhs, ₹ 140.22 lakhs, and ₹ 93.96 Lakhs respectively).

14. Current Investments

Particulars	Subsidiary/JV/Associate/ Controlled Entity /Others	Book Value as at 31.03.2019	Book Value as at 31.03.2018	Book Value as at 31.03.2017	Book Value as at 31.03.2016	Book Value at on 31.03.2015
I. Fixed Deposit with Bank						
Karur Vysya Bank @7.00%	Others	-	-	99.99	-	-
YES Bank - 7.15 %	Others		-	99.99		-
Karur Vysya Bank @7.00%	Others	-		99.00		
YES Bank - 7.10 %	Others	-	-	99.00		-
YES Bank - 7.15 %	Others	-	86.34	-		
YES Bank - 7.15 %	Others	-	49.03			
Karur Vysya Bank - 6.90 %	Others	-	50.00	-	-	
Karur Vysya Bank - 6.75 %	Others	-	99.99	÷	-	
YES Bank @6.95%	Others	54.04	-	-	-	
Federal Bank @7.26%	Others	211.96	-	-	-	
Federal Bank@7.00%	Others	26.53	-	-	-	
Yes bank @ 7.10%	Others	52.46	-	-	-	
HDFC Bank @7.00%	Others	50.00		-		
Federal Bank @7.30%	Others	27.37	-	-	-	
HDFC Bank @7.40%	Others	100.00	-	-		
Total Investment in FD with Bank fo	r SLR purpose	522.36	285.36	397.98	-	



15. Cash and Cash Equivalents

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Balance with Banks					
In Current accounts	790.43	491.73	634.30	292.12	1,286.80
In Deposit accounts	154.10	277.39	102.29	207.84	2.11
Cash in hand	87.23	45.29	31.29	79.16	42.63
Balances with Banks for Unpaid Dividend	0.15	0.11	0.13	0.22	0.05
	1,031.92	814.53	768.01	579.34	1,331.58

16. Short Term Loans and Advances

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Loans & Advances to Related Parties					
Secured					
Loan against Hypothecation	79.11	44.88	15.80	-	-
Unsecured					
Personal Loan		5.93	12.50	-	-
Other Loans & Advances					
Secured					
Loan against Hypothecation	9,822.94	7,787.42	5,564.57	3,677.71	3,726.69
Infrastructure Loan	-	-	16.89	31.85	398.49
Business Development Loan	674.59	512.63	154.91	192.07	375.88
Traders Loan	-	-	-	-	331.86
Unsecured					
Personal Loan	32.54	25.96	83.24	992.24	3,814.71
Loans against Deposits*	9.01	16.73	36.61	38.25	136.49
Contribution To Gratuity Fund	7.91	17.73	-	-	-
-	10,626.11	8,411.27	5,884.51	4,932.11	8,784.11

(Short term loans and advances include Non-Performing Assets for the financial year ended 31-03-2019, 31-03-2018, 31-03-2017, 31-03-2016 and 31-03-2015 are ₹ 398.60 Lakhs, ₹ 311.89 Lakhs, ₹ 234.21 Lakhs, ₹ 364.31 lakhs, and ₹ 642.74 Lakhs respectively).

17. Other Current Assets

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Asset acquired in satisfaction of debt	500.70	373.60	365.03	535.88	320.50
Security Deposit with court	27.70	28.78	14.27	14.12	9.73
Repossessed Assets	251.21	72.63		-	-
Commission Receivable		0.04		-	0.34
Rent Receivable	0.98	1.08	0.85	0.84	0.93
Interest receivable	555.12	407.58	261.42	70.91	141.85
Income Tax Refund Due	50.55	32.73	30.84	-	-
Advance Tax Paid	+ ASSO G9 05	359.93	307.19	2,920.48	2,554.71
Other Advances	× KOCHI 13602	4.65	9.93	2.65	22.51
	1,913/54	1,281.02	989.52	3,544.88	3,050.58

PROFIT AND LOSS STATEMENT

18. <u>Revenue from Operations</u>

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Interest on Loans	5,906.85	4,066.17	2,564.18	2,526.60	3,260.73
	5,906.85	4,066.17	2,564.18	2,526.60	3,260.73

19. Other Income

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Service Charge from loans	386.63	357.89	138.56	72.62	57.68
Income related to PPI Business	320.26	372.13	275.06	66.69	
Interest from Investments	108.01	99.83	128.85	164.08	168.79
Interest from Banks (Other than PPI Business)	45.98	37.77	11.39	13.09	12.54
Interest from Banks (PPI Business)	12.77	11.16	11.95	6.27	
Bad Debts recovered	329.53	463.28	726.16	530.09	412.77
Profit on sale of Investment	-	2.10	26.09	38.80	
Profit on sale of Fixed Assets	0.20	2.22	2.80	1.24	1.43
Dividend from Mutual fund		-	0.07	1.18	2.91
Profit on sale of Mutual Fund	-		-	0.00	
Insurance Surrender Value		55.33	-	4	
Rent received	10.92	9.87	9.66	9.66	8.61
Miscellaneous Income	3.94	1.48	2.66	29.11	14.13
Provision Written Back - Standard Asset		-	-	6.21	-
Provision Written Back - NPA	-		-	24.25	78.36
	1,218.25	1,413.05	1,333.23	963.29	757.22

20. Interest on Deposits & Debentures

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Interest on Deposits & Debentures	990.53	964.58	774.75	830.45	1,346.37
Interest Paid On Application Money	10.97	-	-	-	
Interest on Secured Bonds	72.25	-	-	-	-
	1,073.75	964.58	774.75	830.45	1,346.37

21. Operating Expenses

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Expense related to PPI Business	217.37	233.18	183.63	12.71	
Rent	34.65	33.71	40.11	35.38	35.54
Electricity charges	18.99	18.74	17.79	16.73	15.02
Commission & Incentives	250.85	393.00	125.49	32.14	10.82
Bank charges (Other Than PPI Business)	38.45	26.19	10.71	12.49	6.98
Bank charges (PPI Business)	LSS 043	11.64	5.04	-	-
Communication Expenses	16.39	12.78	14.31	14.64	16.86
Legal & Professional charges	(KOCHI 867	57.34	60.68	32.53	45.01
	662.98	786.59	457.77	156.61	130.23

22. Employee Benefits

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Salaries and Allowances (Other than PPI Business)	743.00	515.92	502.61	448.04	403.75
Salaries and Allowances - PPI Business	57.55	52.69	46.33	-	-
Staff Incentive (Other than PPI Business)	200.34	260.42	246.98	123.48	106.38
Staff Incentive- PPI Business	3.10	7.58	4.17		
Contribution to Provident Fund and ESI	52.74	39.82	32.69	28.90	27.94
Staff welfare expenses	10.56	4.28	3.34	2.33	1.64
Leave Encashment	5.59	14.27	2.69	2.00	0.47
Gratuity	19.26	(3.42)	9.38	6.76	5.05
	1,092.16	891.56	848.18	611.50	545.23

23. Finance Costs

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Interest to Bank	1,517.08	625.00	114.18	73.07	17.61
Other Borrowing Costs	557.25	317.60	-	108.87	130.53
Interest on Delayed payment of Advance Tax	0.33	3.11	11.66	12.54	10.45
	2,074.66	945.71	125.84	194.48	158.60

24. Other Expenses

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Payments to the Auditor as:					
a) Auditor	4.24	2.04	1.90	1.75	1.94
b) For Taxation matters	-		0.13	0.13	0.13
b) For Certification/Representation	0.26	0.10	0.59	1.23	1.74
Directors Remuneration	16.81	17.37	17.55	12.27	3.37
Repairs and maintenance	19.64	13.39	18.24	13.65	13.68
Rates and taxes	56.16	52.59	28.24	16.92	7.40
Insurance	8.78	5.59	5.35	4.92	5.05
Travelling expense	35.27	24.60	32.44	18.82	11.59
Donation	-	-	3.75	2.50	2.00
CSR Expenditure	10.00	6.00		4	-
Sitting Fee	12.35	10.00	7.85	5.51	2.11
Membership Fee	1.84	0.84	1.23	1.03	0.84
Advertisement and Business Promotion	6.16	6.19	6.70	7.66	5.83
Office Expenses	15.64	15.89	15.35	11.20	11.45
Loss on Sale of SLR Securities	-	0.85	8.63	-	
Loss on Sale of Fixed Assets	0.69	1.61	-	-	
Outsourcing Expenses	89.04	33.83	29.76	27.16	33.69
Miscellaneous expenses	14.92	3.55	3.89	2.84	3.94
	ASS 091 78	194.43	181.58	127.57	104.76



25. Loan Losses and Provisions

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Provision for Non-Performing Assets	40.98	13.52	13.06	-	-
Provision for Standard Assets	40.46	82.60	37.03	-	2.65
Bad Debts Written Off	272.54	119.03	128.42	333.20	812.30
	353.98	215.14	178.52	333.20	814.94

26. Prior Period Items

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Excess depreciation charged in the earlier years written back	-	(13.97)	-	-	
	-	(13.97)	-	-	-

27. Related Party Disclosures

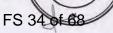
Transactions During the Year

Key Management Personnel

Name	2018-19	2017-18	2016-17	2015-16	2014-15
M.G.George Muthoot	No	No	No	No	No
George Alexander Muthoot	Yes	Yes	Yes	Yes	Yes
Anna Alexander	Yes	Yes	Yes	Yes	Yes
George Thomas Muthoot	Yes	Yes	Yes	Yes	Yes
Jose Mathew	Yes	Yes	Yes	Yes	Yes
K.J Joseph	Yes	Yes	Yes	Yes	Yes
K.P.Padmakumar	Yes	Yes	Yes	Yes	Yes
George M George	Yes	Yes	Yes	Yes	No
George M Jacob	Yes	Yes	Yes	Yes	No
George Jacob Muthoot	No	No	No	No	No
George Oommen K	Yes	No	No	No	No
Geena Thomas	Yes	Yes	Yes	Yes	No
Jibin Kuruvila	No	Yes	Yes	Yes	No
Hanna P Nazir	Yes	Yes	No	No	No
Arya Devu P V	Yes	No	No	No	No

Relatives of Key Management Personnel

Name	2018-19	2017-18	2016-17	2015-16	2014-15
Elizebath Jacob	Yes	Yes	Yes	Yes	Yes
M G George Muthoot	YSSO	Yes	Yes	Yes	Yes
Sara George	2 ps	F Yes	Yes	Yes	Yes
Susan Thomas	Ses682 01		Yes	Yes	Yes



Jayasree Padmakumar	Yes	Yes	Yes	Yes	Yes
Lucila Jose	Yes	Yes	No	Yes	Yes
Anna Thomas	Yes	Yes	Yes	No	No
Theresa Joseph George	Yes	Yes	Yes	No	No
Valsa Kurien	No	No	No	Yes	Yes
George Jacob Muthoot	Yes	Yes	No	No	No
Joshua Muthoot George	Yes	Yes	No	No	No
Malini Kochakan Chacko	Yes	No	No	No	No
George Muthoot Alexander	Yes	No	No	No	No

Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates

Name	2018-19	2017-18	2016-17	2015-16	2014-15
Muthoot Finance Limited	Yes	Yes	Yes	Yes	Yes
Muthoot Precious Metals Corporation	Yes	Yes	Yes	Yes	No
Muthoot Securities Ltd	Yes	Yes	Yes	Yes	No
Muthoot Health Care Pvt Ltd	Yes	Yes	Yes	No	No
Muthoot M George Foundation	Yes	Yes	Yes	Yes	Yes
Muthoot M George Institute of Technology	Yes	Yes	Yes	No	No
Muthoot Educational Trust	Yes	Yes	No	No	No
Muthoot Homefin (I) Ltd.	No	No	Yes	No	No
Muthoot Commodities Ltd	No	No	No	No	Yes

Income & Expenditure

Key Management Personnel

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Income					
Interest from Loan Against Debentures	-	-	-	-	0.26
	=	-	-	-	0.26
Expenditure					
Commission Paid	-	-	-	-	3.00
Interest on deposits/ Debentures	26.36	24.16	16.56	5.66	8.22
Interest on Loan from Directors	294.25	156.18	-	108.87	130.53
Remuneration	16.81	17.37	17.55	12.27	-
Sitting Fees	12.35	10.00	7.85	5.51	2.11
Salaries & Allowances	36.82	14.17	15.39	7.56	
	386.59	221.88	57.35	139.86	143.87



Relatives of Key Management Personnel

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Income Interest from Loans	3.65	2.31	0.36	-	_
	3.65	2.31	0.36	-	-
Expenditure					
Interest on deposits/ Debentures	17.49	11.43	- 10.73	6.86	7.25
Interest on Loan from Relatives	261.90	161.41	-	-	-
	279.39	172.85	10.73	6.86	7.25

Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Income					
Commission Received	0.05	0.09	-		-
Rent Income	10.92	9.87	9.66	9.66	8.61
Interest from Loans	27.02	10.61	0.96	-	
Processing Charges from Loans	0.02	-	-		-
	38.01	20.57	10.62	9.66	8.61
Expenditure					
Commission Paid	124.39	136.21	131.76	20.70	
CSR Expenditure	10.00	6.00		-	
Donation	-	-	3.00	2.50	2.00
Interest on deposits/ Debentures	36.15	97.08	98.67	9.39	-
Reimbursement of Expenses	1.72	1.52	1.13	-	-
Demat account advisory services	7.75		-	-	
	180.01	240.81	234.57	32.59	2.00

Assets & Liabilities

Key Management Personnel

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Assets					
Loan Against Debentures	-	-		-	
	-	-	-	-	
Liabilities					
Deposits	37.24	378.41	283.49	68.24	57.00
Interest Payable on Deposits/Debentures	7.62	16.13	10.85	3.17	5.9
Loan from Directors	4,700.00	4,500.00	-	-	2,410.00
Interest on Loan from Directors	SSO		-		130.53
Nonconvertible Debentures	\$ 10.00	E -		-	-
	>4,754-86	m 4,894.54	294.34	71.41	2,603.45



Relatives of Key Management Personnel

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Assets				1	
Interest receivable on Loan	0.16	0.16	0.08		
Loan Outstanding	35.34	43.33	18.62	-	
	35.50	43.49	18.70	-	-
Liabilities					
Deposits	59.72	140.25	133.87	109.00	55.26
Interest Payable on Deposits/Debentures	11.63	7.16	3.05	4.77	4.26
Loan from Relatives	1,015.00	2,650.00	-	-	
Nonconvertible Debentures	-	-		-	
	1,086.35	2,797.41	136.92	113.77	59.52

Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Assets					
Commission Receivable	-	0.04	-		
Interest receivable on Loan	1.88	1.00	0.38		
Investment in Equity Shares	-	-		170.00	370.00
Loan Outstanding	313.24	180.40	42.85		
Rent Receivable	0.98	1.08	0.85	0.84	0.93
	316.10	182.52	44.08	170.84	370.93
Liabilities					
Commission Payable	10.28	10.29	21.81	1.88	
Deposits	230.00	230.00	1,936.00	415.00	
Interest Payable on Deposits/Debentures	23.98	5.22	65.06	8.45	
Prefunding for Mobile Wallet	106.17	132.60	89.97	132.69	
Nonconvertible Debentures	775.00				-
	1,145.42	378.11	2,112.84	558.03	-

28. Contingent Liabilities and Commitments

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
a). Claims against the company not acknowledged as debt					
Demand by Income Tax authorities in appeal pending disposal					
Assessment Year 2009-10	-	-	15.47	15.47	15.47
Assessment Year 2011-12	7.84	7.84	7.84	7.84	7.84
Assessment Year 2013-14	7.43	7.43	7.43	7.43	-
Assessment Year 2014-15	1.01	1.01	-	-	



29. Disclosure in accordance with AS-15 on Employee Benefits

(a) Defined Contribution

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Contribution to Provident Fund	35.77	26.85	25.85	23.18	21.55
Contribution to Employee State Insurance	16.97	12.97	6.84	5.71	6.40
	52.74	39.82	32.69	28.90	27.94

(b) Defined Contribution

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-201
I. Reconciliation of Defined Benefit Obligation (DBO)			-		
Present value of DBO at start of year	46.07	51.31	-		
Current Service Cost	7.14	4.82	-		
Interest Cost	2.95	3.08	-		
Benefits Paid	(0.53)	(5.64)	-	-	
Actuarial Loss/(Gain)	13.32	(7.51)	-	-	
Present value of DBO at end of year	68.95	46.07	-		
2. Reconciliation of Fair value of Plan Assets	-	-			
Fair Value of Plan Assets at start of year	63.80	51.31	-		
Contributions by Employer	9.44	14.32	-	-	
Benefits Paid	(0.53)	(5.64)	-	-	
Expected Return on Plan Assets	4.15	2.99	-	-	
Actuarial (Loss)/Gain	-	0.81	-	-	
Fair Value of Plan Assets at end of year	76.86	63.80	-		
Actual Return on Plan Assets	4.15	3.80	-		
Expected Employer Contributions next year	9.00	30.00		-	
	-	-			
. Expenses recognised in the Profit and Loss Account					
Current Service Cost	7.14	4.82		-	
Interest Cost	2.95	3.08	-	-	
Expected Return on Plan Assets	(4.15)	(2.99)	-	-	
Actuarial Loss/(Gain)	13.32	(8.33)		+	
Employer Expense	19.26	(3.42)	-	-	
. Net Liability/ (Asset) recognised in the Balance Sheet					
Present Value of DBO	68.95	46.07	-	(4) (4)	
Fair Value of Plan Assets	76.86	63.80	-	-	
Net Liability/ (Asset)	(7.91)	(17.73)	-		
Less: Unrecognised Past service cost	-				6
Liability/ (Asset) recognised in the Balance Sheet	(7.91)	(17.73)	-		
Of which, Short term Provision	-	-			
. Percentage Break-down of Total Plan Assets					
Insurer Managed Funds - non unit linked	+ SSO	100.00%	-	-	
Insurer Managed Funds - unit linked	KOCHI0.000	0.00%	-	-	
Total	100%	100%			

. Experience Adjustments					
Defined Benefit Obligation	68.95	46.07		-	
Fair Value of Plan Assets	76.86	63.80	-	-	
Surplus/ (Deficit)	7.91	17.73	-	-	
Exp Adj on Plan Liabilities: (Gain)/ Loss	13.32	NA	-	-	
Exp Adj on Plan Assets: (Gain)/ Loss	NA	NA	-	-	
Actuarial Assumptions					
Salary Growth Rate	5.0%	5.0%	-	-	
Discount Rate	6.4%	6.4%	-	-	
Withdrawal/ Attrition Rate	43.0%	43.0%	-	-	
Expected Return on Plan Assets	6.0%	6.0%	-	-	

*Company used to pay the premium as demanded by LIC every year & also was following the valuation provided by LIC. Hence the fund value was always on a higher side

30. Frauds during the years

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Frauds detected and reported	-	-	33.62*	13.00#	-
			55.02	15.00#	

*fraud committed by employee and outsider of the company #fraud committed by distributor of PPI business of the company

31. Details Of Rates Of Dividend

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Class of Shares					
Equity Share Capital	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
(Face value @ Rs 10/- per Share)					

Dividend

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Rate on the face value	6%	6%	6%	6%	6%
Amount	150.00	150.00	150.00	150.00	150.00
Dividend Tax	30.54	30.54	30.54	30.54	30.54



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32. Basic and Diluted Earnings per share (EPS), of face value of Rs 10/-

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Numerator					-
Net Profit for the year	1,117.99	1,017.62	846.60	799.38	593.78
Denominator					
Weighted average number of equity shares outstanding during the year	250.00	250.00	250.00	250.00	250.00
Earnings per Share (Annualised)	4.47	4.07	3.39	3.20	2.38

33. Major Components of Deferred Tax Asset/Deferred Tax Liability are:-

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Depreciation	9.31	7.52	0.23	3.59	9.52
Provision for NPA	34.39	22.24	22.01	17.49	24.27
Provision for Leave Encashment	-	-	-	4.48	4.90
Provision for Gratuity	(2.30)	(5.11)	4	-	-
Net DTA/DTL	41.40	24.65	22.24	25.57	38.70

34. The details of provisions as per AS -29 are given below

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Provision for Taxation	425.23	416.42	446.98	3,006.47	2,607.65
Provision for NPA	118.11	77.12	63.61	50.54	74.79
Provision for Standard Assets	194.38	153.92	71.32	34.29	40.51
Provision for Leave Encashment	24.91	21.63	10.46	12.96	15.12



35. Disclosure of Restructured Accounts

Type of Restructuring Type of Restructuring Under SME base Total Tot	Type of Retructuring benchantsen Type of Retructuring and red Tuber CORM Tuber SDBA Retructuring Anticentific Anticentific Anticentific Tuber CORM Tuber SDBA Retructuring Anticentific Anticentific Tuber SDBA Retructuring Anticentific Tuber SDBA Retructuring Anticentific													Ass	As at 31-03-2019	2019							
A standard definition of the problem of the pr	Alternative constraints Alternative co		Type of Restructur	ing	Une	ler CI	R Me	chanis	E	Un	der Sl testrue Mechi	ME D cturin anism	g			Others					Total		
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	Details Details No Details No	SI. No.	Asset Classificatio	uq	Standard	ib-standard	Doubtful	ssoJ	IntoT						ib-standard	Doubtful	Loss	latoT	Standard	brebnete-di	Doubtful	220.J	letoT
Retricted Accounts on Arbit of the FY (opendig (gauss) Mode of borrowers	Refinement of containing the Y (spring theory) Root of between Root of betw		Details			ns					ns		-		ns		_			ns			
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	True Description <	1	Restructured Accounts as on April 1 of the FY (opening figures)*						-				-	515.52	-			564.04	515.52	-			564.0
$ \ \ \ \ \ \ \ \ \ \ \ \ \ $	Heat retructuring during the year No. of borrowes			-					-		-	-	-	2.08			-	6.93	2.08	4.85			6.9
Fresh restructuring during during the year Amount outstanding Image	Fresh restructuring during the year Amount outstanding Image Im			No. of borrowers							-												
$ \begin{array}{l l l l l l l l l l l l l l l l l l l $	Privision thream Privision thream<	R F	Fresh restructuring during the year	Amount outstanding						-			-	-									
	No. of horrvers No. of hor	5 4'		Provision thereon						-	-		-										
Up gradations to restructured standard actions to restructured standard actions to restructured standard actions thereonMount cutstandingIn the set of	Up gradations to restructured standard category during the FY Amount outstanding Image: provision thereon B <td>of</td> <td></td> <td>No. of borrowers</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td></td> <td></td> <td>-</td> <td>1</td> <td></td> <td></td> <td></td> <td></td>	of		No. of borrowers								-		-				-	1				
meanProvision thereonProvision ther	mononic provision thereon provision	68	Up gradations to restructured standard	Amount outstanding							-			8.74				8.74	8.74				8.74
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	$ \begin{array}{c c c c c c c c c c c c c c c c c c c $			Provision thereon						-			-	0.44				0.44	0.44				0.44
Notable for additional risk weight porvision there one for the FY and hence need not be shown is restructured standard advances at the beginning of the metr FY Amount outstanding Amount out	Anount outstanding Anount		Restructured standard advances which	-							-		-				_						
the FY and hence need not be shown as restructured standard dyrances at the beginning of the next FY.Provision thereonProvision the	the FY and hence meed not be shown as restructured standard advances at the restructured standard advances at the restructured standard advances at bown gradations of restructured accounts during the FY Provision thereon Provision thereon<	4	/ or additional risk weight at the end of	-						_	-		-										
Down gradations of restructured accounts during the FY No. of borrowers Image: contract of contrat of contract of contract of contract of contract of con	No. of borrowers No. of borrowers<		the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	Provision thereon			-						-			-							
Down gradations of restructured accounts during the FY Amount outstanding Amount	Down gradations of restructured accounts during the FY Amount outstanding Image: Constructured accounts during the FY Amount outstanding Image: Constructured accounts and the field accounts during the FY 20.07 38.20 18.13 20.07 38.20 18.13 20.07 30.01 401			No. of borrowers							-				-	1	_	2		-	1		5
	Provision thereon Proverset Provision thereon Provision	5	Down gradations of restructured accounts during the FY	Amount outstanding									-		18.13	-		38.20		18.13	20.07		38.20
No. of borrowers No. of borrowers<	Write-offs of restructured accounts No. of borrowers No. of borrowers <t< td=""><td></td><td>0</td><td>Provision thereon</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>1.81</td><td>4.01</td><td></td><td>5.82</td><td></td><td>1.81</td><td>4.01</td><td></td><td>5.82</td></t<>		0	Provision thereon											1.81	4.01		5.82		1.81	4.01		5.82
Write-offs of restructured accounts Amount outstanding Image: constructured accounts Amount outstanding Image: constructured accounts Image: constructur	Write-offs of restructured accounts Amount outstanding Imount outstanding			No. of borrowers							-	-	-										
Provision thereon Pr	Provision thereon Pr	9	Write-offs of restructured accounts during the FY	Amount outstanding						-	-		-										
Restructured Accounts as on March 31 No. of borrowers Image: Control of the FY (closing figures*) No. of borrowers No.	Restructured Accounts as on March 31 No. of borrowers <		0	Provision thereon																			
Restructured Accounts as on March 31 Amount outstanding Provision thereon Provisio	Restructured Accounts as on March 31 Amount outstanding Provision thereon Provision Provision <th< td=""><td></td><td></td><td>No. of borrowers</td><td></td><td></td><td></td><td></td><td></td><td>1 miles</td><td>S</td><td>101</td><td></td><td>8</td><td>-</td><td>1</td><td>_</td><td>10</td><td>8</td><td>1</td><td>1</td><td></td><td>10</td></th<>			No. of borrowers						1 miles	S	101		8	-	1	_	10	8	1	1		10
Provision thereon Provision thereon 4.03 1.81 4.01 9.85 4.03 1.81 4.01	Provision thereon Provision thereon 4.03 1.81 4.01 9.85 4.03 1.81	2	Restructured Accounts as on March 31 of the FY (closing figures*)	Amount outstanding						Per l	KOC		-	391.51	18.13	20.07		429.71	391.51	18.13	20.07		429.71
)	Provision thereon					-	11	682 0	1	10	4.03	1.81	4.01		9.85	4.03	1.81	4.01		9.85

	4			6			UN			4			w			2			-			SI. No.		
of the F 1 (crosing rightes.)	Restructured Accounts as on March 31 of the FY (closing figures*)			Write-offs of restructured accounts during the FY			Down gradations of restructured accounts during the FY		restructured standard advances at the beginning of the next FY	/ or additional risk weight at the end of	Restructured standard advances which cease to attract higher provisioning and		Up gradations to restructured standard category during the FY			Fresh restructuring during the year			Restructured Accounts as on April 1 of the FY (opening figures)*		Details	- Asset Classification	Type of Restructuring	
Provision thereon	Amount outstanding	No. of borrowers	Provision thereon	Amount outstanding	No. of borrowers	Provision thereon	Amount outstanding	No. of borrowers	Provision thereon	Amount outstanding	No. of borrowers	Provision thereon	Amount outstanding	No. of borrowers	Provision thereon	Amount outstanding	No. of borrowers	Provision thereon	Amount outstanding	No. of borrowers		ion	rring	
																						Standard	Un	
																					Su	ıb-standard	der C	
																						Doubtful	Under CDR Mechanism	
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V	2											_										Total	m	_
KOCHI		00		_								_				_				_		Standard	Restr	
H	10	2																			Su	ıb-standard	Under SME Debt Restructuring Mechanism	
-				_	_	-						_					_					Doubtful	NG Me	
-	_						-					-				-						Loss	Debt	
-	_	-		-	-		-	-		-					_		-	-		-	-	Total	8	AS
_																					-	Standard		at 31-
27 6	27.54	2													2.75	27.54	2				Su	ıb-standard		AS at 51-05-2018
																						Doubtful	Others	
																						Loss		
27.6	27.54	2													2.75	27.54	2					Total		
																						Standard		1
375	27.54	2													2.75	27.54	2				St	ub-standard		
																						Doubtful	Total	
																						Loss		
27.5	27.54	2													2.75	27.54	2					Total		

	SI. No.			1				2			3			4		-	UN			6			7	_
Type of Bestructuring	Asset Classification	Details		Restructured Accounts as on April 1 of the FY (opening figures)*				Fresh restructuring during the year			Up gradations to restructured standard category during the FY		Restructured standard advances which	/ or additional risk weight at the end of	restructured standard advances at the beginning of the next FY		Down gradations of restructured accounts during the FY			Write-offs of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY (closing figures*)	
a na lun ng	tion		No. of borrowers	Amount outstanding	Provision thereon		No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon
	Standard																							
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Indae CDD Machanian	Doubtful																							
Lante	Loss					-							_					_		_		_		
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ebt	Loss	-	-	-	-	+	-	-	-	-	-	-	-	-		-			-	_	_	-	-	-
	Total	-	-	-	-	+	-				_	-	-	-							-	-		-
ME Debt Others	Standard		-	-	-	1		-		-	-	-		-		-			-	-	-	-		-
Othors	ıb-standard		-	-	-	+	-	-	-		-	-	-	-		-			_	-	-	-	-	-
1 00 10	Doubtful		-	-	-	+	-	-	-	-	-	-	-	-		-	-			-	-	-	-	-
24	Loss	-		-	-	+	-	-	-	-	-	-	-	-		-				-		-	_	-
_	Total		_	_	_	-			-	-	_	-	_									_		-
	Standard			_	_	-		_					_			_			_					-
	ib-standard	Su				-																_		
Total	Doubtful		_																					-
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	Total										of													

cured Outstanding Insecured 2121.88 (other than falling within the meaning of public deposits) 2121.88 lits 2980.61 rate loans & borrowings - paper - 11.542.70 -	Outstanding Overdu 2121.88 2980.61 - - - -	2121.88 - 2980.61 - 2980.61 - - - - - - - - - - - - - - - - - - -	Overlute# Overlute# Overlute# 2121.88 - - 2980.61 - 1420.59 - - - -	2121.88 - - - 2980.61 - 1420.59 - - - 1420.59 - - - - - -
Outstanding 2121.88 2980.61	o i SI 88 Overdu	Overdue #		
	9		1420.59 1420.59 	- 1420.59 - - 1420.59 - 9.91 12,143.02 182.04 11,457.1

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2. Break up of 1(f) above (Outstanding public deposits) inclusive of interest accrued thereon
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	31.03.	2019	31.03.2	018	31.03.2017	017
	Amt. Outstanding	Amt. Overdue #	Amt. Outstanding	Amt. Overdue #	Amt. Outstanding	Amt. Overdue #
					1	
In the form of Partly secured Debentures ie. debentures where there is a shortfall in the value of security	,					r
	11,542.70	249.91	12,143.02	182.04	11,457.14	73.54
			31.03.2	016	31.03.2	015
			Amt. Outstanding	Amt. Overdue #	Amt. Outstanding	Amt. Overdue #
				•		
In the form of Partly secured Debentures ie. debentures where there is a shortfall in the value of security					1	-
			6,174.18	165.52	10,465.45	146.29 of 6
	s ie. debentures where there is a shortfall in the value ie. debentures where there is a shortfall in the value	Amt. Outstand	Amt. Ar Outstanding Over - 11,542.70	Amt. Amt. Amt. Outstanding Overdue # Outstand 	Amt. Outstanding Amt. Overdue # Amt. Outstanding Amt. Over Amt. Amt. Amt. Over Amt. Over 11,542.70 249.91 12,143.02 -	Amt. Outstanding Amt. Overdue # Amt. Outstanding Amt. Overdue # Amt. Outstanding Amt. Outstanding Amt. Outstanding Amt. Outstand 11,542.70 249.91 12,143.02 182.04 11,4 11,542.70 249.91 12,143.02 182.04 11,4 Amt. 0utstanding $Mmt.$ Outstanding $Mmt.$ Outstanding $Amt.$ Outstanding $Amt.$ Outstanding $Amt.$ Outstanding $Mmt.$ Mmt. $Mmt.Mmt.$ $Mmt.Mmt.$ $Mmt.Mmt.$ $Mmt.Mmt.$ $Mmt.$ <td< td=""></td<>

3. Break up of Loans & Advances including bills receivables (Other than those included in (4) below):

1,274.33 4,323.73	570.61 1,078.08	335.17 118.51	1,969.61 52.63	1842.27 67.01	Secured	(a) (b)
Amt, Outstanding	Amt. Outstanding	Amt. Outstanding	Amt. Outstanding	Amt. Outstanding		articulars
31.03.2015	31.03.2016	31.03.2017	31.03.2018	31.03.2019		



				L	A.
				016 m -	(v) Others
	1		1	-	(iv) Government Securities
	1		,		(iii) Units of Mutual Funds
,	,	1	i	,	(ii) Debentures and Bonds
,	,	ĩ	1		(b) Preference
,	4	1		,	(i) Shares: (a) Equity
					1 Quoted
					<u>Current Investments</u>
Amt. Outstanding	Amt. Outstanding	Amt. Outstanding	Amt. Outstanding	Amt. Outstanding	
31.03.2015	31.03.2016	31.03.2017	31.03.2018	31.03.2019	Dartinlare
331.86 6 of				,	: Traders Loans
987.13	52.11	16.89			: Infrastructure Loans
9,751.99	9,996.07	20,111.46	36,447.88	40911.13	Loans other than (a) above: Hypothecation
			72.63	251.21	(iii) <u>Other loans counting towards AFC activities:</u> Loans where assets have been repossessed
		,	,		
•			1	•	(a) Assets on Hire
					(ii) Stock on Hire including Hire charges under Sundry Debtors
1	4	,	1	1	(b) Operating lease
1	1	1		,	(a) Financial Lease
			-		(i) Lease Assets including lease rentals under Sundry debtors
Amt. Outstanding	Amt. Outstanding	Amt. Outstanding	Amt. Outstanding	Amt. Outstanding	Particulars
31.03.2015	31.03.2016	31.03.2017	31.03.2018	31.03.2019	

4. Break up of Leased Assets and stock on hire and other assets counting towards AFC activities

		177.02	269.42	117.91	(v) Others - Deposit with Bank	
	,		10.83	10.83	(v) Investment Property	
4.90	4.90	3.30	2.80	2.70	(iv) Government Securities	
	,				(iii) Units of Mutual Funds	
					(ii) Debentures and Bonds	
1		1			(b) Preference	
370.00	170.00		•	1	(i) Shares: (a) Equity	
5 47 d					Unquoted	2
50.00				-	(v) Others - Deposit with Bank	
1,900.47	1,800.47	1,154.59	1,288.96	1,338.84	(iv) Government Securities	
				1	(iii) Units of Mutual Funds	
				-	(ii) Debentures and Bonds	
	,				(b) Preference	
	1	,	1		(i) Shares: (a) Equity	
					Quoted	1
					Long Term Investments	Long T
		397.98	285.36	522.36	(v) Others - Deposit with Bank	
		1	-		(iv) Government Securities	
	•				(iii) Units of Mutual Funds	
			1	1	(ii) Debentures and Bonds	
,	•	,			(b) Preference	
	,	,	1		(i) Shares: (a) Equity	
					Unquoted	2



-				N		-	-					2				1			
Related parties (a) Subsidiaries (b) Companies in the same group (c) Other related parties	Category		Total 10,618.79 1,078.08 11,696.88 12,345.3 7. Investor group-wise classification of all investments (Current and long term) in shares and securities (Both quoted and unquoted)	Other than related parties	(c) Other related parties	(b) Companies in the same group	Related parties (a) Subsidiaries		Category		Total	Other than related parties	(c) Other related parties	(b) Companies in the same group	(a) Subsidiaries	Related parties		Category	
			on of all invest								42,744.39	42,395.81	84.91	263.67	1		Secured	Am	
	Ma value/Br fair valu		ments (Current								67.01	67.01	1	1	,		Unsecured	Amount Net of Provisions	31.03.2019
	Market value/Break up or fair value or NAV	31.03.2019	and long to								42,811.40	42,462.82	84.91	263.67			Total	SU	
R KOCHI	Book value (Net of Provisions)	019	erm) in shares a	10,618.79				Secured	An		0 38,400.76	2 38,250.31	1 104.66	7 45.79	1		Secured	An	
33/	Market value/Break up or fair value or NAV	31	1,078.08 nd securities (Bo	1,078.08				Unsecured	Amount Net of Provisions	31.03.2016	52.63	46.70	,	5.93	1		Unsecured	Amount Net of Provisions	31.03.2018
<u></u>	y V Provisions)	31.03.2018	11,696.88 oth quoted and	11,696.88			,	Total	suc		38,453.38	38,297.01	104.66	51.71	1		Total	suc	
			12,345.32 unquoted)	12,345.32				Secured	A		20,464.11	20,421.07	18.62	24.42			Secured	А	
	Market value/Break up or fair value or NAV	31.03.2017	4,323.73					Unsecured	Amount Net of Provisions	31.03.2015	118.51	100.08		18.43			Unsecured	Amount Net of Provisions	31.03.2017
	Book value (Net of Provisions)	017	73 16,669.05		•	, FS 4	48 of	Total	visions		51 20,582.62	08 20,521.15	- 18.62	43 42.85	•		Total	visions	

6. Borrower group-wise classification of assets financed as in (3) and (4) above:

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	.03 661,91 .88 320.50	455.03	376.92	283.72	526.12			(b) Other than related parties)
FS								Net Non-Performing Assets (a) Related parties	(ii)
\$ 49	736.70	504.53	440.53	360.84	644.22			(b) Other than related parties	
of 6								Gross Non-Performing Assets (a) Related parties	(i)
8	31.03.2015 Amount	31.03.2016 Amount	31.03.2017 Amount	31.03.2018 Amount	31.03.2019 Amount			Particulars	
								8. Other Information	-
	2,325.37	2,275.10	1,975.37		1,975.10			Total	
	1,955.37	1,905.10	1,805.37		1,805.10			Other than related parties	2
								(c) Other related parties	
	370.00	370.00	170.00		170.00			(b) Companies in the same group	
								Related parties (a) Subsidiaries	-
	Book value(Net of Provisions)	Market value/Break up or fair value or NAV		Book value (Net of Provisions)	Market value/Break up or fair value or NAV			Category	
	2015	31.03.2015		31.03.2016	31.0				
	1,732.89	1,160.20	1,857.37		1,293.20	1,992.65	1,343.20	Total	
	1,732.89	1,160.20	1,857.37		1,293.20	1,992.65	1,343.20	Other than related parties	2

The accompanying notes form integral part of the financial statements



ANNEXURE X - CAPITALISATION STATEMENT

(in ₹ Lakhs)

Particulars		Pre-Issue as at 30-09-2019	Post-Issue as at 30-09-2019
Borrowings:			
Debt securities (NCD Privately placed)		2,067.00	2,067.000
Secured Redeemable NCD (Public Issue)		-	20,000.00
Other than debt Securities:		35,932.20	35,932.20
Total debt	(A)	37,999.20	57,999.20
Shareholders' funds:			
Share Capital		2,500.00	2,500.00
Reserve and surplus		7,716.06	7,716.06
Total shareholders' funds	(B)	10,216.06	10,216.06
Debt/Equity ratio	(A)/(B)	3.72	5.68

Notes:

Notes:

- 1. The above has been computed on the basis of IndAs Financial Statement of the company as on 30-09-2019.
- 2. Short / Long Term classification of debt not applicable as per Ind As Financials statement, So total debt of debt securities and other than debt securities are considered.



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- 3. Total debt includes interest accrued on the same.
- 4. The debt equity ratio post the Issue is indicative on account of the assumed inflow of Rs 20,000 Lakhs from the Proposed Issue in the secured debt category as on September 30, 2019. The actual debt equity ratio post the Issue would depend on the actual position of debt and equity on the deemed date of allotment.



Annexure XI - Statement of Secured & Unsecured Loans

A. SECURED LOANS

Secured Loan from Bank - Term Loan

As on	Bank Name	Facility Type	Terms of Repayment	Primary /Collateral	Details of Security	Sanctioned Amount	Outstanding Amount
	HDFC Bank	Term Loan	24 Monthly Installments, EMI needs to be serviced by 07th of every month	Primary	Paripassu charge on entire non overdue receivables of the company along with existing banks	1,750.00	82.87
30/09/2019	Catholic Syrian Bank	Term Loan	36 Monthly installments of Rs.69.45 lakhs, monthly interest to be serviced separately as and when debited	Primary	Paripasu charge on current asset and receivables of the company with other lenders under Multiple Banking Arrangement	2,500.00	2,004.46
	Federal Bank	Term Loan	NON-EMI Quarterly payment of Rs.1 Cr. each. Interest to be serviced as & when debited.	Primary	Pari passu first charge on entire current assets of the company with other lenders in the Multiple Banking Arrangement on pari passu basis	1000.00	897.75
							2985.08

As on	Bank Name	Facility Type	Terms of Repayment	Primary /Collateral	Details of Security	Sanctioned Amount	Outstandin g Amount
	HDFC Bank	Term Loan	24 Monthly Installments, EMI needs to be serviced by 07th of every month	Primary	Paripassu charge on entire non overdue receivables of the company along with existing banks	1,750.00	546.28
31-03- 2019	Catholic Syrian Bank	Term Loan	36 Monthly installments of Rs.69.45 lakhs, monthly interest to be serviced separately as and when debited	Primary	Paripasu charge on current asset and receivables of the company with other lenders under Multiple Banking Arrangement	2,500.00	2,430.56
							2,976.83
31-03- 2018	HDFC Bank	Term Loan	24 Monthly Installments, EMI needs to be serviced by 07th of every month	Primary	Paripassu charge on entire non overdue receivables of the company along with existing banks	1,750.00	1,411.52
							1,411.52



31-03- 2016	IDBI Bank	Rupee Term Loan	To be repaid in 33 equal monthly installments of ` 45.45 lakhs (last installment amount limited to the actual) after 3 months moratorium period commencing from the date of first disbursement	Primary	Exclusive charge on the assets/ receivables created out of the term loan	1,500.00	
							-

Loan repayable on demand from Banks

As on	Bank Name	Facility Type	Terms of Repayment	Primary /Collatera l	Details of Security	Sanctio ned Amount	Outstanding Amount
30/09/2019	Axis Bank	CC/WCDL	CC: On demand WCDL: WCDL would be provided for a minimum period of 1 months & maximum period of 6 months	Primary	Paripasu first charge on the entire current assets (Including long term receivables) of the company	2,000.00	2,000.00
	IDBI Bank	CC/WCDL	CC: On demand WCDL: On Due Dates	Primary	Pari passu first charge on entire current assets (including long term receivables) of the company.	2,500.00	2,142.31
	Yes Bank	WCDL/TL	WCDL: Bullet repayment of principal at the end of the tenor, interest to be serviced monthly. Term Loan: Equal Monthly Repayments	Primary	Pari passu charge on standard book debts and receivables with 1.15x cover in line with existing pari passu charge holders	5,000.00	
	Dhanlaxmi Bank	CC/WCDL	CC: On demand WCDL: WCDL Tenure for tranche –Minimum 30 days to Maximum 365 days	Primary	Pari pasu charge on entire current assets (existing & proposed) of the company including loan receivables with a margin of 25%	2,000.00	1,968.44
	Federal Bank	WCDL	WCDL: Lumpsum	Primary	Pari passu charge on entire current assets of the company with other lenders in the multiple banking arrangement	2,000.00	2,000.00
							8,110.75



As on	Bank Name	Facility Type	Terms of Repayment	Primary /Collateral	Details of Security	Sanctione d Amount	Outstanding Amount
31-03-2019	Axis Bank	CC/ WCDL	CC: On demand WCDL: WCDL would be provided for a minimum period of 1 months & maximum period of 6 months	Primary	Paripasu first charge on the entire current assets (Including long term receivables) of the company	2,000.00	2,000.00
	IDBI Bank	CC/ WCDL	CC: On demand WCDL: On Due Dates	Primary	Pari passu first charge on entire current assets (including long term receivables) of the company.	2,500.00	2,478.38
	Yes Bank	WCDL/ STL	Bullet repayment of principal at the end of the tenor, interest to be serviced monthly.	Primary	Pari passu charge on standard book debts and receivables with 1.15x cover in line with existing pari passu charge holders	5,000.00	5,000.00
	Dhanl axmi Bank	CC/ WCDL	CC: On demand WCDL: WCDL Tenure for tranche - Max 90 Days	Primary	Pari pasu charge on entire current assets (existing & proposed) of the company including loan receivables with a margin of 25%	2,000.00	1,997.82
	Karur Vysya Bank	CC/ WCDL	CC: Through operations in the account WCDL: Bullet payment for a period of 30 days to 150 days from the date of disbursement, Interest to be debited as and when debited	Primary	First Paripassu charge on current assets, book debts, loans and advances including receivables with a margin of 15%	1,500.00	1,023.20
	Federal Bank	CC/ WCDL	CC/WCDL: Lumpsum	Primary	Pari passu charge on entire current assets of the company with other lenders in the multiple banking arrangement	2,000.00	2,000.00
							14,499.40
31-03-2018	Axis Bank	CC/ WCDL	CC: On demand WCDL: WCDL would be provided for a minimum period of 1 months & maximum period of 6 months	Primary	Paripasu first charge on the entire current assets (Including long term receivables) of the company	1,000.00	386.81



	1DBI Bank	CC/ WCDL	CC: On demand WCDL: On Due Dates	Primary	Pari passu first charge on entire current assets (including long term receivables) of the company.	2,500.00	2,480.42
	Yes Bank	WCDL/ STL	Bullet repayment of principal at the end of the tenor, interest to be serviced monthly.	Primary	Pari passu charge on standard book debts and receivables with 1.15x cover in line with existing pari passu charge holders	5,000.00	3,000.00
	Dhanl axmi Bank	CC/ WCDL	CC: On demand WCDL: WCDL Tenure for tranche - Max 90 Days	Primary	Pari pasu charge on entire current assets (existing & proposed) of the company including loan receivables with a margin of 25%	2,000.00	2,000.00
	Federal Bank	CC/ WCDL	CC/WCDL: Lumpsum	Primary	Pari passu charge on entire current assets of the company with other lenders in the multiple banking arrangement	2,000.00	2,006.59
	Karur Vy sya Bank	CC/ WCDL	CC: Through operations in the account WCDL: Bullet payment for a period of 30 days to 150 days from the date of disbursement, Interest to be debited as and when debited	Primary	First Paripassu charge on current assets, book debts, loans and advances including receivables with a margin of 15%	1,500.00	1,500.00
							11,373.82
31-03-2017	Axis Bank	CC/ WCDL	CC: On demand WCDL: WCDL would be provided for a minimum period of 1 months & maximum period of 6 months	Primary	Paripasu first charge on the entire current assets (Including receivables) of the company	1,000.00	991.42
	1DBI Bank	CC/ WCDL	CC: On demand WCDL: On Due Dates	Primary	Paripassu first charge on the entire current assets of the company except those that are exclusively charged to any banks/lenders.	2,500.00	2,481.57
							3,472.99



31-03-2016	Axis Bank	cc	CC: On demand WCDL: WCDL would be provided for a minimum period of 1 months & maximum period of 6 months	Primary	Paripasu first charge on the entire current assets (Including receivables) of the company	1,000.00	200.25
	IDBI Bank	OD	CC: On demand WCDL: On Due Dates	Primary	Paripassu first charge on the entire current assets of the company except those that are exclusively charged to any banks/lenders.	1,000.00	984.63
							1,184.88
31-03-2015	Axis Bank	CC/ WCDL	CC: On demand WCDL: WCDL would be provided for a minimum period of 3 months & maximum period of 6 months	Primary	Paripasu first charge on the entire current assets (Including receivables) of the company	2,500.00	
	IDBI Bank	CC/ WCDL	CC: On demand WCDL: On Due Dates	Primary	Pari passu first charge on entire current assets of the company	2,500.00	900.45
							900.45

B. UNSECURED LOANS

Name of Lender	Nature of Loan Facility	Outstanding as on 30/09/2019	Outstanding as on 31/03/2019	Outstanding as on 31/03/2018	Outstanding as on 31/03/2017	Outstanding as on 31/03/2016	Outstandi ng as on 31/03/2015
Loan from Director/ Relative	Unsecured Loan	6000.00	5715.00	7,150.00	-	-	2,410.00



Annexure XII- Statement of Accounting Ratios

Particulars	30.09.2019	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Earnings per Share – Basic	0.66	4.47	4.07	3.39	3.20	2.38
Earnings per Share – Diluted	0.66	4.47	4.07	3.39	3.20	2.38
Return on Net worth	1.61	11.12	11.12	10.44	11.00	8.93
Net Asset Value per equity share	40.86	40.21	36.58	32.45	29.07	26.59
Weighted Avg no: of equity share used in calculating Basic & Diluted EPS	250,00,000	250,00,000	250,00,000	250,00,000	250,00,000	250,00,000
Total no: of equity share outstanding at the end of the year	250,00,000	250,00,000	250,00,000	250,00,000	250,00,000	250,00,000

* The net profit till September 2019 was annualized for calculation

Notes:

The ratios have been computed as below:

- 1. Earnings per share Net profit/(loss) as reformatted attributable to equity shareholders/ weighted average number of equity shares outstanding during the year.
- 2. Return on Net worth (%) Net profit/(loss) after tax, as reformatted / Net worth as reformatted.
- 3. Net Asset Value per equity share Net worth as reformatted / Number of equity shares outstanding at the end of the year.

Net worth - Equity share capital + Reserves & Surplus



4. Earnings Per Share calculations are in accordance with Accounting Standard 20 "Earnings Per Share".

Annexure XIII - Statement of Dividends

(Rs. Lakhs)

Particulars	30-09-2019	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Class of Shares Equity Share Capital (Face value @ Rs 10/- per Share)	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00

Dividend

Particulars	30-09-2019	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Rate on the face value		6%	6%	6%	6%	6%
Amount	-	150.00	150.00	150.00	150.00	150.00
Dividend Tax	-	30.54	30.54	30.54	30.54	30.54



Annexure XIV – Statement of Contingent Liabilities

(Rs.	Lakhs)
1	

Particulars	30-09-2019	31-03-2019	31-03-2018	31-03-2017	31-03- 2016	31-03- 2015
a). Claims against the company not acknowledged as debt						
Demand by Income Tax authorities						
in appeal pending disposal						
Assessment Year 2009-10	-	-	-	15.47	15.47	15.47
Assessment Year 2011-12	7.84	7.84	7.84	7.84	7.84	7.84
Assessment Year 2013-14	7.43	7.43	7.43	7.43	7.43	-
Assessment Year 2014-15	1.01	1.01	1.01	-	-	-



TOM THIMB DIFFERENCE (1)	Total Timing Differences (E)	Other Adjustments (DTA)/DTL	Depreciation or vice versa (DTA)/DTL	Difference between Tax and book	Timing Differences	Total Permanent Differences (D)	Other Exempted Income	Loss on sale of Fixed Assets	Dividend Income	Any Other Disallowances	Provision for NPA and Standard Assets	Permanent Differences	Tax Expenses (C) 5	Income Taxes Rates (Including Surcharge and Education cess) applicable (B)		Particulars 30/09
10.11	23.42		23.42			197.84	1	0.045	51.77	146.02	. i.		54.04.95	25.17%	214.70	30/09/2019
R KOCH	ASS0		5.19	9.82		- 74.67	- 167.23	0.69	citi	10.43	81.44		441.89	29.12%	1,517.49	31/03/2019
			29.87	17.73		- 18.19	- 125.11	1.61	1	9.20	96.11		408.75	28.84%	1,417.31	31/03/2018
	1		- 6.93	1		- 43.27	- 108.79	1	- 0.07	15.50	50.09		440.62	34.61%	1,273.17	31/03/2017
	1		- 18.97	1		- 63.66	- 47.18		- 1.18	15.16	- 30.46		414.87	34.61%	1,198.78	31/03/2016
			- 16.16	ı		- 71.31	- 5.81	ĩ	- 2.91	13.12	- 75.71		285.18	32.45%	878.98	31/03/2015

ANNEXURE XV - STATEMENT OF TAX SHELTER

	its) during the year L+M+N+O)			redit) (M)
J V R & FR	50.26	1	1	
R HDCHI	399.50	1	- 8.27	16.75
	393.76	ī	- 10.84	2.41
	426			

Total tax expense/ (Credits) during the year on timing difference $(O) = (L+M+N+O)$	Provision for FBT (O)	Tax for Earlier Years (N)	Deffered Tax Charges/(Credit) (M)	Total Tax Provision for current tax (L)	Tax Provision (K) = $(J * 15.45\%)$	Taxable Income at 15.45%	Tax provision based in taxable income (I) = (H * B)	Taxable Income $(H) = (A + F)$	Tax Impact of adjustments $(G) = (F)^*(B)$	Net Adjustments (F)= (D + E)	
50.26	1		-59.47	109.73	1		109.73	435.96	55.69	221.26	
399.50	1	- 8.27	- 16.75	424.52	1	T.	424.52	1,457.83	- 17.37	- 59.66	15.01
393.76	ī	- 10.84	- 2.41	407.01	1	4	407.01	1,411.26	- 1.74	- 6.05	12.14
426.58	1	1	3.33	423.25	1	1	423.25	1,222.97	- 17.37	- 50.20	6.93
399.41	ı	1	13.13	386.28	i	1	386.28	1,116.15	- 28.60	- 82.63	18.97
285.16		1	28.35	256.81	1	1	256.81	791.51	- 28.38	- 87.47	16.16

Annexure XVI - Statement of List of Related Parties and Transactions with them

List of Related Parties

(A) Key Managerial Personnel	Designation
George Alexander Muthoot	Director
George Thomas Muthoot	Director
Anna Alexander	Director
K.P.Padmakumar	Director
K.J Joseph	Director
Jose Mathew	Director
George M George	Director
George M Jacob	Director
Kurian C George	Director
T Thomas Mathew	Director
(B) Relatives of Key Management Personnel	
M G George Muthoot	Relatives of Directors
George Jacob Muthoot	Relatives of Directors
George Muthoot Alexander	Relatives of Directors
Elizebath Jacob	Relatives of Directors
Sara George	Relatives of Directors
Susan Thomas	Relatives of Directors
Jayasree Padmakumar	Relatives of Directors
Theresa Joseph George	Relatives of Directors
Joshua Muthoot George	Relatives of Directors
Anna Thomas	Relatives of Directors
Lucila Jose	Relatives of Directors
Malini Kochakan Chacko	Relatives of Directors
(C)Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
Muthoot Finance Limited	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
Muthoot Precious Metals	Entities over which Key Management Personnel and their relatives are able
Corporation	to exercise significant influence
Muthoot Securities Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
Muthoot Health Care Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
Muthoot M George Institute Of Technology	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
Muthoot Educational Trust	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
Muthoot M George Foundation	Entities over which Key Management Personnel and their relatives are able to exercise significant influence



Transactions with Related Parties

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates	
	As at September 30, 2019	As at September 30, 2019	As at September 30, 2019	
Income				
Rent Received	-		5.46	
Interest Received from Loans	-	1.65	16.25	
Commission Received	+		0.10	
Expenses				
Interest Paid on Loans	209.49	48.58		
Interest Paid on Deposits	8.69	4.67	9.32	
Interest Paid on NCD	5.89	-	54.21	
Sitting Fees	6.20			
Directors Remuneration	6.00	-		
Commission Paid	-		40.87	
Reimbursement of Expenses	-		0.7	
CSR Expenditure	-	-		
Demat Account Advisory Services	-			
Salaries & Allowances	19.71			
Assets				
Loan Given	+	30.98	279.00	
Interest Receivable on loans	-	0.14	1.71	
Rent Receivable			0.98	
Commission Receivable			0.10	
Liabilities				
Prefunding to mobile wallet			19.30	
Loan Accepted	6,700.00	1,025.00		
Loan repaid	ASSOC 1,700.00	25.00		



Amounts payable (net) to related parties	5,149.55	1,081.96	1,013.42
Reimbursement of Expenses			0.05
Commission	-	-	7.43
Interest Payable on NCD	0.57		54.21
NCD Private Placement	60.00		775.00
Interest Payable on Deposit	5.39	3.36	7.43
Deposits	83.59	59.72	150.00
Interest Payable on Loans	-	-	-

A. List of Related Parties

Key Management Personnel

Name	2018-19	2017-18	2016-17	2015-16	2014-15
M.G.GeorgeMuthoot	No	No	No	No	No
George Alexander Muthoot	Yes	Yes	Yes	Yes	Yes
Anna Alexander	Yes	Yes	Yes	Yes	Yes
George Thomas Muthoot	Yes	Yes	Yes	Yes	Yes
Jose Mathew	Yes	Yes	Yes	Yes	Yes
K.J Joseph	Yes	Yes	Yes	Yes	Yes
K.P.Padmakumar	Yes	Yes	Yes	Yes	Yes
George M George	Yes	Yes	Yes	Yes	No
George M Jacob	Yes	Yes	Yes	Yes	No
George Jacob Muthoot	No	No	No	No	No
George Oommen K	Yes	No	No	No	No
Geena Thomas	Yes	Yes	Yes	Yes	No
JibinKuruvila	No	Yes	Yes	Yes	No
Hanna P Nazir	Yes	Yes	No	No	No
AryaDevu P V	Yes	No	No	No	No



Relatives of Key Management Personnel

Name	2018-19	2017-18	2016-17	2015-16	2014-15
Elizebath Jacob	Yes	Yes	Yes	Yes	Yes
M G George Muthoot	Yes	Yes	Yes	Yes	Yes
Sara George	Yes	Yes	Yes	Yes	Yes
Susan Thomas	Yes	Yes	Yes	Yes	Yes
JayasreePadmakumar	Yes	Yes	Yes	Yes	Yes
Lucila Jose	Yes	Yes	No	Yes	Yes
Anna Thomas	Yes	Yes	Yes	No	No
Theresa Joseph George	Yes	Yes	Yes	No	No
ValsaKurien	No	No	No	Yes	Yes
George Jacob Muthoot	Yes	Yes	No	No	No
Joshua Muthoot George	Yes	Yes	No	No	No
MaliniKochakanChacko	Yes	No	No	No	No
George Muthoot Alexander	Yes	No	No	No	No

Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates

Name	2018-19	2017-18	2016-17	2015-16	2014-15
Muthoot Finance Limited	Yes	Yes	Yes	Yes	Yes
Muthoot Precious Metals Corporation	Yes	Yes	Yes	Yes	No
Muthoot Securities Ltd	Yes	Yes	Yes	Yes	No
Muthoot Health Care Pvt Ltd	Yes	Yes	Yes	No	No
Muthoot M George Foundation	Yes	Yes	Yes	Yes	Yes
Muthoot M George Institute of Technology	Yes	Yes	Yes	No	No
Muthoot Educational Trast	Yes	Yes	No	No	No
MuthootHomefin (I) Ltd.	No	No	Yes	No	No
Muthoot Commodities Ltd	No	No	No	No	Yes



B. Transactions with Related Parties

Income & Expenditure

Key Management Personnel

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Income					
Interest from Loan Against Debentures	-	-	-	-	0.26
	(÷.)	-	-	-	0.26
Expenditure					
Commission Paid		-		-	3.00
Interest on deposits/ Debentures	26.36	24.16	16.56	5.66	8.22
Interest on Loan from Directors	294.25	156.18		108.87	130.53
Remuneration	16.81	17.37	17.55	12.27	
Sitting Fees	12.35	10.00	7.85	5.51	2.11
Salaries & Allowances	36.82	14.17	15.39	7.56	
	386.59	221.88	57.35	139.86	143.87

Relatives of Key Management Personnel

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Income					
Interest from Loans	3.65	2.31	0.36	-	-
	3.65	2.31	0.36	-	-
Expenditure					
Interest on deposits/ Debentures	17.49	11.43	10.73	6.86	7.25
Interest on Loan from Relatives	261.90	161.41	-	-	
	279.39	172.85	10.73	6.86	7.25



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Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Income					
Commission Received	0.05	0.09	-	-	
Rent Income	10.92	9.87	9.66	9.66	8.61
Interest from Loans	27.02	10.61	0.96	-	
Processing Charges from Loans	0.02		-	-	-
	38.01	20.57	10.62	9.66	8.61
Expenditure					
Commission Paid	124.39	136.21	131.76	20.70	
CSR Expenditure	10.00	6.00	-	-	-
Donation	-	-	3.00	2.50	2.00
Interest on deposits/ Debentures	36.15	97.08	98.67	9.39	
Reimbursement of Expenses	1.72	1.52	1.13		
Demat account advisory services	7.75	-	-	-	
	180.01	240.81	234.57	32.59	2.00

Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates

Assets & Liabilities

Key Management Personnel

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Assets Loan Against Debentures	_	_			_
	-	-	-	-	
Liabilities					
Deposits	37.24	378.41	283.49	68.24	57.00
Interest Payable on Deposits/Debentures	7.62	16.13	10.85	3.17	5.91
Loan from Directors	4,700.00	4,500.00	-	•	2,410.00
Interest on Loan from Directors	-	-	-	4	130.53
Nonconvertible Debentures	10.00				-
	4,754.86	4,894.54	294.34	71.41	2,603.45



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Relatives of Key Management Personnel

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Assets					
Interest receivable on Loan	0.16	0.16	0.08	-	-
Loan Outstanding	35.34	43.33	18.62	-	-
	35.50	43.49	18.70	-	-
Liabilities					
Deposits	59.72	140.25	133.87	109.00	55.26
Interest Payable on Deposits/Debentures	11.63	7.16	3.05	4.77	4.26
Loan from Relatives	1,015.00	2,650.00		-	-
Nonconvertible Debentures	-	-	-	-	-
	1,086.35	2,797.41	136.92	113.77	59.52

Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates

Nature of Transactions	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Assets					
Commission Receivable		0.04	-	-	-
Interest receivable on Loan	1.88	1.00	0.38	-	-
Investment in Equity Shares	-	-	-	170.00	370.00
Loan Outstanding	313.24	180.40	42.85	-	-
Rent Receivable	0.98	1.08	0.85	0.84	0.93
	316.10	182.52	44.08	170.84	370.93
Liabilities					
Commission Payable	10.28	10.29	21.81	1.88	
Deposits	230.00	230.00	1,936.00	415.00	-
Interest Payable on Deposits/Debentures	23.98	5.22	65.06	8.45	
Prefunding for Mobile Wallet	106.17	132.60	89.97	132.69	-
Nonconvertible Debentures	775.00	-	-	-	-
	1,145.42	378.11	2,112.84	558.03	-



FINANCIAL INDEBTEDNESS

The outstanding borrowings of our Company as on November 30, 2019 are as set out below:

Sr. No.	Nature of Borrowing	Amount (in ₹ lakhs)
1.	Secured	11,655.87
2.	Unsecured	24,552.17

Brief details of our secured borrowings from banks and financial institutions are as set out below:

Sr. no.	Nature of borrowing (Date of sanction / renewal)	Amount sanctioned (₹ in lakhs)	Amount outstanding as on November 30, 2019 (₹ in lakhs) [#]	Rate of Interest / Commission (% p.a.)	Tenure	Repayment schedule and pre-payment penalty	Pre- payment penalty, if any	Security
Banks and	other Financial Inst	itutions						
1.				Yes	s Bank Limited (Yes	s Bank)		
	Term Loan (April 11, 2019)	5,000.00	Nil	To be decided at the time of disbursement which shall be as per MCLR policy	Availability period: 12 months, subject to	Equal Monthly Repayments		i. First pari passu charge on standard book debts and receivables with 1.15x cover in line with existing pari passu charge holders.
	Working Capital Demand Loan (April 11, 2019) (Overall exposure not to exceed 5,000.00 Lakhs)	5,000.00	Nil	To be decided at the time of disbursement which shall be as per MCLR policy	Availability period: 12 months, subject to	Bullet repayment of principal at the end of the tenor, Interest to be serviced monthly		 Personal Guarantee of Mr. George Thomas Muthoot and Mr. George Alexander Muthoot
2.				Federal	Bank Limited (Fed	leral Bank)		

Sr. no.	Nature of borrowing (Date of sanction / renewal)	Amount sanctioned (₹ in lakhs)	Amount outstanding as on November 30, 2019 (₹ in lakhs) [#]	Rate of Interest / Commission (% p.a.)	Tenure	Repayment schedule and pre-payment penalty	Pre- payment penalty, if any	Security
	Term Loan (June 28, 2019)	1,000.00	900.00	10.00% (1-year MCLR + 0.85%)	30 months	Non-Emi		i. Pari passu charge on entire current assets of our Company with other lenders in the Multiple Banking Arrangement.
	Working Capital Demand Loan (June 28, 2019)	2,000.00	2,000.00	10.00% (1-year MCLR + 0.85%)	12 months	Lumpsum		 Guarantees by Mr. George Alexander Muthoot, Mr. George Thomas Muthoot and Mrs. Anna Alexander
3.				Axis	s Bank Limited (Ax	is Bank)		
	Cash Credit (October 29, 2019)	2,000.00	-	3M MCLR + 1.90% p.a.		On demand		i. Pari passu first charge on the entire current assets (including long term receivables) of our Company.
	Working Capital Demand Loan (October 29, 2019) (Sub-limit of CC)	(2,000.00)	2,000.00	To be mutually agreed at the time of drawdown	12 months	Minimum period of 1 month and a maximum period of 6 months		 Personal guarantees by George Muthoot George, Mr. George Alexander Muthoot, Mr. George Muthoot Jacob, Mr. George Thomas Muthoot and Mrs. Anna Alexander
4.				II	DBI Bank Limited (IDBI)		
	Cash Credit (April 20, 2019)	2,500	103.63	1-Y MCLR + 125bps	12 months	On demand		i. Pari passu first charge on entire current assets (including long term receivables) of our Company.

Sr. no.	Nature of borrowing (Date of sanction / renewal)	Amount sanctioned (₹ in lakhs)	Amount outstanding as on November 30, 2019 (₹ in lakhs) [#]	Rate of Interest / Commission (% p.a.)	Tenure	Repayment schedule and pre-payment penalty	Pre- payment penalty, if any	Security		
	Working Capital Demand loan (April 20, 2019) (Inner Limit of CC)	(1,500)	1,500.00	10.30%	Up to 90 days with validity up of 1 year	On due dates		 ii. Personal guarantees of (a) George Alexander Muthoot, (b) George Thomas Muthoot, (c) George Muthoot George, (d) Shri. George Muthoot Jacob and (e) Smt. Anna Alexander. 		
5.	Dhanlaxmi Bank Limited (Dhanlaxmi)									
	Cash Credit (October 30, 2019)	2,000	10.29	10.70%(Presently One-yearMCLR9.80%+0.90%-Floatingwithannual reset.	12 months	On demand		i. Pari passu charge on entire current assets (existing and proposed) of our Company including loan receivables with a margin of 25%		
	Working Capital Demand Loan (October 30, 2019) (sublimit of CC and fully interchangeable)	(2,000)	1,200.00	To be quoted based on the tenor of the trance linked MCLR at the time of each drawdown by MD & CEO.	Minimum 30 days to Maximum 365 days	Minimum 30 days to Maximum 365 days. The amount to be repaid within the period of tenor for each tranche. Interest to be cleared separately as and when debited		ii. Personal guarantee of George Alexander Muthoot, George Thomas Muthoot and Anna Alexander.		
6.					CSB Bank (CSB)				
	Term Loan (January 11, 2019)	2,500	1,874.94	1 year MCLR + nil premium, presently 9.90%	36 months	36 equated monthly instalments, Monthly interest should be serviced separately as and when debited.		i. Pari passu charge on current assets and receivables of our Company with other lenders under Multiple		

Sr. no.	Nature of borrowing (Date of sanction / renewal)	Amount sanctioned (₹ in lakhs)	Amount outstanding as on November 30, 2019 (₹ in lakhs) [#]	Rate of Interest / Commission (% p.a.)	Tenure	Repayment schedule and pre-payment penalty	Pre- payment penalty, if any	Security
								Banking Arrangement Margin – 25%
								 Personal guarantee of Mr. George Alexander Muthoot, Mr. George Thomas Muthoot, Mrs. Anna Alexander, Mr. George Muthoot George, Mr. George Muthoot Jacob

Restrictive Covenants

Our financing agreements comprise various restrictive covenants and conditions set out by our lenders which restrict certain corporate and commercial actions by our Company. Our Company by virtue of these agreements is required to obtain prior written consent from our lenders for certain instances, which *inter alia* include:

- 1. Declare dividends;
- 2. undertaking any new line of business, diversification of business;
- 3. incur additional indebtedness;
- 4. undertake an amendment or modification of its constitutional documents;
- 5. create additional charge over its assets;
- 6. change its constitution, undertake any merger or demerger, scheme of arrangement, compromise with its creditors;

- 7. undertake any new project;
- 8. make any investments by way of deposits, loans or investments in share capital or otherwise in any concern;
- 9. buy back, redeem, cancel, retire, repurchase or otherwise acquire any of its share capital;
- 10. enter into any transaction or series of transaction for disposal of its assets other than as permitted by certain lenders.

Brief details of our unsecured borrowings are as set out below:

	0			(₹ in lakhs)			
Sr. No.	Lender	Type of Facility	Principal outstanding as on November 30, 2019	Repayment schedule			
1.	Public	Deposit	13,975.21	Nil			
2.	Directors & Relatives of Directors	Deposit	96.96	Nil			
3.	Inter-corporate deposits	Deposit	4,980.00	Nil			
4.	Directors & Relatives of Directors	Loans from Directors & Relatives of Directors	5,500.00	Nil			
	Total 24,552.17						

Details of Non-convertible debentures issued by our Company

Company has issued on a private placement basis secured, redeemable non-convertible debentures in the manner set out below:

Debenture Series	ISIN	Tenor	Coupon Rate / Effective Yield (in percentage %)	Security	Amount	Principal amount outstanding as on November 30, 2019	Date of allotment	(₹ in lakhs) Redemption Date / Schedule
Series A	-	24 months	8.25	Pari passu charge on current assets, book debts and receivables of our Company	30.00	30.00	August 23, 2018	August 23, 2020
Series A	-	24 months	8.50	Pari passu charge on current assets, book debts and receivables of our Company	10.00	10.00	August 23, 2018	August 23, 2020

Debenture Series	ISIN	Tenor	Coupon Rate / Effective Yield (in percentage %)	Security	Amount	Principal amount outstanding as on November 30, 2019	Date of allotment	Redemption Date / Schedule
Series A	-	24 months	8.75	Pari passu charge on current assets, book debts and receivables of our Company	73.00	73.00	August 23, 2018	August 23, 2020
Series A	-	36 months	8.85	Pari passu charge on current assets, book debts and receivables of our Company	75.00	75.00	August 23, 2018	August 23, 2021
Series A	-	36 months	9.10	Pari passu charge on current assets, book debts and receivables of our Company	171.00	171.00	August 23, 2018	August 23, 2021
Series A	-	36 months	9.25	Pari passu charge on current assets, book debts and receivables of our Company	116.00	116.00	August 23, 2018	August 23, 2021
Series A	-	36 months	9.50	Pari passu charge on current assets, book debts and receivables of our Company	327.00	327.00	August 23, 2018	August 23, 2021
Series B	INE00XE07028	24 months	9.25	Pari passu charge on current assets, book debts and receivables of our Company	775.00	775.00	December 29, 2018	December 29, 2020
Series B	INE00XE07036	36 months	9.10	Pari passu charge on current assets, book debts and receivables of our Company	53.00	53.00	December 29, 2018	December 29, 2021
Series B	INE00XE07036	36 months	9.35	Pari passu charge on current assets, book debts and receivables of our Company	80.00	80.00	December 29, 2018	December 29, 2021
Series B	INE00XE07044	36 months	9.50	Pari passu charge on current assets, book debts and receivables of our Company	50.00	50.00	December 29, 2018	December 29, 2021

Debenture Series	ISIN	Tenor	Coupon Rate / Effective Yield (in percentage %)	Security	Amount	Principal amount outstanding as on November 30, 2019	Date of allotment	Redemption Date / Schedule
Series B	INE00XE07044	36 months	9.75	Pari passu charge on current assets, book debts and receivables of our Company	175.00	175.00	December 29, 2018	December 29, 2021
Series C	INE00XE07069	24 months	9.50	Pari passu charge on current assets, book debts and receivables of our Company	46.00	46.00	March 13,2019	March 13, 2021
Series C	INE00XE07077	36 months	9.50	Pari passu charge on current assets, book debts and receivables of our Company	10.00	10.00	March 13,2019	March 13, 2022
Series C	INE00XE07085	36 months	9.75	Pari passu charge on current assets, book debts and receivables of our Company	76.00	76.00	March 13,2019	March 13, 2022
Total				2,067.00	2,067.00			

Details of top 10 debenture holders

For details on the top 10 debenture holders on the date of this Prospectus, please refer to chapter 'Capital Structure' on page 45.

Details of any outstanding commercial papers

Our Company does not have any outstanding commercial papers on the date of this Prospectus.

Corporate guarantee issued by our Company

Our Company has not issued any corporate guarantee in favour of any entity.

Other Confirmations

There are no default/s or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by our Company, in the past 5 years.

There are no outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.

Other than as stated in this chapter, our Company does not have any other outstanding borrowings.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory / regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the Materiality Policy (as defined hereinafter below), each involving our Company, Directors or Promoters. Our Board, in its meeting held on December 18, 2019, has adopted a policy on the identification of material litigations (**Materiality Policy**). As per the Materiality Policy, other than for the purposes of (i) to (iii) above, all outstanding litigations, wherein: (a) the quantified monetary amount of claim by or against the relevant person in any such pending litigation proceeding is, or is in excess of, 5 % of our Company's net profit after tax as per our last year end audited financial statements, i.e., for Fiscal 2019 (i.e., ₹ 55 lakhs); or (b) the outcome of such litigation proceeding may have a material litigation', and accordingly has been disclosed in this Prospectus. Further, except as mentioned in this section, there are no proceedings involving our Group Companies, which may have a material adverse effect on the position of our Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, Promoters or Group Companies shall, unless otherwise decided by our Board of Directors, not be considered as litigation until such time that our Company or Directors or Promoters or Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum. Further, we have in respect of the litigations involving Muthoot Finance Limited, perforce, relied on a certificate provided by Muthoot Finance.

Further, except as stated in this section, there are no: (i) litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last five years immediately preceding the year of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority; (ii) pending litigation involving our Company, our Promoter, our Directors, Group Companies, or any other person, whose outcome could have material adverse effect on the position of our Company; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and nonpayment of statutory dues, dues of debenture holders and deposit holders etc; (v) inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act or any previous companies law in the five years immediately preceding the year of this Prospectus; (vi) prosecutions filed (whether pending or completed), fines imposed or compounding of offences done in the five years immediately preceding the year of this Prospectus; and (vii) material frauds committed against our Company in the last five years.

Further from time to time, we have been and shall continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India. Unless stated to the contrary, the information provided below is as of the date of this Prospectus. All terms defined in a particular litigation disclosure below are for that particular litigation only.

a. Litigations involving our Company

Civil cases

Civil cases filed by our Company:

1. Muthoot vehicle and Asset Finance Limited vs Accentia Technologies Limited

Our Company had extended a loan of ₹ 2,00,00,000/- to Accentia Technologies Limited (Accentia), vide a hypothecation loan facility dated February 25, 2013 (Company Loan). Accentia was also granted a loan of ₹ 10,00,00,000/- from L&T Finance Limited (L&T Finance) by way of a term loan agreement dated June 22, 2010 (L&T Loan). Accentia defaulted on the L&T Loan and L&T Finance filed a winding up petition before the High Court of Judicature at Bombay (Bombay HC), the Bombay HC vide its order dated November 6/7, 2017 declared that Accentia be wound up. Accentia also defaulted on our Company Loan, and consequently, our Company filed a memorandum of claim dated November 16, 2015 before the arbitrator. However, Accentia filed an arbitration request before the High Court of Kerala (Kerala HC) dated December 19, 2015 disputing the claims of our Company. Our Company has filed a memorandum of claim on November 16, 2015 to recover dues of \gtrless 3,67,75,346 along with interest and costs from the Accentia Technologies Limited (**Accentia**) with regard to a loan granted to it by our Company.

Subsequently, our Company filed an application 509/2018 in the Bombay HC on August 21, 2018 requesting for a leave under section 446 of the Companies Act, 1956 to join the official liquidator of the Accentia, as a party to the arbitration proceedings before the arbitrator appointed by the High Court of Kerala (Kerala HC) vide order dated April 3, 2017 (Kerala HC Order). The Bombay HC, however, vide order dated February 21, 2019, dismissed the petition stating that the arbitration proceedings have not yet commenced since a disclosure in writing required to be placed before the Kerala HC per the Kerala HC Order to confirm the appointment of the arbitrator, has not been placed before the Kerala HC. The next date of hearing is June 20, 2020.

2. Muthoot Vehicle & Asset Finance Limited vs. Madanmohan

Our Company had extended a loan to Madanmohan (Madanmohan) by way of a hypothecation loan facility dated September 29, 2018 amounting to ₹85,00,000/- (Loan Facility) for the purchase of a Land Rover Range Rover Velar (Vehicle). Per terms of the Loan Facility, the Vehicle was hypothecated to our Company and the loan was to be repaid to our Company in 60 monthly instalments of ₹ 1,95,000/- each. The Respondent defaulted on the loan from March 4, 2019. Pursuant, to the terms of the Loan Facility, our Company sent the Respondent a pre-reference notice of arbitration dated May 4, 2019. Further, our Company has also filed an arbitration claim dated June 4, 2019 before the Arbitral Tribunal, Kochi, praying for an amount of ₹ 87,87,348/- with future interest at the rate of interest at the rate of 36% p.a. with costs. The Arbitral Tribunal vide its interim order dated July 8, 2019 (Possession Order), ordered the Respondent to surrender the Vehicle to our Company's possession. When our Company's officials approached the Respondents to take possession of the Vehicle, though, they were physically restrained form taking possession of the Vehicle. Our Company subsequently approached the Hon'ble District Court, Ernakulam (District Court) to enforce the Possession Order vide a petition dated July 8, 2019. The District Court vide its order dated August 16, 2019 directed the Respondents to produce the Vehicle for inspection at the court premises on August 26, 2019. The matter is currently pending before the District Court.

3. Muthoot Vehicles & Asset Finance Limited vs. Nambeesan Foods India Private Limited

Our Company had extended a loan amounting to ₹ 90,00,000/- (Loan) to Nambeesan Foods India Private Limited (Respondent) vide a hypothecation loan facility dated January 1, 2018 (Loan Facility) for the purchase of a Mercedes Benz (Vehicle). Per the terms of the Loan Facility, the vehicle was hypothecated to our Company, and the Loan was to be repaid in 60 monthly instalments with interest at the rate of 13.75%. The Respondents from March 13, 2019 onwards started to default on the monthly instalments due to our Company. Subsequently, our Company sent a registered demand notice to the Respondents dated May 10, 2019 directing them to clear the dues, however, the Respondents did not heed to the demand. Our Company, per the terms of the Loan Facility sent a pre-reference arbitration notice dated June 25, 2019 to the Respondent, thereafter our Company has filed an arbitration claim before the Arbitral Tribunal dated July 18, 2019 before the Arbitrator appointed per the terms of the Loan Facility. The Arbitrator vide his order dated July 18, 2019 has directed to surrender the Vehicle to the possession of our Company (Possession Order), however, our Company was prevented from taking possession of the Vehicle and has subsequently filed a petition dated July 20, 2019 before the Hon'ble District Court, Ernakulam (District Court) under Section 17 of the Arbitration and Conciliation Act, 1996 to enforce the Possession Order. The District Court vide its order dated July 26, 2019 has appointed a Commissioner, who may avail police assistance for taking possession of the Vehicle. While the proceedings in court have been disposed-off and we have taken possession of the vehicle, arbitration proceedings (49/2019) have been initiated. Further, for the arbitration proceedings on the January 25, 2020, our Company was represented but there was no appearance for the Respondent.

4. Muthoot vehicle and Asset Finance Limited vs Balamurughan C. and ors

Our Company filed a statement of claim dated March 7, 2019 before an arbitrator to direct Balamurughan C. to pay dues and other outstanding charges of ₹ 68,41,308.80 (**Dues**) with regard to hypothecation loan facility dated December 27, 2017 for purchase of a luxury car. The arbitrator passed an ex-parte interim order dated March 20, 2019 (**Interim Order**) permitting our Company to sell a vehicle in their custody

and to adjust the proceeds towards the Dues. Subsequently, our Company filed a petition in the District Court, Ernakulam (**District Court**) on April 11, 2019 to enforce the Interim Order. The District Court vide order dated April 12, 2019 appointed a commissioner for conducting a public auction and sale of the scheduled vehicle. The arbitrator vide his order dated December 31, 2019 has directed our Company to realize ₹ 65,48,954 with interest at the rate of 18% per annum from March 07, 2019 and ₹ 26,98,954 with 18% interest from May 30, 2019 till date of realisation of the award from the respondents jointly, severally and also from their assets.

5. Muthoot vehicle and Asset Finance Limited vs M/s Emmanuel Silks & ors.

Our Company filed a statement of claim no. 706/2014 dated February 27, 2014 before the arbitrator praying for an amount of ₹ 3,02,21,400 along with interest and costs to be awarded to our Company towards the outstanding dues and charges with regard to the hypothecation loan agreement with M/s Emmanuel Silks (**Emmanuel Silks**) dated December 17, 2012. However, Emanuel Silks contended that there was no valid arbitration agreement and the sole arbitrator was appointed unilaterally by our Company. The arbitrator, vide arbitral award dated August 24, 2017, awarded ₹ 3,02,21,400 towards the outstanding loan, ₹ 2,77,92,292 towards interest unpaid and ₹ 1,23,760 towards costs of the proceedings to our Company. Subsequently, our Company filed execution petitions dated July 26, 2018, July 9, 2018 and July 12, 2018 before the District Court, Kollam, Kottayam and Thrissur, respectively to enforce the aforementioned arbitral award. The matter is currently pending before the District Court.

6. Muthoot vehicle and Asset Finance Limited vs Jithesh George

Our Company filed a statement of claim no. 16/2015 dated June 2, 2015 before the arbitrator praying for an amount of \gtrless 1,21,53,069 along with interest and costs (**Original Claim Amount**) to be awarded to our Company towards the outstanding dues and charges in respect of the hypothecation loan agreement with Jithesh George (**Jitesh George**) dated November 19, 2012. During the course of the arbitration proceedings, our Company and Jitesh George arrived at a compromise and filed a compromise statement dated March 30, 2016 before the arbitrator. The arbitrator, vide arbitral award dated March 31, 2016, upheld the compromise statement wherein Jitesh George agreed to pay, and our Company agreed to receive, \gtrless 75,00,000 as a one-time settlement of the dispute, to be paid along with interest and in such instalments per the terms of the compromise statement. The arbitrator stated that in the event of default relating to the compromise statement, Jitesh George to pay \gtrless 33,085/- to our Company, towards costs of the proceedings. Subsequently, upon the default of Jitesh George in relation to the arbitral award, our Company filed an execution petition dated January 22, 2018 before the District Court, Thalassery to enforce the aforementioned arbitral award for the Original Claim Amount. The matter is pending in the District Court, Thalassery. The next date of hearing is February 20, 2020.

7. Muthoot vehicle and Asset Finance Limited vs Vasudevan M.K.

Our Company filed a statement of claim no. 606/2015 dated June 1, 2015 before the arbitrator praying for an amount of ₹ 1,24,11,653 along with interest and costs to be awarded to our Company towards the outstanding dues and charges with regard to the hypothecation loan agreement with Vasudevan M.K dated November 19, 2012. The arbitrator, vide arbitral award dated May 14, 2019, awarded ₹ 1,24,11,653 along with interest toward the outstanding loan amount and ₹ 92,350 towards costs of the proceedings to our Company. Our Company has filed an execution petition to enforce the order on November 8, 2019. The matter is currently pending before the Additional District Court, Mavelikkara.

Civil Cases filed against our Company

1. N. Gopinathan vs Muthoot Vehicle & Asset Finance Limited

N. Gopinathan (**Complainant**) filed a complaint before the Kerala State Consumer Disputes Redressal Commission, Thiruvananthapuram (**Consumer Court**) on February 4, 2016 against our Company with respect to a loan availed by the Complainant from our Company, claiming a compensation of ₹ 50,00,000 for the emotional, financial and social loss suffered on account of alleged attachment of his immovable property by our Company. Our Company, however, has waived the dues, including interest, outstanding from the Complainant and has not attached the Complainant's property. The matter is currently pending at the Consumer Court.

2. Helen Annie Mathew vs Muthoot Vehicle & Asset Finance Limited

Helen Annie Matthew, who had availed of a vehicle loan facility (**Loan**) from our Company in order to purchase a car (**Vehicle**), filed a petition in the Kerala State Consumer Disputes Redressal Commission dated November 30, 2018, Thiruvananthapuram claiming that due to floods in the area that she resides in and the subsequent financial difficulty, she could not pay the instalments on the Loan for 3 consecutive months. She alleged that officials of our Company forcefully took possession of the Vehicle and subsequently sold it at a public auction without giving her prior notice. The matter is now pending in the Kerala State Consumer Disputes Redressal Commission.

3. Pressman Estates & Investments Limited vs Muthoot Leasing & Finance Limited

Pressman Estates & Investments Limited filed a suit for recovery of possession with mesne profits @ ₹ 5,000 per day with effect from November 1, 1998 with interest and damages (**Suit**) in the High Court of Delhi (**HC**) on November 23, 1998 with respect to the flat owned by the Plaintiff (**Suit Property**) which was leased to our Company vide lease deed dated October 6, 1995 for a period of 3 years, on the grounds of wrongful use and occupation by our Company. Our Company, in the written statement filed in the HC, claimed that the plaintiff had agreed to lease out the Suit Property for 5 consecutive periods of 3 years each and that it owes our Company ₹ 14,90,000 towards the amounts spent by our Company to the plaintiff and costs. The matter is pending in the High Court.

4. Khadeeja and ors vs Muthoot Vehicle & Asset Finance Company

Our Company filed a claim statement before a sole arbitrator on November 2, 2017 requesting for Rafeeq Kalathottil Hassainar (**Borrower**) and Khadeeja and ors. ('**Guarantors**') to repay \gtrless 5,93,030 with interest on account of default on a hypothecation loan availed by the Borrower from our Company. Since the respondents did not appear before the sole arbitrator, the sole arbitrator passed an ex-parte award dated May 15, 2018 directing the respondents to pay \gtrless 5,82,998 along with interest and costs to our Company (**Arbitral Award**). Subsequently, the Guarantors filed a writ petition dated November 28, 2018 in the High Court of Kerala, Ernakulam (**High Court**) seeking the award of the sole arbitrator to be set aside on the grounds that the Borrower had sufficient funds to pay the Arbitral Award and that the Guarantors were in heavy financial crisis. The Guarantors sought the High Court to allow the payment of the Arbitral Award in 30 instalments. The High Court vide order dated June 6, 2019 allowed the Guarantors to pay the dues to our Company in 8 instalments. Our Company had also filed an execution petition dated March 30, 2019 in the District Court, Ernakulam, to enforce the Arbitral Award. The execution proceedings are now pending and the next date of hearing is March 20, 2020.

Tax Proceedings involving our Company

Nil.

By our Company

Criminal cases

Criminal cases filed by our Company

1. M/S Muthoot Leasing & Finance Limited vs Biju Kumar and ors.

Our Company filed two statements of claim before the sole arbitrator dated November 8, 2012 and February 7, 2013 with respect to 2 loans provided by our Company to Biju Kumar (**Accused**). The sole arbitrator passed orders dated August 31, 2013 and September 14, 2013 directing the Accused to pay \gtrless 2,89,337 and \gtrless 6,19,451, respectively, with future interest at 18% from the date of filing of the claim till the date of realization, along with costs. Subsequently, our Company filed execution petitions dated January 29, 2014 and January 19, 2014 before the District Court, Thiruvananthapuram (**District Court**). The execution petitions are currently pending in the District Court and are posted to September 18, 2019 and January 23, 2020.

Our Company, further, filed a criminal complaint no. 2919/2005 dated March 29, 2005 before the court of Chief Judicial Magistrate, Thiruvananthapuram on March 29, 2005, for an amount of ₹ 8,99,000 towards the material loss caused by unlawful enrichment by way of dishonest misappropriation & causing breach of trust by committing forgery of documents by the Accused. A show cause notice is issued to SHO appear in person and next date of hearing is on February 28, 2020.

2. Sajeev P S vs The Sub Inspector of Police

Sajeev PS, branch in-charge of our Company, on behalf of our Company filed a petition Crl. M.P. No. 1570/2012 under section 173(8) of the Code of Criminal Procedure, 1973 before the Court of the Chief Judicial Magistrate, Thiruvananthapuram, against Jithin Raj, an employee of our Company (**Accused**), on April 20, 2012, for fabricating and forging bank receipts and using them to collect money from loanees of our Company making payments towards their loan accounts without remitting any money to our Company. The matter is pending in the court of the Chief Judicial Magistrate, Thiruvananthapuram.

3. Muthoot Vehicle and Assets Finance Limited Vs Vasudevan M.K. and ors

Our Company filed a complaint under section 190(1)(a) of the Indian Penal Code, 1860 (**IPC**), before the court of the Judicial First Class Magistrate, Haripad on August 16, 2016 (**Complaint**), against Vasudevan M.K. and others (**Accused**) for transferring the mortgaged property with regard to a loan taken from our Company in order to defeat our Company's claim on the said property upon default on the repayment of loan by the Accused. The Accused committed offences under section 120B, 406, 420, 421, 422 and 423 of the IPC pursuant to which the Complaint was filed requesting the court to send the Complaint to the station house officer, Haripad Police Station under section 153(6) of the Code of Criminal Procedure, 1873 with a direction to register a case and investigate the same. The case is currently pending.

4. Muthoot Vehicle and Assets Finance Limited Vs Tigil Thomas

Our Company has filed a First Information Report at the North Police Station, Alappuzha (**Police Station**) on May 25, 2016 against Tigil Thomas (**Accused**), who was working as an assistant manager at our Company, for breach of trust and cheating under sections 406, 408, 409, 420 of the Indian Penal Code, 1860, by fraudulently collecting ₹ 2,38,070 from different customers and not remitting the same to our Company. The Sub-Inspector of the Police Station has filed a chargesheet dated April 29, 2018 before the Chief Judicial Magistrate Court, Alappuzha. The CJM Court has issued a non-bailable warrant for the production of the Accused vide its order dated August 24, 2019. The matter is currently pending.

5. Muthoot Vehicle and Assets Finance Limited Vs M/s Emmanuel Silks and ors.

Our Company filed a criminal complaint with the Superintendent of Police, Kottayam (**Police**) on November 25, 2013, requesting the institution of a criminal case against M/s Emmanuel Silks, its managing director and its partners (**Respondents**) claiming that the Respondents, cheated our Company to the tune of ₹ 3,00,00,000 by fraudulently substituting the collateral security on a loan with a property which did not have much value and subsequently defaulting on the monthly payments with respect to the loan. The Police, on April 24, 2017 filed a chargesheet before the Judicial First Class Magistrate, Erattupetta to institute a criminal case against the Respondents. The matter is currently pending.

Criminal Cases filed against our Company

1. Radhika Sasikumar (Senior Manager, Muthoot Vehicle & Asset Finance Company) vs State of Kerala and ors.

The manager of the Oxford Central School, Karavaloor, in order to evade the legal consequences of his default in repayment of the loan taken from our Company vide hypothecation agreement dated July 7, 2008, filed a complaint before the Judicial First Class Magistrate Court, Punlur dated May 22, 2014 (**Complaint**) alleging offence by Radhika Sasikumar, senior manager at our Company (**Accused**) and a branch manager of our Company under section 420 of the Indian Penal Code, 1860 and other applicable law, alleging that the Accused is guilty of intimidating the Complainant. The Complaint was forwarded by the learned magistrate to the police, pursuant to which a crime was registered by the police and a charge sheet dated December 23, 2014 was filed before the Judicial First Class Magistrate, Punalur.

Subsequently, the Accused filed a criminal miscellaneous complaint dated April 7, 2015 in the High Court of Kerala (**HC**) seeking quashing the Complaint and the charge sheet. The HC, vide order dated January 24, 2018, quashed the Complaint and the charge sheet against the accused. The matter against the branch manager is pending before the Judicial First Class Magistrate, Punalur.

b. Litigations involving our Directors and Promoters

In addition to the litigations disclosed above, the following litigations are currently pending against the Directors:

- 1. The Deputy Commissioner of Income Tax, Circle I, Thiruvalla (**DCIT**) issued two assessment orders both dated December 30, 2010 to George Thomas Muthoot (**Assessee**) under section 143(3) read with section 147 of the IT Act for the assessment years 2006-07, demanding ₹ 55,94,401 and for the assessment year 2007-08, ₹ 52,16,228. An appeal dated January 07, 2011 was filed by the Assessee before the Commissioner of Income Tax (Appeals), Trivandrum (**CIT**) against the above stated assessment orders. The CIT allowed the appeal of the Assessee vide order dated February 05, 2014 by deleting the tax demands. The DCIT, Thiruvalla has filed an appeal against both the orders of CIT(A), for assessment year 2006-07 and 2007-08 the Income Tax Appellate Tribunal, Cochin (**ITAT**) bench against the above order. The ITAT, vide order dated February 12, 2015, set aside the 2006-07 assessment order for 2007-08 was left unaddressed. Thereafter, re-assessment was made for the assessment year 2006-07 dated February 19, 2016. The demand was increased to ₹ 60,27,600 from ₹ 55,94,401 due to adjustment of tax paid and refunded after the first order. The Assessee subsequently filed an appeal before the CIT(A) Kottayam on June 16, 2016 is now pending.
- The Joint Commissioner of Income Tax, Thiruvalla issued an assessment order u/s.143(3) dated December 12, 2011 to George Thomas Muthoot (Assessee) for the assessment year 2009-10 demanding ₹ 56,26,010. The Assessee filed an appeal before the commissioner of Income Tax (Appeals)-Trivandrum on December 20, 2011, which is now pending.
- 3. The Deputy Commissioner of Income Tax, Circle-1(2), Trivandrum has issued an assessment order dated December 22, 2017 to George Muthoot Jacob (Assessee) under section 143(3) of the Income Tax Act, 1961 for the assessment year 2015-16, demanding a total tax payable of ₹ 10,24,970. The Assessee filed an appeal before the Commissioner of Income Tax (Appeals), Thiruvananthapuram on February 12, 2018, which is pending.
- 4. The Deputy Commissioner of Income Tax, Thiruvalla has issued an assessment order dated March 28, 2014 to George Jacob Muthoot (Assessee) under section 143(3) of the IT Act for the year ended March 31, 2011 by demanding a total tax payable of ₹ 158.85 lakhs in respect of certain disallowances on interest payment and agricultural income. The Assessing Officer revised the aforementioned order by a fresh order dated March 6, 2015 and increased the demand to ₹ 302.10 lakhs. The matter is currently pending before the Commissioner of Income Tax (A), Kochi. Further, a fresh assessment under section 143(3) of the Income Tax Act, 1961 vide an order dated January 1, 2019 with a revised demand of ₹ 119.60 lakhs has been issued by the Assistant Commissioner of Income Tax, Circle 1, Kochi. Appeal for the same is pending before the Commissioner of Income Tax, (Kochi).

c. Litigations involving our Group Companies

There are no pending litigations involving our Group Companies whose outcome could have a material adverse effect on the position of our Company.

d. Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the issuer company during the last 5 years immediately preceding the year of the issue of the prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed

NIL

e. Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this

Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last five years immediately preceding the year of this Prospectus

Except as disclosed below, there are no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last five years immediately preceding the year of this Prospectus: NIL

f. Details of acts of material frauds committed against our Company in the last five years, if any, and if so, the action taken by our Company

There are no material frauds committed against our Company in the last five Fiscals, exceeding the materiality threshold of our Company.

g. Summary of reservations, qualifications, or adverse remarks of auditors in the last five Fiscals immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks

There are no reservations or qualifications or adverse remarks in our Company's audited financial statements in the last five Financial Years preceding this Prospectus.

h. Summary of other observations of the auditors in the last five Fiscals immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said observation:

Financial year / Period	Summary of observations	Impact on the financial statements and the financial position of our Company	Corrective steps taken and proposed to be taken by our Company
2014-15	NIL	NIL	NIL
2015-16	NIL	NIL	NIL
2016-17	NIL	NIL	NIL
2017-18	NIL	NIL	NIL
2018-19	NIL	NIL	NIL
6 month period ended September 30, 2019	NIL	NIL	NIL

i. Other than as disclosed elsewhere in this Prospectus and hereinafter below, there have been no material developments since September 30, 2019 and there have risen no circumstances that materially or adversely affects the operations or financial condition or profitability of our Company or the value of our assets or our ability to pay our material liabilities over the next 12 months.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies that are applicable to our business, as prescribed by the GoI and other regulatory bodies. The information detailed below has been obtained from the various legislations, including rules and regulations promulgated by regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations set below may not be exhaustive, are intended only 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 Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Set forth below are certain significant Indian legislations and regulations which are generally adhered to by the industry that we operate in.

Laws governing Non-Banking Financial Companies

Our Company is a Non-systemically Important NBFC which accepts deposits from the public. (**NBFC-D**) and is classified as an NBFC – Investment and Credit Company (NBFC – ICC) vide circular dated February 22, 2019 issued by the RBI.

Following are the significant regulations that affect our operations

Laws governing NBFCs registered with the Reserve Bank of India

NBFCs are supervised and regulated by the Reserve Bank of India. Section 45-I(f) of the Reserve Bank of India Act, 1934 defines an NBFC as set out below:

- a. *a financial institution which is a company;*
- b. a non-banking institution which is a company and which has its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;
- c. such other non-banking institution or class of such institutions, as the Bank may, with the previous approval of the Central Government and by notification in the Official Gazette specify.

Further, Section 45-IA of the RBI Act mandates that any entity which is an NBFC must obtain a certificate of registration as an NBFC from the RBI, to carry on its business and must have minimum net owned funds of \gtrless 25.00 lakhs no exceeding \gtrless 100.00 crores (**NOF**).

NOF is defined in Section 45-IA of the RBI Act as:

- (a) an aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance-sheet of the company after deducting there from-
 - *(i)* accumulated balance of loss;
 - *(ii) deferred revenue expenditure; and*
 - (iii) other intangible assets; and
- (b) further reduced by the amounts representing
 - (1) investments of such company in shares of
 - (*i*) *its subsidiaries;*
 - *(ii) companies in the same group;*
 - *(iii)* all other non-banking financial companies; and

- (2) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with, -
 - *(i) subsidiaries of such company; and*

(ii) companies in the same group, to the extent such book value exceeds 10 per cent of (a) above.

RBI has clarified through a press release (Ref. No. 1998-99/ 1269) dated April 08, 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 its principal business. The company will be treated as an NBFC if (a) its financial assets are more than 50 per cent of its total assets (netted off by intangible assets); and (b) income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

Our Company is registered as a deposit accepting NBFC (**NBFC-D**) and is now classified as an NBFC – Investment and Credit Company which accepts deposits vide notification of the RBI dated February 22, 2019 (RBI/2018-19/130). An NBFC which accepts deposits from the public is primarily governed by the Reserve Bank of India Act, 1934 (**RBI Act**) and the '*Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016*' (**Master Directions**). These Master Directions prescribe various compliance requirements by our Company, including capital adequacy norms, classification of assets, income recognition, provisioning requirements, etc.

Further, as our Company is a deposit taking NBFC it is also governed by the requirements of '*Master Direction* - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016' (**Deposit Directions**)

Certain norms and requirements applicable to NBFCs under the RBI Act, the Master Directions and the Deposit Directions.

In addition to the above requirements the RBI requires NBFCs to follow certain other requirements as set out below;

A. Reserve Fund

Section 45-IC of the RBI Act mandates that every NBFC must create a reserve fund and must transfer into it 20% of its net profit every year as disclosed in the profit and loss account, before any dividend is declared (**Reserve Fund**). No sum from the Reserve Fund can be appropriated by the NBFC for any purpose unless for purposes as specified by the RBI, and any such withdrawal has to be reported to the RBI within a period of 21 days from the date of such withdrawal.

B. Deposits

Set out below are certain key requirements to be followed by NBFC-Ds for accepting public deposits;

- i. NBFC-Ds which have a minimum NOF of ₹ 25.00 lakh or above must obtain a minimum investment grade credit rating or specified credit rating from an approved credit rating agency for its fixed deposits at least once a year. In the event, its credit rating is downgraded, or does not meet the minimum required rating, it is prohibited from accepting fresh deposits, till it obtains minimum investment grade rating.
- ii. An NBFC is prohibited from accepting deposits that repayable on demand;
- iii. Deposits accepted by an NBFC-D has to mandatorily be repayable after period of a minimum of 12 months and a maximum of 60 months, further the highest interest rate that may be offered is 12.50% p.a.
- iv. An NBFC-D having minimum NOF and complying with all prudential norms can accept and renew public deposits
- C. Ratings

Set out below are certain key obligations of an NBFC-D under the Master Directions:

- 1. NBFC-Ds are prohibited from accepting public deposits which are repayable on demand.
- 2. An NBFC-D may not accept deposits which complies with applicable prudential norms under the Master Directions and has the minimum required 'Net Owned Funds' (**NOF**) may not accept public deposits exceeding 1.5 times its NOF.
- 3. An NBFC-D which has failed to repay any public deposit or part thereof in accordance with the terms and conditions of such deposit, cannot grant any loan or other credit facility by whatever name called or make any investment or create any other asset as long as such default exists.

Certain Prudential Norms

- 1. NBFC-Ds under the Master Directions are required to maintain Capital to Risk Weighted Assets Ratio of 15% (**CRAR**) and are also required to maintain assets equivalent to 15% of the outstanding deposits.
- 2. Further, NBFC-Ds are required to invest in India in unencumbered approved securities whose value will not be less than 15% of the public deposits held by the NBFC-D at the close of a business or any day.

Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016

NBFCs must follow customer identification procedures for the opening of accounts and monitoring transactions of suspicious nature for the purpose of reporting it to an appropriate authority. Accordingly, NBFCs have been advised to ensure that a proper policy framework on 'know your customer' and anti-money laundering measures is formulated and put in place with the approval of the RBI. The KYC policies are required to have certain key elements, including, customer acceptance policy, risk management, customer identification procedures and monitoring of transactions.

Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

All NBFCs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. They are required to report all cases of fraud of ₹ 1.00 lakh and above, and if the fraud is of ₹100 lakhs or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof to Central Fraud Monitoring Cell, Bangalore.

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. With reference to the provisions of section 45IB (2) of the RBI Act, all NBFCs accepting/holding public deposits are required to submit NBS-3 return on a quarterly basis, to capture details of statutory investments in liquid assets (central/state government securities, fixed deposits in scheduled commercial bank etc.). Additionally, all NBFCs accepting/holding public deposits are required to submit NBS-1 return on a quarterly basis to capture financial details and are required to submit NBS-2 return on a quarterly basis to capture compliance with various prudential norms.

Further, every NBFC is required submit a certificate from its Statutory Auditor every year to the effect that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration granted under section 45-IA of the RBI Act and CRILC on a quarterly basis and CRILC on a quarterly basis to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

NBFCs accepting/holding Public Deposits with asset base of \gtrless 10,000 lakh & more, or holding public deposits of \gtrless 2,000 lakh or more (irrespective of their asset size), as per their latest audited balance sheet and are required to submit the Asset-Liability Management return on a half yearly basis to address concerns regarding asset liability mismatches and interest rate risk exposures.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 01, 2013 to ensure that a proper policy framework for the Prevention of Money Laundering Act, 2002 (PMLA) is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 10 lakhs; (ii) all series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 10 lakhs.

Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

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

Laws governing issuance and operation of prepaid instruments

The business of issuing and operating prepaid payment instruments (**PPIs**) in India are governed by the RBI Master Direction on Issuance and Operation of Prepaid Payment Instruments, 2017 (**PPI Directions**).

The PPI Directions define a PPI as a payment instrument that facilitate the purchase of goods and services, including financial services and remittance facilities, against the stored value on such instruments.

PPIs are classified into 3 broad types *viz*. (i) closed system PPI, (ii) semi-closed system PPI and (iii) open system PPI. Our Company is in the business of operating a 'semi-closed system PPI'.

Under the PPI Directions, a semi-closed system PPI may be used for purchase of goods and services, financial services and remittance facilities, etc from a group of clearly identified merchant locations and establishments which have a specific contract with the entity issuing the PPI.

Eligibility and requirements

Any entity intending to commence the business of issuing a semi-closed system PPI must obtain authorisation from the RBI. Further, any company which seeks to obtain authorisation under the PPI Directions for issuing PPIs must have a minimum positive net worth of \gtrless 500 lakhs as per the latest audited balance sheet. Additionally, any non-bank entity that intends to commence the business of a semi-closed system PPI must achieve a minimum positive net worth of \gtrless 1,500 lakhs by March 31, 2020, which must be maintained at all times thereafter, failing which the authorisation to carry on the PPI business may be revoked.

NBFCs which comply with the eligibility criteria as specified in the PPI Directions, are permitted to issue only semi-closed system PPIs, after obtaining authorisation from RBI. NBFCs may issue PPIs up to

- ₹ 10,000.00 which may be used only for purchase of goods and services and not for transfer of funds from such PPIs to bank accounts or PPIs of same / other issuers; or
- ₹ 1,00,000.00 which may be used to transfer funds back to the payment source from where the PPI was loaded or to the bank account of the PPI holder. In the case of such PPIs, transfer of funds may also be made by the holder of the PPI to pre-registered beneficiaries as per the PPI Directions up to ₹ 1,00,000.00 per month per beneficiary or to others up to ₹ 10,000.00 per month.

Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Master Directions, prescribed credit exposure limits for financial institutions in respect of their lending to single/group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the non -systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the non-systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the non-systemically important NBFC-ND. Further, the non-systemically important NBFC-ND may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-NSI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-NSI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings. Any non-systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5% of its owned fund, with the approval of its Board of Directors. The loans and investments of the non-systemically important NBFC-ND taken together may not exceed 25% of its owned funds to or in single party and 40% of its owned funds to or in single group of parties. A non-systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings.

Loan to value guidelines

The RBI issued these directions on July 01, 2015, directed the applicable NBFCs to: (i) maintain a loan-to-value ratio not exceeding 75% for loans granted against the collateral of gold jewellery and; (ii) disclose in their balance sheet the percentage of such loans to their total assets. Further, NBFCs are also required to not grant any advance against bullion/primary gold and gold coins. NBFCs shall also 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. 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%.

Provisioning Requirements

An NBFC, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the master directions. In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI vide its circular (no. DNBS.PD.CC. No.207/03.02.002/2010-11) dated January 17, 2011, introduced provisioning for standard assets by all NBFCs. NBFCs were earlier required to make a general provision at 0.25% of the outstanding standard assets. As mentioned above, the RBI vide its notification dated November 10, 2014 has increased the requirement for standard assets for all NBFCs-D to 0.40%, which were to be complied with in a phased manner as follows: (i) 0.30% by March 31, 2016 (ii) 0.35% by March 31, 2017 (iii) 0.40% by March 31, 2018. The provisions on standard assets are not reckoned for arriving at net NPAs. The provisions towards standard assets are not needed to be netted from gross advances but shown separately as "Contingent Provisions against Standard Assets" in the balance sheet. NBFCs are allowed to include the "General Provisions on Standard Assets" in Tier II Capital which together with other "general provisions/loss reserves" will be admitted as Tier II Capital only up to a maximum of 1.25% of the total risk-weighted assets.

Asset Classification

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

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

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present, every NBFC is required to make a provision at 0.40 per cent. NBFC-D has to follow 90 days norm for classification of assets.

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-D-NSI, 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 March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the company has complied with the minimum investment grade credit rating from an approved credit rating agency, whether aggregate amount of deposits outstanding as at any time exceeded the limit specified by credit rating agency, 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- 1.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

The RBI issued these directions on November 9, 2017 for all NBFCs. Outsourcing is defined as the NBFC's use of a third party either an affiliated entity within a corporate group or an entity that is external to the corporate group to perform activities on a continuing basis that would normally be undertaken by the NBFC itself, now or in the future. Outsourced financial services include applications processing loan origination, credit card, document processing, marketing and research, supervision of loans, data processing and back office related activities, besides others. Some key risks in outsourcing are Strategic Risk, Reputation Risk, Compliance Risk, Operational Risk, Legal Risk, Exit Strategy Risk, Counterparty Risk, Country Risk, Contractual Risk, Access Risk, Concentration and Systemic Risk. The NBFC outsourcing its activities must ensure sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from such outsourced activities. These directions are not applicable to technology-related issues and activities not related to financial services, such as usage of courier, catering of staff, housekeeping and janitorial services, security of the premises, movement and archiving of records, etc. NBFCs which desire to outsource financial services would not require prior approval from RBI. However, such arrangements would be subject to on-site/ off-site monitoring and inspection/ scrutiny by RBI. An NBFC intending to outsource any of its financial activities shall put in place a comprehensive outsourcing policy, approved by its board, which incorporates, inter alia, criteria for selection of such activities as well as service providers, delegation of authority depending on risks and materiality and systems to monitor and review the operations of these activities. In considering or renewing an outsourcing arrangement, appropriate due diligence shall be performed to assess the capability of the service provider to comply with obligations in the outsourcing agreement. NBFCs shall consider whether the service providers systems are compatible with their own and also whether their standards of performance including in the area of customer service are acceptable to it. The NBFC shall have in place a management structure to monitor and control its outsourcing activities. It shall ensure that outsourcing agreements with the service provider contain provisions to address their monitoring and control of outsourced activities.

Ombudsman scheme for customers of NBFCs

The objective of the ombudsman scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by certain categories of NBFCs registered with the RBI to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The scheme provides for the appointment by RBI of one or more officers not below the rank of general manager as ombudsmen (the Ombudsmen) for a period not exceeding three years at a time, to carry out the functions entrusted to Ombudsmen under the scheme. The Scheme describes the nature of complaints which any person could file with an Ombudsman alleging deficiency in services by an Covered NBFC, which include inter alia failure to convey in writing the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide adequate notice on proposed changes being made in the sanctioned terms in vernacular or a language understood by the borrower, levying of charges without adequate prior notice to the borrower/customer and failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues. The complaints may be settled by the NBFC within a specified period or may be decided by an award passed by Ombudsman after affording the parties a reasonable opportunity to present their case, either in writing or in a meeting. Where the Ombudsman decides to allow the complaint, the award passed is required to contain the direction/s, if any, to the NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the NBFC. The NBFC is required to implement the settlement arrived at with the complainant or the award passed by the Ombudsman when it becomes final and send a report in this regard to the RBI within 15 days of the award becoming final. The Ombudsman is required to send a report to the RBI governor annually (as on June 30 every year) containing general review of the activities of his office during the preceding financial year and provide such other information as may be required by the RBI.

Master Direction – Information Technology Framework for the NBFC Sector

In order to ensure adequate compliance, enhanced transparency and maintenance of database, the RBI by its master direction has mandated all the NBFCs to develop a basic IT system. It has further listed the basic requirements of it which the company must ensure while setting up the IT system. It is as follows:

- Basic security aspects such as physical /logical access controls and well-defined password policy;
- A well-defined user role;
- A Maker-checker concept to reduce the risk of error and misuse and to ensure reliability of data/ information;
- Information Security and Cyber Security
- Requirements as regards Mobile Financial Services, Social Media and Digital Signature Certificates
- System generated reports for Top Management summarising financial position including operating and nonoperating revenues and expenses, cost benefit analysis of segments/verticals, cost of funds, etc.;
- Adequacy to file regulatory returns to RBI (COSMOS Returns);
- A BCP policy duly approved by the Board ensuring regular oversight of the Board by way of periodic reports (at least once every year);
- Arrangement for backup of data with periodic testing.

Financing of NBFCs by bank

The RBI has issued guidelines vide a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of non-systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) further lending to individuals for the purpose of subscribing to an initial public offer.

In addition to the above the RBI has issued guidelines vide a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 01, 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.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("ALM") System in relation to NBFCs ("ALM Guidelines") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹10,000 lakhs, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹2,000 lakhs or more (irrespective of the

asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI)

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-day notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the secured creditor proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-day notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹ 100 lakhs, agricultural land and any case where the amount due is less than 20.00% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 (Code) consolidates laws relating to insolvency, reorganisation and liquidation/ bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships (LLPs). The Code has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The Code prescribes a timeline of 180 days for the insolvency resolution process, which begins from the date the application is admitted by the NCLT. During this period, the creditors and the debtor shall negotiate and finalise a resolution plan (accepted by 75% of the financial creditors) and in the event, they fail, the debtor is placed in liquidation and the moratorium lifted. The Code stipulates an interim-moratorium period which would commence after filing of the application for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company or be involved in the promotion or management of a company during the moratorium period.

The Securities Contracts (Regulation) Act, 1956, as amended (SCRA), and the Securities Contracts (Regulation) Rules, 1957, as amended (SCRR)

The SCRA regulates securities transactions and other related matters. The SCRA governs all grants of recognition for Indian stock exchanges by the central government, corporatisation and demutualisation of stock exchanges and regulation of the stock exchanges, including the regulatory framework governing bylaws of stock exchanges and the circumstances governing withdrawal of recognition. The SCRA also establishes the legal framework governing contracts and options in securities, conditions for listing, delisting and dealing in securities. Additionally, the SCRA has an appeal process that provides for the right to appeal any determination to the Securities Appellate Tribunal, which precludes the jurisdiction of civil courts in India. The SCRR sets forth the rules of procedure with respect to the listing of securities, the grounds for delisting of securities, continuous listing

requirements, qualifications for membership of recognised stock exchanges and the submission of periodical returns by recognised stock exchanges with SEBI.

Shops and Establishment Legislations

The provisions of shops and establishments legislations, as may be applicable in a state in which establishments are set up, regulate the conditions of work and employment and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work. Our Company has its registered office in the state of Kerala. Accordingly, the provisions of the Kerala Shops and Commercial Establishments Act, 1960 are applicable to our Company. The Kerala Shops and Commercial Establishments Act, 1960, as amended, regulates the conditions of work in shops, commercial establishments, restaurants, theatres and other establishments in Kerala and makes provisions for the opening and closing of shops, daily and weekly hours of work, employment of children and young persons, health and safety measures, wages etc.

Labour laws

We are subject to various labour laws for the safety, protection, condition of working, employment terms and welfare of labourers and/or employees of our Company. The Industrial Disputes Act, 1947, as amended, provides for a statutory mechanism of settlement of all industrial disputes, a term which primarily refers to a dispute or difference between employers and workmen concerning employment or the terms of employment or with the conditions of labour of any person.

Our Company is subject to various labour laws for the safety, protection, condition of working, employment terms and welfare of our labourers and/or our employees. Accordingly, our Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, as amended (**CLRA Act**), and the rules framed thereunder which requires our Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA Act.

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (**EPF Act**) applies to factories employing 20 or more employees and such other establishments and industrial undertakings as notified by the government from time to time. The EPF Act requires all such establishments to be registered with the Regional Provident Fund Commissioner and requires the employers and their employees to contribute in equal proportion to the employees' provident fund, the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State Provident Fund Commissioner.

The Employees' State Insurance Act, 1948 (**ESI Act**) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is required to register such factory or establishment under the ESI Act and maintain prescribed records and registers. Every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages up to $\gtrless 15,000$ per month is entitled to be insured under the ESI Act.

Under the Payment of Gratuity Act, 1972 (**Gratuity Act**), an employee in a factory is deemed to be in 'continuous service' for a period of at least 240 days in a period of 12 months or 120 days in a period of 6 months immediately preceding the date of reckoning, whether or not such service has been interrupted during such period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. An employee who has been in continuous service for a period of five years may be eligible for gratuity upon his retirement, superannuation, death or disablement.

Other Laws

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed there under and other applicable statutes enacted by the Centre or relevant State Governments and

authorities for our day-to-day business and operations. Our Company is also subject to various central and state tax laws and Foreign Exchange Management, 1999 and the rules and regulations framed thereunder

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue is approved by Board of Directors at their meeting dated January 24, 2019. The Secured NCDs will be issued to the public up to an amount not exceeding ₹ 20,000.00 lakhs, on the terms and conditions as set out in this Prospectus.

Further, the borrowing through the present Issue is within the borrowing limits duly approved by the shareholders' pursuant to Section 180(1)(c) of the Companies Act, 2013 vide their resolution dated August 2, 2014.

Prohibition by SEBI or other Governmental authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group or the persons in control of our Company have not been restrained or prohibited or debarred from accessing or dealing in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies, with which our Promoters, our Directors or persons in control of our Company are or were associated as promoters, directors or persons in control have not been debarred from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except as disclosed under the chapter '*Our Management*' on page 131, none of our Directors are in any manner associated with the securities market, including any securities market related business and no action has been taken by the SEBI against our Directors or any entity in which our Directors are involved as promoters or directors. Neither our Company, our Promoters nor any of their relatives (as defined under the Companies Act), any member of our Promoter Group, our Directors and our Group Companies are or have been declared as wilful defaulters.

Prohibition by RBI

Neither our Company, nor our Promoters, Directors have been categorized as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Our Company has not defaulted in the payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than 6 months.

Other confirmations

None of our Promoters or Directors have been declared fugitive economic offenders under the provisions of The Fugitive Economic Offenders Act, 2018.

Neither our Promoter, nor 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 10 years preceding the date of this Prospectus, in accordance with Chapter V of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

Disclaimer clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED OCTOBER 3, 2008 BEARING NO. 16.00042, ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45I-A OF THE RESERVE BANK OF INDIA ACT, 1934. IT MUST BE DISTINCTLY UNDERSTOOD THAT THE ISSUING OF THIS CERTIFICATE AND GRANTING A LICENSE AND APPROVAL BY RBI IN ANY OTHER MATTER SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED TO BE AN APPROVAL BY RBI TO THIS PROSPECTUS NOR SHOULD IT BE DEEMED THAT RBI HAS APPROVED IT. HOWEVER, THE RESERVE BANK OF INDIA DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO FINANCIAL SOUNDNESS OF THE COMPANY OR CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS / DISCHARGE OF LIABILITIES BY THE COMPANY.

The filing of this Prospectus does not, however, absolve any person who has authorised the issue of this Prospectus from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the Issue. SEBI further reserves the right to take up at any point of time, with the Lead Manager, any irregularities or lapses in this Prospectus.

All legal requirements pertaining to the Issue will be complied with by the respective parties at the time of filing of the Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Issue will be complied with by the respective parties at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, 31, 32 and 33 of the Companies Act, 2013.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, INGA VENTURES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER INGA VENTURES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 18, 2020 WHICH READS AS FOLLOWS:

- 1. WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
- 3. WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008.
- 4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956, SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.

WE CONFIRM THAT ALL COMMENTS/ COMPLAINTS RECEIVED ON THE DRAFT OFFER DOCUMENT FILED ON THE WEBSITE OF THE DESIGNATED STOCK EXCHANGE HAVE BEEN SUITABLY ADDRESSED.

DISCLAIMER CLAUSE OF BSE

BSE LIMITED (EXCHANGE) HAS GIVEN, VIDE ITS LETTER DATED FEBRUARY 06, 2020, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- a) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR
- b) WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
- c) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR, OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY 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 given in credit report / industry report

Disclaimer clause of CARE for Industry Report

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A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company / entity. Ratings are revised as an when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL website, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

CARE

The Secured NCDs proposed to be issued under this Issue have been rated 'BBB+/Stable' by CARE for an amount of up to ₹ 20,000.00 lakhs vide letter dated August 30, 2019 and has been revalidated vide its letter dated December 9, 2019. The rating of 'BBB+/Stable' by CARE indicate that instruments with these ratings are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. However, the said rating has been withdrawn by CARE vide letter dated January 24, 2020. For the rationale for these ratings, please refer to Annexure II on page 261.

Listing Approvals

The Secured NCDs proposed to be offered through this Issue are proposed to be listed on BSE. BSE has been appointed as the Designated Stock Exchange. An application will be made to BSE for permission to deal in and for an official quotation of our Secured NCDs.

If permissions to deal in and for an official quotation of our Secured NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE are taken within six Working Days from the date of closure of the Issue.

Our Company is in the process of entering into a simplified listing agreement with BSE.

Consents

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

Debenture Trustee

Our Company has appointed IDBI Trusteeship Services Limited as the Debenture Trustee under regulation 4(4) of the SEBI Debt Regulations. The Debenture Trustee has granted consent vide letter dated May 27, 2019, to our Company for its appointment.

Expert

Except the (i) Auditors' report on Reformatted Financial Statements issued by JVR & Associates, Chartered Accountants dated December 18, 2019; (ii) Statement of Tax Benefits issued by JVR & Associates, Chartered Accountants dated January 29, 2020; (iii) '*Indian Non-Banking Finance Industry Report*' by CARE dated December 2019 our Company has not obtained any expert opinions.

Common form of transfer

The Issuer undertakes that there shall be a common form of transfer for the Secured NCDs held in dematerialised form shall be transferred in accordance with the rules / procedures as prescribed by NSDL and CDSL and the relevant depository participant of the transferor or transferee and the provisions of the Companies Act and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Filing of the Draft Prospectus and the Prospectus

A copy of the Draft Prospectus was filed with the Designated Stock Exchange in terms of Regulation 6 of the SEBI Debt Regulations.

Furthermore, a copy of this Prospectus filed with the RoC, under the Companies Act and the rules framed thereunder shall be filed simultaneously with the Stock Exchange and displayed on the website of the Stock Exchange in terms of Regulation 7 of the SEBI Debt Regulations.

Debenture Redemption Reserve

Our Company will create and maintain a debenture redemption reserve only in accordance with applicable law. Where the applicable law does not stipulate the creation of a DRR, we are not required to and may not create a DRR.

Issue Related Expenses

For details regarding expenses related to the Issue, please refer to the chapter 'Objects of the Issue' on page 58.

Track Record of past public issues handled by the Lead Manager

This is the first public issue managed by Inga Ventures Private Limited

Details regarding public issue during the last 3 years by our Company and other listed Group Companies

Our Company has not previously made any public issue of Equity Shares or other securities.

Details regarding previous public issues by Group Companies

Other than as set out below, none of the listed companies who form part of the companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 have made any public or rights issues.

1. Muthoot Finance Limited

On May 03, 2011, Muthoot Finance Limited issued and allotted 51,500,000 Equity Shares at a price of \gtrless 175 per Equity Share, amounting to an aggregate of \gtrless 9,012,500,000 pursuant to an initial public offer under the SEBI ICDR Regulations which opened on April 18, 2011 and closed on April 21, 2011. The electronic credit of the Equity Shares to investors pursuant to the initial public offer was completed on May 04, 2011.

On September 14, 2011, Muthoot Finance Limited issued and allotted 6.93 million secured, redeemable non-convertible debentures ("**PL-INCDs**") at a price of \gtrless 1,000 per PL-INCD, amounting to an aggregate of \gtrless 6,932.81 million pursuant to a public offer under the SEBI Debt Regulations which opened on August 23, 2011 and closed on September 05, 2011. The electronic credit of the PL-INCDs to investors pursuant to this public offer was completed on September 16, 2011.

On January 18, 2012, Muthoot Finance Limited issued and allotted 4.59 million secured, redeemable non-convertible debentures ("**PL- II NCDs**") at a price of \gtrless 1,000.00 per PL- II NCD, amounting to an aggregate of \gtrless 4,593.20 million pursuant to a public offer under the SEBI Debt Regulations which opened on December 22, 2011 and closed on January 07, 2012. The electronic credit of the PL-II NCDs to investors pursuant to this public offer was completed on January 19, 2012.

On April 18, 2012, Muthoot Finance Limited issued and allotted 2.60 million secured, redeemable non-convertible debentures ("**PL-III NCDs**") at a price of \gtrless 1,000.00 per PL- III NCD, amounting to an aggregate of \gtrless 2,597.52 million pursuant to a public offer under the SEBI Debt Regulations which opened on March 02, 2012 and closed on April 09, 2012. The electronic credit of the PL-III NCDs to investors pursuant to this public offer was completed on April 19, 2012.

On November 01, 2012, Muthoot Finance Limited issued and allotted 2.75 million secured, redeemable non-convertible debentures ("**PL- IV NCDs**") at a price of \gtrless 1,000.00 per PL- IV NCD, amounting to an aggregate of \gtrless 2,749.40 million pursuant to a public offer under the SEBI Debt Regulations which opened on September 17, 2012 and closed on October 22, 2012. The electronic credit of the PL-IV NCDs to investors pursuant to this public offer was completed on November 02, 2012.

On September 25, 2013, Muthoot Finance Limited issued and allotted 2.79 million secured, redeemable non-convertible debentures and 0.21 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-V NCDs**") at a price of ₹ 1,000.00 per PL- V NCD, amounting to an aggregate of ₹ 3,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on September 02, 2013 and closed on September 16, 2013. The electronic credit of the PL-V NCDs to investors pursuant to this public offer was completed on September 26, 2013.

On December 04, 2013, Muthoot Finance Limited issued and allotted 2.77 million secured, redeemable non-convertible debentures and 0.23 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-VI NCDs**") at a price of ₹ 1,000.00 per PL- VI NCD, amounting to an aggregate of ₹ 3,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on November 18, 2013 and closed on November 25, 2013. The electronic credit of the PL-VI NCDs to investors pursuant to this public offer was completed on December 05, 2013.

On February 04, 2014, Muthoot Finance Limited issued and allotted 4.56 million secured, redeemable non-convertible debentures and 0.44 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-VII NCDs**") at a price of \gtrless 1,000.00 per PL- VII NCD, amounting to an aggregate of \gtrless 5,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on December 27, 2013 and closed on January 27, 2014. The electronic credit of the PL-VII NCDs to investors pursuant to this public offer was completed on February 05, 2014.

On April 02, 2014, Muthoot Finance Limited issued and allotted 1.79 million secured, redeemable non-convertible debentures and 0.19 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-VIII NCDs**") at a price of \gtrless 1,000.00 per PL- VIII NCD, amounting to an aggregate of \gtrless 1,979.28 million pursuant to a public offer under the SEBI Debt Regulations which opened on March 10, 2014 and closed on March 21 2014. The electronic credit of the PL-VIII NCDs to investors pursuant to this public offer was completed on April 03, 2014.

On April 29, 2014, Muthoot Finance Limited issued and allotted 25,351,062 Equity Shares at a price of ₹ 165 per Equity Share, amounting to an aggregate of ₹ 4,182.93 million pursuant to an institutional placement programme under Chapter VIII – A of the SEBI ICDR Regulations which opened and closed on April 25, 2014. The electronic credit of the Equity Shares to investors pursuant to the institutional placement programme was completed on April 29, 2014.

On July,04, 2014, Muthoot Finance Limited issued and allotted 4.29 million secured, redeemable non-convertible debentures and 0.36 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-IX NCDs**") at a price of \gtrless 1,000.00 per PL-IX NCD, amounting to an aggregate of \gtrless 4,661.94 million pursuant to a public offer under the SEBI Debt Regulations which opened on May 26, 2014 and closed on June 26 2014. The electronic credit of the PL-IX NCDs to investors pursuant to this public offer was completed on July 07, 2014.

On September, 26, 2014, Muthoot Finance Limited issued and allotted 3.67 million secured, redeemable nonconvertible debentures and 0.30 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-X NCDs**") at a price of \gtrless 1,000.00 per PL-X NCD, amounting to an aggregate of \gtrless 3,977.82 million pursuant to a public offer under the SEBI Debt Regulations which opened on August 18, 2014 and closed on September 18 2014. The electronic credit of the PL-X NCDs to investors pursuant to this public offer was completed on September 30, 2014.

On December 29, 2014, Muthoot Finance Limited issued and allotted 3.61 million secured, redeemable nonconvertible debentures and 0.39 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XI NCDs**") at a price of \gtrless 1,000.00 per PL-XI NCD, amounting to an aggregate of \gtrless 4,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on November 19, 2014 and closed on December 18, 2014. The electronic credit of the PL-XI NCDs to investors pursuant to this public offer was completed on December 31, 2014.

On April 23, 2015, Muthoot Finance Limited issued and allotted 2.71 million secured, redeemable non-convertible debentures and 0.29 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XII NCDs**") at a price of \gtrless 1,000.00 per PL-XII NCD, amounting to an aggregate of $\end{Bmatrix}$ 3,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on March 25, 2015 and closed on April 15, 2015. The electronic credit of the PL-XII NCDs to investors pursuant to this public offer was completed on April 27, 2015.

On October 14, 2015, Muthoot Finance Limited issued and allotted 4.64 million secured, redeemable nonconvertible debentures and 0.36 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XIII NCDs**") at a price of \gtrless 1,000.00 per PL-XIII NCD, amounting to an aggregate of \gtrless 5,000 million pursuant to a public offer under the SEBI Debt Regulations which opened on September 07, 2015 and closed on October 05, 2015. The electronic credit of the PL-XIII NCDs to investors pursuant to this public offer was completed on October 15, 2015.

On January 20, 2016, Muthoot Finance Limited issued and allotted 4.15 million secured, redeemable nonconvertible debentures and 0.23 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XIV NCDs**") at a price of \gtrless 1,000.00 per PL-XIV NCD, amounting to an aggregate of $\end{Bmatrix}$ 4385.24 million pursuant to a public offer under the SEBI Debt Regulations which opened on December 07, 2015 and closed on January 11, 2016. The electronic credit of the PL-XIV NCDs to investors pursuant to this public offer was completed on January 22, 2016.

On May 12, 2016, Muthoot Finance Limited issued and allotted 4.76 million secured, redeemable non-convertible debentures and 0.24 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XV NCDs**") at a price of ₹ 1,000.00 per PL-XV NCD, amounting to an aggregate of ₹ 5000.00 million pursuant to a public offer under the SEBI Debt Regulations which opened on April 04, 2016 and closed on May 03, 2016. The electronic credit of the PL-XV NCDs to investors pursuant to this public offer was completed on May 13, 2016.

On January 30, 2017, Muthoot Finance Limited issued and allotted 13.00 million secured, redeemable nonconvertible debentures and 0.31 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XVI NCDs**") at a price of ₹ 1,000.00 per PL-XVI NCD, amounting to an aggregate of ₹ 13317.76 million pursuant to a public offer under the SEBI Debt Regulations which opened on January 17, 2017 and closed on January 18, 2017. The electronic credit of the PL-XVI NCDs to investors pursuant to this public offer was completed on January 31, 2017.

On April 24, 2017, Muthoot Finance Limited issued and allotted 19.50 million secured, redeemable non-convertible debentures and 0.19 million unsecured, redeemable non-convertible debentures in the nature of subordinated debt ("**PL-XVII NCDs**") at a price of \gtrless 1,000.00 per PL-XVII NCD, amounting to an aggregate of $\end{Bmatrix}$ 19,687.17 million pursuant to a public offer under the SEBI Debt Regulations which opened on April 11, 2017 and closed on April 12, 2017. The electronic credit of the PL-XVII NCDs to investors pursuant to this public offer was completed on April 25, 2017.

On April 19, 2018, Muthoot Finance Limited issued and allotted 30.00 million secured, redeemable nonconvertible debentures ("**PL-XVIII NCDs**") at a price of \gtrless 1,000.00 per PL-XVIII NCD, amounting to an aggregate of \gtrless 30,000.00 million pursuant to a public offer under the SEBI Debt Regulations which opened on April 09, 2018 and closed on April 10, 2018. The electronic credit of the PL-XVIII NCDs to investors pursuant to this public offer was completed on April 20, 2018.

On March 20, 2019, Muthoot Finance Limited issued and allotted 7.09 million secured, redeemable nonconvertible debentures ("**PL-XIX NCDs**") at a price of \gtrless 1,000.00 per PL-XIX NCD, amounting to an aggregate of \gtrless 7,094.57 million pursuant to a public offer under the SEBI Debt Regulations which opened on February 14, 2019 and closed on March 14, 2019. The electronic credit of the PL-XIX NCDs to investors pursuant to this public offer was completed on March 20, 2019.

On June 14, 2019, Muthoot Finance Limited issued and allotted 8.52 million secured, redeemable non-convertible debentures ("**PL-XX NCDs**") at a price of ₹ 1,000.00 per PL-XX NCD, amounting to an aggregate of ₹ 8,517.01 million pursuant to a public offer under the SEBI Debt Regulations which opened on May 10, 2019 and closed on June 10, 2019. The electronic credit of the PL-XX NCDs to investors pursuant to this public offer was completed on June 14, 2019.

On November 01, 2019, Muthoot Finance Limited issued and allotted 4.60 million secured, redeemable nonconvertible debentures ("**PL-XXI NCDs**") at a price of \gtrless 1,000.00 per PL-XXI NCD, amounting to an aggregate of \gtrless 4,598.23 million pursuant to a public offer under the SEBI Debt Regulations which opened on September 27, 2019 and closed on October 25, 2019. The electronic credit of the PL-XXI NCDs to investors pursuant to this public offer was completed on November 01, 2019.

On December 27, 2019, Muthoot Finance Limited issued and allotted 790 Crores secured, redeemable non-

convertible debentures ("**PL-XXII NCDs**") at a price of ₹ 1,000.00 per PL-XXII NCD, pursuant to a public offer under the SEBI Debt Regulations which opened on November 29, 2019 and closed on December 20, 2019.

2. Muthoot Homefin (India) Limited

On May 13, 2019, Muthoot Homefin (India) Limited issued and allotted 2837842 secured, redeemable, nonconvertible debentures (NCDs) at a price of \gtrless 1000 each aggregating to \gtrless 283.78 crores pursuant to a public offer under the SEBI Debt Regulations which opened on April 08, 2019 and closed on May 07, 2019. The electronic credit of the NCDs to investors pursuant to this public offer was completed on May 13, 2019.

Muthoot Fin	ance Limited	ł				
Instrument	Issue open date	Allotment date	Gross proceeds raised (₹in lakhs)	Net proceeds raised after deducting issue expenses (₹ in lakhs)	Objects of the Issue as per respective Prospectus	Net utilization of proceeds
Secured, redeemable non- convertible debentures	November 29, 2019	December 27, 2019	79,000.00	78,472.23	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending -75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes - 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue
Secured, redeemable non- convertible debentures	September 27, 2019	November 01, 2019	45,982.30	45,765.50	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending -75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes - 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue
Secured, redeemable non- convertible debentures	May 10, 2019	June 14, 2019	85,170.10	84,699.50	The proceeds raised through the issue after meeting issue related expenses will be utilised as below. a) For the purpose of lending -75% of the amount raised and allotted in the Issue, b) For General Corporate Purposes - 25% of the amount raised and allotted in the Issue	Fully utilised according to the objects of the issue
Secured, redeemable	February 14, 2019	March 20, 2019	70,945.70	70,545.80	The proceeds raised through the issue after	Fully utilised according to

non-					meeting issue related	the objects of
convertible					expenses will be utilised	the issue
debentures					as below. a) For the	
					purpose of lending -75%	
					of the amount raised and	
					allotted in the Issue, b)	
					For General Corporate	
					Purposes - 25% of the	
					amount raised and	
					allotted in the Issue	
Secured,	April 09,	April 19,	3,00,000.00	2,95,589.20	The proceeds raised	Fully utilised
redeemable	2018	2018	5,00,000.00	2,90,009.20	through the issue after	according to
non-	-010	-010			meeting issue related	the objects of
convertible					expenses will be utilised	the issue
debentures					as below. a) For the	
					purpose of lending -75%	
					of the amount raised and	
					allotted in the Issue, b)	
					For General Corporate	
					Purposes - 25% of the	
					amount raised and	
					allotted in the Issue	
Secured,	April 11,	April 23,	1,96,871.70	1,94,402.30	The proceeds raised	Fully utilised
redeemable	2017	2017	-,, -,	_,, ,,	through the issue after	according to
non-					meeting issue related	the objects of
convertible					expenses will be utilised	the issue
debentures					as below. a) For the	
&					purpose of lending -75%	
Unsecured,					of the amount raised and	
redeemable					allotted in the Issue, b)	
non-					For General Corporate	
convertible					Purposes - 25% of the	
debentures					amount raised and	
					allotted in the Issue	
Secured,	January	January	1,33,177.60	1,31,337.10	The proceeds raised	Fully utilised
redeemable	17, 2017	30, 2017			through the issue after	according to
non-					meeting issue related	the objects of
convertible					expenses will be utilised	the issue
debentures					as below. a) For the	
&					purpose of lending -75%	
Unsecured,					of the amount raised and	
redeemable					allotted in the Issue, b)	
non-					For General Corporate	
convertible					Purposes - 25% of the	
debentures					amount raised and	
Comment 1	A	Mary 10	50,000,00	40.972.00	allotted in the Issue	Ealler (11 and
Secured,	April 04,	May 12,	50,000.00	49,872.90	The proceeds raised	Fully utilised
redeemable	2016	2016			through the issue after	according to
non-					meeting issue related	the objects of
convertible					expenses will be utilised	the issue
debentures &					as below. a) For the	
& Unsecured,					purpose of lending -75% of the amount raised and	
redeemable					allotted in the Issue, b)	
non-						
non- convertible					For General Corporate Purposes - 25% of the	
					amount raised and	
dehenturos					amount raised alla	1
debentures					allotted in the Issue	
	December	Ianuary	43 852 40	43 738 10	allotted in the Issue	Fully utilized
debentures Secured, redeemable	December 11, 2015	January 20, 2016	43,852.40	43,738.10	allotted in the Issue The proceeds raised through the issue after	Fully utilised according to

non-					meeting issue related	the objects of
convertible					expenses will be utilised	the issue
debentures					as below. a) For the	
&					purpose of lending -75%	
Unsecured,					of the amount raised and	
redeemable					allotted in the Issue, b)	
non-						
-					For General Corporate	
convertible					Purposes - 25% of the	
debentures					amount raised and	
C 1	C	Outstan	50,000,00	40,000,00	allotted in the Issue	E 11 (11 1
Secured,	September	October	50,000.00	49,880.20	The proceeds raised	Fully utilised
redeemable	7, 2015	14, 2015			through the issue after	according to
non-					meeting issue related	the objects of
convertible					expenses will be utilised	the issue
debentures					as below. a) For the	
&					purpose of lending -75%	
Unsecured,					of the amount raised and	
redeemable					allotted in the Issue, b)	
non-					For General Corporate	
convertible					Purposes - 25% of the amount raised and	
debentures						
Comment.	Manal 25	A	20,000,00	20,020,00	allotted in the Issue	Ealler of the L
Secured, redeemable	March 25, 2015	April 23,	30,000.00	29,929.80	The proceeds raised	Fully utilised
	2015	2015			through the issue after	according to
non-					meeting issue related	the objects of
convertible					expenses will be utilised	the issue
debentures					as below. a) For the	
& Unsecured,					purpose of lending -75% of the amount raised and	
redeemable						
non-					allotted in the Issue, b)	
convertible					For General Corporate Purposes - 25% of the	
debentures					amount raised and	
debentures					allotted in the Issue	
Secured,	November	December	40,000.00	39,905.40	The proceeds raised	Fully utilised
redeemable	19, 2014	29, 2014	40,000.00	39,903.40	through the issue after	according to
non-	17, 2014	27, 2014			meeting issue related	the objects of
convertible					expenses will be utilised	the issue.
debentures					as below. a) For the	the issue.
&					purpose of lending -75%	
Unsecured,					of the amount raised and	
redeemable					allotted in the Issue, b)	
non-					For General Corporate	
convertible					Purposes - 25% of the	
debentures					amount raised and	
					allotted in the Issue.	
Secured,	August	September	39,778.20	39,674.30	The proceeds raised	Fully utilised
redeemable	18, 2014	26, 2014	22,170.20	22,07 1.30	through the issue after	according to
non-	10, 2011	20, 2011			meeting issue related	the objects of
convertible					expenses will be utilised	the issue
debentures					as below. a) For the	
&					purpose of lending -75%	
Unsecured,					of the amount raised and	
redeemable					allotted in the Issue, b)	
non-					For General Corporate	
convertible					Purposes - 25% of the	
debentures					amount raised and	
accontaites					allotted in the Issue	
Secured,	May 26	July 04,	46,619.40	46,483.30	The funds raised through	Fully utilised
redeemable	,2014	2014 04,	70,017.40	10,703.30	this Issue will be utilised	according to
reaccinable	,2014	2014			uns issue will de utilised	according to

non-					for our various financing	the objects of
convertible debentures					activities including lending and investments,	the issue
& Unsecured,					to repay our existing liabilities or loans and	
redeemable					towards our business	
non-					operations including for	
convertible					our capital expenditure	
debentures					and working capital requirements and general	
					corporate purposes, after	
					meeting the expenditures	
					of and related to the Issue and subject to applicable	
					statutory/regulatory	
					requirements.	
Equity Shares	April 25, 2014	April 29, 2014	41,829.30	41,371.70	The Proceeds raised through the issue after	Fully utilised according to
Shares	2014	2014			meeting issue related	the objects of
					expenses will be utilised	the issue
					to augment the long term resources by way of	
					enhancing the capital	
					base to meet future	
					capital requirement and	
					provide funding for loans to customers of our	
					Company and for	
					corporate purposes.	
Secured, redeemable	December 27, 2013	February 04, 2014	50,000.00	49,642.20	The funds raised through this Issue will be utilised	Fully utilised according to
non-	27, 2013	04, 2014			for our various financing	the objects of
convertible					activities including	the issue
debentures &					lending and investments,	
a Unsecured,					to repay our existing liabilities or loans and	
redeemable					towards our business	
non-					operations including for	
convertible debentures					our capital expenditure and working capital	
debentures					requirements and general	
					corporate purposes, after	
					meeting the expenditures of and related to the Issue	
					and subject to applicable	
					statutory/regulatory	
Samuel	March 10	April 02	10 702 90	19,645.20	requirements.	Eully utilized
Secured, redeemable	March 10, 2014	April 02, 2014	19,792.80	19,045.20	The funds raised through this Issue will be utilised	Fully utilised according to
non-					for our various financing	the objects of
convertible					activities including	the issue
debentures &					lending and investments, to repay our existing	
Unsecured,					liabilities or loans and	
redeemable					towards our business	
non- convertible					operations including for our capital expenditure	
debentures					and working capital	
1		1	•			
					requirements and general corporate purposes, after	

,	1	[,1
					meeting the expenditures	
					of and related to the Issue	
					and subject to applicable	
					statutory/regulatory requirements.	
Secured,	September	September	30,000.00	29,747.50	The funds raised through	Fully utilised
redeemable	02, 2013	25, 2013	50,000.00	29,747.30	this Issue will be utilised	according to
non-	02, 2013	23, 2015			for our various financing	the objects of
convertible					activities including	the issue
debentures					lending and investments,	the issue
&					to repay our existing	
Unsecured,					liabilities or loans and	
redeemable					towards our business	
non-					operations including for	
convertible					our capital expenditure	
debentures					and working capital	
					requirements and general	
					corporate purposes, after	
					meeting the expenditures	
					of and related to the Issue	
					and subject to applicable	
					statutory/regulatory	
<u> </u>		. .	20.000.00	20 554 00	requirements.	T 11
Secured, redeemable	November	December	30,000.00	29,754.00	The funds raised through	Fully utilised
	18, 2013	04, 2013			this Issue will be utilised	according to the objects of
non- convertible					for our various financing activities including	the issue
debentures					lending and investments,	the issue
&					to repay our existing	
Unsecured,					liabilities or loans and	
redeemable					towards our business	
non-					operations including for	
convertible					our capital expenditure	
debentures					and working capital	
					requirements and general	
					corporate purposes, after	
					meeting the expenditures	
					of and related to the Issue	
					and subject to applicable	
					statutory/regulatory	
G 1	D 1	T	45.022.00	45 101 00	requirements.	T 11 (11 1
Secured, redeemable	December	January	45,932.00	45,181.00	The funds raised through this Issue will be utilised	Fully utilised according to
non-	22, 2011	18, 2012			for our various financing	the objects of
convertible					activities including	the issue
debentures					lending and investments,	the issue
accontaios					to repay our existing	
					liabilities or loans and	
					towards our business	
					operations including for	
					our capital expenditure	
					and working capital	
					requirements and general	
					corporate purposes, after	
					meeting the expenditures	
					of and related to the Issue	
					and subject to applicable	
					statutory/regulatory	
					requirements.	
Secured,	March 02,	April 18,	25,975.20	25,612.20	The funds raised through	Fully utilised

radaamahla	2012	2012			this Issue will be utilised	according to
redeemable	2012	2012				according to
non- convertible					for our various financing	the objects of
					activities including	the issue
debentures					lending and investments,	
					to repay our existing	
					liabilities or loans and	
					towards our business	
					operations including for	
					our capital expenditure	
					and working capital	
					requirements and general	
					corporate purposes, after	
					meeting the expenditures	
					of and related to the Issue	
					and subject to applicable	
					statutory/regulatory	
					requirements.	
Secured,	September	November	27,494.00	27,129.50	The funds raised through	Fully utilised
redeemable	17, 2012	01, 2012	27,494.00	27,129.30	this Issue will be utilised	according to
	17, 2012	01, 2012				
non-					for our various financing	the objects of
convertible					activities including	the issue
debentures					lending and investments,	
					to repay our existing	
					liabilities or loans and	
					towards our business	
					operations including for	
					our capital expenditure	
					and working capital	
					requirements and general	
					corporate purposes, after	
					meeting the expenditures	
					of and related to the Issue	
					and subject to applicable	
					statutory/regulatory	
					requirements.	
Fauity	April 18,	May 03,	90,125.00	88,612.00	The Proceeds raised	Fully utilised
Equity	1		90,125.00	88,012.00		
Shares	2011	2011			through the issue after	according to
					meeting issue related	the objects of
					expenses will be utilised	the issue
					to augment our capital	
					base to meet future	
					capital requirements to	
					provide for funding of	
					loans to our customers	
					and general corporate	
					purposes	
Secured,	August	September	69,328.10	68,051.10	The funds raised through	Fully utilised
redeemable	23, 2011	14, 2011			this Issue will be utilised	according to
non-	,	,			for our various financing	the objects of
convertible					activities including	the issue
debentures					lending and investments,	
accontatos					to repay our existing	
					liabilities or loans and	
					operations including for	
					our capital expenditure	
					and working capital	
		1	1		requirements and general	
					corporate purposes, after meeting the expenditures	

		of and related to the Issue and subject to applicable statutory/regulatory	
		requirements.	

	Muthoot Homefin Limited								
Instrument	Issue open date	Allotment date	Gross proceeds raised (₹in lakhs)	Net proceeds raised after deducting issue expenses (₹ in lakhs)	Objects of the Issue as per respective Prospectus	Net utilization of proceeds			
Secured Redeemable Non- Convertible Debentures	April 8, 2019	May 13, 2019	28,378.40	27,972.20	For the purpose of onward lending, financing, and for repayment/prepayment of interest and principal of existing borrowings of our Company and for general corporate purposes	Fully utilised according to the objects of the issue			

Details of overall lending by our Company as on September 30, 2019

Type of loans

1. Classification of loans / advances given according to:

Sr. No.	Type of Loans	Amount (in ₹ lakhs)
1.	Secured	44,064.26
2.	Unsecured	39.75
	Total assets under management (AUM)	44,104.01

2. Sectoral Exposure

Sr. No.	Segment wise break-up of AUM	Percentage of AUM (%)
1.	Retail	94.16
a.	Mortgages (home loans and loans against property)	Nil
b.	Gold loans	Nil
с.	Vehicle finance	94.07
d.	MFI	Nil
e.	M&SME	Nil
f.	Capital market funding (loans against shares, margin funding)	Nil
g.	Others	0.09
2.	Wholesale	5.84
a.	Infrastructure	Nil
b.	Real estate (including builder loans)	Nil
с.	Promoter funding	Nil
d.	Any other sector (as applicable)	Nil
e.	Mortgages (home loans and loans against property)	1.70
f.	Others	4.14
	Total	100.00

3. Denomination of loans outstanding by ticket size*

Sr. No.	Ticket Size (in ₹)**	Percentage of AUM (%)
1.	Up to 2 lakh	4.87
2.	2 - 5 lakh	27.41
3.	5 - 10 lakh	41.67
4.	10 - 25 lakh	14.21
5.	25 - 50 lakh	3.43
6.	50 lakh - 1 crore	2.40
7.	1 - 5 crore	3.43
8.	5 - 25 crore	2.58
9.	25 - 100 crore	-
10.	More than 100 crore	-
	Total	100.00

*Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts)

** Ticket size at the time of origination

4. Denomination of loans outstanding by Loan to Value ratio (LTV)*

Sr. No.	LTV (in %)	Percentage of AUM (%)
1.	Up to 40	2.14
2.	40-50	1.59
3.	50-60	2.61
4.	60-70	7.60
5.	70-80	14.79
6.	80-90	50.45
7.	More than 90	20.82
	Total	100.00

*LTV at the time of origination

5. Geographical classification of borrowers

Sr. No.	Top 5 states	Percentage of AUM (%)
1.	Kerala	97.88
2.	Tamil Nadu	2.12
	Total	100.00

6. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines

Movement of gross NPA	Amount (in ₹ lakhs)
Opening gross NPA*	644.22
Additions during the year	1,479.58
Reductions during the year	99.63
Closing balance of gross NPA	2,024.17

*Please indicate the gross NPA recognition policy (DPD)

Movement of provisions for NPA	Amount (in ₹ lakhs)
Opening balance	118.11
Provisions made during the year	149.08
Write-off / write-back of excess provisions	-
Closing balance	267.19

7. Segment-wise gross NPA

S. No.	Segment wise gross NPA	Gross NPA
		(in %)
1.	Retail	74.97
a.	Mortgages (home loans and loans against property)	Nil
b.	Gold loans	Nil
с.	Vehicle finance	74.97
d.	MFI	Nil
e.	M&SME	Nil
f.	Capital market funding (loans against shares, margin funding)	Nil
g.	Others	Nil
2.	Wholesale	25.03
a.	Infrastructure	Nil
b.	Real estate (including builder loans)	Nil
с.	Promoter funding	Nil
d.	Any other sector (as applicable)	Nil
e.	Mortgages (home loans and loans against property)	5.73
f.	Others	19.30
	Total	100.00

8. Residual maturity profile of assets and liabilities

0.	(₹ in lakh						≠ in lakhs)		
Particulars	Up to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	936.70	350.20	374.43	725.76	1,133.88	6,757.98	2,824.66	0.00	13,103.61
Debenture	0.00	0.00	0.00	0.00	113.00	1,954.00	0.00	0.00	2,067.00
Advances	1,749.17	937.59	947.32	2,870.59	6,036.35	26,272.31	5,303.86	23.50	44,140.69
Investments	2.70	0.00	0.00	0.00	0.00	259.89	301.54	913.82	1,477.95
Loan from Directors & Relatives of Directors	0.00	0.00	0.00	0.00	0.00	6,000.00	0.00	0.00	6,000.00
Borrowings	1,348.14	1,840.90	668.61	4,948.65	612.68	1,676.85	0.00	0.00	11,095.83
Foreign Currency assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Lending Policy

For details of our lending policy, please refer to the chapter 'Our Business' on page 112.

Details of top 20 borrowers with respect to the concentration of advances as on September 30, 2019

Concentration of advances	September 30, 2019
Total advances to 20 largest borrowers	3,054.23
Percentage of advances to 20 largest borrowers to total advances of our Company	7.90%

Details of top 20 borrowers with respect to concentration of exposure as on September 30, 2019

Concentration of exposures	September 30, 2019
Total exposures to 20 largest borrowers / customers	858.69

Percentage of exposures to 20 largest borrowers / customers to total exposure of our	10.86%
Company on borrowers / customers	

Classification of loans/ advances given to associates, entities/ persons relating to the Board, senior management, Promoters, others, etc.

Particulars	Amount (in ₹ lakhs)
Loans to Promoters	Nil
Entities over which Key Management Personnel and their relatives are able to exercise significant influence	278.92
Other loans (Relatives of Directors)	30.98
Total	309.90

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances

Agreement dated September 20, 2019 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 Secured NCDs applied for, amount paid on Application and the details of Member of Syndicate or Trading Member of the Designated 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 Secured NCDs applied for, amount blocked on Application.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Registrar to the Issue

LINK INTIME INDIA PRIVATE LIMITED

Address: C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 089, Maharashtra, India Tel: (+91 22) 4918 6200 Fax: (+91 22) 4918 6195 Email: mvafl.ncd2019@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration No: INR000004058

Compliance officer of our Company

Arya Devu P.V 5th and 6th Floor Midhun Tower, K P Vallon Road, Kadavanthra, Ernakulam – 682020, Kerala, India **Tel**: +91 7593864416 **Email**: arya.devu@mvafl.com

Changes in our auditors in the last 3 years

Sr. No.	Name	Reason for change	Auditor since	Address
1.	JVR & Associates	Appointment due	April 1, 2017	39/2790A, Wilmonth
		to vacancy	_	Park Business Centre,
				Near St. George's
				Church, Palimukku,
				Kochi - 682 016, Kerala,
				India
2.	R.G.N Price & Co.	Resignation due to	April 1, 2015	G 234, Panampilly
		end of the term	_	Nagar, Kochi – 682 036,
				Kerala, India

Disclaimer statement from Issuer

The Issuer accepts no responsibility for statements made other than in this Prospectus issued by our Company in connection with the Issue of the Secured NCDs and anyone placing reliance on any other source of information would be doing so at his / her own risk.

SECTION VI: ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public issue by our Company of Secured NCDs of face value of \gtrless 1,000.00 each, for an amount up to \gtrless 10,000.00 lakhs (base issue) with an option to retain an over-subscription up to \gtrless 10,000 lakhs aggregating up to \gtrless 20,000 lakhs. The key common terms and conditions of the Secured NCDs are as follows:

Particulars	Terms and Conditions		
Issuer	Muthoot Vehicle & Asset Finance Limited		
Security Name	Secured NCDs		
Type and nature of	Secured, redeemable, non-convertible, debentures		
Instrument			
Mode of Issue	Public Issue		
Lead Manager	Inga Ventures Private Limited		
Debenture Trustee	IDBI Trusteeship Services Limited		
Depositories	NSDL and CDSL		
Registrar to the Issue	Link Intime India Private Limited		
Base Issue	₹ 10.000.00 lakhs		
Option to retain	₹ 10,000.00 lakhs		
Oversubscription			
Amount			
Face Value	₹ 1000/- each		
Issue Price	₹ 1000/- each		
Minimum Application	10 Secured NCDs i.e., ₹ 10,000.00		
Size			
Minimum	75% of the Base Issue i.e. Rs. 7,500 Lakhs		
Subscription	·····		
Mode of allotment	Compulsorily in dematerialised form		
Mode of Trading	Will be traded in dematerialised form		
Terms of payment	Full amount on application		
Trading lot	1 (one) Secured NCD		
Issue Size	Public issue of Secured NCDs for an amount up to ₹ 10,000.00 lakhs ('Base		
	Issue') with an option to retain over subscription up to ₹ 10,000.00 lakhs.		
Eligible Investors			
Eligible Investors	 Category I (Institutional Investors) Resident public financial institutions as defined in Section 2(72) of the companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; Provident funds of minimum corpus of ₹ 2,500 lakhs, pension funds of minimum corpus of ₹ 2500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; Resident Venture Capital Funds registered with SEBI; Insurance Companies registered with the IRDA; National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; Mutual Funds registered with SEBI; and Systemically Important NBFCs. 		
	Category II (Non-Institutional Investors)		

	 Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs; Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs; Association of Persons; Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; Partnership firms in the name of the partners; and Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 5 lakhs.
Seniority	Senior (to clarify, the claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The Secured NCDs would constitute secured obligations of our Company and shall have first ranking pari passu charge with the Existing Secured Creditors on current assets, book debts, loans and advances, and receivables both present and future, of our Company.
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security), interest to the debenture holder over and above the	The principal amount of the Secured NCDs to be issued in terms of this Prospectus together with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first pari passu charge on current assets, book debts, loans and advances, and receivables both present and future, of our Company. Our Company will create the security for the Secured NCDs in favour of the Debenture Trustee for the Secured NCD Holders on the assets to ensure 100.00% security cover of the amount outstanding in respect of Secured NCDs, including interest thereon, at any time. Our Company intends to enter into an agreement with the Debenture Trustee,
coupon rate as specified in the Debenture Trust Deed.	 (Debenture Trust Deed), the terms of which will govern the appointment of the Debenture Trustee and the issue of the Secured NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and utilize the funds only after the stipulated security has been created and upon receipt of listing and trading approval from the Designated Stock Exchange. Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Secured NCD Holders the principal amount on the Secured NCDs on the relevant redemption date and also that it will pay the interest due on Secured NCDs on the rate specified in this Prospectus and in the Debenture Trust Deed. If our Company fails to execute the Debenture Trust Deed within 3 months from the closure of the Issue, without prejudice to the liability arising on account of violation of the provisions of the Companies Act and the SEBI ILDS Regulations, our Company shall also pay interest of at least 2% per annum to the debenture Trust Deed.

	The Debenture Trust Deed will also provide that our Company may withdraw any								
Pay In date/	portion of the security and replace with another asset of the same or a higher value. Application Date.								
Application Money		Application An	nount is pay	able on subm	itting the A	pplication			
Credit Rating	Rating Agency	Instrument	Rating Symbol	Date of Credit Rating Letter		Rating Definition			
	CRISIL	Secured NCDs	CRISIL A/Stable	January 17, 2020	₹ 20,000 lakhs	The rating indicates that the instruments are considered to have adequate degree of safety regarding timely servicing of financial obligations and such instruments carry low credit risk.			
	CARE	Secured NCDs	CARE BBB + (Stable)	August 30,2019 and revalidated in December 9, 2019	₹ 20,000 lakhs	The rating has been withdrawn by CARE Ratings Limited, <i>vide</i> letter dated January 24, 2020. Further, the rating indicates that the instruments are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision.			
					oned credit	ratings, please refer			
Settlement Mode		e I and Annexu			on" on no~	221			
Mode of Payment		Terms of Issue			on on page	5 221			
Listing (including name of stock Exchange(s) where it will be listed and	Please see Issue Procedure on Page 226 BSE BSE shall be the Designated Stock Exchange for this Issue.								
timeline for listing)	respective I	ssue Closing D		be listed with	hin 6 Work	king Days from the			
Day Count Basis	Actual/ Actual								

Icano Ononing Doto	Tuesday, Eshmany 25, 2020								
Issue Opening Date Issue Closing Date	Tuesday, February 25, 2020 Wednesday, March 18, 2020								
Interest on Application	Nil								
Money	111								
Default Interest Rate	As per the Debenture Trust Deed and in line with the Applicable Law								
Redemption Amount	The principal amount of Secured NCDs along with interest accrued on them if any								
	as on the Redemption Date.								
Redemption Premium	Nil								
/Discount									
Record Date	The Record Date for payment of interest in connection with the Secured NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on								
	which interest is due and payable, and/or the date of redemption. Provided that								
	trading in the Secured NCDs shall remain suspended between the aforementioned								
	Record Date in connection with redemption of Secured 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.								
Objects of the Issue Details of the	Please refer to the chapter 'Objects of the Issue' on page 58 Please refer to the chapter 'Objects of the Issue' on page 58.								
Details of the utilization of proceeds	r rease rerer to the chapter Objects of the issue of page 58.								
Coupon Rate, Payment	Please refer to the chapter 'Issue Structure' on page 202.								
Frequency, Tenure									
and Redemption									
Premium									
Coupon Type	Fixed								
Coupon Reset Process	N.A.								
Put/ Call Option Step up/ Step down	N.A. N.A.								
	N.A.								
Coupon rates									
Coupon rates Business Day	All days excluding the second and the fourth Saturday of every month, Sundays and								
	All days excluding the second and the fourth Saturday of every month, Sundays and a public holiday in Kochi or Mumbai or at any other payment centre notified in								
Business Day	a public holiday in Kochi or Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue								
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Business Day Convention	a public holiday in Kochi or Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the Secured 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 Secured NCDs. If the date of payment of interest or any date specified does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be (Effective Date). Interest or other amounts, if any, will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date will be paid in normal course in next interest payment date and the Effective Date will be subject to the deduction of tax as per Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the maturity proceeds will be paid on the immediately previous Working Day along with the coupon/interest accrued on the Secured NCDs until but excluding the date of such payment.								
Business Day Convention Day Deemed Date of	a public holiday in Kochi or Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the Secured 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 Secured NCDs. If the date of payment of interest or any date specified does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be (Effective Date). Interest or other amounts, if any, will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date will be paid in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the maturity proceeds will be paid on the immediately previous Working Day along with the coupon/interest accrued on the Secured NCDs until but excluding the date of such payment. The date on which the Board or the Debenture Committee approves the allotment								
Business Day Convention	a public holiday in Kochi or Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the Secured 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 Secured NCDs. If the date of payment of interest or any date specified does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be (Effective Date). Interest or other amounts, if any, will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date, interest for period between actual interest payment date and the Effective Date will be paid in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the maturity proceeds will be paid on the immediately previous Working Day along with the coupon/interest accrued on the Secured NCDs until but excluding the date of such payment. 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								
Business Day Convention Day Deemed Date of	a public holiday in Kochi or Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the Secured 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 Secured NCDs. If the date of payment of interest or any date specified does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be (Effective Date). Interest or other amounts, if any, will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date will be paid in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the maturity proceeds will be paid on the Secured NCDs until but excluding the date of such payment. The date on which the Board or the Debenture Committee approves the allotment								

T	This December 1 and the state of the state o					
Transaction	This Prospectus read with any notices, corrigenda, addenda, thereto, Debenture					
Documents	Trustee agreement, Debenture Trust Deed, Other Security agreements, if applicable					
	and various other documents/ agreements/ undertakings entered or to be entered by					
	our Company with Lead Manager and or other Intermediaries for the purpose of					
	this Issue including but not limited to the Public Issue Account Agreement,					
	Agreement with the Registrar and Issue Agreement with the Lead Manager. Refer					
	to section "Material Contracts and Documents for Inspection" on page 256.					
Condition precedent to	Other than the conditions specified in the SEBI Debt Regulations, there are no					
the Issue	conditions precedents to disbursement.					
Condition subsequent	Other than the conditions specified in the SEBI Debt Regulations, there are no					
to the Issue	conditions subsequent to disbursement.					
Events of Default	Please refer to the section titled 'Terms of Issue - Events of default' on page 212.					
Provisions related to	Please refer to the section titled 'Terms of Issue - Events of default' on page 212.					
Cross Default						
Roles and	Please refer to the section titled 'Other Regulatory and Statutory Disclosures -					
responsibilities of	Debenture Trustee' on page 174.					
debenture trustee						
Governing law and	The Issue shall be governed in accordance with the laws of the Republic of India					
jurisdiction	and shall be subject to the exclusive jurisdiction of the courts of Kochi.					

Note: a. The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time (IST)) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may be decided by the Board of Directors of our Company or the Finance Committee. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. For further details refer 'General Information-Issue Program' on page 43. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (IST) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchange.

b. In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will make public issue of Secured NCDs in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, our Company, at the request of the Applicants who wish to hold the Secured NCDs post allotment in physical form, will fulfil such request through the process of rematerialisation.

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 226.

Terms and conditions in connectio n with Secured	I	П	ш	IV	V	VI	VII	VIII	IX	X
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SPECIFIC TERMS FOR EACH SERIES OF NCDs

NCDs*** *										
Options										
Frequenc y of Interest Payment	Mont hly*	Mont hly*	Mont hly*	Annual ly**	Annual ly**	Annual ly**	NA	NA	N A	NA
Who can apply	All categ	ories of ir	vestors (Category I,	II and III)					
Minimu m Applicati on	10,000 (10 NCDs)									
In multiples of	₹ 1,000.0	0 (1 NCD))							
Face Value of NCDs (` / NCD)	₹ 1,000.0	₹ 1,000.00								
Issue Price (` / NCD)	₹ 1,000.00									
Tenor from Deemed Date of Allotmen t	24 months	38 month s	60 month s	24 months	38mont hs	60 months	24 mont hs	38 mont hs	60 month s	90 mont hs
Coupon Rate	9.25%	9.50%	9.75%	9.50%	9.75%	10.00%	NA	NA	NA	NA
Effective Yield (Per annum)* ****	9.25%	9.50%	9.75%	9.50%	9.75%	10.00%	9.25 %	9.50 %	9.75%	9.67 %
Mode of Payment	Through	various o	ptions ava	ulable	I	1	1	1	1	
Amount (` / NCD) on Maturity ***	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,193 .56	₹ 1,333 .72	₹ 1,592. 29	₹ 2,000 .00
Maturity Date (From Deemed Date of Allotmen t)	24 months	38 month s	60 month s	24 months	38 months	60 months	24 mont hs	38 mont hs	60 month s	90 mont hs
Nature of indebted ness				Secured re	deemable r	non-conver	tible			

*With respect to Options where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month during the tenor of such NCDs and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

**With respect to Options where interest is to be paid on an annual basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment under annual Options will be made at the time of redemption of the NCDs.

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

****Please refer to Annexure IV for details pertaining to the cash flows of our Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013 and CIR/IMD/DF-1/122/2016 dated November 11, 2016.

***** On Options I, II and III, monthly interest payment is not assumed to be reinvested for the purpose of calculation of Effective Yield (per annum).

Our Company would allot the Option IV NCDs, as specified in this Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant option of NCDs.

Interest and Payment of Interest

For avoidance of doubt, with respect to Option I, Option II, Option III for Secured NCDs where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month during the tenor of such Secured NCDs and paid on the first day of every subsequent month. For the first interest payment for Secured NCDs under the monthly options, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

With respect to Option IV, Option V and Option VI where interest is to be paid on an annual basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the Secured NCDs. The last interest payment under Annual options will be made at the time of redemption of the Secured NCDs.

A. Interest

In case of Option I Secured NCDs, interest would be paid on a monthly basis at 9.25% per annum to all categories of investors. Option I Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 24 months from the Deemed Date of Allotment.

In case of Option II Secured NCDs, interest would be paid on a monthly basis at 9.50% per annum to all categories of investors. Option II Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 38 months from the Deemed Date of Allotment.

In case of Option III Secured NCDs, interest would be paid on a monthly basis at 9.75% per annum to all categories of investors. Option III Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.

In case of Option IV Secured NCDs, interest would be paid on an annual basis at 9.50% per annum to all categories of investors. Option IV Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 24 months from the Deemed Date of Allotment.

In case of Option V Secured NCDs, interest would be paid on an annual basis at 9.75% per annum to all categories of investors. Option V Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 38 months from the Deemed Date of Allotment.

In case of Option VI Secured NCDs, interest would be paid on an annual basis at 10.00% per annum to all categories of investors. Option VI Secured NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.

Option VII Secured NCDs shall be redeemed at ₹ 1,193.56 for all categories of investors at the end of 24 months from the Deemed Date of Allotment.

Option VIII Secured NCDs shall be redeemed at ₹ 1,333.72 for all categories of investors at the end of 38 months from the Deemed Date of Allotment.

Option IX Secured NCDs shall be redeemed at ₹ 1,592.29 for all categories of investors at the end of 60 months from the Deemed Date of Allotment.

Option X Secured NCDs shall be redeemed at ₹ 2,000.00 for all categories of investors at the end of 90 months from the Deemed Date of Allotment.

If the date of interest payment falls on the second or fourth Saturday of any month, Sunday or a public holiday in Kochi or Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest as due and payable on such day, 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.

Please note that in case the Secured NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such Secured NCDs or the deceased holder of Secured NCDs, as the case may be, shall be entitled to any interest which may have accrued on the Secured NCDs subject to such Transferee holding the Secured NCDs on the Record Date.

Taxation

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 dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed Secured NCDs held in the dematerialised form.

However, in case of Secured NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such Secured NCDs held by the investor, if such interest does not exceed \gtrless 5,000 in any financial year. If interest exceeds the prescribed limit of \gtrless 5,000 on account of interest on the Secured NCDs, then the tax will be deducted at applicable rate. However in case of Secured NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the Secured NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted at the office of the Registrar quoting the name of the sole/first Secured NCD Holder, NCD folio number and the distinctive number(s) of the Secured NCD held, at least seven days prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the Secured NCD. The investors need to submit Form 15H/15G/certificate in original with the Assessing Officer for each financial year during the currency of the Secured NCD to ensure non-deduction or lower deduction of tax at source from interest on the Secured NCD.

Tax exemption certificate/document, if any, must be lodged at the office of the Registrar at least seven days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Payment of Interest

For Secured NCDs subscribed under Option I, Option II, Option III, interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month during the tenor of such Secured NCDs, and paid on the first day of every subsequent month. For the first interest payment for Secured NCDs under the monthly options, 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. On Option IV, Option V, Option VI, the relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the Secured NCD and the last interest payment under annual Options will be made at the time of redemption of the Secured NCDs. The last interest payment for Secured NCDs subscribed under Option I, Option II, Option II, Option IV, Option VI will be made at the time of redemption of the Secured NCD.

On Option VII, Option VIII, Option IX and Option X NCDs shall be redeemed at the end of 24 months, 38 months, 60 months and 90 months from the Deemed Date of Allotment.

Amount of interest payable shall be rounded off to the nearest Rupee. If the date of interest payment falls on the second or fourth Saturday on any month, Sunday or a public holiday in Kochi or Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest as due and payable on such day, 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.

Interest for each of the interest periods shall be calculated, on the face value of principal outstanding on the Secured NCDs at the applicable Coupon Rate for each Category rounded off to the nearest Rupee and same shall be paid annually. Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the NCDs. However, if period from deemed date of allotment/anniversary date of allotment till one day prior to next anniversary date/redemption date includes February 29th, interest shall be computed on 366 days a-year basis.

Maturity and Redemption

For Secured NCDs subscribed under Option I, Option II, Option III, Option IV, Option V, Option VI the relevant interest will be paid in the manner set out in "Issue *Structure- Payment of Interest*" at page 202. The last interest payment will be made at the time of redemption of the Secured NCD. On Option VII, Option VIII, Option IX and Option X shall be redeemed at the end of 24 months, 38 months, 60 months and 90 months from the Deemed Date of Allotment.

Options	Maturity Period/ Redemption (as applicable)
Ι	24 months from the Deemed Date of Allotment
II	38 months from the Deemed Date of Allotment
III	60 months from the Deemed Date of Allotment
IV	24 months from the Deemed Date of Allotment
V	38 months from the Deemed Date of Allotment
VI	60 months from the Deemed Date of Allotment
VII	24 months from the Deemed Date of Allotment
VIII	38 months from the Deemed Date of Allotment
IX	60 months from the Deemed Date of Allotment
X	90 months from the Deemed Date of Allotment

Day Count Convention

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the Secured NCDs. Please note that in case the Secured NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such Secured NCDs or the transferee of deceased holder of Secured NCDs, as the case may be, shall be entitled to any interest which may have accrued on the Secured NCDs subject to such Transferee holding the Secured NCDs on the Record Date.

Effects of holiday on payment

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. 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 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.

Illustration for guidance in respect of the day count convention and effect of holidays on payments

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/ IMD/ DF/ 18/ 2013 October 29, 2013 and SEBI Circular No. CIR/ IMD/ DF-1/ 122/ 2016 dated November 11, 2016, as the case may be, is disclosed in Annexure IV of this Prospectus.

Terms of Payment

The entire face value per Secured NCDs is payable on Application. The entire amount of face value of Secured NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of Secured 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 chapter '*Terms of Issue – Manner of Payment of Interest/ Redemption Amounts*' on page 219.

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.

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 Secured NCDs pursuant to this Issue.

For further details, please refer to the chapter 'Issue Procedure' on page 226.

TERMS OF THE ISSUE

Authority for the Issue

The Issue is approved by Board of Directors at their meeting dated January 24, 2019. The Secured NCDs will be issued to the public up to an amount not exceeding ₹ 20,000.00 lakhs, on the terms and conditions as set out in this Prospectus.

Further, the borrowing through the present Issue is within the borrowing limits duly approved by the shareholders' pursuant to Section 180(1)(c) of the Companies Act, 2013 vide their resolution dated August 2, 2014.

Principal terms and conditions of this Issue

The Secured NCDs being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the relevant provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Prospectus, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, which will be executed later, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI / the GoI / Stock Exchange / 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 Secured NCDs.

Ranking of the Secured NCDs

The Secured NCDs would constitute secured obligations of ours 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 a first pari passu charge on current assets, book debts, loans and advances, and receivables, both present and future. The Secured NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank pari passu without preference of one over the other except that priority for payment shall be as per applicable date of redemption. Our Company is required to obtain permissions / consents from the prior creditors in favour of the debenture trustee for creation of such pari passu charge. Our Company has applied to the prior creditors for such permissions / consents and has obtained all permissions / consents from such creditors thereby enabling it to undertake the Issue.

Security

The principal amount of the Secured NCDs to be issued in terms of this Prospectus together with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of a first ranking *pari passu* charge with the Existing Secured Creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the Secured NCDs outstanding plus interest accrued thereon. Our Company will create the security for the Secured NCDs in favour of the Debenture Trustee for the Debenture Holders holding the Secured NCDs on the assets to ensure 100% security cover of the amount outstanding including interest in respect of the Secured NCDs at any time.

Debenture Trust Deed

Our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof will 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 Secured NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and shall utilise the funds only after the stipulated security has been created. If our Company fails to execute the Debenture Trust Deed within 3 months from the closure of the Issue, without prejudice to the liability arising on account of violation of the provisions of the Companies Act and the SEBI Debt Regulations, our Company shall also pay interest of at least 2% per annum to the debenture holders, over and above the agreed coupon rate, till the execution of 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.

Debenture Redemption Reserve

Our Company will create and maintain a debenture redemption reserve only in accordance with applicable law. Where the applicable law does not stipulate the creation of a DRR, we are not required to and may not create a DRR.

Trustees for the Secured NCD Holders

We have appointed IDBI Trusteeship Services Limited to act as the Debenture Trustee for the Secured NCD Holders in terms of Regulation 4(4) of the Debt Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute Debenture Trust Deed, for *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The Secured NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized 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 Secured NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the Secured NCD Holder(s) shall discharge us *pro tanto* to the Secured NCD Holder(s).

The Debenture Trustee will protect the interest of the Secured NCD Holders in the event of happening of an Event of Default in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Face Value

The face value of each of the Secured NCDs shall be \gtrless 1,000.

Secured NCD Holder not a shareholder

The Secured NCD 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 as may be prescribed under the Companies Act, 2013, the SEBI LODR Regulations and any other applicable law.

Rights of the Secured NCD Holders

Some of the significant rights available to the Secured NCD Holders are as follows:

- 1. The Secured NCDs shall not, except as provided in the Companies Act, 2013 to the extent applicable as on the date of this Prospectus, confer upon the Secured NCD Holders thereof any rights or privileges available to our members including the right to receive notices, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the Secured NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered Secured NCD Holders for their consideration. In terms of section 136 of the Companies Act, the Secured NCD Holders shall be entitled to inspect a copy of the balance sheet and copy of trust deed at the registered office of our Company during business hours.
- 2. Subject to applicable statutory / regulatory requirements, including requirements of the RBI, the rights, privileges and conditions attached to the Secured NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Secured NCDs or with the sanction of a special resolution passed at a meeting of the concerned Secured NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Secured NCDs, if the same are not acceptable to us.
- 3. In case of Secured NCDs held in (i) dematerialised form, the person for the time being appearing in the register of beneficial owners of the Depository; and (ii) physical form, the registered Secured NCD Holders or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such Secured NCDs, either in person or by proxy, at any meeting

of the Secured NCD Holders and every such Secured NCD Holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Secured NCD Holders shall be in proportion to the outstanding nominal value of Secured NCDs held by him/her.

- 4. The Secured NCDs are subject to the provisions of the SEBI Debt Regulations, the Companies Act, applicable provisions of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this Prospectus, 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 Secured NCDs.
- 5. For Secured NCDs in physical form pursuant to rematerialisation of the Secured NCDs issued pursuant to the Issue, a register of debenture holders will be maintained in accordance with section 88 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For Secured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Secured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register of beneficial owners maintained by a Depository for any Secured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a register of debenture holders for this purpose. The same shall be maintained at the Registered Office of the Issuer under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the Secured NCD holders as given thereunder.
- 6. Subject to compliance with RBI requirements, Secured NCDs can be rolled over only with the consent of the Secured NCD Holders of at least 75.00% of the outstanding amount of the Secured NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the Secured NCD Holders are merely indicative. The final rights of the Secured NCD Holders will be as per the terms of this Prospectus and the Debenture Trust Deed.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of the Base Issue prior to the Issue Closing Date, the entire subscription amount shall be refunded to the Applicants within the timelines prescribed under Applicable Law. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event there is a delay by the Issuer in making the aforesaid refund, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received must be credited to the same bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee, at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the Secured 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 Secured 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 Secured NCDs on the due date(s); and
- (ii) default is committed in payment of any interest on the Secured NCDs on the due date(s).

Application in the Issue

NCDs being issued through the Offer Document can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

Market Lot and Trading Lot

The Secured NCDs shall be allotted only in dematerialized form. As per the SEBI Debt Regulations, the trading of the Secured NCDs shall be in dematerialised form only. Since trading of the Secured NCDs is in dematerialised form, the tradable lot is one Secured NCD.

Please note that the Secured NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable interest for such Secured NCDs) prior to redemption of the Secured NCDs. For details of Allotment refer to the chapter '*Issue Procedure*' at page 226.

Nomination facility to Secured NCD Holders

In accordance with section 72 of the Companies Act, 2013, the sole Secured NCD Holder or first Secured NCD Holder, along with other joint Secured NCD Holders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Secured NCDs. A person, being a nominee, becoming entitled to the Secured NCDs by reason of the death of the Secured NCD Holder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the Secured NCD. Where the nominee is a minor, the Secured NCD Holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Secured NCD sing shall stand rescinded upon sale of the Secured NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Secured NCDs are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such Secured NCD Holders. Fresh nominations can be made only in the prescribed form available on request at our Registered / Corporate Office, at such other addresses as may be notified by us, or at the office of the Registrar to the Issue or the transfer agent.

Secured NCD Holders are advised to provide the specimen signature of the nominee to us to expedite the transmission of the Secured NCDs to the nominee in the event of demise of the Secured NCD Holders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with the Section 72 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014, any person who becomes a nominee by virtue of the above said Section, shall upon the production of such evidence as may be required by our Board, elect either:

- (a) To register himself or herself as the holder of the Secured NCDs; or
- (b) To make such transfer of the Secured NCDs, as the deceased holder could have done.

Secured NCD Holders who are holding Secured NCDs in dematerialised form need not make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Secured NCD Holder will prevail. If the Secured NCD Holders require to changing their nominations, they are requested to inform their respective Depository Participant.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Secured NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the Secured NCDs, until the requirements of the notice have been complied with.

A person, being a nominee, becoming entitled to Secured NCDs by reason of the death of the Secured NCD Holder shall be entitled to the same interests and other advantages to which he would have been entitled to if he were the registered Secured NCD Holder except that he shall not, before being registered as a Secured NCD Holder in respect of such Secured NCDs, be entitled in respect of these Secured NCDs to exercise any right conferred by subscription to the same in relation to meetings of the Secured NCD Holders convened by our Company.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Secured NCD 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.

Since the allotment of Secured NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Joint-holders

Where two or more persons are holders of any Secured 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.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013 and there are no restrictions on their consolidation/ splitting except as may be required under applicable statutory and/or regulatory requirements including any RBI requirements and/or as provided in our Articles of Association. 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.

Please refer to the section 'Main Provisions of the Articles of Association' on page 253.

Title

In case of:

- the Secured 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 Secured 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 Consolidated Secured NCD Certificate issued in respect of the Secured NCDs and no person will be liable for so treating the Debenture Holder.

No transfer of title of Secured 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 Secured NCDs will need to be settled with the seller of the Secured NCDs and not with our Company or the Registrar.

Succession

Where Secured NCDs are held in joint names and one of the joint Secured NCD Holder dies, the survivor(s) will be recognized as the Secured NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased Secured NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased Secured NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the Secured NCDs. In the event of demise of the sole or first holder of the Secured NCDs, our Company will recognise the executors or administrator of the deceased Secured NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Secured NCDs only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. Our Directors, the Board, any committee of the Board or any other person authorised by the Board 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 Secured NCD Holders who are holding Secured NCDs in dematerialised form, third person is not required to approach our Company to register his name as successor of the deceased Secured NCD holder. He shall approach the respective Depository Participant of the Secured NCD Holder for this purpose and submit necessary documents as required by the Depository Participant. Where a non-resident Indian becomes entitled to the Secured 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 Secured NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased Secured NCD 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.

Procedure for re-materialization of Secured NCDs

Debenture Holders who wish to hold the Secured 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 Secured NCDs who propose to rematerialise their Secured 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 Secured NCDs and their Permanent Account Number to our Company and the DP. No proposal for rematerialisation of Secured NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Jurisdiction

Our Company has in the Debenture Trustee Agreement and the Debenture Trust Deed agreed, for the exclusive benefit of the Debenture Trustee and the Debenture holders, that the courts in Kochi, Kerala, India are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Debenture Trust Deed or the NCDs and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Debenture Trust Deed and the NCDs may be brought only in the courts in Kochi, Kerala, India. Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kochi, Kerala, India.

Reservation

No portion of this Issue has been reserved.

Previous Public Issues of Non-Convertible Debenture

Our Company has not made any public issue of Non-Convertible Debentures or rights issuances in the last five years.

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.

Period of subscription

ISSUE OPENS ON	Tuesday, February 25, 2020
ISSUE CLOSES ON	Wednesday, March 18, 2020

- 1. The Issue shall remain open for subscription on Working Days from 10 am to 5 pm IST during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may be decided by the Board of Directors or Finance Committee.. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or extended date of closure.
- 2. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Designated Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Designated Stock Exchange.
- 3. Due to limitation of time available for uploading the Applications on the electronic platform of the Designated Stock Exchange on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Neither our Company, nor the Members of the Syndicate are liable for any failure in uploading the Applications due to failure in any software/hardware systems or otherwise. Please note that the Basis of Allotment will be as per this Prospectus. In this regard as per the SEBI circular dated October 29, 2013, the allotment in the Issue should be made on the basis of date of upload of each application into the electronic book of the Designated Stock Exchange. However, on the date of oversubscription, the allotments should be made to the applicants on proportionate basis.

Basis of payment of Interest

Secured NCDs once allotted under any particular category of Secured 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 Secured 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 refer to the chapter 'Terms of Issue - Manner of Payment of Interest / Redemption Amounts' on page 219.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

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 Secured 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 as stated on page 226, please note that in case the Secured NCDs are transferred and/or transmitted in accordance with the provisions of the Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such Secured NCDs or the deceased holder of Secured NCDs, as the case may be, shall be entitled to any interest which may have accrued on the Secured NCDs.

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 (**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 Secured NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 is disclosed in Annexure IV of this Prospectus.

Maturity and Redemption

The Secured NCDs issued pursuant to this Prospectus have a fixed maturity date.

Terms of Payment

The entire issue price of \gtrless 1,000.00 per Secured NCD is blocked in the ASBA Account on Application itself. In case of Allotment of lesser number of Secured NCDs than the number of Secured NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on Application in accordance with the terms of the Prospectus.

Manner of Payment of Interest / Redemption Amounts

The manner of payment of interest / redemption in connection with the Secured NCDs is set out below:

For Secured 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 Secured 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 Secured NCDs held in physical form on account of re-materialization:

In case of Secured NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to our Company along with the rematerialisation request. For further details, please refer chapter *'Terms of the Issue - Procedure for Re-materialization of Secured NCDs'* on page 212.

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 our Company.

(ii) **NACH:** National Automated Clearing House (**NACH**) 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 ₹ 2,00,000, 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.

Applicability of Unified Payments Interface (UPI)

UPI, as a payment mechanism, is currently not available for subscription to public issue of debt securities. However, the same shall be made available to Investors in accordance with the applicable regulations, circulars and notifications, if any, upon issuance by SEBI.

Buy Back of Secured NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of Secured 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 Secured 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 Secured 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 Secured 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:

Secured 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 Secured NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the Secured 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 Secured 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 Secured NCDs without the requirement of surrendering of the Secured NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of Secured NCDs need not submit the Secured 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 Secured NCDs. In such case, the Secured NCD certificates would be deemed to have been cancelled. Please refer to the chapter *'Terms of the Issue – Payment on Redemption'* on page 221.

Secured NCDs held in electronic form:

No action is required on the part of Debenture Holder(s) at the time of redemption of Secured NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

Secured NCDs held in physical form on account of re-materialisation

The payment on redemption of the Secured 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 Secured NCD certificate(s), duly discharged by the sole holder / all the joint holders (signed on the reverse of the Secured 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 Secured 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) days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 (seven) days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties *inter se* and no claim or action shall lie against us or the 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 Secured NCD(s).

Secured 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 Secured 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 Secured 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 Secured NCD(s).

Right to reissue Secured NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any Secured NCD(s), we shall have and shall be deemed always to have had the right to keep such Secured 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 Secured NCDs either by reselling or reissuing the same Secured NCDs or by issuing other Secured NCDs in their place. The aforementioned right includes the right to reissue original Secured 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 Secured NCD(s) from time to time.

Issue of duplicate Secured NCD Certificate(s)

If any Secured NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of Secured NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the Secured 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 Secured 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 Secured NCD certificate(s) shall be issued. Upon issuance of a duplicate Secured NCD certificate, the original Secured 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 / Secured NCDs / other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any

class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the Debenture Holders or the Debenture Trustee in this connection.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least $\overline{\mathbf{x}}$ 10,00,000 or 1% of the turnover of our 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 $\overline{\mathbf{x}}$ 10,00,000 or 1% of the turnover of our 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 $\overline{\mathbf{x}}$ 50,00,000 or with both.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with RoC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds only upon allotment of the Secured NCDs, execution of Debenture Trust Deed and on receipt of listing and trading approval from the Stock Exchange as per applicable provisions of law(s), regulations and approvals.

Utilisation of Issue Proceeds

- (a) All monies received pursuant to the issue of Secured NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act;
- (b) Details of all monies utilised out of 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 Secured 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) We shall utilise the Issue proceeds only up on (i) receipt of minimum subscription; (ii) completion of Allotment and refund process in compliance with Section 40 of the Companies Act; and (ii) receipt of listing and trading approval from Stock Exchange;

- (e) 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; and
- (f) 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.

Monitoring & Reporting of Utilisation of Issue Proceeds

SEBI vide its circular no SEBI/HO/DDHS/08/2020, dated January 17, 2020 has mandated listed entity to submit to the stock exchange, a statement indicating deviation or variation, if any, in the use of proceeds of the NCDs. Any variation will be reported as per the format prescribed by SEBI in its circular no. CIR/CFD/CMD1/162/2019 dated December 24, 2019. The statement will also be submitted to the Stock Exchange on half-yearly basis within 45 days of end of the half year until such funds are fully utilised or purpose of proceeds have been achieved. The said statement will be placed before the Audit Committee for review on half yearly basis, for their comments, if any.

Pre-closure

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in this Prospectus. Our Company shall allot Secured NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date, 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

Guarantee/Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Lien

Not Applicable

Lien on Pledge of Secured NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of Secured 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.

Loan against the security of Secured NCDs

Our Company being an NBFC is prohibited from extending any loans against the security of the Secured NCDs pursuant to RBI Master Directions – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016.

Listing

The Secured NCDs offered through this Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from BSE *vide* its letter no DCS/BM/PI-BOND/20/19-20 dated February 06, 2020. For the purposes of the Issue, BSE shall be the Designated Stock Exchange. If permissions to deal in and for an official quotation of our Secured NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Prospectus.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 6 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 series, such series(s) of Secured NCDs shall not be listed.

ISSUE PROCEDURE

This chapter applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSBs, in the relevant ASBA Accounts..

ASBA Applicants should note that they may submit their ASBA Application at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations. For further information, please refer to the chapter 'Issue Procedure – Submission of Completed Application Forms' on page 242.

Applicants are advised to make their independent investigations and ensure that their Application does not exceed the investment limits or maximum number of Secured NCDs that can be held by them under applicable law or as specified in the Prospectus.

Please note that this section has been prepared based on the circular no. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI (**Debt Application Circular**) as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI (**Debt ASBA Circular**). The procedure mentioned in this section is subject to the Designated Stock Exchange putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by Designated Stock Exchange and accordingly is subject to further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Designated Stock Exchange and/or SEBI.

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility as provided for in the Debt Application Circular have been sought from the Designated Stock Exchange and the Designated Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Designated Stock Exchange. Hence, the Direct Online Application facility will not be available for this 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 DESIGNATED STOCK EXCHANGE. FURTHER, THE DESIGNATED STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE DESIGNATED STOCK EXCHANGE.

For purposes of this section, the term 'Working Day' shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai and/or Kochi, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closure to listing of the Secured NCDs on the Designated Stock Exchange, Working Day shall mean all trading days of the Designated Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Prospectus and Application Forms

The copies of Prospectus, Abridged Prospectus containing the salient features of the Prospectus together with Application Form may be obtained from:

- (a) Our Company's Registered Office and Corporate Office;
- (b) Offices of the Lead Manager/Syndicate Members;
- (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 Prospectus will be available on the websites of the Lead Manager, the Designated Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the website of the Designated 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 Designated Stock Exchange. Hyperlinks to the websites of the Stock Exchange(s) for this facility will be provided on the website of the Lead Manager and the SCSBs. 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 Designated Stock Exchange can download Application Forms from the website of the Designated Stock Exchange. Further, Application Forms will be provided to Trading Members of the Designated Stock Exchange at their request.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I (Institutional Investors)

- Resident public financial institutions as defined in Section 2(72) of the companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds of minimum corpus of ₹ 2,500 lakhs, pension funds of minimum corpus of ₹ 2500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident Venture Capital Funds registered with SEBI;
- Insurance Companies registered with the IRDA;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;
- Mutual Funds registered with SEBI; and

• Systemically Important NBFCs.

Category II (Non institutional Investors)

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
- Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of Persons;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
- Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 5 lakhs.

Category III*

- Resident Indian individuals; and
- Hindu undivided families through the Karta. * applications aggregating to a value not more than ₹ 5 lakhs

For Applicants applying for Secured NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Designated 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 Secured 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 Secured NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

The information below is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus.

Who are not eligible to apply for Secured 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:

- i. 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);
- ii. 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;

- iii. Persons resident outside India and other foreign entities;
- iv. Foreign Portfolio Investors;
- v. Non-Resident Indian
- vi. Foreign Venture Capital Investors;
- vii. Qualified Foreign Investors;
- viii. Overseas Corporate Bodies; and
- ix. 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 Designated 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 refer to the chapter 'Issue Procedure – Rejection of Applications' on page 244 for information on rejection of Applications.

How to apply?

Availability of the Prospectus, Abridged Prospectus and Application Forms.

Please note that there is a single Application Form for who are persons resident in India.

Copies of the Abridged Prospectus containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from our Registered Office, the Lead Manager, the Registrar to the Issue and the Designated Branches of the SCSBs. Additionally, the Prospectus and the Application Forms will be available:

- a. For download on the website of BSE at www.bseindia.com and the website of the Lead Manager at www.ingaventures.com.
- b. At the designated branches of the SCSBs and the Syndicate Members at the Specified Locations, Electronic Application Forms, will also be available on the website of the Stock Exchange. A unique application number (UAN) will be generated for every Application Form downloaded from the websites of the Stock Exchange. Further, Application Forms will also be provided to the Designated Intermediaries at their request.

Method of Application

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible Investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (**Direct Online Application Mechanism**). In this regard,

SEBI has, through the Debt Application Circular, directed recognized Designated Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Designated Stock Exchange.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application Form to any of the Designated Intermediaries. Applicants should submit the Application Form only at the Collection Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the registered broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at https://www.sebi.gov.in. The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Designated Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the Designated Stock Exchange.

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 or regulatory provisions.

APPLICATIONS FOR ALLOTMENT OF SECURED NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to a recent SEBI circular SEBI/HO/IMD/DF2/CIR/P/2017/14 dated February 22, 2017 ("SEBI Circular 2017"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.00% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 15% of net assets value of scheme shall be allowed only by way of increase exposure to housing finance companies. Further, the group level limits for debt schemes and the ceiling be fixed at 20.00% of net assets value extendable to 25.00% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the Secured NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by 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 (i) the certificate of registration issued by the RBI, (ii) a certified copy of its last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditor(s), (iv) board resolution authorising investments and (iv) specimen signature of authorised 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.

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**), can apply in this Issue based on their own investment limits. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; and (iv) specimen signatures of authorised signatories.

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 IRDAI (Investment) Regulations, 2000.

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.

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 (**SEBI AIF Regulations**) for Allotment of the Secured NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. 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 Secured 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 Secured 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 Secured 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 Secured 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 Secured 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 Secured NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any act/rules under which they are incorporated.

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for allotment of the NCDSs must be accompanies by certified true copies of: (i) any act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory / regulatory requirements; (iv) specimen signature of authorised person; (v) a certified copy of the registered instrument for creation of such fund /trust; and (vi) any tax exemption certificate issued by Income Tax authorities.

Failing this, our Company reserves the right to accept or reject any 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 (i) the registration under the 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 Indian Scientific and/or industrial research organizations, which are authorized to invest in the Secured NCDs

The Application must be accompanied by certified true copies of (i) the registration under the act/ rules under which they are incorporated, (ii) a resolution of the board of directors of such Applicant authorising such investments; and (iii) specimen signature of authorised persons of such Applicant.

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

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant.

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 SECURED NCDs

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Designated 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 Designated 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 Designated 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 Designated 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 Centre where the Application Form is submitted (a list of such branches is available at (https://www.sebi.gov.in).

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Designated Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Centre, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected.

If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted Secured 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 Designated 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 Designated Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.
- b. The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please refer to the chapter '*General Information Issue Programme*' on page 43.

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 Secured 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;
- Incomplete Application Forms are liable to be rejected. Applicants should note that the Designated Intermediaries will not be liable for errors in data entry due to incomplete or illegible Application Forms;
- Application Forms must be completed in BLOCK LETTERS IN ENGLISH, as per the instructions contained in the Prospectus and the Application Form;
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta;
- Applicants must provide details of valid and active DP ID, Client ID and PAN clearly and without error.
- On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Designated 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 Secured NCDs;

- Applications must be for a minimum of 10 Secured NCDs and in multiples of one Secured NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 Secured NCDs, an Applicant may choose to apply for 10 Secured NCDs of the same series or across different series. Applicants may apply for one or more series of Secured NCDs Applied for in a single Application Form;
- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;
- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;
- Every Applicant should hold valid Permanent Account Number and mention the same in the Application Form;
- All Applicants are required to tick the relevant column of 'Category of Investor' in the Application Form;
- 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; and
- Applications for all the options of the NCDs may be made in a single Application Form only.

Our Company would allot the Option IV NCDs, as specified in this Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant option of NCDs.

The series, mode of allotment, PAN, demat account number 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

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST

ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID and PAN provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards giving Allotment Advice and Refunds, if any to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account 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 Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts is risk and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue, Banker(s) to the Issue nor the Designated Stock Exchange will bear any responsibility or liability for the same.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

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.

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 Secured NCDs pursuant to this Issue will be made into the accounts of such Applicants.

Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

C. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction.

Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e. either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the Secured NCDs for the same or other series of Secured NCDs, subject to a minimum Application size as specified in the Prospectus and in multiples of thereafter as specified in the Prospectus. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹ 500,000 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 Secured 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 a multiple Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

- 1. Check if you are eligible to apply as per the terms of the Prospectus and Applicable law.
- 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 Secured 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 Designated Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details is mandatory for all Applicants.

- 5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.
- 6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder.
- 7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.
- 8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.
- 9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.
- 10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.
- 11. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- 12. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.
- 13. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please refer to the chapter '*General Information Issue Programme*' on page 43.
- 14. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic
- 15. 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.
- 16. Ensure that the Applicant's names (given in the Application Form is exactly the same as the names in which the beneficiary account is held with the Depository Participant. 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.
- 17. Ensure that the Demographic Details as provided in the Application Form are updated, true and correct in all respects.
- 18. For Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the Designated Intermediaries and not to the Public Issue Account Banks or Refund Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue.
- 19. Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated

Branch to block funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form.

- 20. Ensure that your Application Form bears the stamp of the relevant Designated Intermediaries to whom the Application is submitted
- 21. All Applicants should choose the relevant option in the column 'Category of Investor' in the Application Form.
- 22. Choose and mark the series of Secured NCDs in the Application Form that you wish to apply for.
- 23. 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 Secured NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of Secured NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
- 7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- 8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.
- 9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account.
- 10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
- 11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.
- 12. Do not submit an Application in case you are not eligible to acquire Secured 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 Secured 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 Secured NCD on multiple copies taken of a single form.
- 17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.
- 18. Do not submit more than five Application Forms per ASBA Account.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at https://www.sebi.gov.in).

Please refer to the chapter 'Issue Procedure – Rejection of Applications' on 244 for information on rejection of Applications.

TERMS OF PAYMENT

Payment mechanism for Applicants

An applicant shall specify details of the ASBA Account Number in the Application Form and relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form.

The Application Forms will be uploaded onto the electronic system of the Designated Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at https://www.sebi.gov.in).

The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application. The entire Application Amount for the Secured 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 Secured NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Designated Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application to the Designated Intermediaries or to the Designated Branches of the SCSBs. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted Secured NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account.

The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

Additional information for Applicants

- 1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.
- 2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
- 3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Designated Intermediaries, or the relevant Designated Branch, as the case may be, they are liable to be rejected.
- 4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	• If using physical Application Form, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or
	• If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Designated Stock Exchange.

The Members of Syndicate, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Designated Intermediaries, (ii) the Applications uploaded by the Designated Intermediaries, (iii) the Applications accepted but not uploaded by the Designated Intermediaries, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted and uploaded and/or not uploaded by the Designated Intermediaries / Trading Members of the Designated Stock Exchange for which the Application amount are not blocked by SCSBs.

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 series, 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 Designated 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. 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 Designated 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 refer to the chapter 'General Information – Issue Programme' on page 43.

- (c) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Issue Period.
- (d) 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
 - Series of Secured NCDs applied for
 - Number of Secured NCDs Applied for in each series of Secured NCD
 - Price per Secured NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Location
 - Application amount
- (e) 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
 - Series of Secured NCDs applied for
 - Number of Secured NCDs Applied for in each series of Secured NCD
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Location
 - Application amount
- (f) 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 Secured 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.

- (g) 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.
- (h) The permission given by the Designated 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 Designated Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any

of the contents of the Prospectus; nor does it warrant that the Secured NCDs will be listed or will continue to be listed on the Designated Stock Exchange.

(i) Only Applications that are uploaded on the online system of the Designated 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 Designated 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 Trustee thereof, reserves it's full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- a. Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- b. Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;
- c. Applications not being signed by the sole/joint Applicant(s);
- d. Investor Category in the Application Form not being ticked;
- e. Application Amount blocked being higher or lower than the value of Secured NCDs Applied for. However, our Company may Allot Secured NCDs up to the number of Secured NCDs Applied for, if the value of such Secured NCDs Applied for exceeds the minimum Application size;
- f. Applications where a registered address in India is not provided for the non-Individual Applicants;
- g. In case of partnership firms (except LLPs), Secured NCDs applied for in the name of the partnership and not the names of the individual partner(s);
- h. Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- i. PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;
- j. DP ID and Client ID not mentioned in the Application Form;
- k. GIR number furnished instead of PAN;
- l. Applications by OCBs;
- m. Applications for an amount below the minimum Application size;
- n. Submission of more than five ASBA Forms per ASBA Account;
- o. Applications by persons who are not eligible to acquire Secured NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

- p. Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;
- q. Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;
- r. Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- s. Applications by persons prohibited from buying selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority.
- t. 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;
- u. 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;
- v. ASBA Applications not having details of the ASBA Account to be blocked;
- w. In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN;
- x. 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;
- y. 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;
- z. Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- aa. Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- bb. Applications by any person outside India;
- cc. Applications not uploaded on the online platform of the Designated Stock Exchange;
- dd. Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Designated Stock Exchange, as applicable;
- ee. Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, the Prospectus and as per the instructions in the Application Form and the Prospectus;
- ff. 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;
- gg. Applications providing an inoperative demat account number;
- hh. Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;
- ii. Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);

- jj. Investor category not ticked;
- kk. In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application; and
- 11. For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please refer section '*Information for Applicants*' below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and 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 Secured NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

REFUNDS

The Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within 6 (six) Working Days of the Issue Closing Date.

BASIS OF ALLOTMENT

Basis of Allotment for Secured NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Designated Stock Exchange and determine the valid Application for the purpose of drawing the basis of allotment.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Designated 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 Secured NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of Secured 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 \gtrless 10,000.00 Lakhs. The aggregate value of Secured NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of Secured NCDs up to the Base Issue Size shall be collectively termed as the '*Overall Issue Size*'.

Basis of Allotment for Secured NCDs

Allotments in the first instance:

- i. Applicants belonging to the Category I, in the first instance, will be allocated Secured 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));
- Applicants belonging to the Category II, in the first instance, will be allocated Secured 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)); and
- iii. Applicants belonging to the Category III, in the first instance, will be allocated Secured 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 firstcome-first-serve basis, based on the date of upload of each Application in to the electronic book with Designated 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 Secured NCDs aggregating to a value exceeding ₹ 500,000;
- iii. Institutional Portion

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 Designated Stock Exchange.

For each Portion, all Applications uploaded in to the electronic book with the Designated Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Designated Stock Exchange on a particular date exceeds Secured NCDs to be allotted for each Portion respectively.

Minimum allotment of 1 (one) Secured NCD and in multiples of 1 (one) Secured 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 firstserve basis and thereafter on proportionate basis, i.e. full Allotment of Secured 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 Secured NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Designated Stock Exchange Platform, in each Portion).

- (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 Secured NCDs being higher than the Issue Size, not all Applicants will be allotted the number of Secured 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; and
 - 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.

In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager will Allot the residual Secured NCD (s) in the following order:

Applicant applying for more than one Series of NCDs: If an Applicant has applied for more than one Series of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Series-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each Series, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange. Further, in the aforesaid scenario, wherein the Applicant has applied for all the ten options and in case such Applicant cannot be allotted all the ten options, then the Applicant would be allotted NCDs, at the discretion of our Company, the Registrar and the Lead Manager wherein the NCDs with the least tenor i.e. allotment of NCDs with tenor of 24 months followed by allotment of NCDs with tenor of 38 months and so on.

All decisions pertaining to the Basis of Allotment of Secured NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus. Our Company would allot Secured NCDs to all valid applications. Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of Secured 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.

Our Company would allot the Option IV NCDs, as specified in this Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant option of NCDs.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of Secured 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 Designated Stock Exchange where the Secured NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications

Investor Withdrawal: Applicants are allowed to withdraw their Applications at any time prior to the Issue Closing Date.

Pre-closure: Our Company, in consultation with the Lead Manager reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription which is 75% of the Base Issue before the Issue Closing Date. Our Company shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

Further, the Issue will also be withdrawn by our Company in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription which is 75% of the Base Issue before the Issue Closing Date.

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 of the Issue, through advertisement(s) in all those newspapers in which pre-Issue advertisement and advertisement for opening or closure of this Issue have been given.

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 for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application platform of the Designated Stock Exchange as per the procedures and requirements prescribed by the Designated Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories. As per the provisions of the Depositories Act, 1996, the Secured NCDs issued by us can be held in a dematerialised form.

In this context:

- i. Tripartite agreement dated June 29, 2018 among our Company, the Registrar and CDSL and tripartite agreement dated June 19, 2019 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. Secured 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 Secured NCDs in electronic form can be traded only on the Designated Stock Exchange having electronic connectivity with NSDL or CDSL. The Designated Stock Exchange has connectivity with NSDL and CDSL.

Interest or other benefits with respect to the Secured 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 Secured 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 Secured NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such Secured NCDs) prior to redemption of the Secured NCDs.

PLEASE NOTE THAT TRADING OF SECURED NCDs ON THE FLOOR OF THE DESIGNATED STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE SECURED NCD.

Allottees will have the option to re-materialize the Secured 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 Designated Stock Exchange) should be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of Secured NCDs applied for, date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted, ASBA Account number in which the amount equivalent to the Application Amount was blocked. Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of Secured NCDs in the respective beneficiary accounts, as the case may be. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchange in case of any Post-Issue related problems, such as non-receipt of Allotment Advice / non-credit of NCDs in depository's beneficiary account/ etc.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Our Company undertakes that:

- (a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- (b) Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;
- (c) Details of all unutilised monies out of issue of Secured 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;
- (f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in the Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e. ₹ 7,500 lakhs and receipt of listing and trading approval from the Designated 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;
- (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; and
- (i) Details of all monies unutilised out of the previous issues made by way of public offer, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested.

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 Secured NCDs are outstanding;
- (c) Our Company will take necessary steps for the purpose of getting the Secured 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/ Secured NCD Certificates (only upon rematerialisation of Secured NCDs at the specific request of the Allottee/ Holder of Secured NCDs) will be made available by our Company to the Registrar to the Issue;
- (e) Our Company will forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on a half-yearly basis;
- (f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Prospectus;

- (g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report; and
- (h) Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

SECTION VII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Definition:

1. (a) In these Articles unless there is something repugnant in the subject matter of context:

i. The "Company" means MUTHOOT VEHICLE & ASSET FINANCE LIMITED

- ii. Any reference to "Act" or "the companies Act "unless the context otherwise requires, shall mean the Companies Act, 2013 and its modifications or re-enactment from time to time and any reference to a specific provision of an Act shall, without repugnant to the context thereof, be construed to be referring to a corresponding provision of an Act that came into existence repealing the former Act. Further, the Sections or provisions bearing reference to the Companies Act, 1956, shall have reference to the corresponding Sections or provisions in the Companies Act, 2013, as applicable.
- iii. The "Directors" means the directors for the time being of the Company
- iv. "Board of Directors" or "Board" means the directors of the Company collectively
- v. The "Office" means the registered office for the time being of the Company
- vi. The "Seal" means the Common Seal of the Company
- (b) Unless the context otherwise requires, other words or expressions contained in these Articles shall bear the same meaning as in the Act.
- 2. The Regulations contained in the Table F of the First Schedule to the Companies Act 2013 shall apply to this Company except in so far as the clauses herein contained modify the same or provide otherwise. Whenever any of these clause come into conflict with the provisions of the Companies Act, 2013 or any subsequent modifications thereof, the provisions and modifications, as the case may be of the said Act, shall prevail.
- 3. The Authorised share capital of the Company is Rs. 25,00,00,000 (Rupees Twenty Five Crores) divided in 2,50,00,000 (Two Crore Fifty Lakhs) equity shares of Rs. 10 (Rupees Ten) each, with power to increases or reduce the capital*
- 4. Shares shall be under the control of the Board of Directors who may allot or otherwise dispose of them on such terms and conditions as it considers fit.
- 5. The fully paid up shares shall be free from all lien and in the case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.
- 6. The Directors may from time to time make such calls as they think fit on the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments, provided that at least 30 days clear notice shall be given for the payment of amount due on each call.
- 7. If before or on the day appointed for payment thereof a call in respect of a share is not paid, the person from whom the amount of call is due shall pay interest on such amount at the rate of 5% per annum from the day appointed for payment. The Board may think fit to agree to receive from the members willing to advance, all or any part of the amounts of his shares beyond the sum actually called up and the Board may pay interest as agreed upon on this advance. However, advance of calls shall not in respect thereof confer a right to divided or participate in its profits.
- 8. The right to call up shares shall be done only with the sanction of the Company in General Meeting.

- 9. Subject to the restrictions hereinafter contained, shares in the Company shall be transferable in the usual manner. The shares in the Company shall be transferred in the form prescribed by the Companies Act. Any share may at any time be transferred by any member or in the case of deceased member by his or her heirs, executors or administrators to wife or husband or lineal descendant of the member or to any other member of the Company.
- 10. The Board of Directors shall not refuse to register the transfer application on ground of the transferor being either alone or jointly with any other persons indebted to the Company on any account whatsoever.
- 11. No instrument of transfer shall be recognized by the Board unless the instrument of transfer is accompanied by the certificate of the shares sought to be transferred and such other evidence as the Board may reasonably require to prove the title of the transferor to his right to transfer the shares.
- 12. If a member fails to pay any call or instrument on 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 installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued.
- 13. The notice aforesaid shall:
 - a. State the 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 share in respect of which the call was made will be liable to be forfeited.
- 14. 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.
- 15. A forfeited share may be (sold) or otherwise disposed off on such terms and in such manner as the Board thinks fit.

*Amount as per Special Resolution passed at the Extraordinary General Meeting held on 25th October 2006

Borrowing Powers

16. The Board of Directors shall have power from time to time and at any time to raise or borrow any sums of money in such manner and on such terms and conditions for the purpose of the Company from any person, banks, firms or companies, particularly from persons holding the office of Directors and may secure the payment of such money in such manner and upon such terms and conditions in all respect as they think fit and in particular by making, drawing, accepting or endorsing on behalf of the Company any promissory note or bills of exchange or by mortgage or charge of all or any of the property of the Company or by giving or issuing any security of the Company, including its uncalled capital for the time being.

General Meeting

- 17. All general meetings other than annual general meetings shall be called extraordinary general meeting.
- 18. The Board may whenever it thinks fit call an extraordinary general meeting
- 19. 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.
- 20. Five members personally present or such other higher number as may be prescribed by the

Companies Act 2013 shall be the quorum for a General Meeting and no business shall be transacted at any General meeting unless the quorum requisite is present at the commencement of the business.

21. The Chairman of the Company elected by the Board shall preside as the Chairman at every general meeting of the Company and in his absence, one among the members present may be elected to the Chair for the meeting.

Vote of Members

22. (a) On a show of hands, every members present in person shall have one vote

(b) On a poll the voting rights of members shall be as laid down in Section 47 of the Companies Act 2013.

Directors

- 23. The Company shall have not less than three and not more than ten Directors
- 24. The first Directors shall be:
 - 1. Mr. M. George
 - 2. Mr. M.G. George
 - 3. Mr. George Alexander
- 25. If the Government of the State of Kerala or any State, or the Central Government or any other Statutory Corporation or local authority, hold shares in the Company they shall have powers till such time as they continue to hold shares in the Company to nominate two of its officers as Directors. Such nominated Directors may at any time be changed by the Government by that Government, Statutory, Corporation or local authority may determine and till such time as they continue to hold shares in the Company.
- 26. No share qualification is required in order to be appointed as Director of the Company.
- 27. Each Director shall be paid out of the funds of the Company as remuneration for his service such sums as may be determined by the Directors for every meeting of the Directors or Committee of the Board at which he shall be present in person, besides travelling, hotel and other expenses.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Prospectus) which are or may be deemed material will be attached to the copy of the Prospectus which will be delivered to RoC, Kerala and Lakshadweep for filing. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10.00 a.m. and 5.00 p.m. on all Working Days from the date of the Prospectus until the Bid/Issue Closing Date.

A. Material Contracts for the Issue

- 1. Issue Agreement dated January 29, 2020 entered into between our Company and the Lead Manager;
- 2. Registrar agreement dated September 20, 2019 entered into between our Company and the Registrar to the Issue;
- 3. Debenture Trustee Agreement dated August 9, 2019 entered into between our Company and the Debenture Trustee to the Issue;
- 4. The agreed form of the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.
- 5. Public Issue Account Agreement dated February 15, 2020 entered into between our Company, the Registrar to the Issue, the Lead Manager and Public Issue Bank;
- 6. Lead Broker Agreement dated February 15, 2020 entered into between our Company and the Syndicate Members; and
- 7. Tripartite Agreement dated July 19, 2019 and June 29, 2018 with NSDL and CDSL, respectively.

B. Material Documents in relation to the Issue

- 1. Certificate of Incorporation dated June 8, 1992 and September 18, 2008 issued by the Registrar of Companies, Kerala and Lakshadweep;
- 2. Certificate of Registration from RBI dated October 3, 2008 for functioning as an NBFC;
- 3. Certificate of authorisation dated October 29, 2009 issued by the RBI for operating prepayment instruments
- 4. Certified copies of the Memorandum and Articles of Association of our Company, as amended till date;
- 5. Resolution of shareholders of our Company held on August 2, 2014 approving the overall borrowing limit of Company;
- 6. Copy of Board resolution dated January 24, 2019 approving the Issue;
- 7. Copy of the Finance Committee resolution dated January 29, 2020 approving the Draft Prospectus;
- 8. Copy of the Finance Committee resolution dated February 18, 2020 approving this Prospectus.
- 9. Consents of each of the Directors, Compliance Officer, Lead Manager, Chief financial officer, legal counsel to the Issue, Registrar to the Issue, Bankers to our Company, Debenture Trustee and Credit Rating Agencies to include their names in the Prospectus;
- 10. Credit Rating Letter dated August 30, 2019 and the letter of revalidation dated December 9, 2019 issued by CARE Ratings Limited assigning a CARE BBB+ Stable rating to the Secured NCDs;

- 11. CRISIL Ratings Letter dated January 17, 2020 issued by CRISIL Ratings Limited assigning a CRISIL A/Stable rating to the Secured NCDs.
- 12. Consent of the Statutory Auditor to include their names as an 'Expert' as required under the Companies Act and SEBI Debt Regulations;
- 13. Annual Reports for last 5 years;
- 14. Reformatted Financial Statements
- 15. Statement of Tax Benefits dated January 29, 2020 issued by the Statutory Auditor;
- 16. In-principle listing approval from BSE by its letter dated February 06, 2020; and
- 17. Due diligence certificate dated February 18, 2020 filed with SEBI by the Lead Manager..

Any of the contracts or documents mentioned in the 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 shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the rules/guidelines/regulations framed thereunder by the Government of India and, or, the rules/guidelines/regulations issued by the Reserve Bank of India and Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended and, or, any rules, guidelines or regulations issued thereunder, as the case may be.

We further certify that all statements in this Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made misleading and that this Prospectus does not contain any misstatements.

SIGNED BY DIRECTORS OF OUR COMPANY

George Alexander Muthoot (Managing Director)

Anna Alexander (Non-Executive Director)

George Thomas Muthoot (*Non-Executive Director*)

George Muthoot Jacob

(Whole-Time Director)

Thevalakkara Thomas Mathew

(Independent Director)

Kurian Chirathalattu George (Independent Director)

Date:

Place:

ANNEXURE I – CREDIT RATING LETTER AND RATING RATIONALE OF CRISIL LIMITED

For Annexure I, please see the page below.

CONFIDENTIAL

MTOVA/239613/NCD/012000582 January 17, 2020

atings

Mr. George Oommen Chief Executive Officer Muthoot Vehicle and Asset Finance Limited 6th Floor, Midhun Tower K. P. Vallon Road Kadavanthra Ernakulam - 682020

Dear Mr. George Oommen,

Re: CRISIL Rating on the Rs.200 Crore Non-Convertible Debentures of Muthoot Vehicle and Asset Finance Limited

We refer to your request for a rating for the captioned Non-Convertible Debentures.

CRISIL has, after due consideration, assigned its "CRISIL A/Stable" (pronounced as CRISIL A rating with Stable outlook) rating to the captioned debt instrument. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

For the purpose of issuance of the captioned debt instrument, this letter is valid for 180 calendar days from the date of the letter. In the event of your company not placing the above instrument within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned debt instrument.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI 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 to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

s.A. V Amie

Ajit Velonie Director - CRISIL Ratings

Nivedita Shibu Associate Director - CRISIL Ratings

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company/entity. Ratings are under surveillance is so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating or the are available with the product is transmittened with a no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating or of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-

CRISIL House, Central Avenue, Hiranandani Business Park, Powar, Mumbai - 400076 Phone: +91 22 3342 3000 | Fax: +91 22 4040 5800 www.crisil.com





Ratings



Rating Rationale

January 16, 2020 | Mumbai

Muthoot Vehicle and Asset Finance Limited

'CRISIL A/Stable' assigned to bank debt and NCD

Rating Action

Total Bank Loan Facilities Rated	Rs.300 Crore
Long Term Rating	CRISIL A/Stable (Assigned)

CRISIL A/Stable (Assigned)

Rs.200 Crore Non Convertible Debentures

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has assigned its 'CRISIL A/Stable' rating to the bank loan facilities and non-convertible debentures of Muthoot Vehicle and Asset Finance Limited (MVAFL).

The rating centrally factors in MVAFL's linkage to, and expectation of continued managerial, and financial support from, The Muthoot Group and its promoters. The Muthoot Group's flagship company, Muthoot Finance Limited, is rated 'CRISIL AA/Stable/CRISIL A1+'. The rating also factors in the company's adequate capitalization and adequate earnings profile. These strengths are partially offset by modest asset quality, moderate resource profile and small scale of operations with high geographic concentration.

MVAFL is largely engaged in vehicle financing (both new and used) along with small proportion of SME loans against machinery and equipment, property and unsecured personal loans. The assets under management (AUM) stood at Rs 439.8 crore as on September 30, 2019 (Rs 428.1 crore as on March 31, 2019). Over the years, MVAFL has shifted focus to vehicle financing from SME and personal loans (to The Muthoot Group employees) as vehicle finance constituted around 94% of AUM as on September 30, 2019 compared to 35% as on March 31, 2015. Within vehicle finance, new cars and used cars constituted 70% and 18%, respectively, as on September 30, 2019. The company also holds a Prepaid Payment Instruments (PPI) license wherein it conducts domestic money transfer business. However, CRISIL notes that they are in the process of revamping their business strategy under the PPI license.

The focus of The Muthoot Group increased towards MVAFL in the last one and a half years with plans of growing this company in Kerala market. Therefore, the group hired a new CEO last year, Mr. George Oommen having 23 years of financial services industry, who is currently revamping the business model by bringing changes such as shift in product segment focus, organisation restructuring, streamlining systems and processes etc. During the first half of fiscal 2020, MVAFL made changes to their collection process and shifted to an agency model from earlier in-house collection. A combination of this transition along with macro-economic challenges, resulted in asset quality metrics deteriorating between March and September 2019. The 90+ dpd increased sharply to 4.6% as on September 30, 2019 as compared to 1.5% as on March 31, 2019. Further, slippages were also due to a few high ticket size exposures in the SME loan segment. The 90+ dpd has stabilised over October and November 2019 with negligible roll-forwards. However, the impact of the business model changes on asset quality would only be demonstrated over the near to medium term.

MVAFL continues to receive strong financial support from promoters and The Muthoot Group. As on September 30, 2019, around 30% of their borrowings were from promoters or promoter entities - in the form of unsecured loans or inter-corporate deposits (ICDs). During the first half of fiscal 2020, since the funding environment for NBFC sector was challenging, the company had received funding through ICDs. CRISIL notes that the company is focusing on diversification of its resource mix and increasing the share of capital market and bank borrowings. Hence, the share of promoter funding is likely to reduce over the medium term. Nevertheless, CRISIL believes that promoters will step in and provide timely financial support, in case of any exigency.

Analytical Approach

For arriving at its ratings, CRISIL has assessed the standalone business, financial, and management risk profiles of MVAFL. The ratings further factor in support from stakeholders, that is, The Muthoot Group (whose flagship company is Muthoot Finance Limited ' rated 'CRISIL AA/Stable/CRISIL A1+') and its promoters.

Key Rating Drivers & Detailed Description

Strengths

* Strategic importance to, and expectation of financial support from, The Muthoot Group and promoters

MVAFL is held entirely by promoters of The Muthoot Group who are also the major shareholders in other group companies including having ~70% stake in Muthoot Finance Limited - the flagship company of The Muthoot Group. The shareholding structure is likely to remain unchanged over the medium term, with current promoters continuing to be the majority shareholders. MVAFL is strategically important to the group as it is the only deposit taking company in the group. The group intends to grow its asset/vehicle finance portfolio in Kerala market through this company.

The promoters have given personal guarantees for all the bank lines taken by MVAFL. Furthermore, a few Directors have provided interest-bearing unsecured loans to the company which stood at Rs 60 crore as on September 30, 2019. During the first half of fiscal 2020, since the funding environment for NBFC sector was challenging, the company had received funding through ICDs from group companies ' which stood at around Rs 49.8 crore as on same date. CRISIL notes that the company is focusing on diversification of its resource mix and increasing the share of capital market and bank borrowings. Hence, the share of promoter funding is likely to reduce over the medium term. Nevertheless, CRISIL believes that promoters will step in and provide timely financial support, in case of any exigency.

MVAFL also has strong representation of common Directors of the group on the Board and other important committees such as audit, risk management committee etc. as well. In addition, the Managing Director of Muthoot Finance Limited, Mr. George Alexander Muthoot is also the Managing Director of MVAFL. The other promoters on the Board include Mr George Thomas Muthoot, Mr George M Jacob and Mrs Anna Alexander. The group and the company has shared name and logo as well. Therefore, CRISIL believes that The Muthoot Group has a strong moral obligation to support MVAFL, going forward.

* Adequate capitalisation

MVAFL has adequate capitalisation with sizeable networth of Rs 101 crore, and Tier I and overall capital adequacy ratios of 21.8% and 22.3%, respectively, as on September 30, 2019. The gearing too was comfortable at 3.7 times as on September 30, 2019. Gearing was even lower at 2.6 times as on September 30, 2019 excluding interest bearing promoter funds and factoring only external indebtedness. Capitalisation metrics have been supported by internal accruals over the years. CRISIL notes that the company is focusing on diversification of its resource mix and increasing the share of capital market and bank borrowings. Hence, with loan book growth, the gearing may also increase from current levels. Nevertheless, capitalisation of MVAFL is expected to remain adequate over the medium term on the back of strong financial flexibility of promoters, The Muthoot Group, to infuse equity both, on an ongoing basis, for growth as well as in times of distress.

* Adequate earnings profile

MVAFL has adequate earnings profile driven by above average net interest margin and low net credit costs. The major chunk (>90% for the last 5 fiscals) of the resource mix includes fixed deposits, bank loans in the form of cash credit lines, loans from directors and inter-corporate deposits where the tenure of the loan is short and interest rates in the range of 9-11%. Over the last twelve months, the company has faced an increase in borrowing costs in line with the overall NBFC sector. During this period, the company's resource profile was supported by funds from promoters at competitive costs.

Furthermore, MVAFL has displayed strong ability to recover past bad loans through repossession and sale of collateral. Hence, the net credit costs were negative for the last four fiscals (Rs -5.9 crore to Rs -0.2 crore). Consequently, profitability of the company has remained adequate with RoA being at 2.5% for fiscal 2019 (3% for the previous fiscal).

However, with the inch-up in the NPA levels and increase in operating expenses due to hiring of top management personnel and external collection agencies, the earnings profile has subdued a bit with RoA dropping to 0.9% (annualised) in the first half of fiscal 2020. Nevertheless, shift in focus to high yielding asset classes such as used vehicles etc., is expected to keep the earnings profile adequate over the medium term.

Weaknesses

*Modest asset quality

MVAFL's asset quality metrics have displayed high variability over the last 3-4 years. The 90+ dpd was at 5.6% as on March 31, 2017 before reducing to 0.9% as on March 31, 2018. This again increased to 1.5% as on March 31, 2019 and further to 4.6% as on September 30, 2019. After factoring in repossessed assets and assets held in satisfaction of debt, the stressed assets has ranged even higher between 2.1% and 7.2% over this period. However, CRISIL notes that the company has displayed strong ability to recover past bad loans through repossession and sale of collateral as evidenced by the net credit costs being negative for the last four fiscals.

The increase in 90+ dpd in September 2019 was on account of transition challenges linked to a new collection strategy and process. Further, slippages were also due to a few high ticket size exposures in the SME loan segment. MVAFL does not intend to focus on this segment going forward. CRISIL has also noted that with the stabilization in the new collection strategy, 90+ dpd has come down to 3.8% as on November 30, 2019.

MVAFL now intends to focus on two wheeler and used four wheeler segment. A new CEO having an experience of 23 years in financial services industry has been appointed who is bringing strategic changes. Some of the key changes are increased focus on high-yielding and low-ticket used vehicle segment, strengthening and streamlining of sourcing, underwriting and collection processes, organisation restructuring, and hiring in top management positions.

Therefore, challenges may occur in future on account of the on-going revamp in the business model. Hence, the true impact on asset quality and therefore on profitability due to credit costs will only be demonstrated over the near to medium term and will remain a key monitorable.

*Moderate resource profile

Resource profile mix is moderate with bank loans and fixed deposits constituting 65% of the total borrowings as on September 30, 2019. The tenure of both fixed deposits and bank borrowings is short term as the bank borrowings primarily comprise cash credit / working capital demand loans which exposes the company to asset liability mismatch risks. Also, over the last twelve months, company has faced increase in bank borrowing costs by around 100 bps. Further, due to increase in interest rates and sectoral reallocation by Banks, bank limits of Rs 65 crore were either not utilised or not renewed. The number of bank relationships also reduced during this period.

Rating Rationale

CRISIL notes that the promoters stepped in to provide the required funds at competitive costs during this period. While, the company is focusing on diversification of its resource mix and increasing the share of capital market and longer tenure bank borrowings, in the long run, its ability to increase its external funding routes and display stability in banking relationships will remain a key monitorable.

* Small scale of operations with limited geographical presence

The company's scale of operations remain small with AUM at around Rs 439.8 crore as on September 30, 2019. The portfolio comprised predominantly new cars (70%) with the rest being used cars (18%), 2-wheelers (3%), CV (3%), SME against LAP/ machinery/ equipment (5%), and personal loans and trade advance (0.5%).

AUM grew strongly by 76% and 87% in fiscal 2017 and 2018, respectively, driven by high growth in new car segment, respectively. However, growth fell down to 11% and 6% (annualized) in fiscal 2019 and first half of fiscal 2020, respectively on the back of low demand and changes in the business model. Furthermore, as the company is largely confined to Kerala and hence having high geographic concentration, the asset quality remains susceptible to slippages in case of geography specific challenges.

Going forward, with the strengthening of sourcing channels, the company intends to grow in used car financing segment. Nevertheless, CRISIL believes the company to remain a small player in overall vehicle financing segment.

Liquidity Strong

The liquidity profile is driven by expectation from promoters and The Muthoot Group to provide need-based and on-going financial and liquidity support, in case of any exigencies. CRISIL notes that, on standalone basis, as on October 30, 2019, excluding lines of credit, there are cumulative negative mismatches in the up to one year bucket. The mismatch was on account of plotting of working capital bank lines based on scheduled maturity, some amount of loans from directors and shorter tenure fixed deposits. However, these items typically gets rolled over or renewed. Including lines of credit, the ALM profile has positive cumulative gaps up to one year bucket. Based on ALM statement of October 31, 2019, MVAFL had ~Rs 101 crore of scheduled debt repayments (including fixed deposits) over the next 6 months against which it had scheduled collections of ~Rs 76 crore. As on December 25, 2019, cash and unutilised bank lines stood at ~Rs 67 crore (excludes SLR which is encumbered for fixed deposits under regulatory requirement). The liquidity is also supported by good traction in mobilising fresh FDs and the renewal rate of fixed deposits estimated at around 75%.

Outlook: Stable

CRISIL believes that MVAFL will continue to receive strong operational, financial and managerial support from the promoters and The Muthoot Group - Muthoot Finance Limited, is the flagship company of the group) and maintain adequate capitalisation.

Rating Sensitive Factors:

Upward factors

* Sustainable improvement in asset quality with adjusted 90+ dpd remaining under 2.5% as the portfolio scales up

* Increase in scale of operations while maintaining earnings profile

Downward factors

* Dilution in stake by the promoters of The Muthoot Group or a downward revision in CRISIL's credit view of The Muthoot Group or Muthoot Finance Limited, the flagship company of the group or any change in the stance of support by the group * Any adverse movement in asset quality with adjusted 90+dpd increasing beyond 8% and earnings profile of the company getting impacted.

About the Company

Muthoot Vehicle and Asset Finance Limited is a part of The Muthoot Group. The Muthoot Group was founded in 1887 which started as a small trading business enterprise in a remote village in Kerala. Over the years, the group has become a diversified business house with presence in financial services, plantations and estates, education, leisure etc. with Muthoot Finance Limited being the flagship company of the group.

In 1992, The Muthoot Group started its vehicle finance division as "Muthoot Leasing and Finance Ltd" and in 2008 changed its name as "Muthoot Vehicle & Asset Finance Limited (MVAFL)" for providing wide range of financial solutions. MVAFL is a non-banking finance company (NBFC), classified as a deposit accepting asset finance company, and headquartered in Kochi. MVAFL is primarily engaged in new and used vehicle financing. The company currently has 23 branches in Kerala and 3 branches outside Kerala i.e. Coimbatore, Bangalore and New Delhi. The company also holds a Prepaid Payment Instruments (PPI) license under which it undertakes domestic money transfer business.

Profit after tax (PAT) was Rs 11.2 crore on total income of Rs 67.9 crore in fiscal 2019 against a PAT of Rs 10.2 crore on total income of Rs 50.1 crore in the previous fiscal.

Profit after tax (PAT) was Rs 2.1 crore on total income of Rs 35.7 crore in first half of fiscal 2020 against a PAT of Rs 4.1 crore on total income of Rs 32.4 crore for the same period previous fiscal.

Key Financial Indicators	(Standalone)
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	1 11 14			
As on/for the quarter/for the year ended	Units	September 30, 2019	March 31, 2019	March 31, 2018
Total assets	Rs crore	492	482	429
Total income	Rs crore	38	68	50
Profit after tax	Rs crore	2.1	11	10
Gross NPA	%	4.6	1.5	0.9
Overall capital adequacy ratio	%	22.3	22.5	22.6

https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/Muthoot_Vehicle_and_Asset_Finance_Limited_January_16_2020_RR.html

21/01/2020

21/01/2020		Rating Rationale		
Gearing	Times	3.7	3.7	3.6
Return on managed assets^	%	0.9*	2.5	3.0

^based on year end averages

*annualised

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. 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)	Rating Outstanding with Outlook
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	300	CRISIL A/Stable
NA	Non-Convertible Debenture*	NA	NA	NA	200	CRISIL A/Stable

*yet to be issued

Annexure - Rating History for last 3 Years

		Current		2020 (History)	20	019	2	018	20	017	Start of 2017
Instrument	Туре	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	0.00 15-01-20	CRISIL A/Stable		-		-				-	-
Fund-based Bank Facilities	LT/ST	300.00	CRISIL A/Stable		-		-		-			-

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Proposed Long Term Bank Loan Facility	300	CRISIL A/Stable	-	0	
Total	300		Total	0	

Links to related criteria

Rating Criteria for Finance Companies

Criteria for Notching up Stand Alone Ratings of Companies based on Group Support

For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
Saman Khan Media Relations CRISIL Limited D: +91 22 3342 3895 B: +91 22 3342 3000 saman.khan@crisil.com	Krishnan Sitaraman Senior Director - CRISIL Ratings CRISIL Limited D:+91 22 334 2807 krishnan.sitaraman@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: <u>CRISILratingdesk@crisil.com</u>
Naireen Ahmed Media Relations CRISIL Limited D: +91 22 3342 1818 B: +91 22 3342 3000	Ajit Velonie Director - CRISIL Ratings CRISIL Limited D:+91 22 409 7820 ajit.velonie@crisil.com	For Analytical queries: ratingsinvestordesk@crisil.com
naireen.ahmed@crisil.com	Vishal Singh Rating Analyst - CRISIL Ratings CRISIL Limited D:+91 22 3342 3419 Vishal.Singh@crisil.com	

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ANNEXURE II – CREDIT RATING LETTER AND RATING RATIONALE OF CARE LIMITED

For Annexure II, please see the page below.



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CARE/CRO/RL/2019-20/1277 The Managing Director, M/s. Muthoot Vehicle and Asset Finance Limited K.P.Vallon Road, Kadavanthara, Kochi-682020

August 30, 2019

Confidential

Dear Sir,

Credit rating for Non-Convertible Debenture issue

On a review of recent developments including operational and financial performance of

your company for FY19 (Audited) and Q1FY20 (provisional), our Rating Committee has

reviewed the following rating:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debenture (Proposed)	200 (Rs. Two Hundred Crore only)	CARE BBB+; Stable (Triple B Plus); Outlook: Stable	Reaffirmed
	(Rs. Two Hundred Crore only)		

The proposed NCDs would have tenure of up to 90 months.

 Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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4. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by September 03, 2019 we will proceed on the basis that you have no any comments to offer.

¹Complete definitions of the ratings assigned are available at <u>www.careratings.com</u> and in other CARE aublications.

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CARE Ratings Limited

(Formerly known as Credit Analysis & Research Limited)

CORPORATE OFFICE: 4^{*} Floor, Godrej Coliseum, Somalya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022. Tel.: +91-22-6754 3456 • Fax: +91-22-6754 3457 Email: care@careratings.com • www.careratings.com

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Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennal - 600 002. Tel:+91-44-2849 0811 / 13 / 76 Tel:/Fax±+91-44-2849 7812

CIN-L67190MH1993PLC071691

- 5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
- 6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
- 7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
- 8. Users of this rating may kindly refer our website <u>www.careratings.com</u> for latest update on the outstanding rating.
- 9. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

ງປະເທດ Tej Kiran G Deputy Manager

tej.kiran@careratings.com

Thanking you,

Yours faithfully,

Associate Director <u>p.sudhakar@careratings.com</u>

Encl.: As above

CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)

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Annexure Press Rel**ease**

Facilities	Amount (Rs. crore)	Rating ²	Rating Action	
Long term bank facilities	52.50	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Reaffirmed	
Long term/ short term Bank facilities	355.00*	CARE BBB+; Stable/ CARE A2 (Triple B Plus; Outlook: Stable/ A Two)	Reaffirmed	
Total Long term/short term bank facilities	407.50 (Rupees Four hundred and seven crore fifty lakh only)			
Non-Convertible Debenture(Proposed)	200.00 (Rupees Two hundred crore only)	CARE BBB+; Stable	Reaffirmed	

Details of instruments/facilities in Annexure-1

*Rs.50 crore short term facilities were reclassified to long term/short term facilities

Detailed Rationale & Key Rating Drivers

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Dating

The reaffirmation of the ratings assigned to the bank facilities and Non-Convertible Debenture issue of Muthoot Vehicle and Asset Finance Limited (MVFL) continue to factor in benefits and synergies derived from being part of Muthoot M.George group including demonstrated funding support by promoters, longstanding experience of promoters in the NBFC industry, established track record of operations, experienced management team, presence of loan appraisal systems, internal control systems and comfortable capitalization level.

The ratings are constrained by moderate size of operations, geographical concentration of loan portfolio & limited product diversification of the portfolio and moderately diversified funding profile. The ratings take note of moderation in asset quality indicators during FY19 (refers to the period Apr 01 to Mar 31) and Q1FY120 (refers to the period between April 01 to June 30).

²Complete definitions of the ratings assigned are available at <u>www.careratings.com</u> and in other CARE publications.

Going forward, ability of the company to improve its asset quality and profitability while growing its business volumes will be key rating sensitivity.

Detailed description of the key rating drivers

Key Rating Strengths

Benefit and synergies derived from being part of Muthoot M. George group

MVFL is a part of Muthoot M.George group, the Flagship Company of the group Muthoot Finance Limited (MFL) which is the largest gold loan company in India having total AUM of Rs.34,246.1 crore and gold loan portfolio at Rs.33,585.3 crore as on March 31, 2019. During FY19, MFL generated total income of Rs.6,880.6 crore and PAT of Rs.1,972.1 crore. Apart from gold loan business the group is also engaged in several businesses including hospitals, Housing Finance, foreign transfers, Insurance, real estate, Microfinance, etc. MVFL shares the common brand name and promoters with MFL which provides sufficient business support and funding support from the promoters whenever it is required.

The promoters of MVFL held 80.2% shares in MVFL and 73.7% in MFL (about Rs.19,009 crore in terms of market value of MFL shares as on June 30, 2019). The ability of the promoters to provide funding support to the company remains favorable. Also the promoters have provided guarantees to the bank lines sanctioned to MVFL. The company also gets managerial support from the group since the company's board comprises of seven members of which five of them from the group.

As on June 30, 2019 deposits/loans/ICDs from promoters/directors stood at Rs.111 crore and constituted around 30% of total borrowings.

Established track record of operations and experienced management team

MVFL has established track record of operations spanning over two decades in Asset financing business primarily in the state of Kerala. MVFL has an experienced senior management team in the lending space which has been associated with the group for long time. The operations are looked after by a team and is overseen by the board which comprises of directors with vast experience in the NBFC sector.

The CEO of MVFL Mr.George Oommen, has 20 years of experience in field of banking and finance.The strategic decisions and the business plan approvals takes place at the board level which is headed by Managing director, Mr. George Alexander Muthoot.

Moderation in profitability during FY19 and Q1FY20

Yield on advances improved to 14.53% in FY19 from 13.77% in FY18. However, cost of funds increased from 8.39% in FY18 to 9.40% in FY19. As a result NIM declined from 6.74% in FY18 to 6.34% in FY19. Operating expenses as a % of average total assets declined from 5.68% in FY18 to 4.53% in FY19 supported by decline in the commissions paid to dealers. Fee income on an absolute basis remained at

stable in FY19, i.e., Rs.7.07 crore in FY19 as against Rs.7.85 crore in FY18. Bad debts recovered as % of average AUM has declined from 1.57% in FY18 to 0.81% in FY19 as a result, the other income of the company has declined during FY19. Credit costs stood at 0.78% in FY19 as against 0.64% in FY18. ROTA declined to 2.46% in FY19 from 3.01% in FY19 mainly on the account on decrease in NIM and reduction in other income (mainly recovery from written off accounts or bad debts).

During Q1FY20, the NIM declined due to reduction in yield on advances on account of interest reversals. NIM moderated to 5.22% in Q1FY20. Operating expenses as a % of average total assets increased to 5.66% in Q1FY20 due to increase in commissions paid and other administration expenses. Credit costs increased to 1.13% in Q1FY20 (0.78% in FY19). ROTA moderated to 0.38% in Q1FY20 (2.46% in FY19) as a result of decrease in NIM and increase in credit costs and operating expenses. Going forward, the company plans to increase the focus towards higher yielding loan products which would increase the margins from the current levels however, the company needs to maintain good asset quality indicators to improve overall profitability.

Comfortable Capitalization profile

MVFL's capitalization profile is comfortable with Total CAR and Tier I CAR as March 31, 2019 at 22.45% and 22.01% as against 22.59% and 22.20% as on March 31, 2018. Gearing as on March 31, 2019 stood at 3.74 times. As on June 30, 2019 stood at CAR and Tier 1 CAR stood at 22.25% and 21.82%. The company shares the common promoters with MFL having high individual networth and capital support expected to be available from the promoters whenever is required to support the growth prospectus of the company provides comfort on the capitalization profile. MVFL also has availed loans from its promotors which constituted 16% of the total funding profile (balance outstanding at Rs. 58.0 crore as on March 31, 2019). *Key Rating Weaknesses*

Moderate size of operations and geographical concentration of loan portfolio

MVFL's loan portfolio outstanding as on June 30, 2019 is moderate at Rs.434 crore. The portfolio witnessed moderate growth during FY19, AUM grew by 11% from Rs.385 crore as on March 31, 2018 to Rs.428 crore as on March 31, 2019. Total disbursements declined from Rs.264 crore in FY18 to Rs.161 crore in FY19 on account of unfavorable NBFC industry scenario characterized by funding constraints in H2FY19. The muted growth continued in Q1FY20, disbursements during the quarter stood at Rs.37 crore as against Rs.53 crore in Q1FY19.

MVFL majorly operates majorly in Kerala with around 98.36% of its total AUM outstanding in Kerala and small portion was in Tamil Nadu as on June 30, 2019. The company operates with 23 branches of which

22 branches are in Kerala and one branch in Coimbatore, Tamil Nadu. The major portfolio is expected to be concentrated in the kerala in the medium term.

Moderation in asset quality during FY19 and Q1FY20

Asset quality has witnessed moderation during FY19, GNPA and NNPA stood at 1.50% and 1.23% as on March 31, 2019 as against 0.94% and 0.74% as on March 31, 2018 mainly on the account of Kerala floods. Asset quality further moderated in Q1FY20 with GNPA and NNPA increasing to 3.22% and 2.69% as on June 30, 2019. It is to be noted that, during Q1FY20 there has been transition in collections mechanism of the company, wherein the collections are being outsourced to an external agency. With further expansion plans in the used car and two-wheeler loan segments, while catering to borrowers with marginal credit profiles and also with limited seasoning of loan portfolio, the ability of the company to improve its asset quality remains critical.

Moderately diversified funding profile

MVFL's borrowing profile consists of public deposits, borrowings from banks, privately placed NCDs and deposits from promoters. MVFL shares common brand name with Muthoot group and benefit of being the only deposit accepting company in the group helps the company to raise the deposits from the customers of the group. As on March 31, 2019, Public deposits occupied 30% (PY: 36%) of the total borrowings, bank loans occupied 48% (PY: 40%), deposits/loans from promoters/directors constituted around16% (PY:24%) and borrowings from NCDs constituted around 6% (PY:0%). The same as on June 30, 2019 was at 30%, 35%, 30% and 6% respectively.

Liquidity: Adequate

As on June 30, 2019, MVFL's ALM reflects cummaltive mismatches in less than 1 year bucket on account of longer tenure of advances and relatively shortet tenure of borrowings. However, to minimise the mismatch, the promoters have provided the funding support to the company in the form of deposits and loans in the past. MVFL had cash and bank balanes of Rs.19 crore and unavailed lines of credit stood at Rs. 50 crore as on June 30, 2019. This along with the monthly collections and financial support extended by the promoters is expected to be sufficient to meet the repayment obligations in the near term.

Analytical approach:

Standalone approach, also factoring in significant support of Muthoot M George group to MVFL. MVFL is of strategic importance to MFL with sharing of common brand name and same promoters.

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Applicable Criteria

<u>Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings</u> <u>CARE's Policy on Default Recognition</u> <u>Financial Ratios-Financial Sector</u> <u>Rating Methodology for Non-Banking Financial Companies</u>

Rating Methodology: Factoring Linkages in Ratings

About the Company

Muthoot Vehicle and Asset Finance Ltd (MVFL) is the deposit taking NBFC registered with RBI and part of 'The Muthoot M. George Group' incorporated in 1992 as Muthoot Leasing and Finance Ltd. In the year 2008, the name of the Company was formally changed to MVFL to reflect the nature of financial solutions being provided by the Company.

MVFL, as per the certification by Reserve Bank of India, is a Deposit taking Asset Finance Company (AFC-D). MVFL carries out its operations through a network of 23 branches spread across in Kerala & one branch in Tamil Nadu. The Company is into financing of new and used passenger cars, commercial vehicles, 3- Wheeler, earth moving equipment, tippers, JCBs etc, to urban and rural sectors in Kerala. As on March 31, 2019, Ioan portfolio stood at Rs.428.0 crore, of which share of Ioans to four wheelers accounted for 90% of outstanding portfolio (of which Ioans new four wheelers at 85% and Ioans to old four wheelers at 15%).

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	54.8	71.3
PAT	10.1	11.2
Interest coverage (times)	1.7	1.5
Total Assets	428.3	481.7
Net NPA (%)	0.7	1.2
ROTA (%)	3.0	2.5

A: Audited

Status of non-cooperation with previous CRA: Not Applicable Any other information: Not Applicable Rating History for last three years: Please refer Annexure-2 Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	Feb 2022	52.50	CARE BBB+; Stable
Fund-based - LT/ ST- Working Capital Limits	-	-	-	305.00	CARE BBB+; Stable / CARE A2
Fund-based-LT/ST	-	+	-	50.00	CARE BBB+; Stable / CARE A2
Debentures-Non Convertible Debentures (Proposed)		-	-	200.00	CARE BBB+; Stable

Sr.	Name of the	T .	Current	Ratings	1	Rating history		
No.	Instrument/Bank Facilities	Туре	Amount Outstanding (Rs. crore)		Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-
								2017
	Fund-based - LT-Term Loan	LT		CARE BBB+; Stable		Stable	1)CARE BBB+; Stable (15-Nov-17)	-
	Fund-based - LT/ ST- Working Capital Limits	LT/ST		CARE BBB+; Stable / CARE A2	-		1)CARE BBB+; Stable / CARE A2 (15-Nov-17)	-
3.	Fund-based-LT/ST	LT/ST	50.00	CARE BBB+; Stable / CARE A2	-	1)CARE A2 (07-Dec-18)	1)CARE A2 (15-Nov-17)	
	Debentures-Non Convertible Debentures	LT	200.00	CARE BBB+; Stable	1)CARE BBB+; Stable (03-Apr-19)	-	-	

Annexure-2: Rating History of last three years



The Managing Director, M/s. Muthoot Vehicle and Asset Finance Limited K.P.Vallon Road, Kadavanthara, Kochi-682020

December 09, 2019

Dear Sir,

Validity of Credit rating for Non-Convertible Debenture issue of Rs.200 crore (Unutilised amount of Rs. 200 crore as on December 08, 2019)

Confidential

In continuation with our rating letter no. CARE/CRO/RL/2019-20/1277 dated August 30, 2019 conveying the rating assigned to the proposed Non-Convertible Debenture issue of Rs. 200 crore (Unutilised amount of Rs.200 crore as on December 08, 2019), it is reemphasised that the proposed Non-Convertible Debenture issue needs to be raised within a period of 6 months of the said date of letter after which it needs to be revalidated.

Once the Non-Convertible Debenture is placed, the rating is valid for the tenure of such instrument till redemption. Nevertheless, CARE reserves the right to undertake a review of the rating from time to time, based on circumstances warranting such review.

Thanking you,

Yours faithfully,

R. Ranshanken

[Ravi Shankar R] Manager

CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)

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Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennal - 600 002. Tel: +91-44-2849 0811 / 13 / 76 / 2850 1000 Tel:/ Fax : +91-44-2849 7812

CIN-L67190MH1993PLC071691

Encl.: As above

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ANNEXURE III - DEBENTURE TRUSTEE CONSENT

For Annexure III, please see the page below

IDBI Trusteeship Services Ltd

CIN: U65991MH2001GOI131154 6388/ITSL/OPR/2019-20 Date: 30th August, 2019

To,

The Board of Directors **Muthoot Vehicle & Asset Finance Limited** Muthoot Chambers, Opposite Saritha Theatre, Banerji Road, Cochin, Ernakulam – 682018, Kerala

Re: Proposed Public Offering of Non-Convertible Debentures of face value of ₹ 1,000 Each (NCDs) by Muthoot Vehicle & Asset Finance Limited (Company) at par, for an amount aggregating up to ₹ 10,000 Lakhs (hereinafter referred to as the 'Base Issue') with an option to retain an over-subscription of up to ₹ 10,000 Lakhs aggregating up to ₹ 20,000 Lakhs (hereinafter referred to as the Issue)

DBI trustee

Dear Sirs,

In furtherance to our letter dated 28 March 2019 bearing reference no. 12951-B / ITSL / OPR / CL /18-19/ DEB/2242, we, the undersigned, consent to our name being inserted as the Debenture Trustee in the Draft Prospectus (**Draft Prospectus**) and the Prospectus (**Prospectus**) which the Company intends to file with the Registrar of Companies. Kerala and Lakshadweep (**ROC**) and the wholesale debt market segment of the BSE Limited (**BSE**) where the NCDs are proposed to be listed.

We also authorise you to deliver a copy of this letter of consent to the SEBI, the BSE where the NCDs are proposed to be listed, and the ROC, pursuant to Section 26 and Section 32 of the Companies Act, 2013 and any other regulatory authority as may be required. The following details with respect to us may be disclosed:

Logo: Enclosed in the mail.

Name: IDBI Trusteeship Services Limited

Address:

Asian Building, Ground Floor,

17, R. Kamani Marg, Ballard Estate,

Mumbai - 400 001

Telephone: 022-40807000

Fax: 022-66311776

E-mail: itsl@idbitrustee.com

Investor Grievance Email: response@idbitrustee.com

Website: www.idbitrustee.com

Contact Person: Anjalee Athalye

SEBI Registration Number: IND000000460

We further confirm that the above information in relation to us is true and correct.

We enclose a copy of our registration certificate and declaration regarding our registration with the SEBI in the required format. We also certify that our registration is valid as on date and that we have not been prohibited by the SEBI from acting as an intermediary in capital market issues. We also

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001. Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com Website : www.idbitrustee.com

IDBI Trusteeship Services Ltd

CIN: U65991MH2001GOI131154

confirm that we have not been debarred from functioning as an intermediary by any regulatory authority.

DBI trustee

We undertake to update you of any change in the above mentioned disclosures until the NCDs of the Company issued, pursuant to the Issue, are listed and commence trading on the BSE. In the absence of any such communication from us, the above information should be considered as updated information until the NCDs of the Company commence trading on the BSE, pursuant to the Issue.

Yours faithfully,

For IDBI Trusteeship Services Limited

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Authorised Signatory Jinal Shah Assistant Manager

Cc:

Bharucha & Partners Hague Building, 9, S.S. Ram Gulam Marg, Ballard Estate, Mumbai 400 001, Maharashtra, India.

Encl: As above

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001. Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com Website : www.idbitrustee.com **IDBI Trusteeship Services Ltd**

CIN: U65991MH2001GOI131154

Annexure A

() IDBI trustee

Date: 30th August, 2019

TO WHOMSOEVER IT MAY CONCERN

Re: Proposed Public Offering of Non-Convertible Debentures of face value of ₹ 1,000 Each (NCDs) by Muthoot Vehicle & Asset Finance Limited (Company) at par, for an amount aggregating up to ₹ 10,000 Lakhs (hereinafter referred to as the 'Base Issue') with an option to retain an over-subscription of up to ₹ 10,000 Lakhs aggregating up to ₹ 20,000 Lakhs (hereinafter referred to as the Issue)

1.	Registration Number	IND00000460
2.	Date of registration / renewal of registration	14th February, 2017
3.	Date of expiry of registration	Indefinite
4.	If applied for renewal, date of application	Not Applicable
5.	Any communication from the SEBI prohibiting [<i>Insert name of</i> <i>the Debenture Trustee to the</i> <i>Issue</i>] from acting as the Debenture Trustee to the Issue	No
6.	Any enquiry / investigation being conducted by the SEBI	No
7.	Period up to which registration / renewal fees has been paid	Till date
8.	Details of any penalty imposed	No

We undertake to update you of any change in the above mentioned disclosures until the NCDs of the Company issued, pursuant to the Issue, are listed and commence trading on the BSE. In the absence of any such communication from us, the above information should be considered as updated information until the NCDs of the Company commence trading on the BSE, pursuant to the Issue.

For IDBI Trusteeship Services Limited

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Authonsed Signatory Jinal Shah Assistant Manager

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001. Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com Website : www.idbitrustee.com

ANNEXURE IV - DAY COUNT CONVENTION

Day count convention

Interest on the Secured NCDs shall be computed on an actual/actual basis for the broken period, if any. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the Secured NCDs which have tenors on cumulative basis.

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 Secured NCDs. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the Secured 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 Secured NCDs.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per Secured NCD for all Categories of Secured NCD Holders.

INVESTORS SHOULD NOTE THAT THIS EXAMPLE IS SOLELY FOR ILLUSTRATIVE PURPOSES AND IS NOT SPECIFIC TO THE ISSUE

Option I

Company	Muthoot Vehicle & Asset Finance Limited
Face value (per security)	₹ 1,000.00
Date of Allotment (tentative)*	March 24, 2020
Redemption	Thursday, March 24, 2022
Coupon Rate for all Category of investors	9.25%
Frequency of the interest payment with specified	First interest on May 01, 2020 and subsequently on
dates	the 1st day of every month.
Day count convention	Actual/actual

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash flows	Due date	Date of payment	No. of days in coupon	Amount (₹) all category of investors
1 st coupon	Friday, May 01, 2020	Saturday, May 02, 2020	38	10.00
2 nd coupon	Monday, June 01, 2020	Monday, June 01, 2020	31	8.00
3 rd coupon	Wednesday, July 01, 2020	Wednesday, July 01, 2020	30	8.00
4 th coupon	Saturday, August 01, 2020	Saturday, August 01, 2020	31	8.00
5 th coupon	Tuesday, September 01, 2020	Tuesday, September 01, 2020	31	8.00
6 th coupon	Thursday, October 01, 2020	Thursday, October 01, 2020	30	8.00
7 th coupon	Sunday, November 01, 2020	Monday, November 02, 2020	31	8.00
8 th coupon	Tuesday, December 01, 2020	Tuesday, December 01, 2020	30	8.00
9 th coupon	Friday, January 01, 2021	Friday, January 01, 2021	31	8.00
10 th coupon	Monday, February 01, 2021	Monday, February 01, 2021	31	8.00
11 th coupon	Monday, March 01, 2021	Monday, March 01, 2021	28	7.00
12 th coupon	Thursday, April 01, 2021	Thursday, April 01, 2021	31	8.00
13 th coupon	Saturday, May 01, 2021	Monday, May 03, 2021	30	8.00
14 th coupon	Tuesday, June 01, 2021	Tuesday, June 01, 2021	31	8.00

Cash flows	Due date	Date of payment	No. of days in coupon	Amount (₹) all category of investors
15 th coupon	Thursday, July 01, 2021	Thursday, July 01, 2021	30	8.00
16 th coupon	Sunday, August 01, 2021	Monday, August 02, 2021	31	8.00
17 th coupon	Wednesday, September 01, 2021	Wednesday, September 01, 2021	31	8.00
18 th coupon	Friday, October 01, 2021	Friday, October 01, 2021	30	8.00
19 th coupon	Monday, November 01, 2021	Monday, November 01, 2021	31	8.00
20 th coupon	Wednesday, December 01, 2021	Wednesday, December 01, 2021	30	8.00
21 st coupon	Saturday, January 01, 2022	Saturday, January 01, 2022	31	8.00
22 nd coupon	Tuesday, February 01, 2022	Tuesday, February 01, 2022	31	8.00
23 rd coupon	Tuesday, March 01, 2022	Tuesday, March 01, 2022	28	7.00
24 th coupon	Thursday, March 24, 2022	Thursday, March 24, 2022	23	6.00
Principal/ Maturity value	Thursday, March 24, 2022	Thursday, March 24, 2022	-	1,000.00
Total	-	-	-	1,190.00

Option II

Company	Muthoot Vehicle & Asset Finance Ltd		
Face value (per security)	₹ 1,000.00		
Date of Allotment (tentative)*	March 24, 2020		
Redemption	Wednesday, May 24, 2023		
Coupon Rate for all Category of investors	9.50%		
Frequency of the interest payment with specified dates	First interest on May 01, 2020 and subsequently on the 1st day of every month.		
Day count convention	Actual/actual		

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash flows	Due date	Date of payment	No. of days in coupon	Amount (₹) all category of investors
1 st coupon	Friday, May 01, 2020	Saturday, May 02, 2020	38	10.00
2 nd coupon	Monday, June 01, 2020	Monday, June 01, 2020	31	8.00
3 rd coupon	Wednesday, July 01, 2020	Wednesday, July 01, 2020	30	8.00
4 th coupon	Saturday, August 01, 2020	Saturday, August 01, 2020	31	8.00
5 th coupon	Tuesday, September 01, 2020	Tuesday, September 01, 2020	31	8.00
6 th coupon	Thursday, October 01, 2020	Thursday, October 01, 2020	30	8.00
7 th coupon	Sunday, November 01, 2020	Monday, November 02, 2020	31	8.00
8 th coupon	Tuesday, December 01, 2020	Tuesday, December 01, 2020	30	8.00
9 th coupon	Friday, January 01, 2021	Friday, January 01, 2021	31	8.00

10 th coupon 11 th coupon	Monday, February 01, 2021	Monday, February 01, 2021	31 28	8.00
12 th coupon	Monday, March 01, 2021	Monday, March 01, 2021		
13 th coupon	Thursday, April 01, 2021	Thursday, April 01, 2021	31	8.00
-	Saturday, May 01, 2021	Saturday, May 01, 2021	30	8.00
14 th coupon	Tuesday, June 01, 2021	Tuesday, June 01, 2021	31	8.00
15 th coupon	Thursday, July 01, 2021	Thursday, July 01, 2021	30	8.00
16 th coupon	Sunday, August 01, 2021	Monday, August 02, 2021	31	8.00
17 th coupon	Wednesday, September 01, 2021	Wednesday, September 01, 2021	31	8.00
18th coupon	Friday, October 01, 2021	Friday, October 01, 2021	30	8.00
19 th coupon	Monday, November 01, 2021	Monday, November 01, 2021	31	8.00
20 th coupon	Wednesday, December 01, 2021	Wednesday, December 01, 2021	30	8.00
21st coupon	Saturday, January 01, 2022	Saturday, January 01, 2022	31	8.00
22 nd coupon	Tuesday, February 01, 2022	Tuesday, February 01, 2022	31	8.00
23 rd coupon	Tuesday, March 01, 2022	Tuesday, March 01, 2022	28	7.00
24 th coupon	Friday, April 01, 2022	Friday, April 01, 2022	31	8.00
25 th coupon	Sunday, May 01, 2022	Monday, May 02, 2022	30	8.00
26 th coupon	Wednesday, June 01, 2022	Wednesday, June 01, 2022	31	8.00
27 th coupon	Friday, July 01, 2022	Friday, July 01, 2022	30	8.00
28th coupon	Monday, August 01, 2022	Monday, August 01, 2022	31	8.00
29 th coupon	Thursday, September 01, 2022	Thursday, September 01, 2022	31	8.00
30 th coupon	Saturday, October 01, 2022	Saturday, October 01, 2022	30	8.00
31 st coupon	Tuesday, November 01, 2022	Tuesday, November 01, 2022	31	8.00
32 nd coupon	Thursday, December 01, 2022	Thursday, December 01, 2022	30	8.00
33 rd coupon	Sunday, January 01, 2023	Monday, January 02, 2023	31	8.00
34 th coupon	Wednesday, February 01, 2023	Wednesday, February 01, 2023	31	8.00
35 th coupon	Wednesday, March 01, 2023	Wednesday, March 01, 2023	28	7.00
36 th coupon	Saturday, April 01, 2023	Saturday, April 01, 2023	31	8.00
37 th coupon	Monday, May 01, 2023	Tuesday, May 02, 2023	30	8.00
38 th coupon	Wednesday, May 24, 2023	Wednesday, May 24, 2023	23	6.00
Principal/ Maturity	Wednesday, May 24, 2023	Wednesday, May 24, 2023	-	1,000.00
Total				1,301.00

Option III

Company	Muthoot Vehicle & Asset Finance Ltd	
Face value (per security)	₹ 1,000.00	
Date of Allotment (tentative)*	March 24, 2020	

Redemption	Monday, March 24, 2025
Coupon Rate for all Category of investors	9.75%
Frequency of the interest payment with specified dates	First interest on May 01, 2020 and subsequently on the 1st day of every month.
Day count convention	Actual/actual

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon	Amount (in ₹) All category of investors
1 st coupon	Friday, May 01, 2020	Saturday, May 02, 2020	38	10.00
2 nd coupon 3 rd coupon	Monday, June 01, 2020	Monday, June 01, 2020	31	8.00
4 th coupon	Wednesday, July 01, 2020	Wednesday, July 01, 2020	30	8.00
-	Saturday, August 01, 2020	Saturday, August 01, 2020	31	8.00
5 th coupon	Tuesday, September 01, 2020	Tuesday, September 01, 2020	31	8.00
6 th coupon	Thursday, October 01, 2020	Thursday, October 01, 2020	30	8.00
7 th coupon	Sunday, November 01, 2020	Monday, November 02, 2020	31	8.00
8 th coupon	Tuesday, December 01, 2020	Tuesday, December 01, 2020	30	8.00
9 th coupon	Friday, January 01, 2021	Friday, January 01, 2021	31	8.00
10 th coupon	Monday, February 01, 2021	Monday, February 01, 2021	31	8.00
11 th coupon	Monday, March 01, 2021	Monday, March 01, 2021	28	7.00
12 th coupon	Thursday, April 01, 2021	Thursday, April 01, 2021	31	8.00
13 th coupon	Saturday, May 01, 2021	Monday, May 03, 2021	30	8.00
14 th coupon	Tuesday, June 01, 2021	Tuesday, June 01, 2021	31	8.00
15 th coupon	Thursday, July 01, 2021	Thursday, July 01, 2021	30	8.00
16 th coupon	Sunday, August 01, 2021	Monday, August 02, 2021	31	8.00
17 th coupon	Wednesday, September 01, 2021	Wednesday, September 01, 2021	31	8.00
18 th coupon	Friday, October 01, 2021	Friday, October 01, 2021	30	8.00
19th coupon	Monday, November 01, 2021	Monday, November 01, 2021	31	8.00
20 th coupon	Wednesday, December 01, 2021	Wednesday, December 01, 2021	30	8.00
21 st coupon	Saturday, January 01, 2022	Saturday, January 01, 2022	31	8.00
22 nd coupon	Tuesday, February 01, 2022	Tuesday, February 01, 2022	31	8.00
23 rd coupon	Tuesday, March 01, 2022	Tuesday, March 01, 2022	28	7.00
24 th coupon	Friday, April 01, 2022	Friday, April 01, 2022	31	8.00
25 th coupon	Sunday, May 01, 2022	Monday, May 02, 2022	30	8.00
26 th coupon	Wednesday, June 01, 2022	Wednesday, June 01, 2022	31	8.00
27 th coupon	Friday, July 01, 2022	Friday, July 01, 2022	30	8.00

Cash Flows	Due Date	Date of Payment	No. of days in coupon	Amount (in ₹) All category of investors
28 th coupon	Monday, August 01, 2022	Monday, August 01, 2022	31	8.00
29 th coupon	Thursday, September 01, 2022	Thursday, September 01, 2022	31	8.00
30 th coupon	Saturday, October 01, 2022	Saturday, October 01, 2022	30	8.00
31 st coupon	Tuesday, November 01, 2022	Tuesday, November 01, 2022	31	8.00
32 nd coupon	Thursday, December 01, 2022	Thursday, December 01, 2022	30	8.00
33 rd coupon	Sunday, January 01, 2023	Monday, January 02, 2023	31	8.00
34 th coupon	Wednesday, February 01, 2023	Wednesday, February 01, 2023	31	8.00
35 th coupon	Wednesday, March 01, 2023	Wednesday, March 01, 2023	28	7.00
36 th coupon	Saturday, April 01, 2023	Saturday, April 01, 2023	31	8.00
37 th coupon	Monday, May 01, 2023	Tuesday, May 02, 2023	30	8.00
38 th coupon	Thursday, June 01, 2023	Thursday, June 01, 2023	31	8.00
39 th coupon	Saturday, July 01, 2023	Saturday, July 01, 2023	30	8.00
40 th coupon	Tuesday, August 01, 2023	Tuesday, August 01, 2023	31	8.00
41st coupon	Friday, September 01, 2023	Friday, September 01, 2023	31	8.00
42 nd coupon	Sunday, October 01, 2023	Monday, October 02, 2023	30	8.00
43 rd coupon	Wednesday, November 01, 2023	Wednesday, November 01, 2023	31	8.00
44 th coupon	Friday, December 01, 2023	Friday, December 01, 2023	30	8.00
45 th coupon	Monday, January 01, 2024	Monday, January 01, 2024	31	8.00
46 th coupon	Thursday, February 01, 2024	Thursday, February 01, 2024	31	8.00
47 th coupon	Friday, March 01, 2024	Friday, March 01, 2024	29	8.00
48 th coupon	Monday, April 01, 2024	Monday, April 01, 2024	31	8.00
49 th coupon	Wednesday, May 01, 2024	Thursday, May 02, 2024	30	8.00
50 th coupon	Saturday, June 01, 2024	Saturday, June 01, 2024	31	8.00
51 st coupon	Monday, July 01, 2024	Monday, July 01, 2024	30	8.00
52 nd coupon	Thursday, August 01, 2024	Thursday, August 01, 2024	31	8.00
53 rd coupon	Sunday, September 01, 2024	Monday, September 02, 2024	31	8.00
54 th coupon	Tuesday, October 01, 2024	Tuesday, October 01, 2024	30	8.00
55 th coupon	Friday, November 01, 2024	Friday, November 01, 2024	31	8.00
56 th coupon	Sunday, December 01, 2024	Monday, December 02, 2024	30	8.00
57 th coupon	Wednesday, January 01, 2025	Wednesday, January 01, 2025	31	8.00
58 th coupon	Saturday, February 01, 2025	Saturday, February 01, 2025	31	8.00

Cash Flows	Due Date	Date of Payment	No. of days in coupon	Amount (in ₹) All category of investors
59 th coupon	Saturday, March 01, 2025	Saturday, March 01, 2025	28	7.00
60 th coupon	Monday, March 24, 2025	Monday, March 24, 2025	23	6.00
Principal/ Maturity value	Monday, March 24, 2025	Monday, March 24, 2025	-	1,000.00
Total	-	-	-	1,476.00

Option IV

Company	Muthoot Vehicle & Asset Finance Ltd
Face value (per security)	₹ 1,000.00
Date of Allotment (tentative)*	March 24, 2020
RedemptionThursday, March 24, 2022	
Coupon Rate for all Category of investors	9.50%
Frequency of the interest payment with specified datesFirst interest on March 24, 20subsequently on March 24 every year	
Day count convention Actual/actual	

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No. of days in coupon	Amount (₹) all category of investors
1st coupon	Wednesday, March 24, 2021	Wednesday, March 24, 2021	365	95.00
2nd coupon	Thursday, March 24, 2022	Thursday, March 24, 2022	365	95.00
Principal/ Maturity value	Thursday, March 24, 2022	Thursday, March 24, 2022	-	1000.00
Total	-	-	-	1,190.00

Option V

Company	Muthoot Vehicle & Asset Finance Ltd
Face value (per security)	₹ 1,000.00
Date of Allotment (tentative)*	March 24, 2020
Redemption	Wednesday, May 24, 2023
Coupon Rate for all Category of investors	9.75%
Frequency of the interest payment with specified dates	First interest on March 24, 2021 and subsequently on March 24 every year.
Day count convention	Actual/actual

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No of days in coupon	Amount (in ₹) all category of investors
1 st coupon	Wednesday, March 24, 2021	Wednesday, March 24, 2021	365	98.00
2 nd coupon	Thursday, March 24, 2022	Thursday, March 24, 2022	365	98.00
3 rd coupon	Friday, March 24, 2023	Friday, March 24, 2023	365	98.00
4 th coupon	Wednesday, May 24, 2023	Wednesday, May 24, 2023	61	16.00
Principal/ Maturity value	Wednesday, May 24, 2023	Wednesday, May 24, 2023	-	1,000.00
Total	-	-	-	1,310.00

Option VI

Company	Muthoot Vehicle & Asset Finance Ltd
Face value (per security)	₹ 1,000.00
Date of Allotment (tentative)*	March 24, 2020
Redemption	Monday, March 24, 2025
Coupon Rate for all Category of investors	10.00%
Frequency of the interest payment with specified dates	First interest on March 24, 2021 and subsequently on March 24 every year.
Day count convention	Actual/actual

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No of days in coupon	Amount (in ₹) all category of investors
1 st coupon	Wednesday, March 24, 2021	Wednesday, March 24, 2021	365	100.00
2 nd coupon	Thursday, March 24, 2022	Thursday, March 24, 2022	365	100.00
3 rd coupon	Friday, March 24, 2023	Friday, March 24, 2023	365	100.00
4 th coupon	Sunday, March 24, 2024	Monday, March 25, 2024	366	100.00
5 th coupon	Monday, March 24, 2025	Monday, March 24, 2025	365	100.00
Principal/ Maturity value	Monday, March 24, 2025	Monday, March 24, 2025	-	1,000.00
Total	-	-	-	1,500.00

Option VII

Company	Muthoot Vehicle & Asset Finance Ltd
Face value (per security)	₹ 1,000.00
Date of Allotment (tentative)*	March 24, 2020
Redemption	Thursday, March 24, 2022
Coupon Rate for all Category of investors	NA

Frequency of the interest payment with specified dates	NA
Day count convention	Actual/actual

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No of days in coupon	Amount (in ₹) all category of investors
Principal/ Maturity value	Thursday, March 24, 2022	Thursday, March 24, 2022	-	1,194.00
Total	-	-	-	1,194.00

Option VIII

Company	Muthoot Vehicle & Asset Finance Ltd
Face value (per security)	₹ 1,000.00
Date of Allotment (tentative)*	March 24, 2020
Redemption	Wednesday, May 24, 2023
Coupon Rate for all Category of investors	NA
Frequency of the interest payment with specified dates	NA
Day count convention	Actual/actual

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No of days in coupon	Amount (in ₹) All Category of investors
Principal/ Maturity value	Wednesday, May 24, 2023	Wednesday, May 24, 2023	-	1,334.00
Total	-	-	-	1,334.00

Option IX

Company	Muthoot Vehicle & Asset Finance Ltd	
Face value (per security)	₹ 1,000.00	
Date of Allotment (tentative)*	March 24, 2020	
Redemption	Monday, March 24, 2025	
Coupon Rate for all Category of investors	NA	
Frequency of the interest payment with specified dates	NA	
Day count convention	Actual/actual	

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash	Due Date	Date of Payment	No of days in coupon	Amount
Flows				(in ₹) all
				category
				of
				investors

Principal/				
Maturity	Monday, March 24, 2025	Monday, March 24, 2025	-	1,592.00
value				
Total	-	-	-	1,592.00

Option X

Company	Muthoot Vehicle & Asset Finance Ltd	
Face value (per security)	₹ 1,000.00	
Date of Allotment (tentative) [*]	March 24, 2020	
Redemption	Friday, September 24, 2027	
Coupon Rate for all Category of investors	NA	
Frequency of the interest payment with specified dates	NA	
Day count convention	Actual/actual	

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash Flows	Due Date	Date of Payment	No of days in coupon	Amount (in ₹) all category of investors
Principal / Maturity value	Friday, September 24, 2027	Friday, September 24, 2027	-	2,000.00
Total	-	-	-	2,000.00

Assumptions

- 1. The Deemed Date of Allotment is assumed to be March 24, 2020. If the Deemed Date of Allotment undergoes a change, the coupon payments dates, redemption dates, redemption amount and other cash flow working shall be changed accordingly.
- 2. Interest payable during the Financial Year 2020 and 2024, being leap years, have been calculated for 366 days.

In the event, the interest / pay –out of total coupon /redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is \gtrless 2,515.07/, then the amount shall be rounded off to Rs 2,515.00/-. However, this rounding off to nearest integer at the time of payment of interest and or redemption amount will be done per debenture holder. The Coupon/ interest payments are rounded-off to nearest rupee as per FIMMDA "Handbook on Market practices"

NOTES:

- 1. Effect of public holidays has been ignored as these are difficult to ascertain for future period.
- 2. As per SEBI circular no. CIR/IMD/DF-1/122/2016, dated November 11, 2016, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on the days when the money market is functioning in Mumbai. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next day, which will be the day on which money market in Mumbai is functioning has been considered as the effective interest payment date. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having

fallen on a holiday. However, if the redemption date of the debt securities falls on non- Working Day, the redemption proceeds shall be paid on the previous Working Day.

- 3. Deemed Date of Allotment has been assumed to be March 24, 2020.
- 4. The last coupon payment will be paid along with Maturity Amount at the redemption date.
- 5. The number of days in a leap year has taken as 366 and all other case it has been taken as 365.